



House of Commons
Work and Pensions Committee

**The best start in life?
Alleviating
deprivation, improving
social mobility, and
eradicating child
poverty**

Second Report of Session 2007–08

Volume II

Oral and written evidence

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The Work and Pensions Committee

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

Current membership

Terry Rooney MP (*Labour, Bradford North*) (Chairman)
Anne Begg MP (*Labour, Aberdeen South*)
Harry Cohen MP (*Labour, Leyton and Wanstead*)
Michael Jabez Foster MP (*Labour, Hastings and Rye*)
Oliver Heald MP (*Conservative, Hertfordshire North East*)
Joan Humble MP (*Labour, Blackpool North and Fleetwood*)
Tom Levitt MP (*Labour, High Peak*)
Greg Mulholland MP (*Liberal Democrat, Leeds North West*)
John Penrose MP (*Conservative, Weston-Super-Mare*)
Mark Pritchard MP (*Conservative, The Wrekin*)
Jenny Willott MP (*Liberal Democrat, Cardiff Central*)

The following Members were also members of the Committee during the Parliament:

Philip Dunne MP (*Conservative, Ludlow*)
Natascha Engel MP (*Labour, North East Derbyshire*)
Justine Greening MP (*Conservative, Putney*)

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are James Rhys (Clerk), Emma Graham (Second Clerk), Amy Sweeney and Hanna Haas (Committee Specialists), Laura Humble (Committee Media Adviser), Louise Whitley (Committee Assistant), Emily Gregory (Committee Secretary) and John Kittle (Senior Office Clerk).

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Oral evidence

Taken before the Work and Pensions Committee on Wednesday 24 October 2007

Members present

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen
Michael Jabez Foster
Mr Oliver Heald

Mrs Joan Humble
Greg Mulholland
John Penrose
Jenny Willott

Witness: **Ms Lisa Harker**, Co-Director, Institute for Public Policy Research, gave evidence.

Q1 Chairman: I welcome everybody to the second session of the Committee's inquiry into child poverty. Ms Harker, it is good to see you again. Do you think the 2010 and 2020 targets are correct, or should there be more focus on the very poor?

Ms Harker: I think they are the correct targets. It is always a challenge to find a single target that captures the experience of poverty and I strongly support the approach of Government to take a range of indicators to provide a background picture. But in order to focus government attention and energies a single and relative income target is needed. Therefore, I support the targets as currently set out.

Q2 Chairman: The Government makes much virtue of work as the principal route out of poverty. As we get nearer to 2020 there will be a residual number of people for whom work is not possible for whatever reason. Does it mean that out-of-work benefits must rise to a level that destroys any work incentive or is there another mechanism which deals with that situation?

Ms Harker: Government needs to look at the balance of out-of-work benefits and in-work support. Employment as a route out of poverty as you suggest can go only so far. There will always be a group that is out of work. It is critical to acknowledge that our aspiration is to be as close to the best in Europe in terms of child poverty levels. That may mean never reaching the magic zero, but we can certainly do far better. With child poverty rates in Scandinavian countries of around 3, 4 or 5% we should look to that as a target. As to people who are out of work, we should aspire to a position where unemployment is a temporary experience for many, and there should be support for those who cannot work. One goes back to the original principle set out by Government: there ought to be sufficient out-of-work support for those who cannot work to ensure they escape the poverty line.

Q3 Chairman: The year 2020 is a long way away but 2010 is almost on the doorstep. What do you believe are the chances of reaching the 2010 target?

Ms Harker: Looking at current policies and the likely progress one can project to the best of one's abilities, currently the Government does not have a chance of

meeting the 2010 target. I think that one of the most valuable things I could do in my report was to try to set out a picture of where we would be likely to be given current policies and where Government would need to be to meet the 2010 target. Right now we are a long way from meeting that target, but it would be possible to achieve it with a substantial increase in investment. We are at the most difficult phase of this strategy. The first six or seven years of the 20-year strategy has been about putting in place some measures but it has also been possible to help out of poverty those who are easiest to help. We are now at the phase of the strategy where not only do we have to help those who are furthest away from escaping poverty—the more difficult cases—but put in place longer-term measures, such as investment in education in the early years, to ensure we reach the 2020 target and take a look at some of the drivers of poverty. In a sense, we are at the most expensive phase of the strategy where we need both short-term investment to remain on track and long-term investment to get to where we need to be ultimately. At the moment the Government has not put in the level of investment that is needed to reach either the 2010 or 2020 target.

Q4 Chairman: Do you think anything will change in the next two years in that respect?

Ms Harker: What we do have is a very strong political commitment, so at the moment we have a gap between rhetoric and reality. I do not doubt the Government's commitment to this; it is certainly one of the main political motivations of the Prime Minister. We see very strong public commitments across government to meet the target. My experience of working for the DWP reinforced my impression that this was something the Government took very seriously. One cannot, however, escape the conclusion that currently the rhetoric and reality in terms of where one is likely to get to do not match.

Q5 Chairman: The Government has now defined material deprivation. It took some time to get there but we now have a definition. Do you think that is likely to lead to any change in policy?

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Ms Harker: It is helpful to have a measure of material deprivation as a way to put some colour on the picture of the experience of poverty, recognising that if the only focus is on an income target one may fail to address some of the material experiences of poverty. It will perhaps help to highlight some of the challenges we still face in relation to child poverty. For example, we will probably take a closer look than we have in the past at the way housing is related to children's development and future life chances. A material deprivation measure will highlight some of those issues, but I do not believe that it will dramatically change the Government's strategy; it will be about nuances.

Q6 John Penrose: You referred to a gap between rhetoric and reality. You said that the Government would have to invest a vast amount of extra money if it was to hit its 2010 target.

Ms Harker: "Vast" is your word, not mine.

Q7 John Penrose: It would have to invest significantly more to achieve it. Clearly, there are some fiscal rules to which the Government has signed up which would make that extremely difficult. As an alternative, how far can the Government go by changing the way it spends some of its existing money to be more effective in reducing child poverty? If it did so, which bits would be your first priority?

Ms Harker: The £4.3 billion that has been estimated as necessary to close the gap is more a question of how one spends existing resources and prioritises within current government spending plans rather than a need to look for extra money elsewhere. I think that is a question of priorities. You are right that there is a need to look at how money is being spent currently and whether it is being spent in the right way. I am probably best qualified to comment on how the resources of the Department for Work and Pensions are currently spent. There is a need to look afresh at New Deal programmes in the way I suggested in my report, which David Freud has also highlighted, to make sure they are effective and therefore efficient. One of the striking features about the current programmes is that there is a considerable amount of churn with individuals going through programmes and then repeating them. That is not a very efficient or effective way to use public money. Therefore, an important start would be to take a critical look at employment programmes. There has been a tendency to develop a series of programmes around groups of out-of-work people—New Deal for Lone Parents, New Deal for the Disabled et cetera—which means that perhaps we have not thought about those programmes in the way we might because individuals do not fit neatly into those categories. That means we may be spending money on things that are inappropriate for some groups. There is a generic offer for lone parents which suits some but not all; similarly, lone parents who have disabilities, for example, do not access the condition management support that they need because they do not fit into the other pathway categories. There is a need to assess the employment

programme support and think carefully about how one uses resources and whether a more personalised service for individuals may ultimately be more cost-effective.

Q8 Mrs Humble: I want to explore funding a little further and ask specific questions about the CSR. To follow on from John Penrose's question, issues to do with child poverty are not confined to DWP but go across other government departments. To pick up on targeting resources and whether they are being spent in the best possible way, I welcome your comments on the expansion of more generic support like Sure Start Children's Centres. One of the exciting things about Sure Start when it began was that it was targeted at exactly the vulnerable groups that you speak about in your report and we are looking at. With the expansion of children's centres those facilities will be made available to many more people. Do you think that is the right way to move? Should we concentrate resources on the most disadvantaged as we did at the beginning or look at the wider group of children and families, many of whom are on the periphery? Many are poor but not very poor.

Ms Harker: I think the answer to your question is "both and". The value of a model like Sure Start is that it is universal; it is something to which all parents can relate and is a way of ensuring that it belongs to the local community. It provides a greater opportunity to work with a cross-section of parents and children in the community because it is seen to be a universal service, but the big challenge is: how does one ensure that that service does not benefit just those best able to work the system? One needs to invest considerable resources in outreach so that funding is tailored towards the most disadvantaged areas and it is possible to do the necessary work to help such families. I would not go back to a model which said that we must have only children's centres in disadvantaged areas. It is an incredibly important model as a universal service available to all families, but we must not spread that model so thin that those who benefit most are the ones who are already able to access it.

Q9 Mrs Humble: In answer to the Chairman's earlier questions you talked about the need for additional resources, so what is your overall comment on the latest CSR announcement?

Ms Harker: It is extremely disappointing. I am pleased to see that in-work credit is being extended and rolled out across the country. That is one of the things I believe Government should do as I highlight in my report. I have no problems with the steps that have been taken on child support. All of these matters are helpful, but the scale of the additional investment to help families with children is not sufficient. Government estimates that as a result of the PBR 100,000 children will be lifted out of poverty. We saw measures in the Budget earlier this year which would probably lift about 200,000 children out of poverty. We know that in order to get to the 2010 target we need to lift close to a million children out of poverty, so there is quite a big gap yet

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to be filled. It is disappointing that we have not seen any increase in resources at this stage, particularly because if there is an investment in such policies it takes quite a while for any adjustment in employment support to feed through to a real change in families' lives. It takes a while to set up the structures and implement the change and for parents to benefit from it. Unless we make the changes soon we are unlikely to see an impact on child poverty for some years.

Q10 Mrs Humble: Are there any specific areas on which you would like the Committee to suggest the DWP should concentrate?

Ms Harker: I have made many recommendations, but there are three broad areas where I feel that the DWP needs to take major steps. One of them is about ensuring that the focus is not solely on lone parents, although lone parent families face a much higher risk of poverty. I felt that the focus on lone parents meant that Jobcentres were not sufficiently supporting parents and couple families and thinking about the childcare and flexible working needs of those families. The DWP has begun to recognise that and wants to pilot some changes, but I should like to see things moving quicker than we have seen so far. The second area is about ensuring that the DWP's focus is not just on helping individuals into a job but thinking about how to support people to remain and progress in work. This is particularly important in the case of child poverty because whilst we have seen child poverty levels fall amongst children in unemployed and workless families the level of poverty in families where somebody is in a job has remained pretty static since the Government announced its pledge. An increasing number of children in poverty—it is about half now—live in families where somebody has a job. This is a huge challenge for the DWP which to date has seen its contribution to the strategy as helping parents into work, but when that is seen as an insufficient step to help families out of poverty we need to take a look at how the support Jobcentres and employment programmes give to parents to look for work puts them on the best footing to remain and progress in work. The whole theme and challenge around retention and progression is something that the Department is only beginning to look at. It has done some very impressive pilot work. The employment retention and advancement pilot has produced interesting results, but so far it has been confined to that. I should like to see some of the lessons learnt from that pilot mainstreamed into the DWP programmes. The final challenge is to do with reach. One issue is that Jobcentres and the work of the DWP touch on a small minority of unemployed families and parents out of work. In particular, it does not work with potential second earners in couple families because there is no requirement for those parents to be in touch with Jobcentres. That is also an area where, unless we think about the support available to potential second earners in couple families, we will find it difficult to reduce child poverty levels.

Mrs Humble: But the question for us when we see Ministers later in the inquiry is whether or not the money that has been made available will allow them to do that.

Q11 Miss Begg: I have a few questions, some of which you have touched on this morning, about whether or not there is an overriding child poverty strategy. We are aware of the big headline that child poverty will be halved by 2010 and eliminated by 2020. You mentioned the different things being done by government departments: for child tax credit it is the Treasury; for Sure Start it is the relevant department but I have now lost track of it; and for lone parents in work it is the DWP. Do you have any sense of an overriding strategy to ensure that all of the bits of the jigsaw in the different departments fit comfortably together as a whole? It is my understanding that the only written document in which the strategy is set out is the Treasury's child poverty review in 2004 which the Joseph Rowntree Foundation seriously criticised because it did not address the crucial issue of how one gets out-of-work families out of poverty. What is your view about the practical strategy, not the headline, to deliver the policy and how it all fits together?

Ms Harker: You are absolutely right that the Government has not had a written strategy in one place that tells us how we will reach the 2010 or 2020 target. I am less worried about having a written document than I am about the Government's need to demonstrate that it is working across departments to think through some of these challenges. I believe the Government has recognised that with the recent changes to ensure that DCSF, the DWP and the Treasury work much more closely together on child poverty. There are signs that we are moving towards a better joined-up approach across government on child poverty. One does not start to address the problem by locking officials in a room and telling them to come up with a plan to achieve the 2020 target. There is a mid-way point between the approach to date, which has been driven largely by the Treasury with increases in tax credits, and, in more recent years, DWP's proactive role in thinking about its contribution to child poverty and, in a separate sphere, the work of DfES and DCSF on Sure Start, schools and other areas. There are grounds to believe that the Government is thinking in a much more joined-up way, but I do not believe that we shall find the answers to some of these problems by sitting down and writing a plan for how to get to 2020. One of the advantages of having a very clear target and to assess government progress year on year, with an opportunity for government to publish statistics and other measures to help us track progress, is that there is a need constantly to modify and think about the strategy, adapting government policy to changing circumstances.

Q12 Miss Begg: As to those things you modify, is it the case that once you have piloted something perhaps it needs to be changed? Sure Start has developed as it has gone on. One of the worries is that one may start off with a targeted service but as

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it moves towards a universal service the people who are more successful in accessing it are probably those who need it less, and therefore one is back where one starts. The ones who do not access it are those who need it most and one must keep reinventing the targeted element to make sure one always captures the most disadvantaged.

Ms Harker: I agree with that. I would apply the same need to review the New Deal programmes which have been very successful. The New Deal for Lone Parents has seen a 11% increase in employment in the past 10 years, but that does not mean we do not now need to look at whether the programme is still fit for purpose. The population and labour market conditions are different and the lessons learnt over the past 10 years may take us in a different direction. We may not be able to anticipate what the next phase of employment support may be in 2012, 2015 or 2018, but in a sense the strategy must evolve as we go along. As long as we constantly assess progress against final outcomes it will help to keep the Government on track.

Q13 Miss Begg: You made some recommendations in your report about how the DWP's Jobcentre Plus could become more family-friendly and take account of the needs of both partners with children. Do you have any evidence that the DWP has taken your report seriously in that respect?

Ms Harker: I am aware that the DWP is looking at piloting that kind of approach in London and the New Deal Plus for Lone Parents areas from next year. This is a good example of where society has changed in the past 10 years and Jobcentre Plus must adapt to it. Increasingly, the decisions that fathers make about the kinds of jobs they take and whether or not they move into work are related to childcare responsibilities. Those are negotiated as part of the family, yet we still have an employment support system that does not ask a man who comes into a Jobcentre whether or not he is a father. That is out of touch with the way families live their lives, and I would like to see Jobcentre Plus changing as a result. The DWP's response is to pilot an approach. I believe it is a cultural change or a different way of working. I do not believe that it has gone as far as adopting that yet.

Q14 Miss Begg: Are there any other gaps that the Government is not addressing and should be filling? We have already touched on potential second earners and those families for whom work will not be possible. Are there any other gaps that need to be filled in terms of targeting or helping those families that presently have no hope under the present system of ever getting out of poverty?

Ms Harker: A big gap in the conversation that the DWP has had is around benefit levels which have not been discussed; certainly, they are not on the political agenda. When one looks at what will be necessary for us to get to the 2010 target and the difficulty of reaching it and the target for 2020 if benefits continue to decline in value relative to earnings, one needs to look at benefit levels and have an uprating strategy ahead. I do not suggest that all

benefits need to be tied to earning levels, but if one starts to look at selective benefits and their contribution to helping families out of poverty the fact that some income-related benefits are declining in value relative to earnings makes the job much harder.

Q15 Miss Begg: Do you think that the in-work benefits now are at a sufficiently high level that benefit levels can be increased without bringing in the disincentives prevalent in the system before all of this was started?

Ms Harker: For any change one must look at the criteria and judge what difference it will make to marginal tax rates and work incentives. There are no quick and easy answers, but the Government's response at the moment is just to ignore the problem, put it to one side and say it will not look at benefits. I believe that is a mistake. We need to look at where we are going on out-of-work benefits between now and 2020.

Q16 Harry Cohen: As regards strategy, when I attended the Labour Party conference the Prime Minister talked very much about aspiration. Part of this report has social mobility tagged on to it. You have talked about benefit levels in work and things like that, but what role is played by aspiration and mobility, if at all, in the strategy?

Ms Harker: They have a very important place in the strategy. We will never reach the 2020 target or be amongst the best in Europe on child poverty unless we think very carefully about how to increase aspirations in the most disadvantaged families and look at what is happening to our society in terms of constraints on social mobility. As I said in my report, these are not small questions but huge challenges. In a sense, this moment is the most difficult part of the strategy because to make progress in the next three or four years will require immediate practical changes; it will require fast changes to the way we help parents into work, or increases in benefits or tax credits. One cannot achieve a change in child poverty in the next two or three years by focusing on just aspirations. Unless we start working on issues like aspirations and social mobility now we are unlikely to see changes in the next 10 or 15 years, so at this moment we must work on both fronts. That is why in a sense we are at the most challenging and costly part of the whole strategy.

Q17 Mr Heald: Everyone agrees that what we seek to achieve is sustainable employment. One of the points highlighted in your report is the need to improve skills. I think you describe it as "a work first approach". Do you believe that that is solely a role for Government or that something can be done by employers in terms of inflexibility and discrimination in the way they operate but perhaps also in terms of helping with some of the skill issues?

Ms Harker: It is absolutely a shared responsibility. I support the recommendations of the Leitch review. That analysis which treats the responsibility as shared between government, employers and

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individuals is the right approach, but when thinking about public policy it does not mean there should not be considerable changes to the way we approach support around skills. For example, I believe that the DWP has not paid enough attention to how to help individuals not only to get jobs but broker the arrangement with employers so those jobs are really the first rung on the ladder to better jobs. A much more proactive Jobcentre Plus and confident organisation should be brokering those kinds of deals with employers. What employers say to us is that the right people are not put forward by Jobcentres; they do not get the right skill levels. There is a problem on both sides. In a sense this dialogue must be initiated by government bodies. I believe that the Leitch review starts to take us towards that. We are quite a long way from seeing how that will play out in terms of individuals' experience going through the system. We are still at the level of thinking how the architecture may work and what the bodies may be, but we are on the right track.

Q18 Mr Heald: One shocking aspect is the level of illiteracy. I visited Rainer in Sheffield recently. One of the problems was that if a person wanted to become a dry-liner, which is quite a good job, he needed to be able to read and write to obtain a health and safety certificate, for example. To what extent do you think that improved literacy would make a difference, and how do we go about it?

Ms Harker: There is still a huge challenge around the basic skill levels of people who come through Jobcentres. That problem has intensified because as unemployment has fallen those in the labour market who are left are much more likely to have problems with basic skills. This is in part a challenge for the education system; it is not just the responsibility of the DWP and Jobcentres. There is now much better provision to ensure that individuals who turn up at a Jobcentre without those basic skills are immediately sent on training courses. There is no doubt that there is a disjuncture between support for skills and employment and the search for work. Because learning and skills councils do not work very closely with Jobcentres and neither meets the needs of employers there is a real challenge to ensure that the whole system is joined up better.

Q19 Mr Heald: Some public sector employers provide reading courses for their employees and we see quite a good ladder of opportunity as a result. Is that something you would support?

Ms Harker: Yes.

Q20 Mr Heald: I want to ask about conditionality which you do not mention in your report. To what extent do you think the Government is on the right track in that regard? If it is, do you believe that conditionality should be on a stick or carrot basis? You mentioned earlier higher benefit levels. Is that something that can be brought into the picture?

Ms Harker: I do mention it in my report, but perhaps it is so subtle that it is difficult to see what it is. I talk about rights and responsibilities in relation

to lone parents because clearly this is a topic under debate. In terms of the expectations on lone parents in terms of looking for work I believe that we are out of step with other countries. We have not expected lone parents to look for work until their children reach secondary school age. Over time I think we should look to change that system, but the reason we are out of step with other countries is that we have not had the same level of support for parents to enable them to take up jobs. Our childcare system is many years behind Scandinavian countries and many other European countries. Whilst investment has increased substantially in recent years, government cannot with confidence say that there is a childcare place for every lone parent who needs one. Until we see a much better level of affordable, high quality and appropriate childcare it is not appropriate to require lone parents to look for a job.

Q21 Mr Heald: Some go as far as to say that if individuals can prove they cannot get adequate childcare conditionality should not apply to them.

Ms Harker: That was one of my recommendations. Government says that it is doing a great deal on childcare and making increased investment in it; there will be a children's centre in every community by 2010 and, surely, that is the right point at which to say there should be a change in levels of responsibility. The practical reality, however, is that there is still a mismatch between what parents need and what is available. It varies considerably according to locality and it is difficult to be convinced that in all circumstances people can access the support they need. One way round that is to say one is exempt from that conditionality if one can prove one does not have access to the support one needs. But childcare is not the only issue. One of the things that strikes me about the way vacancies are advertised in Jobcentre Plus is that there is no indication whether or not there are flexible working opportunities, that is, whether the job can fit around the school year, whether it is just part time or whether there is a job-share opportunity. It would be very easy to change that system so that when an employer approached a Jobcentre to ask for a vacancy to be advertised staff could check with the employer the opportunities for flexible working. Jobcentre Plus should be more proactive in that regard, but so far that is not something that the DWP has taken up.

Q22 Chairman: As regards conditionality, there have been some reasonably successful pilots on work-related activity premium. Do you think that rather than take an arbitrary age at which one switches from income support to JSA conditions one should reward people, which might be seen as a carrot? Do you think that would be a better way of spending resources?

Ms Harker: In my report I recommended that the work-related activity premium would certainly be an interim step. It is worth thinking about, although I think the way "work-related activity" is defined must be reasonably tight for it to be effective. Our conditionality discussions are always centred on

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whether a person is or is not actively seeking work. If we are thinking about much more personalised support for parents we should be taking account of much more personalised conditionality. Therefore, the expectation ought to be that individuals are taking steps to improve their chance of being successful in the labour market, not necessarily immediately but at some stage in the future. For different parents at different stages and ages that will be entirely different. The activity that is appropriate to them may relate to the need to gain extra skills or sort out some personal problems. There is a range of ways in which one can apply conditionality in a much more personalised way, but at the moment the system is black and white and we need to take a look at it.

Q23 Jenny Willott: I should like to ask some questions about benefits which my colleague Ann Begg talked about earlier. If we aim to raise people above the poverty line of around 60% of median income will it ever be possible to do it for those who are not in work, ie through the benefit system, without completely destroying the incentive to work?

Ms Harker: I think you just need to look at how other countries have managed to achieve it. It is certainly the case that one can have a more generous out-of-work benefits system combined with the right kinds of sticks and carrots to ensure that when people who are able to work are not in employment that experience is a transitory one. One needs to look at the systems in Sweden and Denmark to see that out-of-work support does not push the individual into poverty, but there is also high expectations that that is a temporary situation and the right steps are in place both to support and encourage individuals to get back into a job.

Q24 Jenny Willott: Given there are significant cultural differences between Scandinavian countries and Britain, do you think it is possible to copy that here? Do you think it would work as a similar system, or do you believe that the incentives not to work would be too great?

Ms Harker: You are absolutely right that we cannot adopt the system wholesale and transplant it to the UK for various reasons, but one of the reasons why the work incentive issue is such a difficult and challenging one in this country is that we still have quite significant levels of low pay, so part of the answer to the problem is to think about wage levels and wage inequality which to some extent drive our child poverty problem. We need to look at both sides of the equation and ask ourselves: for those who are unable to work for justifiable reasons, what is the purpose of out-of-work benefits? It is not to keep them in a position so they will always be better off if they got a job; it is an issue of social justice where the

belief is that the state should support them in situations where they are genuinely unable to work. I do not believe that currently we look at benefit rates in that way, but we have not had a review of what would be a decent level of income for those who genuinely cannot work.

Q25 Jenny Willott: In your report you raise a number of different options that can be looked at as opposed to a blanket approach. Of the ones you suggest, which do you think should be prioritised?

Ms Harker: I have looked at the issue of uprating benefits targeted very much at families with children, ensuring that those keep pace with average earnings. We already have the Government's commitment to uprate the child tax credit to 2009, but if it ends there it will be a problem. For me, the area that I believe government should look at is housing benefit. Housing benefit reform is far more complicated than I can possibly do justice to in the few pages I contributed in my report. Clearly, it is an important benefit in terms not only of helping people who are out of work but as a work incentive to ensure that people who move into employment do not fear the loss of support for housing. I believe that is something the Government should look at.

Q26 Jenny Willott: There are certain sub-groups that are much more likely to be living in poverty, such as families with disabled children. Interestingly, the DWP's memorandum for this inquiry makes almost no mention of disabled parents and children. When one talks about increasing adult benefits which flow down into the family and help children, are there certain groups that should be prioritised? We are not talking just about the blanket uprating of benefits but targeting benefits to those who most need it. Are there groups on which there should be particular focus?

Ms Harker: One of the criticisms of my report was that it did not pay enough attention to the particular needs of families with disabled children. I believe that is a fair criticism. It is a group that has long been overlooked in public policy and government is beginning to address it with much better levels of support around childcare and so on. There are still huge administrative problems relating to benefits for families with a disabled child, and certainly that is an area where government may want to prioritise its next steps. I have not looked at all the tariffs currently associated with different kinds of benefits and different groups and considered whether we have the right balance of support and where the marginal pound would be best spent. I believe that would be an exercise well worth doing.

Chairman: Ms Harker, as always your evidence is crisp and to the point. I am sure that we all value your report highly. Thank you very much for coming.

Witnesses: **Ms Fran Bennett**, Senior Research Fellow, Department of Social Policy and Social Work, University of Oxford, **Mr Mike Brewer**, Director, Direct Tax and Welfare Research Programme, Institute for Fiscal Studies, and **Ms Tess Ridge**, Lecturer, Department of Social and Policy Science, University of Bath, gave evidence.

Q27 Chairman: We thank the witnesses for taking the time to come today. To kick off, perhaps in polite language you can give your general view of the CSR.

Ms Bennett: I would echo Lisa Harker's description of it; it is disappointing. It is also puzzling because one has targets and measures and one does not match the other and yet there is no comment on it. When the report *Opportunity for All* was published the other day there was really no text but only indicators. The Government said that that was because there were new challenges in a different situation and so a new focus was needed. We should be optimistic and expect that shortly the Government will publish its thoughts on that new focus and some radical new initiatives to meet the targets of 2010 and 2020.

Q28 Chairman: Have you heard anything on the grapevine?

Ms Bennett: No.

Q29 Chairman: Is that not worrying?

Ms Bennett: Yes. It is encouraging that the public services agreement is shared between the different departments. Obviously, the announcements that have been made, particularly the 16 to 17 benefit rates and increases in child benefit and child tax credit, are welcome, but it is really important to echo Lisa Harker's evidence that if the default is always that benefits and tax credits are not increased in line with earnings we must have these one-offs to make a difference. MPs may feel that we are constantly pouring money down a black hole, but it is not like that at all. The default is that people in poverty are falling behind all the time if we uprate benefits and tax credits only in line with prices, or not even that, when the income of everybody else is going up in line with earnings. Whilst these increases are very welcome that basic fact, which underlies the difficulties in reaching the child poverty targets, should also be acknowledged.

Q30 Chairman: Mr Brewer, it was said in the CSR that the measures would lift another 100,000 out of poverty. Is that a figure with which you agree?

Mr Brewer: We do agree with that. After the PBR we looked at it. It is basically the extra spending on child tax credits, child support disregard and in-work credit, and those three measures should reduce child poverty by about 100,000 by 2010. Although we agree with that, as Lisa Harker said, there may be 100,000 children lifted out of poverty because of the PBR, and 200,000 because of the previous budget, but it still leaves the Government 700,000 adrift given its current plans for benefit and tax credit uprating for 2010.

Q31 Chairman: Linked to that, you said in your evidence that there needed to be an extra £3.8 billion in tax credits to meet the 2010 target, which obviously has not happened. What is the numerical consequence of that?

Mr Brewer: The consequence for child poverty is that the Government will probably be adrift of its target by about 700,000. What are the fiscal consequences if the Government intends to meet its child poverty target? There are good reasons why the Government does not need to announce right now how it will hit the target in 2010; it is sensible to wait a little to see how earnings develop. We should not criticise it completely for not announcing right now what the benefit levels will be in 2010, but if it wants to find that £3.7 billion between now and 2010 its forecasts of tax revenues need to be pessimistic—for the past six years they have been optimistic—or it needs to find savings in the social security budget, which is always possible, or it needs to announce tax rises worth £3.7 billion. There is no other alternative.

Q32 Chairman: I do not think that is a runner.

Mr Brewer: There are all sorts of different ways in which the Government can increase the tax burden; it does not have to announce a single measure to raise £3.7 billion a year. There are always sneaky ways to extract money here and there, but fundamentally the tax burden will have to rise beyond what the Chancellor set out in the PBR/CSR if the Government wishes to meet its child poverty target, unless it can find savings elsewhere probably in social security spending which does not seem very likely.

Q33 Chairman: Am I right in saying that the tone of the IFS's evidence is that the best way to get to the target is through the tax credit system?

Mr Brewer: That is what the Joseph Rowntree Foundation says. When we worked out that the Government needed to spend £3.8 billion to hit its target it was based on the package of policies recommended by the Joseph Rowntree Foundation which funded that work. There are lots of good things to be said about the child tax credit. I am reluctant to praise the tax credit system overall, but the child tax credit by itself is well designed for tackling child poverty because it goes to every child; it is per child and not per family, and it goes to all low income families whether or not they are working. It is a reasonably efficient way to tackle child poverty. It is not the most efficient way; in other words, one could probably spend a little less than that sum. We came up with a package that cost £3.8 billion to hit the child poverty target, but perhaps at the risk of weakening work incentives elsewhere.

Q34 Michael Jabez Foster: Within that group of children there are those who are described by Save the Children as being in severe poverty, that is, those in families with less than 50%—in certain circumstances it is 40%—of median income. What do we know about those sorts of families, because clearly they are the people at the very bottom for whom we need to do the most?

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Ms Bennett: The report by Save the Children described the various characteristics of those families which I do not believe would come as a surprise to anybody: families living in certain regions; families where there is worklessness; families with no qualifications; families in rented accommodation with no savings; large families; families from ethnic minority groups; and families with disabled adults. None of those characteristics is very surprising, but the policy issue that is raised picks up something to which Mike Brewer referred: the take up of benefits and tax credits. I am aware of the remit of the Committee, but it does not make sense to talk about this without talking also about tax credits. The report says that we have to look at take up. We know that child benefit still has a higher take up rate than all the benefits and tax credits designed for poorest families. I would still say that child benefit is an important issue to emerge from that report. The other matter we do not often talk about is self-employment. Whilst it is not raised as a policy issue, I probably would do so. We tend to talk as though everybody is in employee or worker employment, but a lot of self-employed people tend to be left out of our discussions about the design of both the benefits and tax credit systems and they should not be. Child benefit is often a lifeline for those families as well.

Q35 Michael Jabez Foster: Are you saying that if the take-up was perfect all this group would be relieved from severe poverty, or not?

Ms Bennett: Absolutely not, because our benefit levels do not necessarily take them out of poverty. A former Minister who shall be nameless said recently that work was not only the best route but the only route out of poverty, and it should be the only route out of poverty. I think that is a very unfortunate statement. We must ensure that those people who are temporarily out of the labour market or who cannot enter it also have the right not to live in poverty.

Ms Ridge: Having done a lot of research into children in low income families and living in poverty, perhaps I may add that the experiences of children living in what might be described as the severest poverty and the direst circumstances and those in poverty tend to be remarkably similar. There are much more important issues that we also need to consider in terms of duration, for example. There is no bottom group; there is a lot of movement up and down, and periods of duration for children are very important. Two years at a critical time in a child's life is a very significant experience of poverty, whereas I would like to think that in terms of my life experience it would not have the same impact. I am slightly cautious about focusing too much on what we might determine to be the severest poverty. I did not get a chance to talk about the 2010 and 2020 targets. I believe it is very important that we maintain an overall target because children's experiences tend to be very similar both here and in other countries in Europe. Therefore, the experiences reported here are quite robust.

Q36 Michael Jabez Foster: Surely, there is some benefit in trying to look at that group in severe poverty because I imagine that the experiences of people who are just outside poverty and those just in poverty are also similar. In that sense it is a continuum, so to target the very poor must still be worthwhile.

Ms Ridge: I think it is important to focus on all children who experience poverty. It is quite hard to pin down exactly who are the poorest. There is a lot of movement and change in experiences, resources and so on, but for those just above the poverty line there is now evidence that the movement between employment and benefits is particularly problematic for children. That movement up and down can be particularly problematic in a child's life as against a steadier experience perhaps.

Q37 Michael Jabez Foster: In a very general sense, what would be the package of benefits and changes in taxation that would make a difference and maybe achieve the 2010 target?

Ms Bennett: (It is always difficult because we do not know who will go first). I am not sure I can give you every element of the package, but it is interesting that there was some consensus within the written evidence on two particular matters. One was a shift in the balance towards child benefit, if at all possible. One way of doing that, which several groups and people who gave evidence recommend, is to increase the rate for the second and subsequent children to the same rate as the first.

Q38 Michael Jabez Foster: Would you make it universal at the same rate?

Ms Bennett: Yes.

Q39 Michael Jabez Foster: But that is very expensive?

Ms Bennett: It is, and it is the only instrument we have that achieves horizontal income distribution between all of those with children and those without children. If we are worried about inequality between people at different income levels, which is what I assume you are referring to, then we can raise the tax burden on people with and without children. Child benefit is the only instrument we have to redistribute between all of those with and without children. I believe that it would be a mistake to undermine that function by trying to tweak it in a way that makes it more like other benefits which also have a function to do with vertical inequality. The other matter on which there is considerable consensus in the written evidence is adult benefit rates. In my evidence I talk about the importance of that for people who are of child-bearing age and particularly those who are pregnant, often those who are young and pregnant. It is very important that nutrition is at the best possible level for those who are about to have a child. Whilst the Government's grant in pregnancy is very welcome, it does not really touch that period. In addition, within families with children the adult benefit rates have fallen behind, as we have heard

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from others. Those are two priorities that I would set, but obviously there are other measures that people have talked about.

Ms Ridge: I completely echo that. As to the issue of the adequacy of benefits where parents are concerned, there is some very good evidence that children cannot be raised on income support levels in the way that perhaps we would want them to be raised in this country. Some families try to manage this by getting themselves heavily in debt, which is not an outcome we would want; some families try to manage by denying themselves, particularly mothers, which has been described as social retreat, and that is not something we want either. Evidence from my own research shows that children also try to manage the situation of reduced income by lowering their own requirements and needs and trying not to put pressure on their families. There is an overall problem about trying to manage on something which is inherently inappropriate and inadequate. I was very pleased to see in the comprehensive review the child support disregard which addresses an historic inequity, but I was somewhat at a loss to understand why there should be a wait of another two years from £20 to £40. That is £2,000 that potentially can go towards a child's life over the next two years. There is a strong case, which does not affect large numbers of families, for a 100% disregard for child support. Even if a 100% disregard is not accepted, any disregard should be removed only from benefits that are directed specifically at children. In some ways that would deal with some of the incredible tensions that arise in families about to whom payments are made. As a follow on, to redefine child support as children's entitlement rather than tangling it up with payments to mothers would also be very important. That may address some of the anxieties of absent or non-resident parents about where their money is going.

Q40 Michael Jabez Foster: Does Mike Brewer have anything to add to that?

Mr Brewer: It is the preferred package for 2010, if you like. It is hard to answer it because you did not tell me how much I can spend. The Joseph Rowntree Foundation and I costed a package at about £4 billion, most of it to be spent on the child tax credit and a little bit on families comprising three or more children. One can criticise that for not doing enough to strengthen work incentives or relying too much on means-testing but alleviating those criticisms will cost more money. On the other hand, if one's only policy objective is to hit the 2010 target undoubtedly one will want to increase income support rates for lone parents. They have the highest poverty rate of any group; they are furthest from the poverty line. Social justice, mathematics, efficiency or whatever suggest that we need to increase out-of-work benefits for lone parents, but in reality halving child poverty is not the Government's only target for the benefits system. I presume that is why the Government is doing that and it makes it difficult to recommend that sort of option. In these discussions we should not forget that the 2010 target is extremely ambitious and will get child poverty in this country

down to a level we have not seen since the late 1970s or early 1980s. Basically, it is trying to undo all the effects of the 1980s and 1990s when inequality increased. To imagine one can do it just by spending a couple of billion pounds here and there is perhaps a little optimistic. It would mean a dramatic transformation in the position of children and families in the income distribution. It is not surprising to find out that it takes a dramatic change in the amount of money we spend on this group.

Q41 Mr Heald: I should like to ask about take up and child benefit. Is it not the case that child benefit has much better take up than the child tax credits? Is that not quite an important issue in getting money to the people most in need?

Ms Bennett: Amongst some families it is not quite correct to say that it has a very much better rate of take up than child tax credit.¹ It has a better rate of take up overall, but the Government must be given credit for improving the rate of child tax credit take up.² At the moment, however, the Government seems to compare the rate of child tax credit take up as a whole with the rate of take up of working families tax credit, family credit and family income supplement.³ That is an invalid comparison because child tax credit goes to families out of work as well as families in work.⁴ The rate of take up of benefits

¹ *Note by witness:* See <http://www.hmrc.gov.uk/stats/personal-tax-credits/takeup-rates2004-05.pdf> for take up figures for tax credits. (Figures for 2005–06 do not appear to have been published yet.) These show that the central estimate for the caseload take up rate of child tax credit for 2004–05 is 82%; this compares with a take up rate for child benefit of an estimated 98% (House of Commons *Hansard*, Written Answers 7.3.06, col 1296W).

² The take up rate for child tax credit improved from 79% (central estimate for caseload take up rate) in 2003–04 to 82% in 2004–05.

³ That is, spokespersons can sound as though they are doing this. They may in fact be citing child tax credit take up figures for those families most similar to those analysed for previous in-work benefits (see note 4 below); but this is not always made clear.

⁴ Take up figures for child tax credit as a whole should not be compared with those for working families tax credit and its predecessor in-work benefits, because child tax credit goes further up the income scale, and because it is paid to families out of work as well as families with an earner/earners. Take up figures for child tax credit for out of work families also include those for families still receiving additions to means-tested benefits for their children. The take up figures produced by HMRC for tax credits are complex, containing various different rates for different groups; see <http://www.hmrc.gov.uk/stats/personal-tax-credits/takeup-rates2004-05.pdf>. They do show, however, that take up of child tax credit by those families most similar to those analysed for working families tax credit and family credit take up is higher, reaching an estimated 90% (central estimate of caseload take up) in 2004–05. The authors draw readers' attention to the fact that, when comparing take up rates for these groups, the figures given (in Table 2) should be "used only as broad indicators of levels and trends in take up" (p 5). This is in part because each system introduced has been more generous than its predecessor, and so the group of entitled families is larger each time; the figures in Table 2 also omit the self-employed and those living in Northern Ireland. The document also states: "there are a number of methodological challenges involved in estimating take-up rates for CTC [child tax credit] and WTC [working tax credit], many of which have been dealt with fully or partially in the analysis undertaken to produce this publication, and others which remain unaddressed" (p 3).

out of work which are means-tested has historically been better than the take up of in-work benefits. I believe I am right in saying the Government says that 97% of those with incomes under £10,000 take up child tax credit, which is fantastic, but it is also the case that over 90% of lone parents always did take up income support.⁵ If they do not take it up they will starve, so I do not think that is a valid comparison.⁶ The crucial point about child benefit is that it is even higher than that, but importantly it is also performing all sorts of other functions at the same time.

Q42 Mr Heald: It also gets to the self-employed?

Ms Bennett: Absolutely.

Q43 Miss Begg: Income levels are obviously important and if you increase people's income you lift them out of poverty, but are we missing a trick in terms of the work we are doing? If we look purely at income levels—most of the discussion this morning has been on that subject—has any work been done with families with identical income levels where the experiences of children are quite different because of non-measurable things? For example, one family has the support of grandparents, or one mother is well educated and therefore has aspirations. Therefore, the income of the two families may be identical but there are huge disparities in the experiences of the children. In one family most definitely the experience is that of poor children trying to struggle—we will come onto generational poverty—whereas in another family the situation is apparently comparable but the experience of the children is different. Is there any academic work on that? What needs to go into those families to make them use the income they have more efficiently? Can anything be done externally, or should Government be interfering in family life in that respect?

Ms Bennett: That is a complicated question. One aspect is the efficient use of money. Elaine Kempson did a study of low income families and how they managed their money and that was a round up of lots of research done a few years ago. That showed that as in families at all income levels there are some people who budget better than others but that people learn over time and tend to budget their money. Most learn to budget their money within their means, insofar as that possible. As to the wider question, I agree that we have concentrated a good deal on income. Part of the issue about the Government's target is that obviously it is expressed in terms of income, but what it is doing on child poverty is much broader and even longer term than that, in the sense that its effects go beyond 2020. As Lisa Harker said in answer to an earlier question, it is "both and". Income is critically important, but

obviously there are lots of other things that can be done for families in poverty which, to give the Government its due, are also being done.

Q44 Miss Begg: How do we reflect that in the report we write bearing in mind that we are the Select Committee on Work and Pensions and do not have a remit to look across government? We have universal free education, but it is clear that children access that system in quite different ways. For some it is a route out of poverty; for others it leads into generational poverty.

Ms Ridge: I do not believe that we have universal free education in perhaps the way we might like to think we have. Research that I and others have done shows that school is problematic particularly for low income children in terms of participation. What they identify as the problem is their exclusion within school. We often think about exclusion from school, which is another important issue, but what children themselves identify as problems within school are things that have increasingly become essential, as it were, to receiving a good education. Those are things like being able to go on school trips, to afford the appropriate uniform and clothing so that the child does not stand out from others and feels uncomfortable and being able to receive support like free school meals in a non-stigmatised way, which I have to say we are a long way from achieving. There are problems within school where we have to think about children's engagement and inclusion as being particularly important in terms of what they aspire to in school and how much they feel part of the process.

Q45 John Penrose: As advertised, I have a series of questions about social mobility and intergenerational poverty and worklessness. Perhaps I may start by picking up the last comment about education. We have evidence from the Sutton Trust which shows that Britain's intergenerational poverty and social mobility were less good than many other countries in Europe and it has been getting steadily worse. Whilst it is not at Edwardian levels, almost two-thirds of people are born to parents in the bottom quartile who themselves make it out of the bottom quartile in terms of income. Clearly, if we were ever doing anything right we are doing it less right now than we were a generation ago. What do you believe has changed to make us less mobile and therefore to have become worse because of the effect of intergenerational poverty?

Mr Brewer: I shall not answer the question which is an incredibly big and important one. It is rather outside my area of research, and I imagine that the solution is also outside the Committee's remit. It is probably more a matter for the education system.

Q46 John Penrose: The Sutton Trust says that according to its research 35 to 40% of the variation it found was to do with education.

Mr Brewer: There is an awful lot that is not education. All I say is that it is good that for the first time in the CSR the Government now has a target to reduce the attainment gap between average and low

⁵ Income Related Benefits Estimates of Take-up in 2005–06, published on 13 September 2007, shows ranges of 92–96% in 2004–05 and 88–95% in 2005–06 for take up of income support by lone parents.

⁶ Whilst the figure of 97% is not broken down by family type, figures elsewhere in the same document show that 93% of lone parents overall are estimated to be taking up their entitlement to tax credits, compared to 75% of couples overall.

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income deprived children. It surprises me that it has taken quite so long for it to do that. One would think that if one wanted to tackle child poverty in the next generation it would be an absolute imperative to ensure there were fewer children leaving school now with no qualifications and that children who themselves are right now in low income families grow up to have some educational qualifications. That is one thing we should welcome but perhaps ask why it took the Government so long to do it after it pledged to reduce child poverty. As to your extremely large and very important question, I am not sure I have the answer.

Q47 John Penrose: You are passing the buck down the road.

Ms Ridge: I think we need to look more at what is actually happening within schools. Evidence from children themselves is very much about economic barriers, fees, materials, school books and so on but also institutional processes and examination criteria, for example. A lot of children now tell me that they start their GCSE year and choose their options and then teachers tell them that everybody needs to get particularly essential revision books. They cannot get them. They are not provided but they are indicated as being essential if children are to do well. This is something on which they will be judged; their work will be marked against somebody else's. Children are very aware of their inability to participate in the same way.

Q48 John Penrose: Is that something which is worse now than it was a generation ago? Why do almost two-thirds of children with parents in the bottom quartile still make it out of poverty themselves anyway by the time they are 30?

Ms Ridge: I cannot answer why it is now different. In part, we did not have the evidence at that time with which to compare anything. Certainly, in my work a while ago we rarely asked children anything, but the evidence is very clear that inequality is rising and that has been reflected in schools in practice.

Ms Bennett: Longitudinal quantitative research is not my focus either, but a lot has been written about the cohort studies with which I assume the Sutton Trust is concerned. We had a huge growth in inequality. Interestingly, I believe international evidence shows that those countries which are more equal are also those in which social mobility is best. In a sense, my concern is not so much about the social mobility of certain people but what the overall structure is like to begin with and whether that provides an inclusive society for everybody rather than allowing a few people with aspirations to jump onto the next rung, if you like.

Q49 John Penrose: Let me ask the question a different way. We are told that 37% of people aged 30 whose parents were in the bottom quartile are themselves in the bottom quartile; in other words, almost two-thirds of their cohort get out of the bottom quartile so there is no intergenerational poverty in those cases. Clearly, something is being done right for nearly two-thirds of those people.

What applies to them that does not apply to the 37% who do not get out, because we need to make sure we do not throw the baby out with the bathwater? Some things are working. What is wrong for the 37% which is not wrong for the others?

Mr Brewer: I do not know.

Ms Bennett: I am not sure that any of us knows that, but I assume that the longitudinal evidence has some clues. Part of the problem is that we asked only some questions in the cohort studies and cannot go back and put other questions. Therefore, when we do regressions on longitudinal data we have evidence only from the questions we have asked. It may well be that some of the things we are groping for here are not evident in the data. The questions are not asked.

Q50 John Penrose: One must acknowledge the limits of the data. But is this not very important? Whilst there is an assumption shared by many that inequality and longitudinal lack of mobility tend to go hand in hand, no one knows which bits of inequality may or may not be the causes of it, or indeed which way the causation goes. Therefore, for potential policy-makers it is almost impossible to draw any meaningful conclusions from that.

Ms Bennett: We know that the educational level of mothers is very important in terms of what happens to children in poverty, what their experience is like and whether they get out of it. One issue about social mobility that we often do not look at is what happens to women when they have children. Quite often they become downwardly socially mobile and never get out again; their income goes down and never comes up again. Looking at child poverty as of today, one of the matters to which we might pay more attention—leave aside for the moment that one might have an overall gender equality goal—is ensuring that that does not happen to women and because of that we then do something positive about what happens to children's chances when they are also living in poverty.

Q51 John Penrose: You said that one of the big predictors was a mother's education level which is not quite the same thing as her lifetime income level. If we are talking about intergenerational mobility and someone with a degree who has children finds that as a result of that decision her lifetime income is reduced based on what you are saying it does not necessarily make any difference to the likelihood of those children earning more or less than that?

Ms Bennett: It tends not to be those women who are downwardly socially mobile but those further down.

Q52 John Penrose: If one takes the case of someone with a lower level qualification, perhaps an NVQ qualification in whatever it may be, nonetheless the point is still good, is it not?

Ms Bennett: What I am suggesting is that in addition to the kinds of policies that the Women and Work Commission suggests for improving the quality of part-time work we might also want to focus more attention on second chance education for women to

ensure that they can reach Level 3 and above which tends to have greater impact on their earnings than just Level 1 or Level 2.

Q53 John Penrose: I am completely with you on that, but that is perhaps a point adjacent to the question of intergenerational mobility, is it not?

Ms Ridge: There have been considerable changes in how we provide schooling now. There is increasing testing and targeting. I think we still need a lot more evidence about how those sorts of arrangements impact on lowest income children. If one is not near a C or D, for example, one will get a very different type of education from somebody who perhaps can get extra help and is lifted up into the targeted A, B and C area. There is some evidence that children who are not in that kind of bracket are perhaps not getting the same kind of schooling.

Q54 John Penrose: What worries me about the answers so far is that if 63% of people born to parents in the bottom quartile make it out of the bottom quartile does that not make it rather difficult for the Government to introduce any new policy if it cannot tell which bits of the current system are working well or badly? If it cannot decide which bits are responsible for the 63% who make it out and the 37% who do not is it not very difficult for any government to invest any money in potential solutions to improve social mobility because the deadweight cost will be vast? You know that you will spend money on two-thirds of the people who are already going to make it out and you do not know whether you are spending money on the right stuff. Is it not essential to have some answers to these questions before anybody can volunteer to spend any public money to ensure it is not completely wasted?

Ms Bennett: I am not sure that just because we are not giving you exactly the answers you want the Government does not know.

Q55 John Penrose: Whom should we ask?

Ms Bennett: There have been lengthy Treasury/Cabinet Office/Strategy Unit documents about social mobility and intergenerational poverty, so the evidence is there; it is just that it is not our particular area of expertise. But there is an increasing body of evidence on which to draw about what works in terms of policies; it is not that there is no evidence available about which policies work and which do not.

Q56 Harry Cohen: I think that as part of this inquiry we should ask for all of those Treasury documents. I should like to ask about child poverty where a parent is employed. Over 50% of children have one parent in employment. Clearly, one idea is better pay. Should we be raising in-work benefits to address that problem, perhaps even promoting work incentives?

Mr Brewer: It is much easier for the Government to increase in-work benefits than pay levels. It may be able to change the minimum wage, but I suspect that will not have much impact on child poverty. In the

long run it can increase skill levels which allow people to earn more but in the short run to alleviate working poverty all it can do is increase in-work benefits. You referred to work incentives. There is a very big difference between those of the first or second earner. Lisa Harker's report talked about trying to improve the incentives for the second person in a couple to work as a way of alleviating child poverty amongst working couples. One can imagine changing the tax credit system to do that. On the other hand, if you mean getting first earners to work a bit longer that would involve slightly different changes. The most direct way to alleviate work poverty must be by increasing the working tax credits, but there are problems in that approach and in the long run government should try to improve skills levels amongst that group as well.

Ms Ridge: It is very important for children that where lone parents go into employment they do see the benefits. Not all children in the families we have been looking at do see the benefits of their mothers moving into employment, particularly if there is movement in and out of employment with such unstable labour markets. A lot of women move into employment which means they have great difficulty arranging childcare, sustaining themselves in employment and so on. Tax credits have a very important role to play. It is important that we get the delivery of tax credits right because there is much insecurity in families about what they are entitled to and the meaning of what they have got and why. I talk to a lot of lone parents. Almost universally, they do not appear to understand why they have got what they have, why things have been taken away from them and whether they are entitled to more or less. That makes for great insecurity. Increased levels of income are important, but much better delivery is absolutely fundamental if one wants people to feel secure in work. There is evidence from some research we have done into lone parent families that at the beginning of a move from income support into low paid employment there is great promise. You have things that you have not had before. You may have been on low income for a long period of time. Children begin to get treats. You may go on holiday; you may not have been on holiday for ages, and so on. But employment and income must be sustainable and secure. We are following these families longitudinally. What emerges very strongly is that sustainability of work is absolutely critical. It is not just a matter of getting into work but being able to sustain yourself and know where your income is coming from and for it to be secure. Wages can play a greater role in that; and the minimum wage must also be an important factor.

Ms Bennett: I very much agree with that. As Lisa Harker said, the nature of the offer to people who are meant to be moving from welfare to work must be looked at further in terms of quality of jobs, wage levels and sustainability of employment. One of the statistics you did not quote was that if lone parents retained their jobs at the same rate as other people we would meet the 70% employment rate that the Government seeks. I completely endorse that. One very important matter is the childcare element of the

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working tax credit. One of the problems with our childcare system is that we are very much subsidising the demand side and so we are placing increasing emphasis on the childcare element of the working tax credit rather than funding providers directly. Obviously, if there is still a charge low income families need help with it; I would never want it to be otherwise. But we need to look at the balance of funding of childcare and the problems caused by huge reliance on the childcare element of working tax credit and what happens when that goes wrong in terms of sustainability of employment. As to the in-work credit that has already been mentioned, my view is that the Government recognises the complexity and administrative problems of tax credits. In a sense, in-work credit is a simpler and much cruder mechanism to help people see there is a gain from employment. I believe that in part it was introduced as a way round some of the problems that the Government got itself into by the design of the tax credit system and what was happening to it. We have talked about those in work and out of work. Lisa Harker referred to those actively seeking work. The distinction between in work and out of work is perhaps a bit greyer than we have acknowledged. IFS and One Parent Families did a study for the Joseph Rowntree Foundation the other day about 'mini-jobs', ie below 16 hours a week, and whether encouraging people into such jobs would help them to progress within the labour market. The Government does not however appear to be very enthusiastic about encouraging mini-jobs, for example by increasing the earnings disregard in income support and jobseeker's allowance. There are perhaps more imaginative ways of looking at 'in work' when we think about this issue.

Ms Ridge: In the study we are conducting at the moment we have followed 50 mothers going into employment. We interviewed them again and lost six families, I believe. Out of all those mothers only 11 had not had changes in employment over the two years. They had lost their employment or had had to take on another job or change their hours, their days and so on. The immense complexity is very much in evidence in that study. In addition, they have also had changes in their childcare arrangements and changes in terms, holidays, inset days and so on. All of those things have to be reported, accommodated and changed which makes for incredible fluidity. If one adds to that the fact that some have re-partnered, a few have had another child and so forth one gets a feeling of the complexity of people's lives and how difficult it is for that to be reflected, particularly when one has to let people know as soon as one can about things that they are not necessarily aware are significant.

Q57 Harry Cohen: I should like to ask about lone parents and work incentives. It has been reported that they have a worse work incentive than couples or single people without children. Do you think that is so?

Mr Brewer: That emerges from a report that I wrote a year or so ago. Certainly, as a group lone parents have much weaker work incentives than other

groups such as couples with and without children. It is worth asking why that is the case. A number of things are clear. First, in terms of hourly wage, lone parents tend not to earn very much compared with other groups; they do not work very many hours a week compared with other groups, which means that their weekly earnings are fairly low. That does not help to give a large gain to work. They also get income support when they do not work and have reasonably high levels of out-of-work benefits; and they are much more likely than other groups to be getting housing and council tax benefit which are the absolute killers of work incentives. You can do better off calculations for lone parents that look very good until you realise that the vast majority of non-working lone parents will be on housing and council tax benefits. Without those two benefits gains to work for lone parents look very good. The working tax credit will exceed income support if you are on a low wage, but for the vast majority of lone parents one must take account of housing and council tax benefits as well as all the work-related costs. But those two benefits, with low earnings disregards and high tapers, are the most important factors that lead to lone parents as a group to have weak work incentives.

Q58 Harry Cohen: Are you saying that in some way one should shape policies to improve work incentives for lone parents in comparison with other groups? You mentioned housing benefit and childcare costs. If one is in work one ends up footing that bill. Some lone parents are anxious about the loss of free school meals, for example. We have to get down to the nitty-gritty of those issues in creating a work incentive that works.

Ms Ridge: One of the problems is that it is very difficult for lone parents to work out whether or not they will be better off in work. It is quite difficult for a person to advise whether a lone parent will be better off in work or not. In addition, there is the complexity of changing the fluidity of their employment circumstances. There are things like the reactivation of debts, for example. These are things that people may have experienced for quite a few years. If one is used to having free school meals the costs of those meals and trying to manage them can be quite difficult. Transport and all those sorts of issues are very difficult things to quantify. When we ask mothers whether or not they feel better off it is quite a difficult question for them to answer. They do not immediately say yes categorically. That is partly to do with great uncertainties about what they are or are not entitled to when things change.

Q59 Harry Cohen: I am a London Member of Parliament. I do not have the figures in front of me, but the Government started off with figures for in-work benefits for lone parents, for example, and an increase for London. Whilst it worked elsewhere in the country it failed dismally in London. There is a fear that the increased figure for London will still fail. What is your view about that? Do there need to be some special work incentives for single parents in London?

Mr Brewer: The policy that the Government has announced—I do not know whether or not it is in force—is that the in-work credit will be £60 a week in London and £40 a week elsewhere.

Q60 Harry Cohen: Will that work? Clearly, £40 failed in London.

Mr Brewer: It clearly helps. As Fran Bennett said, the good thing about the in-work credit is that it is a nice and simple benefit to deliver, but we should not think that the in-work credit can solve all work incentive problems because it goes to only a small fraction of lone parents—those who have recently come off benefit—and does nothing at all for couples with children. As concerns lone parents in London, there are very few working part time compared with the rest of the country. There is about the same proportion of lone parents in London working full time as in the rest of the country but very few working part time; there are rather more not working at all. I am not quite clear what the reason for that is. If anything, one might expect transport to be easier in London than the rest of the country. It may be to do with rents and council tax in that they more likely to be influenced by housing and council tax benefit so that part time work is just not worthwhile. This could be a voluntary thing in that lone parents say that working is not worthwhile, in which case that extra £20 a week for in-work credit will help those lone parents who are eligible. If it has to do with the kind of people who live in London and the kind of jobs available there £20 will not really make any difference at all.

Q61 Greg Mulholland: Do you believe there is a fundamental problem with the fact that couples are disadvantaged in the tax credit system? Is there any evidence that there may be perverse and contradictory effects as well as cost implications if couples are incentivised to live apart?

Mr Brewer: I have written widely about the fact that if a lone parent who receives tax credits partners with somebody and tells HMRC or the DWP that individual stands to lose substantial amounts of tax credits or benefits. That is the so-called couple penalty. I would not say that that disadvantages couples, but I happily concede that it gives an incentive at the very least either to fail to report the presence of a partner to the authorities or at most not to live with that person. Do we have robust evidence that it leads to changes in living arrangements? We do not. We know that both the DWP and HMRC estimate how much money they are losing because of the incidence of what they call “living together as husband and wife” fraud. I am afraid that I do not have the numbers to hand. Undoubtedly, it affects what people report to the authorities, which is not surprising. Families could lose up to £5,000 a year in tax credits if they report that they are now living with somebody. Does it affect living arrangements? I do not think we know. People in advice centres tell me that couples come in and ask for a calculation about whether they are better off living together rather than going to work. Perhaps those families are thinking about it, but we

have no reliable evidence that it affects living arrangements. You describe it as a disadvantage for couples. I believe that that is to take it one step further. What I have written about is that there is a financial incentive either not to admit you are living with somebody or not to live with somebody at all, but when one says “disadvantage” that is a statement about the right level of support. To my mind, that is a different question and it is a debate we should have.

Q62 Greg Mulholland: I think that £5,000 is a fairly big disadvantage.

Mr Brewer: You referred to couples’ disadvantage compared with lone parents. I believe that that is a statement about the relative level of generosity between lone parents and couples which is somewhat separate from, although clearly very much related to, the couple penalty, that is, how much money is lost when a person begins to cohabit with somebody.

Ms Bennett: Some people have lobbied in the same way. First, I believe it is really important to know that there is a single rate and couple rate for working tax credit. If one is single and does not have children one will get less than a couple on working tax credit. It is only for those with children that we give the same basic allowances to lone parents and couples, so to start with that is important in terms of the structure of working tax credit. I agree with Mike Brewer. Second, part of the problem about the system of means-tested benefits of which tax credits are a part is the hassle of change; it is not just about the amounts of money. When people either cohabit or split up part of the difficulty they have with tax credits is to do with the hassle of reporting it and the fact that they have to start a whole new claim for tax credit rather than just the amount of money. Third, the problem to which you referred is lessened if one places more emphasis on support for children and less emphasis on the particular family form in which they live. Therefore, the problem you raise is reduced the more one focuses on children- and, it should be said, individual adults.

Q63 Greg Mulholland: One of the issues we have discussed today is the complexity of in-work and out-of-work benefits which continues to be an issue. The Committee’s previous inquiry was to do with benefit simplification. Briefly, do you think there is scope for achieving the targets for child poverty by moving towards a single working age benefit?

Ms Bennett: I was asked that question last time I gave oral evidence to the Committee. The interest of the people who propose a single working age benefit lies in conditionality, so it relates back to what Lisa Harker said about having a more personalised approach to actively seeking work, for example. Single working age benefit proponents are talking about people being asked two questions, that is, whether they are able to work and whether they are interested in working. They want something similar for people who currently are categorised as unemployed, lone parents or incapacitated, for

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example. That is an interesting proposition. I agree with Lisa Harker's evidence about the nature of availability being up for grabs in a personal sense rather than being necessarily categorised systematically in terms of one particular benefit status. But I am concerned also about the basis on which one receives that benefit. Is it contributory non-means-tested, non-contributory non-means-tested or means-tested? Those have very different implications for people, particularly for women in couples, which I would not want to see forgotten in a single working age benefit. Finally, I am very interested in the level of those benefits. Incapacity benefit at the moment can be much higher than

jobseeker's allowance. And in particular, if one is a woman married to somebody in work, at the moment one may receive incapacity benefit on a non-means-tested basis, but if the single working age benefit means that there is a lower means-tested benefit that woman will be left high and dry. I do not believe that would be a good outcome. You have to look at those things as well as the attractive idea that conditionality should be made more flexible and not related just to the status of the particular benefit claimant.

Chairman: I am sure those comments will be heard far and wide. Thank you very much for your attendance and what you have said to us.

Wednesday 7 November 2007

Members present

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen
Michael Jabez Foster
Mr Oliver Heald

Mrs Joan Humble
Greg Mulholland
John Penrose
Jenny Willott

Witnesses: **Mr Steve Broach**, Campaign Manager, Every Disabled Child Matters; **Mr Martin Narey**, Chief Executive, Barnardo's; and **Mr Jason Strelitz**, Policy Advisor, Save the Children, gave evidence.

Q64 Chairman: Good morning everybody, and welcome to this Select Committee evidence session on our inquiry into child poverty. It is good to see you and thank you for your interest. Welcome to our witnesses. Would you like to just introduce yourselves.

Mr Strelitz: I am Jason Strelitz, Policy Advisor on Child Poverty for Save the Children.

Mr Broach: I am Steve Broach, I am the Campaign Manager for the Every Disabled Child Matters campaign.

Mr Narey: I am Martin Narey, I am Chief Executive of Barnardo's, and I am also Chair of the Campaign to End Child Poverty.

Q65 Chairman: It is good to have you with us. If I can start: do you think the 2010 interim target is leading the Government to focus on helping the greatest number of children over the poverty threshold, rather than concentrating on those in greatest need, so dealing with those much nearer to the 60%?

Mr Narey: My personal view, Chairman, is not necessarily. It all depends on how much money is found to meet the 2010 target. Barnardo's and the Campaign to End Child Poverty are extremely alarmed that very few children in either the deepest or more modest poverty are going to be lifted from poverty. All the signs are that the 2010 target is going to be missed by around one million children. However, if the £3.8 billion were found to hit that 2010 target—and I think it is proper to concentrate on that rather than the longer term 2020 target—then the evidence that we have from the Institute of Fiscal Studies is that children in the deepest as well as more modest poverty would be alleviated by the investment which is necessary in tax credits and benefits.

Mr Broach: I would fully support Martin's observations about the £3.8 billion, but we also need to differentiate within the target so that particularly vulnerable groups—and in our case parents of disabled children—have a specific focus to ensure that we are not excluding certain groups while focusing on meeting the interim 50% target and that it is not the most vulnerable and hardest to reach groups who are left until 2020 to be lifted from poverty.

Mr Strelitz: I just want to add that we hope that the tools that the Government will use to meet the 2010 target will alleviate poverty for those in the most

severe poverty—all should be entitled to receive, for example, the child tax credit—but we do think it is important for the Government to monitor to some degree the developments of those and the progress of those in the most severe poverty to ensure that as progress is made towards meeting the 2010 target, and beyond that the 2020 target, we ensure that we are tracking severe poverty as well.

Q66 Chairman: Save the Children in their evidence have talked about “poverty proofing” different Government policies. Is this proposed Child Poverty Unit the answer to that or are you sceptical?

Mr Strelitz: I think we just do not know at present. While we welcome any attempts to mainstream working across government towards meeting the child poverty targets, we have not seen the terms of reference for this Child Poverty Unit, so we just do not know what it is going to be focusing on, how it is going to be resourced, and exactly what it is going to do. We would hope that the departments work effectively across government. We would hope that it brings child poverty proofing to a range of policies across government, but we are just not sure yet. Currently we are happy to see the Government taking more steps towards prioritising the goal of child poverty but we are frustrated not knowing what the Unit will exactly be doing and also frustrated that the Treasury are not fully involved with this Unit, and it will only be linking in at present, which we think is unlikely to help the Unit really progress towards the 2010 goal.

Q67 Chairman: Martin, is there anything you are allowed to say about the Unit?

Mr Narey: I am allowed to say anything I want about the Unit, Chairman, because, contrary to some press coverage, Barnardo's are not part of this Unit. We have simply seconded an extremely able policy officer to help work in this Unit and we are very glad to do so, but it is nothing to do with us, and we will continue to emphasise our belief that while the Unit is welcome we do not think it will make a significant difference. As Jason has mentioned, the non-involvement of the Treasury is a potentially fatal blow. There is nothing that DWP or DCFS can do working together without the investment that is needed to bring one million children out of poverty, and the reality was that in the PBR the Government made a decision to spend, between now and 2010,

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about £3.6 billion on easing inheritance tax when almost exactly the same amount of money would have brought one million children out of poverty.

Q68 Chairman: You talked about joined-up government but of course a lot of the policies now are devolved matters to the assemblies. From your experience, do you think central government is working closely enough with the devolved assemblies?

Mr Narey: I think there is a lot to be learned from the separate jurisdictions. I am not a specialist in this area, and I cannot explain why, but I think it is significant that there used to be a greater likelihood of a child in Wales being in poverty than in England and now that has reversed; it is the other way round. There are examples in Scotland of some pioneering work to assist parents into work from which we could learn in England, so I think there is a great deal to be learned from taking a UK-wide view.

Q69 Chairman: I understand that but what I am saying is is central government working closely enough with the devolved assemblies precisely because of the experiences they have had?

Mr Narey: I am not able to answer that question, Chairman.

Q70 Chairman: Jason?

Mr Strelitz: Save the Children works in all of the four countries and what we are told by colleagues working in those countries is that whilst there is effective working cross the devolved jurisdictions, they feel frustrated by the level of co-operation between Westminster and the devolved governments. An example of where a real joined-up approach is needed is the current Green Paper on Welfare to Work and the proposals for extending conditionality for lone parents predicated on the pledges around childcare, but that applies to England, it does not currently apply to Scotland for example, so there is a disjuncture that needs to be worked through and what we are being told is that the attempts are not being made at the most senior level to drive those conversations.

Q71 Chairman: That is disappointing. Will addressing (at whatever rate of progress) the child poverty target have an impact on social mobility or do you think there needs to be a separate strategy dealing with social mobility?

Mr Narey: I think it will. We cannot deny the fact that we have families who simply live without enough money and that has a devastating effect on parents' aspirations for their children. However, what we need to see, in addition to the financial investment, is changes to the education system because a gap opens up between a child from a poor background and a normal background—and that gap opens up at 22 months and then everything that happens in the education system until 16 widens that gap—and we need to address that. I think there is an interesting test in the forthcoming Bill dealing with children in care. If the Government's commitment to get children in care (who are some of the poorest

children in the country) into the best schools in terms of value added rather than the worst schools, which they invariably attend at the moment, I think that will have a potentially dramatic effect on their social mobility.

Mr Strelitz: I would add that every longitudinal study that looks at the relationship between childhood circumstances and adult outcomes shows clearly that poverty is a very important predictor of future later life outcomes, so whilst it is very difficult to predict exactly what the impact will be, I think it seems fairly clear that any significant reduction in child poverty that is sustained over a significant period of time will impact positively on social mobility.

Mr Broach: All I would add, Chairman, is that while we need to focus on long-term and persistent poverty in families, we also need to look at the trigger events that may cause poverty suddenly in families, for instance the birth of a disabled child, and we need to make sure that our strategies to tackle child poverty are flexible enough to capture both persistent poverty and generational poverty but also those key triggers that may suddenly put a family into a poverty situation.

Q72 Mrs Humble: The Government strategy to deal with child poverty very much concentrates on getting parents into employment and so I want to ask some general questions about barriers to employment. To start off with a discussion about families who have children with disability, and can I start off with you, Martin, because in the submission from Barnardo's you state that 85% of parents of disabled children want to work either full time or part time. If that is the case, do you think that the Government should set targets to get more parents with disabled children into work and, if so, what would be a realistic target?

Mr Narey: I am not sure I could offer what a realistic target should be but, yes, I believe that targets can help. I know that targets in government are rapidly going out of fashion, but I think they do concentrate the minds of government departments to achieve them. As well as setting a target I think there are some practical things which can be done to help all parents into work, not just parents of disabled children, and they are around flexible working, which was addressed yesterday in the Queen's Speech (and we are very encouraged by that), about access to decent and affordable childcare, and recognising that some parents cannot work for more than 16 hours a week but parents who work for less than 16 hours a week are not able to get the family tax credits, so there is almost no point in those parents working.

Q73 Mrs Humble: You have very eloquently answered my second question so I will go back to my first question, Steve, on families with children with disability—and, Chairman, Steve Broach and I were involved in parliamentary hearings discussing this issue so we heard lots of evidence then about the barriers for families who have a child with a disability—and colleagues will be looking at specific

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areas, but in general terms what messages should the Government be sending to parents who have disabled children? Should it be setting targets? Is the Government doing enough for them?

Mr Broach: I would say the key message is that parents of disabled children have as much right to work as any other adult and we need to challenge the assumptions that parents with disabled children simply will not be able to work. In many cases they currently cannot work because the right package of services is not in place. I would say that the Government needs to promote four things: firstly, accessible and affordable childcare, which I am sure you will want to come back to; secondly, these flexible working issues that Martin has already identified; thirdly, and critically, universal services meeting the needs of disabled children, and we need to get those services thinking in a mind-set that is going to assume that the parents of disabled children are going to be in work and are not going to be available to step in every time the service is struggling to meet the child's needs; and, fourthly, all that needs to be underpinned by the right package of tax credits and in-work benefits so that work becomes financially viable for parents with disabled children. If we had all that in place I would say that 85% of parents of disabled children working is a more than achievable target, and if that is what parents want that is what we should be aiming for.

Q74 Mrs Humble: Jason, I shall ask you my second question that Martin has already answered which is: what do you think are the biggest barriers to increased employment and do they match up to the areas on which the Government is currently focusing?

Mr Strelitz: I think the key areas have been mentioned—flexibility of employment, the availability of appropriate childcare, and the returns to work, where the reality is for many people moving from benefits into work, the work that they are going into is very low paid, often part time and therefore their take-home pay is too low. Added to that are issues around reductions in housing benefit, for example, which is a really significant barrier to increased employment, particularly in London. If we look throughout the UK there have been very significant increases in lone parent employment, with the exception of London, and clearly it would seem that a barrier to that increased employment is the higher cost of going back into work in London. Are the Government going about it the right way? I do not think they are. I think the focus on increased conditionality is quite a short-termist approach from the Government. The strategy to date has been effective, as I have said, in increasing levels of employment and I think an increased package of support based on what we have talked about in terms of childcare, flexible employment, the returns to work, would raise those levels of employment further. Currently there is quite a lot of recycling with people existing on a low pay/no pay cycle—moving into poor-quality work for short periods of time and then coming out of work. That has a very negative impact on the people themselves and also

on their children, but also it is highly cost-ineffective for government to constantly have to recycle people through the benefit and job centre system. We think a longer term approach which was based on helping parents to achieve good quality, sustainable employment that supported them once they were in work to retain that work and progress further up the labour market would be a more effective, sustainable strategy.

Q75 Mrs Humble: Can I finish off with a slightly provocative question: should we actually be moving parents into work and seeing employment as the way out of poverty? Are we in so doing taking into account the emotional needs of both the child and the parent? I will come to you first, Steve, because I notice in your submission you do talk about the desire of many parents with a disabled child to go into work not just for financial reasons but also in terms of self-esteem, but of course we also meet parents who want to be at home to look after their disabled child, or indeed any child. At the risk of being a little provocative, what do you think about that?

Mr Broach: I would support the Government's position on this in general terms. I think the vast majority of the families we speak to do want to be in work for exactly those reasons, both financial but also emotional and self-esteem issues for the family and the parents. The caveat to that of course is that there will always be some parents of disabled children, particularly those who have perhaps life-limiting conditions, who absolutely want to be at home to stay with that child, and that should be their right, so we do need a system that is sensitive enough and flexible enough that it can support the minority of parents with disabled children who are genuinely either unable or reasonably unwilling to work whilst also promoting and encouraging those parents who do want to go to work, because that is the majority position.

Mr Narey: I agree with Steve the fact that most parents do want to work. I do think there is a real challenge for families where there are two parents. Half of all children living in poverty do have a parent working and the route out of poverty for them, the Government would say, is for the second parent to work. That does pose problems and I think in an ideal world families would be able to bring up their children and not raise their children in poverty with just one parent working, as many of us experienced as children and as many of us are able to experience as parents. For some families the challenge of having two parents working is particularly difficult. Barnardo's are concerned that on current statistics we think that the proportion and number of Bangladeshi and Pakistani children in poverty is set to rise by 2010. One reason for that is that you will find it very difficult indeed to get both parents to work. **Mr Strelitz:** The only thing that I would like to add to what my colleagues have said is that I think parents do largely have aspirations to work and the question is is the system set up in a way to meet their aspirations? For example, lone parents going back into work are hugely incentivised to work more than

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16 hours a week, but colleagues at One Parent Families have recently done some research on mini jobs and going back into work for a smaller number of hours and whether lone parents can be incentivised and it can be affordable for them to take on that more limited kind of employment opportunity. Whilst I totally take the premise of your question and I think we need to really think about the support for parents who are out of work—and that is a broader question—we also need to think about making the options of going into work more flexible for all kinds of parents.

Q76 Mr Heald: Steven, can I just start with you. Every Disabled Child Matters have expressed some concerns about the effect of the proposal in the Green Paper *In Work Better Off* about moving lone parents on to JSA when the youngest child becomes 12. You have said that you think that the effect of this could be that many parents of disabled children would be moved on because of the way in which only about 50% claim Disability Living Allowance. I am just wondering if you see this as a take-up issue or if you see this as an issue where there is a large number of parents who should not work and yet their children are not eligible for DLA?

Mr Broach: The proposal as it stands is that only those parents who are able to claim Carers' Allowance will be exempt from the conditionality proposals, and Carers' Allowance is only given to parents whose children are getting middle or higher rate Disability Living Allowance, which means therefore that we have got a problem around take-up. If the Government is going to use DLA and/or Carers' Allowance as a proxy for having a severely disabled child, we absolutely need to ensure that every parent who is entitled to it can get the benefit. Also there is a problem around whether or not that is sufficiently sensitive to the reality for families because, for instance, we know that ethnic minority families are both less likely to apply for the benefit but also generally get it awarded at lower rates than other families, and so if you are going to have a system where you link conditionality to the receipt of Disability Living Allowance or the Carers' Allowance, or the non-receipt, then actually what you are doing is potentially double penalising some of the most vulnerable families. We have asked the DWP to look again at that proposal, and we are encouraged that they are listening, and we have meetings set up which will allow us to take those discussions forward. We would want a much broader definition of the group of parents who should be exempted from the proposals and in fact we would support colleagues from One Parent Families and other organisations to say that no lone parents should be placed into a conditionality regime.

Q77 Mr Heald: You are really against the principle of this proposal?

Mr Broach: Yes, that would be our starting position. If we need to negotiate on it then we would want to see as many families of disabled children as possible removed from that proposed new system.

Q78 Mr Heald: Really what you are saying is that it should be an entirely voluntary matter for the parent rather than something which is imposed?

Mr Broach: What we would say at the moment is that the system is not configured in a way that supports many parents of disabled children to work and it is therefore not appropriate to make receipt of benefits conditional on working. If we reach a Utopian situation where every family with a disabled child gets the right package of childcare and support to meet their needs then perhaps we could look at making benefit receipt conditional on working, but we are a long way away from that environment at the moment.

Q79 Mr Heald: But it does involve making an important difference between the parents of a disabled child and other parents.

Mr Broach: That is where we come in as a campaign that is about parents of disabled children. I am sure other colleagues would want to look at the broader issues affecting other sectors.

Q80 Mr Heald: But you do not see that as a problem, that you are making a difference of that sort?

Mr Broach: The proposals already make that distinction so what we are looking for is the Government to go further in that direction.

Q81 Mr Heald: I was hoping to ask Jason about the take-up of benefits for those in severe poverty. Are the people not claiming the benefits to which they are entitled doing that for a particular reason? It is something that Save the Children have been pointing out that there is this lack of take-up for the most deprived, but what are the reasons for it and what can be done to improve the position?

Mr Strelitz: I think we still do not have a very good understanding about the causes of lack of take-up of different benefits and tax credits, but it is clear from the evidence that it is a critical issue, and Steve Broach has spoken about some of those issues. What can be done about it is action by central and local government to really tackle this issue. Local government obviously have a clear role to play in having take-up or income maximisation strategies, providing advice to people, ensuring that people who come into contact with people who are likely to be receiving benefits and tax credits, and giving them the kind of advice to ensure that they are receiving their full entitlements. Central government also have a very important role to play. It is noticeable that the Government spends quite a significant amount of money on benefit fraud campaigns but no significant amount of money on benefit entitlement campaigns, and I think readjusting that balance could be one important thing to do.

Q82 Mr Heald: You have confidence in take-up campaigns. Can you give us an example of where one has worked?

Mr Strelitz: I think there are good examples of where take-up campaigns at a local level have worked effectively. I think colleagues that work with Help the Aged and Age Concern have got good

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evidence of the effect of take-up campaigns for that population. There has not really been much campaigning at a national level for families with children so there is not the evidence there, but there was a report done by the Local Government Association a few years ago called *Quids for Kids* which demonstrated some of the potential impacts to be had from take-up campaigns.

Q83 Mr Heald: It is not one benefit, it is everything from Sure Start to pre-natal. As you have pointed out, there is quite a range of important services that are just being missed by people in severe poverty, and improved outreach is obviously an important aspect to how you tackle that, but you do not have any marvellous silver bullet you can suggest to us which would help in this area?

Mr Strelitz: I wish! Clearly investment in outreach is critical if we are talking about widening the discussion from benefits and tax credits to access to services. Outreach is critical and making those services accessible and welcoming to people who, in many cases, are uneasy in accessing different kinds of services is clearly a way to go.

Q84 Mr Heald: I do not know if you or Martin have any comments on that?

Mr Narey: Two things, if I may. First of all, a specific point on very hard-to-reach groups. I think there is a case for making sure there is much more information available in a multitude of languages to reach the hardest-to-reach families. It is for example very significant that only a very small proportion of disabled children from Pakistani and Bangladeshi backgrounds access the New Deal for Disabled People and it is very difficult to attract Bangladeshi mothers, for example, to Sure Start, so more needs to be done there. I think there is also a more general point which I mentioned before which is for families living in severe poverty, if somebody is working for example for 16 hours and their hours are cut—and we work with a number of families that this has happened to where their hours might be cut to 13 or 14—they immediately lose help with childcare so they have to give up their work. I think greater flexibility over the 16-hour rule could help a great deal in helping people ease themselves into work and out of poverty.

Q85 Mr Heald: When you say a greater flexibility do you mean that if you are below 16 hours for a period that would be acceptable but eventually you would lose it, or how would you operate that?

Mr Narey: I suggest there should be some discretion on the decision to stop the childcare element of working tax credit, particularly in those circumstances where somebody has had their hours cut. The woman we spoke to, and whose story we published recently in one of our publications, had been trying very hard to find her way out of poverty, was working 18 or 19 hours a week, once those hours were cut below the 16-hour level she had to give up work completely and she had to start all over again.

Q86 John Penrose: I just wanted to come in on the back of that last set of questions because as a Committee we recently did a report on benefit simplification, and one of the things that we concluded there was that you can have as many take-up campaigns as you like but actually the biggest obstacle to take-up is the fact that the benefits system is so phenomenally complicated that unless you have got a PhD, and a large piece of software, and half an hour to sit down with a benefits expert, you do not know what you are eligible for, and you do not know how your circumstances are going to change if you do work that extra two hours next week and then change down two hours the week after. I was intrigued that none of you actually mentioned that in your answers about take-up, and I wondered if that is because it is too big and too hard or because you do not think it is that much of an issue?

Mr Broach: When we gave evidence to that Committee in its inquiry we highlighted that some complexity is necessary in the system because of the complicated needs of families and the key importance of targeting high levels of benefit at certain families in very difficult situations. I think that is only permissible if you have a system that is sufficiently rigorous and complex, so while we would want a simplification in terms of users' experience, we think that some of these complexities are inevitable in the system. Just on take-up I would add that we know the *Quids for Kids* campaign which Jason mentioned did do a lot of work on Disability Living Allowance and it really did improve take-up at a lower level and also that when Contact a Family looked at the impact of take-up and surveyed 36 families who had called their helpline, they found that 20 of them were receiving extra benefits and that came to a total of £70,000 a year, so we do know that take-up works if it is done in a very targeted way and focuses on the benefits that are most appropriate for particular groups of people.

Mr Strelitz: I think that is a really critical issue. It is very significant in terms of tax credits currently. The Citizens Advice Bureau just published a new piece of research looking at people's confidence in and attitudes towards tax credits amongst recipients, and people's confidence is very low and the fluctuations that they experience and the overpayments and uncertainties that they experience are a huge barrier, and I think that is a critical issue that needs to be addressed, whilst recognising its complexity.

Q87 Greg Mulholland: Going back to the issues of the challenge for families who have one parent working and yet are still in poverty. We have a situation—I think you would probably agree—whereby we are encouraging second parents to go into work and yet the reality is that on low wages the couple or family will, frankly, be very little better off. Do you think that the conclusion from that is currently our system of in-work benefits is simply not working?

Mr Narey: I think our system of in-work benefits is not generous enough, both for families where two parents are working and particularly for families where one parent is working. They do not do enough

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to alleviate the very poor income levels of the lowest paid. I do not want to keep repeating myself but it requires a very significant investment of about £3.8 billion if we are going to meet the 2010 target, and that money would not just be spent on families on benefits; it would be spent also on families where a parent or two parents are in work but where they simply do not have enough to live on.

Mr Broach: While we are thinking about benefit uplift, we would also argue for consideration of increases in the rates of Disability Living Allowance which we know are way below the additional costs that families of disabled children face. The Disability Alliance estimate that an uplift in the region of 30 to 50% would be needed just to begin to get the benefit levels up to the reality of the costs that they are supposed to be helping families meet, so there are some very specific targeted benefits that need to be considered as part of that package of supporting families out of poverty.

Mr Strelitz: If we look at the proportions of children in poverty, the largest two groups are children in lone parent households out of work and children in two-parent households where someone is in work, so clearly the returns to work for those households are not enough to lift children out of poverty.

Q88 Greg Mulholland: One of the key issues related to this is clearly childcare. Again, do you agree that currently the childcare element of working families tax credit is not working in terms of alleviating child poverty, and how do you think it needs to change, both in terms of levels of investment but also in structural terms, for example the issue that it is only paid for the first two children, which causes a problem for any larger family? First of all, do you agree this is a problem, and what changes do we need to make?

Mr Narey: If I may, Mr Mulholland, I would repeat the point I made to Mr Heald about it being available to parents who are working for fewer than 16 hours. I think that would make a significant difference.

Mr Broach: I would add that we know that the childcare element of working tax credit is not working for families of disabled children. When we costed the average childcare spend for families of disabled children we know that these families are spending about five times as much (if they can find a childcare place) than other families, so while we want more disabled children going into universal childcare settings, we know that we are going to need to continue specialist provision, and that is why we are arguing for the childcare element to be uplifted to £300 a week for families with disabled children. We think that would be a very targeted and very specific measure that would support families into work and families out of poverty.

Q89 Greg Mulholland: Before I bring Jason in, can I just pick up a point with Steve because I was very shocked in your submission to read that 93% of families with disabled children report financial difficulty—that is 93% and that is an appalling figure—but also one in five families with disabled

children have had to cut back on food as a result of the costs of bringing up their disabled child. I was shocked by that and I think everybody in the room, frankly, would be shocked by that figure, and I think that is something that needs to be highlighted very, very strongly. Do you think that what we have talked about is the key to addressing that or what other measures do you think would be appropriate?

Mr Broach: Firstly, that last figure came from Save the Children research this year so Jason may well want to comment as well, but the reality for our families is that many are either going into debt and/or going without to meet the additional costs, and I think it is very important that we do recognise that poverty is not always an income problem. It is also for our families a cost problem in that it costs three times as much to bring up a disabled child as a non-disabled child and that means we have got to look at it both ways. We have got to look at the benefits that are supposed to meet that cost, and that is why DLA take-up and uplift are key issues, and we have also got to support as many families as possible into work through the childcare measures both on the demand side in terms of funding childcare places but also on the supply side. What the Government has done so far is invest £35 million through the Aiming High for Disabled Children programme in 10 pilot areas to improve accessible childcare places. We need to see that mainstreamed right across the country with a much larger spend in the next Spending Review period, so there is a lot more to be done on both the supply and demand sides, although there are encouraging steps forward being taken.

Mr Strelitz: I do not have anything to add on the childcare element of tax credits.

Q90 Greg Mulholland: Could I ask you, Jason, to give us a little more information on the Save the Children idea of seasonal grants, which I think is an interesting proposition? Could you explain that briefly and say why you think that would be a positive thing to introduce?

Mr Strelitz: What we are proposing is the introduction of lump sum payments two times in the year to families in receipt of maximum child tax credit of £100 per child and an additional £100 per household during winter. This builds on a series of recommendations and discussions about reform of the Social Fund over many years which have talked about introducing essential items grants or seasonal grants or child development grants, but also evidence from the US earned income tax credit where evaluations show that albeit where families experience much lower week-to-week incomes that they get greater benefits from receiving a lump sum payment once a year. We have asked low income families if the Government were to introduce seasonal grants of this type or additional weekly payments of an equivalent amount which would they prefer, and 70% of low income families have told us that they would prefer these lump sum payments. We think that that makes sense given some of the particular struggles that low income families have. Many low income families are very effective at getting by from week to week on their

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very low incomes and they are excellent budgeters and they work out how to do it and they develop strategies to help them get from week to week. What really hits hard are the big payments, the lump sum payments or particular times of year which our research has shown are particularly harsh on families, and that is summer where there is the loss of free school meals, there is the cost of activities for children and the high costs associated with going back to school, and then winter where there is the high cost with the run-up to Christmas and with the effective increased fuel bills, extra clothing needs, et cetera, et cetera, so lump sum payments at those times of the year we think have a substantial impact on children's lives. We have asked low income parents is what they would spend these grants on, and it is the kinds of things we would imagine associated with those times of year, associated with the extra household spending that occurs.

Q91 Greg Mulholland: I suppose related to that I would ask you, Steve, it is clear from the Every Disabled Child Matters' evidence that you strongly believe that the additional costs of bringing up a disabled child are simply not adequately covered in the current system. Do you think to address that it would be helpful to look at the extraordinary and rather perverse anomaly that we have a system at the moment where a 60-year-old can be paid a Winter Fuel Allowance even if they are a millionaire and frankly in the best of health and yet a family looking after a severely disabled child with a condition precisely that makes it very difficult to stand the cold, that they get no help at all through the Winter Fuel Allowance? Do you think that is something that could and should be addressed?

Mr Broach: You will be unsurprised to know that the short answer is yes, we absolutely want to see the Winter Fuel Allowance—

Q92 Chairman:—It was a leading question.

Mr Broach:—It certainly was and I am happy to be led on that one. We believe that the Winter Fuel Grant absolutely needs to be paid to families, particularly those families who have severely disabled children who are under five who are likely to be at home an awful lot during the winter and therefore really do have increased fuel bills, but also on the grants issue one of our key concerns is that the Family Fund Grant, which goes alongside the Social Fund and supports particularly families of severely disabled children, has been frozen in England for the last few years and has fallen behind the levels that are payable in the devolved nations. We want to see the Family Fund Grant increased by around £34 million over the next Spending Review period which would allow them to help families with disabled young people up to 18 and to increase the grant levels so that they can really support families exactly the way Jason has said with those particular high-cost items of expenditure which are what put families into crisis and really put them into debt, and we know that is a huge problem for our families.

Q93 Chairman: Before I bring Joan in, and I am not trying to catch you out, do you know how much the Disabled Child Premium is worth now?

Mr Broach: The Disability Living Allowance premium?

Q94 Chairman: No, the Disabled Child Premium?

Mr Broach: I would have to write to you with the precise figure.

Q95 Mrs Humble: Can I just go back to the seasonal grant because the Government's policy is quite clear that families should be better off in work than they are on benefit, and if we look at a case where a family has a large number of children, say 10 children, then they would get £1,000 twice a year. They would get £2,000 plus the £100 at Christmas. I am wondering if you have considered capping that as part of your submission, both in terms of making it acceptable to the wider community where you might have a poor family next door with two or three children and seeing their next-door neighbours getting £1,000 and they are getting £200 but also, secondly, in terms of making sure that work pays, so rather than just a flat rate £100 for each child, having a limit?

Mr Strelitz: When the Treasury implements seasonal grants we imagine that there will be certain rules applied to it! I think in the particular example that you are talking about, work incentives generally would be quite difficult to make add up. I think it is really important to emphasise that the vast majority of children living in poverty are living in households with one, two or three children and that whilst there are obviously cases of very large families they are very much the minority, and I think we should not be designing policies specifically with that in mind, whilst we may want to implement them in certain ways taking that into account.

Q96 Mrs Humble: I have to say to you that amongst the statistical data that we have got that families with children with disability is one key area of children living in poverty, lone parents is another key area of children living in poverty, but large families is also one very important area of people living in poverty, so I would not underestimate how many people your policy would actually affect, and that is why I just think it is an issue that should be aired—if the Government were to accept in principle of what you are saying whether or not there should be some sort of capping limit on it, for the two reasons that I have given (and there probably would be other reasons) or, indeed, whether they should not look at any cap. I think it should be aired. Martin, did you want to say something?

Mr Narey: Just to say that the chances of living in poverty are much greater if you are a child in a large family but of course the proportion of children who are living in poverty who are from large families is still quite small. It does mean that you have to be careful about capping benefits for larger families. It would be very nice to get into a discussion about how indeed we could spend the £3.8 billion needed to meet the 2010 target but one alternative to seasonal grants and a simpler alternative is simply to increase

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the child benefit levels for the second and subsequent children. If the Government did that at a stroke they would take 250,000 children out of poverty in the UK.

Q97 Chairman: You have mentioned several times this figure of £3.8 billion. Is that based on the current population continuing to behave as they are currently with no other changes but just getting more tax credits? It does not take account of any other changes that might happen, does it?

Mr Narey: That is based on assumptions of the money which is needed to change current Government policy. It is essentially putting more money into tax credits and into benefits.

Q98 Harry Cohen: I want to raise the issues of childcare and focus on some of the written evidence we have had. Amongst the problems raised in that written evidence was the number of childcare places, the cost of childcare, and the hours the nurseries are actually open. We also heard, by the way, about the issues of choice having both private and public sector choice available. Could you tell us which one for a start you think is the biggest problem and could you tell us a bit about the significance of each?

Mr Narey: Our view both at Barnardo's and End Child Poverty is that decent and affordable childcare is simply vital in helping families get into work and also in doing rather more dramatic things. I know it is very fashionable at the moment to be critical of Sure Start but my observations of Sure Start—and I have come to it quite new in this past couple of years—is that it is a remarkable vehicle for helping families in poverty and raising the aspirations of parents for their children. I think it can have a dramatic effect. I think the problem with childcare specifically is that the provision is uneven, there is some evidence around the country of places which are underutilised but in deprived areas some evidence of a significant shortage of places, and there is the issue of affordability. Again, at the risk of repeating myself, there is a real issue about access to help with affordability and meeting the 80% of childcare costs for parents who do not work 16 hours, and that prevents them from getting this benefit and it prevents them from finding a route possibly into longer, more permanent work.

Mr Broach: For us I would say the priority in the short term is cost on the basis that as disabled children are more included into mainstream childcare settings—extended schools and children's centres—families will find themselves less required to pay additional premiums. At the moment many families with disabled children are being presented with very large bills for their childcare and therefore the commitment in the Aiming High for Disabled Children review that HMRC will look at the tax credit issue and look at our proposals to increase the childcare element for these families is absolutely vital, and we would welcome the Committee's support for that review being carried through at the earliest opportunity so that we can at least ensure

that where childcare places are being provided for very severely disabled children, families can actually afford to use them, otherwise it is a criminal waste.

Mr Strelitz: The only thing I would like to add on top of what has been said is that quality is a really important issue. If we are concerned about childcare simply as a vehicle for helping people get back into work, we will end up missing an important part of the discussion. As Martin said, childcare services can be a vehicle for improving children's lives but that requires investment in high quality, professional, trained staff, and I think there is a concern that with the proposals in the Green Paper and the real need the Government sees to make sure that there are enough places to justify the conditionality of going into work that there may be less of a focus on quality issues.

Q99 Harry Cohen: Thank you for those answers. The 2007 Children's Nurseries Report said that childcare vacancies were running at 22.5%. That seems very high. Any thoughts about why that is?

Mr Narey: I think provision appears to be very uneven. There was a very significant expansion of nursery places under the Neighbourhood Nurseries initiative and that has led to some overprovision in some parts of the country, but we have evidence that in some disadvantaged communities nurseries are closing and that subsidy for attendance at nurseries may be tailing off, so it is becoming more difficult for families to send their children there. I think it is a very patchy issue and I do not think there is any evidence of a surplus of affordable childcare in areas of significant disadvantage.

Mr Broach: I would suggest that the settings that have vacancies may well be those settings where the staff lack the skills and expertise to work with children who have the most complex needs. Taking the other end of the age spectrum, when Mencap did mystery shopping research in 20 local authorities, they found only one children's information service that could provide any advice about an appropriate childcare place for a young man of 17 with a learning disability, so we know that children who have the most complex needs are often those settings which are unable to cope with and to cater for, and perhaps if there are settings with these high levels of vacancies we need to be looking at the skills and expertise of the workforce so that they can be properly used.

Q100 Harry Cohen: Can I bring you on to this point about the availability of childcare in deprived areas where you said there was evidence of shortage. Some of the written evidence—I think it might have been from Barnardo's—expressed concern about the startup funding arrangement and when that winds up, and maybe you could say a little bit more about that. It seems to me if we put this point to the Government one of the things they would certainly come back with is, "Local authorities have a key role"—linking it up with getting parents into work—"and we have got local employment partnerships

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and we will leave it to them.” Is that a solution or is there a need for direct government subsidy for those childcare places in deprived areas?

Mr Narey: If we want to provide good-quality childcare that costs a lot, and the cost of a place at a nursery providing good-quality childcare is now very expensive. I think the average in England is about £152 a week. It is worrying to us that the initial subsidies that those nurseries were able to offer to children with deprived backgrounds are tailing off and prices are tending to increase and that will shut access to the childcare which is not just, as my colleague said, about helping parents getting back into work but offering proper development for the children themselves, so we are very perturbed about the reduced access in some parts of the country to affordable childcare. Even with 80% of childcare costs met, the average childcare place of £152 a week is a very, very significant amount of money for a family living with very little income.

Mr Broach: I think the Government would also come back with the sufficiency duties in the most recent Childcare Act and we particularly welcome the specific duty to provide a sufficient supply of childcare for families of disabled children. However, it needs to be measured and it needs to be supported with additional resource if it is going to be meaningful, so I would come back to the point about increasing the pilot funding announced recently to cover all local authority areas, and also given the way that local government performance is changing generally and the reduced number of indicators that local authorities will be measured against, it is very important that local authorities are encouraged, if not compelled, to capture data in this area to make sure that they know exactly how they are providing this childcare and for whom, for which families they are providing that support.

Mr Strelitz: I would like to come back with one more general point and then a specific point in going back to the discussion we were having earlier about poverty proofing. I think this discussion provides a really good example of where poverty proofing can add real value in thinking about the different impacts of the current Green Paper and I think the welfare reform going through some kind of poverty proofing process which looks at some of these issues and tries to draw out what might be the wider impacts of the proposals that are in place and what the Government can do to mitigate some of those impacts would gain greatly.

Q101 Harry Cohen: Can I ask you just to say a brief word about extended schools because the Government’s commitment is—and I quote—“ . . . by 2010 all children aged between three and 14 (16 for children with special educational needs or disabilities) will have access to affordable childcare before and after school care all the year round.” I think that is a pretty good commitment, but I can see maybe there could be some problems. I think for example children have a poor image of after school care. Do you think that is a commitment that needs some more flesh on the bones?

Mr Narey: I think it is a very important commitment. We are excited by it and I think it can do an enormous amount to help working parents, and it can do an enormous amount to offer extra-curricular activities to children and enrich the educational experience. Our worry is, a little like Neighbourhood Nurseries, extended schools have started with significant start-up funding and there is some doubt about what will happen when that start-up funding runs out. If places in extended schools have to be bought by parents then you can be sure that disadvantaged children will miss out again.

Mr Broach: We would want to welcome the fact that increasingly the DCFS in particular is recognising the specific needs of families with disabled children when it makes these policy commitments. There was an example there, Mr Cohen, in what you read out to us. I think the challenge, as always, is going to be delivering on that commitment. The evidence from the Council for Disabled Children is that extended schools and children’s centres are really struggling to meet the needs of children with special educational needs and disabilities and we need a real focus on delivering that commitment over the next few years if it is going to mean anything to families.

Q102 Harry Cohen: Could I ask my last set of questions specifically to Every Disabled Child Matters, to you Steve. Part of that written evidence talked of informal exclusions of disabled children. Again, there is a quote from Scope, Treehouse and Working Families which says: “Disabled children are 16 times more likely to be excluded from schools than non-disabled children. Lack of specialist training for staff also results in extensive “informal” exclusions where parents are called into school to help their child with basic tasks or to remove their child when they find a particular activity or lesson difficult.” We also heard that they might be asked to pay more as well. Indeed, part of the written evidence also talked about, for example, nurseries claiming to have places for disabled children for the National Audit report but in fact they only had one place. I wondered whether there was scope for expansion there, for example, or what thoughts you had there? And also children’s centres not providing for disabled children or giving advice to their parents; can you comment on that?

Mr Broach: We would fully support our colleagues there—the key issue is training and professional support for staff so that they are confident in working with children who have the most complex needs. We also would very much say that we need to preserve and promote the disability equality duty, the very welcome new duty in the 2005 Disability Discrimination Act, and when the Government put its proposals forward for the single Equality Bill there was a suggestion that duty would be weakened and made into a general duty. We want to see that very much maintained to encourage all settings to promote their services to the widest range of children. I think I would come back to a point I made earlier—fundamentally we have got to change attitudes within schools and services that assume that parents are always going to be there to pick up

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the slack or to deal with any crisis that emerges. We have got to start shifting to an assumption that parents will be at work and will not be there to step in at a moment's notice and, for instance, come to school every lunchtime, as some families regularly are asked to do, particularly if their child has an autistic spectrum disorder, and by shifting that attitude it will promote work, it will promote lifting families out of poverty but it will also promote better opportunities for disabled children, and that is fundamentally what we are about.

Q103 Chairman: Steve, can I just check something, you have proposed, along with others, £300 a week childcare. Would you still have the 80% funded or would you want it to be 100%? I know you would want it to be 100%!

Mr Broach: We would want the childcare element of working tax credit to meet the actual cost of childcare for families with disabled children. If the Government moved to the top limit for our families to £300 and retained the 80% that would be a very reasonable outcome. It would not be ideal but it would go a long way towards supporting families.

Q104 Chairman: It is still going to be £60 a week to find.

Mr Broach: Precisely, and which would be an awful lot better than perhaps £150 as we are now.

Q105 Miss Begg: It is actually aimed at Steve and it is in the light of discussing something called "In control: a different model of delivering care". I

wonder whether you or your organisation would be supportive of the kind of proposal that says that instead of having to buy in the childcare we would actually pay one of the parents to be the child's carer because probably it would end up being cheaper? At the moment a severely disabled child goes off to school and that allows mum to go out to work, but she probably is in a part-time job and earns a lot less than the carer who is getting paid to care for her child. I am asking whether you would think it would be better or whether there are flaws to that system? Flexibility in the system would allow that money to be paid to one of the parents, thereby giving them a much higher income, but it does mean that the parent is with the child the whole time. How would your organisation feel about that? What are the flaws in that?

Mr Broach: The short answer is that we would welcome any innovative approaches that support families, and I think that one of the extensions of that idea may be funding for informal carers, grandparents and other family members as well. Many families want that. The major flaw and concern would be around quality of care and safeguarding issues for disabled children themselves. What we would want to see is piloting and further consideration of these ideas and also not necessarily an assumption that a parent is going to be either best placed or want to do that full-time caring role when their skills and experience may be in another area and they may be better deployed elsewhere in the workforce so we certainly would not be hostile to it but we would want further consideration.

Chairman: Thank you once again.

Witnesses: Ms Kate Bell, Head of Policy and Research, One Parent Families/Gingerbread; and Ms Kate Green, Chief Executive, Child Poverty Action Group, gave evidence.

Q106 Chairman: Good morning and welcome again. I do think that you two are ex officio members of this Committee! Seriously, we do appreciate it. We know that we put a lot of pressure on organisations when we hold these inquiries and we do appreciate the evidence you bring to it and the evidence that you submit to us, and you are very welcome. If I could kick off: do you think the 2010 and 2020 targets are the right ones?

Ms Green: Yes I think we would both say that they are. I think it is very important that we have the targets; it is very important that they focus attention on relative income poverty; it is very important that they are targets that enable us to benchmark ourselves against international comparators, and I think it has been a really important reason for why we have seen the progress that we have so far in reducing child poverty. Having said that, the targets are not particularly ambitious when you translate them into pounds and pennies for families with children. We are particularly disappointed that the intention now is to measure poverty before housing costs, which naturally fails to capture the additional hardships suffered by families who have higher housing costs. If you look on an "after housing costs" basis you are talking typically, for a lone

parent with two school-age children, of an income after housing costs of £222 a week and for a couple in the same situation £300 a week. That is, give or take, around £10 per person per day in that household and it is not very much, so the targets are important but they are by no means leading us into families living in luxury.

Ms Bell: We would just add that we do think the 2010 target is particularly important. Of course we should be focusing on the long-term strategy as well but the 2010 target is both important in demonstrating that poverty can be tackled, that real progress can be made, and of course it is important for the experience of children who are growing up now, and I think we need to focus quite heavily on that too.

Q107 Chairman: So why is the Government having difficulty reaching these targets?

Ms Green: It is not spending enough. The median is rising and the investment in financial support for families with children is not keeping pace. Whilst we are very pleased that the Government is committed to raising child tax credit in line with earnings through to the end of the Parliament, it is regrettable that that commitment is not made in respect of other

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benefits that are important for family incomes. In particular after a big investment in child benefit a few years ago and a couple of additional small investments in more recent years, we have not really seen the attention that CPAG would like to that very effective benefit, and attention also to adult benefits, which are of course an important part of the overall budget of families, which have been absolutely shamefully neglected, and indeed I see no evidence that the Government is likely to become concerned about something which actually is a scar on their reputation.

Ms Bell: One of the real advantages of the Joseph Rowntree Foundation Report we had last year was that it did set out quite a clear strategy for how that target could be met. One of the things it did focus on was it cannot just be a strategy that focuses on work, and I think that is one of the areas where we disagree with the Government in that we started with the mantra “Work for those who can; security for those who cannot”, and I think perhaps the emphasis has been too much on “work for those who can” without looking at the real barriers for people who maybe in the future will be able to work but at this particular point in time cannot and the support that they need which, as Kate says, will go back to adult benefit levels and benefit levels for all children regardless of whether their parents are in work.

Q108 John Penrose: I just wanted to follow up on your initial comments about the target and the way it is put together. I take your points about setting the scene by saying you are in favour of relative income measures and so forth, but then you went on to point out that there are some technical concerns surrounding that. You mentioned the one about before and after housing costs but there are others to do with different costs of living in different parts of the country, apart from housing costs, and different sizes and makeup of families and so forth. Those are clearly important issues which may not be reflected in a straightforward target. Do you have proposals or suggestions about how that should be addressed so that we genuinely are getting people out of poverty and the numbers reflect that properly?

Ms Bell: I think it is worth noting that when the Government set these targets and the way it would measure them, it did consult on them fairly extensively. They have set out this tiered measure so the headline one is the below 60% of median income, but they are now measuring deprivation measures as well, and I think this year in the households below average income figures we get the first indications of that, which enable us to give a bigger picture of what the experience of poverty actually is. Those not being able to afford certain items, which a deprivation measure should pick up, again might give us better indications about the cost of living in different areas. I think this is quite a comprehensive measure. It was consulted on widely and I think it is probably the best we have got.

Ms Green: And it does indeed take account of size and composition of family and indeed that has been relooked at recently and we welcome a switch to the OECD measure.

Q109 Chairman: We asked questions earlier about this new Child Poverty Unit. Have you had any indications of what it might be, where it might be going, who will be it and what do you think the prospects are for it achieving anything?

Ms Bell: I think we are hopeful. It is good that the Government is saying, “Yes, we are putting a real focus on this and we are bringing together departments,” and I think there is a real advantage of bringing together the Department for Children, Schools and Families and the Department for Work and Pensions in that occasionally previously we have seen mixed messages coming from those departments, for example about the importance of work for families and the importance for investment in children but, as the previous witnesses said, the involvement of the Treasury is absolutely vital if it is going to work. I would also add HMRC who of course are delivering some of the main tools for tackling poverty in terms of both child benefit and tax credits, so I think it has got to be truly cross-departmental, but let us be optimistic.

Ms Green: I also welcome the creation of the new Unit and I agree with Kate about the current membership of it and the departments whose absence we regret. I think it is also my understanding that it is likely to be focusing its attention more on the 2020 target than the 2010 target perhaps because the 2010 target is not so much within the gift of the departments who are Unit members. However, without achievement of the 2010 target, I think it will be very difficult for the 2020 target ever to be reached. It will certainly cause a real sense of concern and doubt in campaigners’ minds that the 2020 target will be reached, so I think it is important that the Unit has its attention both on the near term and on the 2020 target because the two are really quite inter-dependent.

Q110 Chairman: Am I right that both your organisations are involved with CESI on the Toolkit?

Ms Green: Mine is. We are developing the Toolkit jointly with CESI, yes.

Q111 Chairman: Can you tell us about that?

Ms Green: And you are on the advisory group, my apologies.¹ This is a Toolkit which we are developing for local authorities and their partners who seek to develop local strategies to support the achievement of the national child poverty targets. Clearly quite a lot of the measures that enable the child poverty targets to be met are not within the gift of local authorities—levels of tax credits and benefits, most importantly—but there is much that can be done at local level by local authorities, by Jobcentre Plus locally, and by other strategic partners, and there has been a sense in both CESI’s and CPAG’s conversations with these people that there is a real hunger now to develop local strategies but a lack of tools at their disposal to do so. The new Local Government Performance Framework has given us a helpful structure now in which to set up a range of

¹ *Note by witness:* Ms Kate Bell said that she is also on the advisory group.

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areas where local authorities could give attention and which would have a bearing either directly or indirectly on child poverty in their communities. We are also hoping to develop a toolkit in Scotland and are in discussions now with the Scottish Government about that. The kinds of things that I think it will look at are both the obvious income poverty areas that can be addressed at local level, particularly for example maximising benefits take-up and what can be done to stimulate the local labour market and employment opportunities for parents, and some of the more indirect things or things that may have a longer term effect such as schools standards and family support services. So it will be seeking to draw together all the elements of a strategy which can be put in place at local level to bear on or indeed to directly affect achievement of the national targets.

Q112 Mr Heald: Would that look at the issue of illiteracy as well because I know some councils have had some very innovative schemes where they have been pressing to improve adult literacy both within their local workforce at the lowest level but also in their local communities, and of course one of the things we were hearing last week was if you have a mother or a father who is illiterate, it is a very difficult thing for the children and can often be a problem in terms of future poverty. Is that something that you will be looking at?

Ms Green: The Toolkit seeks to stimulate local agencies to develop their own strategies and identify their own key issues locally. It is not prescriptive in the way it suggests which areas locally ought to be in a child poverty strategy. Having said that, it provides quite substantial amounts of briefing background information about the various experiences of poverty, the factors that bear on poverty, the risks that families in poverty face, including the educational attainment of families (parents and children) where children are growing up in poverty. It will also put in place a number of good practice examples so that where other local authorities or local players—children’s services—have had experience of a particular issue and have had found ways of addressing it, we will be gathering as much of that information as we can into the Toolkit materials.

Ms Bell: I think that one of the advantages of action at this kind of local level is to join up the services for families who are experiencing poverty, so that people who are working in Children’s Centres, for example, know about whatever adult literacy programmes are available. I think that has been one of the problems. Also, one of the problems in terms of benefit take-up is the lack of joining up at a local level between the different agencies, and localised focus on child poverty hopefully would be a way of making sure those cross-referrals happen.

Mr Heald: It is certainly important.

Q113 Chairman: Such evidence as there is suggests that the public know very little about child poverty and probably care even less. Do you think that is a hindrance to this programme or a hindrance to the

Government being bolder? Do you think there should be a publicity campaign or should we quietly get on in our own little corners? Or do you not want to answer that?

Ms Green: I think it is greatly to the credit of the Government that in the face of largely public indifference, if not outright hostility, they have set targets and sought to meet them, and succeeded in lifting 600,000 children out of poverty. I think this will always be quite a difficult issue to bring the public on-side for. It is often said that campaign groups, those of us who are members of the Campaign to End Child Poverty, should be doing more to bring that public support on-side. That is undoubtedly a fair comment but I would also point out that political leadership is very important in shifting public opinion and it is, therefore, very, very key that politicians also demonstrate their commitment, their enthusiasm and wish to educate and carry on.

Ms Bell: One of the reasons for some of that public indifference is perhaps a feeling of futility, a feeling that poverty is inevitable and nothing can be done. I think that goes back to why the 2010 target is so important, to say, “Look, we have been able to halve child poverty, this can be done and it is something we should all support”. Again, that is why we think it is so vital and why you are seeing some kind of frustration from the campaign now where we are a little worried that might not be met and that investment might not be made.

Q114 Michael Jabez Foster: Can I ask a supplementary before I get to my question, and it is this: I had a pensioner who wrote to me the other day who said, “It is absolutely disgraceful, the single mother getting all the benefits”, and all that sort of business. I pointed out that their Minimum Income Guarantee was actually slightly more than the mother and her child receive, but that is nowhere on the public horizon, that is not what people think. Is there anything that we can do in government and as MPs, and you can do, to get those facts over, that that is not what is happening?

Ms Bell: We try. It is quite hard. There has been this pervasive and completely erroneous impression out there that single parents are doing better than couple families. We know that the risk of poverty for children growing up in a lone parent family is twice that of couple families and we know that they do not receive any additional benefits on the basis of lone parenthood. This is a message that we—I—repeat constantly, but there is a lot of stigma and prejudice about that. Going back to the Chairman’s point about public perception, it is about changing perceptions of who the poor are and why they are in poverty. The other thing we need to realise is that people who are lone parents are not lone parents forever, they go on to be couple families, and people who are poor families are not necessarily poor forever. Perhaps if we could change the perception and say that people move in and out of poverty, and people usually spend about five years being a lone parent before they re-partner, and say this is not a

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permanent state, these are not people who have chosen this situation and are going to stay in it forever, that might help to shift perceptions.

Q115 Michael Jabez Foster: But, of course, in its paper CPAG recognises that some groups are specifically in poverty for quite long periods. There is a line of poverty from those who are just below the limit, the 60%, and those who are in more abject poverty. Are there any specific policies that you would recommend? Is it important that we target those who are at the bottom end, the worst off?

Ms Green: It is important that the policies that are put in place are effective in reaching the poorest children, and to some extent that does not seem to be the case at the moment. That is not necessarily making a case for more targeted benefits for particular groups, although in some instances we do have targeted benefits that are helpful, particularly helpful if they are well administered, and the Disability Living Allowance would be a good example which helps meet the additional costs of either raising a disabled child or if the parent has a disability. Having said that, I think that the fundamental approach must be to make the benefits which reach all families reach the poorest families most effectively. That means making sure that, first of all, as for all families, the delivery of those benefits to the poorest families is simple; simple in terms of the claimant's experience but sophisticated in the sense of meeting the complex needs of families. It means that they should be delivered in a non-stigmatising way. We certainly know that some groups of families who are at particular risk of poverty, and I could mention, for example, gipsy or travelling families, families where there is a parent in prison, also suffer some stigma, some discrimination in trying to access the benefits to which they are entitled. I think that we should be particularly ashamed that there is a group of children who do not have access to mainstream benefits, and that is children in asylum seeking families. Our approach would be to say that we want a system that meets the needs of all rather than a system which becomes more complicated by continually trying to define more and more tightly precise forms of benefits for the most disadvantaged children.

Q116 Michael Jabez Foster: Without going through the whole list, your paper identifies large families, black and minority families, travellers, who you have just mentioned, children living in care, and the one you mentioned at the end, asylum seekers. Would you see a way of providing benefit in kind to any or all, particularly asylum seekers, because clearly it would be unacceptable, I suspect, for asylum seekers to receive benefits as high as the indigenous population if they have no right to be here, but the child is still important? Is there some other way, other than simply cash payments?

Ms Green: It might be unacceptable politically but to my mind it is unacceptable morally that any child should be put in a position of hardship, particularly as many of those children will in the end be entitled to stay in this country, so they are facing a very poor

welcome if the way in which we introduce them to this country is to place them in considerable financial hardship. Delivering benefits in kind is a particularly stigmatising, demeaning, humiliating way in which to support families and we have seen that when such attempts have been made in the past. We know that if you give money to parents they spend it most effectively and directly on improving the material circumstances and experiences of their children. I think it is particularly unfortunate to think that we might want to perpetuate the already high degree of stigma and isolation that asylum seeking families feel in this country by running a two-tier benefit system for them and a system that means they receive some of their support rather humiliatingly in kind rather than in cash.

Q117 Michael Jabez Foster: I am sure you are broadly right, but can I just press you slightly on this. I know the empirical evidence I have, and I know it from my childhood, through my life, now as an MP, is that some families with the same income appear to be completely different in their spending habits, their ability to care for their children, from another family who live just across the road with the same income. It is impossible, of course, to distinguish between the families in terms of the benefits one gives them, but if one deals in terms of benefits in kind then at least that inequality is overcome, is that not right?

Ms Green: One should point out that, of course, the way in which rich families spend their money can vary very much too.

Q118 Michael Jabez Foster: Of course.

Ms Green: I do not think this is a problem peculiar to low income families. What the evidence says about low income parents is that if you give them more money they spend it on improving the outcomes for their children. I do not see that the advantages that you are suggesting of trying to control and direct spending by delivering support in kind in any way adds up to the kind of advantages that are drawn from giving parents more money, adequate incomes on which to raise their children.

Q119 Michael Jabez Foster: Not even free childcare?

Ms Green: There is certainly a range of services that the state should offer all parents, including childcare, primary and secondary education, health services, family support, and they should be available alongside adequate incomes for parents to provide materially and socially for their kids.

Q120 Michael Jabez Foster: Did you want to add to that?

Ms Bell: Just to add that there is a kind of paradigm that services which are provided in kind for poor people often tend to be poor services, and that is why we advocate, as Kate said, universal free childcare for all children and giving families adequate income to meet their children's needs.

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Q121 Michael Jabez Foster: Back to CPAG. Your recent study *Chicken and Egg* highlights the extent of the educational gap, and I know it has been mentioned briefly, for poor children. What specific measures do you think the Government could take, other than general measures about giving support for one-to-one learning and so on that has been recently announced? Is there anything specific that should be targeted at the lower income families to ensure that they do not suffer this differential?

Ms Green: What was very interesting for us in doing the work on *Chicken and Egg* was how clearly it drew attention to the connection between income poverty, families with inadequate incomes and the educational outcomes that their children experienced. That suggested to us that asking for what was happening in schools fully or even substantially to compensate for that family poverty was a very tall order, that schools can do so much and, indeed, it is arguable that schools could do more because the attainment gap widens as children progress through their education, but in our view without first addressing adequate family incomes so that children can fully experience the educational experience then schools are proceeding with one hand tied behind their back. In particular, for example, access to extracurricular activities, the broader educational experiences that children need to undergo if they are fully to develop, the music lessons, the photography lessons, the out of school trips, the trip to the museum, not to mention the extra coaching which many better off parents would pay for, and the access to equipment to do homework and a quiet space in which to do homework. It is clear to us that the first thing is to secure incomes for all families that enable them to ensure that their children fully access the education that is on offer to them. However, it is also true that where we are now many schools are putting further barriers in the way by imposing costs on families that particularly mean that poorer children are excluded, even costs which can be quite hidden, quite subtle, such as expecting parents of children to shop for school uniforms at particularly higher cost shops. We would absolutely be saying that what we are looking for is free education to be genuinely that and for codes around school uniforms and so on to be very carefully enforced to ensure that the poorest children are not excluded. Finally, there is a set of policies to investigate around school funding and to look at the way in which the already additional funding which is available for schools with more deprived intakes is actually being directed so that it is reaching and having an impact on the educational experiences of the poorest children. We are certainly interested in some of the proposals that have come out, for example, around pupil premiums and extra funding for the poorest children in schools.

Q122 Michael Jabez Foster: Would you accept that maybe there is a difference these days as compared with in years past in the aspirations of some of the families from where these children come? That is not suggesting that most families do not want to do the best for their children, but whether they have the

confidence to do that and whether there is a difference. It is the case, and there is empirical evidence, that a third of Labour MPs in this place came from poverty but managed to become MPs. Whether that is success or not, I do not know. It suggests that 30 years ago there was more mobility from that group of children in poverty than there is today and I want to know why that is. With respect, all the witnesses keep saying “let’s spend more”, and I think that is right, but there must be more than simply spending more. There must be aspirational issues. Have you got any ideas wider than simply spending more money to deal with some of the issues that are clearly causing this impediment?

Ms Bell: We do keep coming back to income issues but that is because income issues then affect aspirations. I think it is very telling if you look at some of the experiences of children growing up in poverty and research that has been done with children about their own experiences that they are saying things like, “I didn’t want to ask mum if I could go on the school trip because I knew she wouldn’t be able to afford that”, and “Of course, I never thought I could have music lessons”. Children themselves are very aware of the stress that their parents are under, of their parents’ financial circumstances, and it is that that limits their aspirations, not a failure of their parents to think, “You can be an engineer”. It is very much knowing the things available to other children are not available to them, and that is because of parental income, not because of a lack of ambition.

Michael Jabez Foster: Thank you very much.

Q123 Miss Begg: Nine out of 10 lone parents say they want to work but only 57% of them are in work. Why is there that mismatch?

Ms Bell: I think it is because even though the support for lone parents and, in fact, for all parents to combine work and family life has significantly improved, there are still real constraints on lone parents’ ability to do so. There is a lack of flexible working, and we were very, very pleased to see the announcement yesterday that that might be extended. There is still a lack of childcare, particularly for parents of older children. Karen Buck’s recent piece found there was one place for every 200 children over the age of 11. There are still weak financial incentives for some lone parents to work. The IFS say they have got the weakest incentive to work of any demographic group. There is still a lack of choice for them, therefore, about how they can best combine their work and family life.

Q124 Miss Begg: Some of the people who when asked the question, “Would you like to work”, will say “yes” because they think that is the socially acceptable answer. Have you got any idea of whether that group of people will need a lot more extra help, a lot more encouragement than is presently on offer because, in fact, they are not that keen to work but they always say “yes” when asked the question?

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Ms Bell: I do not think it is necessarily that they are not that keen to work but they have got different issues, they may be further from the labour market, and often a real issue that we find with lone parents we work with on some of our programmes is a lack of confidence, a feeling that they are not good enough to work somehow, they are not good enough to take up jobs. There are issues that we need to look at with a much more varied approach than that which we have done to date. We have been quite good at getting people who were almost ready to work to be ready to work, but we have been much less good at getting to people who may have been out of the labour market for some time, may have had difficult experiences either of education or the labour market before they had their children. We have been less good at offering support for those people and saying, "Here's a route, maybe it takes you a bit longer to get back into the labour market but that probably is your eventual aspiration". It is also quite notable that caring for children alone is a real issue. By the time that lone parents' children have reached 16 more lone parents are working than mothers in couples, so it is not necessarily something particular to this group, it is about the experience of having a young child to look after.

Q125 Miss Begg: What about the proposals in the Green Paper to put conditionality first of all on to lone parents' whose youngest child has reached 12 and once the child reaches seven. What effect is that conditionality going to have on the one in ten who are saying at the moment they do not want to work?

Ms Bell: We are completely opposed to these proposals. We are opposed to them firstly because we do think that parents should have the choice about when to work or when not to work and that is because parents do know best about what their children need at particular times. We are also opposed to them because we do not think they are going to be very effective. We have had about 10 years' research evidence on what works in helping lone parents to go back to work in the UK and that says that a tailored, supportive approach which talks to lone parents, recognises their needs and asks them what support they need to go back to work is really what works. The Jobseeker's Allowance regime, which is what is being proposed, says, "Come into the Jobcentre every two weeks and if you don't find a job you are going to be sanctioned". We think that may have the effect of making some people disengage. We know at the moment that more lone parents are being sanctioned for not taking part in a work-focused interview. There is obviously a group of parents who are saying, "This support is not adequate for me, I can't take it up and I'm prepared to face that sanction", and that is very worrying. The effect that we will see following this policy, if it is introduced, is perhaps an increase in poverty as more lone parents face sanctions and not really an increase in the employment rate.

Ms Green: We would totally support everything Kate has said. I would add that whilst in the UK we are still in a position where relatively few lone

parents are sanctioned, it is increasing, and we know from evidence from the US that it is the lone parents who are furthest from the labour market, the poorest skilled, the least socially engaged, who are most likely to be sanctioned. We also know that the children of lone parents who are sanctioned suffer poorer outcomes than children of lone parents who are not sanctioned. The impact on a very vulnerable group of children may be quite great.

Q126 Miss Begg: So you support the carrot but do not see a place for the stick anywhere. Are there not some people where the threat of the stick would be enough to motivate them in a way that they have not been motivated up to now?

Ms Bell: I think sticks might drive people into short-term insecure employment but we have already got a real problem about people cycling between work and benefits. A stick is not going to make someone get a secure, sustainable job that they can keep. We know particularly it is those frequent transitions between work and benefits which are particularly bad for children. Save the Children's research into severe poverty found that those experiencing most severe poverty were not those who had been consistently on benefits or consistently in work, they were people who moved between the two. Yes, it might frighten people into taking up jobs that they cannot keep, that are not suitable for them or their children, but it is not going to lead to an increase in secure, sustainable employment.

Q127 Miss Begg: That was my next question. It is suggested that if you can keep the lone parents who get jobs in sustained work then the Government could reach its 70% target overnight. What are the barriers to that happening? What are the reasons why lone parents particularly compared with any other group, compared with disabled people, compared with people who have been long-term employed, are falling in and out of the labour market far more rapidly than any of those other groups?

Ms Bell: It is some of those things which we usually talk about when talking about barriers to work, but they do not go away when someone has moved into work. It is the childcare issue, it is what happens when your child is sick off school. Lots and lots of parents have said to us, parents who are out of work as well, "I'm scared about taking a job because what if I need to take a day off because my child is sick?" It is low pay. Many lone parents are moved into low paid jobs where it may not be financially worthwhile for them to stay there. We know that one of the best predictors of having sustainable employment is being genuinely better off in work. Again, it is partly some of the approach that we have taken so far to Welfare to Work which is that any job is a good job and that is why we are worried about this conditionality approach, that it is not going to improve job matching, it is not going to have a focus on skills and it is not going to get people into the right jobs which they can actually keep.

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Q128 Miss Begg: What about women who have got pregnant again and have gone on maternity leave or have dropped out? That is certainly a distinguishing factor from lone parents, female lone parents anyway, compared with any of the other groups.

Ms Bell: I do not know that figure. I could find that out for you.

Q129 Miss Begg: What should the Government be doing about it? What does it need to do?

Ms Bell: I think it needs to look very carefully at flexible working. As I said, yesterday's announcement was very welcome. It needs to look again at how you get people into the right jobs and how you skill them up to get into those jobs which are sustainable which they can keep. Again, the childcare strategy is fantastic but it is not there yet. It is about looking at the incentives to work and making sure that people are genuinely better off.

Q130 Miss Begg: Fifty per cent of children in poverty have one parent in employment. Has there been research done into what potential there is from the second earner or why the second earner is not working? Is the second earner always the woman or would we be quite surprised that it is the women who are in work and the men who are not in work in these kinds of couples?

Ms Green: This really only came properly to the attention of policy-makers recently, and particularly with the report by Lisa Harker for DWP when she did very much identify this existence of poverty in couples where there was only one earner and the significant difference that occurs to that family's income if both adults are in paid employment. When you look more deeply at what are some of the family circumstances and experiences of that situation you find a range of factors, including, for example, in some parts of the country, particularly London, the lack of availability of part-time work that is economically viable for a second earner which, of course, is preferred by many couples, particularly by mothers in many couples. In other parts of the country you will find that there may be substantial ethnic minority communities where parents, often both fathers and mothers, lack the language skills to participate in the local labour market. There is a range of factors that are keeping the second earner in a couple out of work and there are not easy blanket solutions in terms of trying to address those particular barriers. There are systemic solutions that ought to be looked at. First of all, as Lisa Harker suggests, in terms of the way in which Jobcentre Plus identifies parents and their needs as parents, whether they are in couples or lone parents, and looks at ways in which those needs can be met as part of the work preparation activity. I also think that there are undoubtedly complexities in the system of financial support for working parents which are even more complex if you are talking about a working couple. For example, with tax credits it means you have got double the changes of circumstances to report.

Ms Bell: I think Lisa Harker showed that 90% of second earners where the first earner is working full-time are women and many of the issues for them are

very similar to the issues for lone parents. Also, we should remember that many of them may go on to be lone parents or may, in fact, have been lone parents previously and increasing the employment rate of second earners in couples may be a way of increasing the lone parent rate because if you are working at the time of becoming a lone parent you are much more likely to continue in work. There are quite complex issues, however, and some of the suggestions around additional working tax credits for couples, for example, would dull the incentives for a second earner in a couple to work. Although I think the Government has had quite a clear stance that it thinks that lone parents should all be in employment, it has steered away from saying, "We think both partners in a couple should work".

Q131 Jenny Willott: Can I just ask a follow-up question. You mentioned a couple of times about getting lone parents back into work. I was just wondering if there were any particular issues for young mothers who have never worked and who therefore face an entirely different set of barriers? Has there been any work done on that? Is there a different approach that is needed?

Ms Bell: The first thing to note is that young mothers and teenage mothers form a tiny proportion of all lone parents, about 2%. There definitely are different issues. We have been quite encouraged by the approach that the Government has taken where it has said, "We think young mothers should be returning to education", and that may very well be the right place for them. They have instituted a care to learn fund for mothers under 19 whereby you can get childcare if you are participating in further education, but we are seeing some problems with parents who are perhaps a bit older who have taken a little bit longer to go back into education and do not have that extra support. I guess another of our worries about the conditionality proposals is they are going to make it very difficult for those who want to go back into education to do so.

Q132 John Penrose: I have got some questions on in-work benefits and work incentives, but I just wanted to pick up on one of your answers to Anne Begg just now. You said that often the people who are in the one group that is in most severe poverty are those who are cycling in and out of work very rapidly. If we have got an income-based measure of poverty, on the assumption that in most cases at least your income does go up after you have done your complicated better-off calculations, why is that then?

Ms Bell: There are costs to working and there is instability in the benefits. If you think about the costs, you might buy a new set of clothes for work, you are going to have transport costs, you change your childcare arrangements, you pay your childcare deposit—

Q133 John Penrose: I am sorry, I am with you on all of that, and that will affect some of the underlying subsidiary measures of poverty but on the headline one which we started talking about earlier on, which

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is income-based, that will not be reflected. You are talking about some of the underlying measures of poverty rather than the headline one when you are making that statement about cycling in and out of work.

Ms Bell: It depends at what time you measure the person. These are snapshot measures that we tend to take when we take measures of poverty. If you take a snapshot of somebody who has experienced those frequent transitions what I am saying is those transitions in themselves have costs.

Ms Green: What is more, the tax credit system is quite likely to reduce their income at times because of the interplay of overpayments and recoveries. As Kate says, depending on when the snapshot is taken it is quite possible that the family will not be showing the effects of any income increase, any better off experience for short periods in work.

Q134 John Penrose: We are trying to explore problems with take-up as well. I wonder whether or not delays in take-up of either tax credits or benefits if you are cycling rapidly in and out, does that also have a major impact or is that less of a problem?

Ms Green: It is certainly a problem that is reported repeatedly in relation to housing benefit and there remains still very considerable concern for people as they move in and out of work about the position on their housing benefit. That is if they are aware, of course, that they should be able to continue to receive it in work at all. An awareness of housing benefit as an in-work benefit among both claimants and their advisers is still shockingly low. Certainly that is an area where we do know that delays in receipt of payments that families are entitled to does cause their income to be lower than it should be in-work.

Ms Bell: There has been a very good pilot done by Jobcentre Plus, HMRC and the local authority at Wallsend where they asked those three departments to work much more closely together to deal with people's transitions in and out of work. We think that is a model of good practice. It is about simplifying things for the person claiming. Those three departments may find it more difficult to work together but from the experience of the person claiming it has seemed to make things significantly simpler.

Q135 John Penrose: Chairman, can we make sure we get some information about that pilot study because that sounds very interesting indeed. I just want to go on to talk in a bit more detail about work incentives. I think we have already spoken about the quality of work, that it is not just a question of getting a job, it is a question of staying in it and potentially progressing in it in due course. What do you think can be done to improve those incentives once you have got into work in the first place to improve the probability of staying and progressing?

Ms Green: First of all, some of the incentives are time-limited, and the in-work credit for lone parents is a good example, so it is very important that in that first year when the in-work credit is in receipt employers in particular are investing effort and

resource in enabling that employee to progress up the career ladder, to obtain more skills, to improve their qualifications and receive appropriate training so that at the time that the in-work credit is withdrawn they have made a sufficiently big progression within their career to compensate for that, otherwise it is not clear to us in the early days of the in-work credit whether that may prove to be a point at which some parents fall out of the workplace. A second area that does cause us concern in terms of work incentives is the loss of passported benefits as parents move into work. We have been doing a small piece of research in East London around this with Community Links and the Low Income Tax Reforms Group and we will be publishing the findings of that around the end of the year. That shows a lot of anxiety in parents' minds about the loss of passported benefits and the extra costs that they will have to meet, therefore, as they move into relatively low paid work. I think that is an area for attention. The housing benefit taper and the loss of council tax benefit still remain very problematic and we need to look much more at aligning things like thresholds, disregards and making greater use of run-ons. There are a number of tweakings in the system that we have got that we need to attend to as a first step in improving work incentives.

Ms Bell: The other thing we have been concerned about is the Government's failure to maintain a commitment to up-rating the threshold for the working tax credit which means that the value of that in-work support is gradually eroding. In terms of ensuring that people are genuinely better off in work is something we would want to see a commitment to. The other major cost that comes up, particularly for lone parents, is the cost of childcare and that is why we consistently talk about affordable as well as available childcare.

Q136 John Penrose: All of these items come with a cost attached. Do you have any suggested rankings about which ones would have the biggest bang for the relative buck of doing them?

Ms Green: I can certainly say at the London level that the London Child Poverty Commission, of which I am vice-chair, has produced some models of different national and, indeed, London measures that could be taken through the tax credits and benefits system and shows the differing impacts of those measures in terms of the number of children who would be lifted out of poverty as parents were in or out of work.

Q137 John Penrose: Again, Chairman, can we make sure we get our hands on that, please, because that sounds like that would be a crucial thing as well. You just mentioned withdrawal rates and disregards and so forth. One of the things that struck us in our last inquiry was that while the top tax rate is 40% it seems to be okay to withdraw tax and benefits combined to rates above 18%, quite frequently significantly above 18%, and the incentive to work for the high paid is deemed to be impossible if you tax them above 40%

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but it is somehow okay for the low paid. Do you have views on how those two things can be reconciled?

Ms Green: We can only agree with you. The Chairman, or one of your colleagues, was asking earlier how we could convey messages to the public, and that is rather a powerful one for a public which is concerned about injustice and inequality, if not about poverty.

Q138 John Penrose: The reason I ask is because I notice you have also done some work on disregards, which is approaching the problem from the other end.

Ms Green: Yes.

Q139 John Penrose: Does that mean that you think disregards are more effective even though perhaps the signals that they send are different? Which is better?

Ms Bell: We did some particular work on looking at the incentives for people to work in jobs of less than 16 hours where the incentives for lone parents are very, very poor and half the number of lone parents than the number of mothers in couples, which is the usual comparator group, work in those groups. We looked at a number of different ways of enabling more lone parents to take up those jobs and we did find that the most bangs for your buck basically was by increasing the disregards in means-tested benefits. This policy is actually mirroring something that has just happened for claimants of Employment Support Allowance who in the first year that they are in work will be able to earn £86 on top of any benefits they claim. We think this is a really cost-effective way of helping more lone parents to take up those jobs at shorter hours which may be more suitable for those lone parents who have got greater barriers to work or need to spend more time caring for their children.

Chairman: That is dangerous ground, very dangerous ground.

John Penrose: I stopped there!

Q140 Jenny Willott: I want to ask some questions about out-of-work benefits and take-up rates in particular. We have had some evidence and I believe you have proposed that increasing universal child benefit for second and subsequent children would impact significantly on child poverty. Can you expand a little on this and why you think that is important?

Ms Green: CPAG published a report on this last year, which I will make sure is available to the Committee. We looked at the impact of raising child benefit for second and subsequent children on child poverty and we were particularly interested in terms of its ability to lift the larger families out of poverty. We suggest in that report that raising the rate of child benefit for second and subsequent children to the same level as that of the first child could have the effect of lifting around a quarter of a million children out of poverty at a cost of around one and a half billion pounds. Child benefit is a very effective benefit. It is more effective than any other benefit,

even benefits specifically designed to reach poorer children, at reaching poorer children. The take-up is very, very high at around 98%. It is a very simple benefit. It is very well-understood. It is completely non-stigmatised and it is very, very popular. We see a lot of potential in child benefit. We see it as a very good protective benefit that stays with children right through their lives even as family circumstances change. It is a very useful tool in the range of out-of-work and in-work benefits, indeed, that are available to families as they raise children and without any of the administrative complexity that we have seen with tax credits, which arguably are intending to achieve some of the same effect.

Ms Bell: The accusation often hurled at child benefit is that it is very expensive but, again, when the IFS did their modelling for the Joseph Rowntree Foundation report they modelled different packages and found that they were suggesting a child benefit package for third and fourth children was almost as cost-effective as using child tax credits to do the same thing. We need to re-examine some of those assumptions about child benefit always being more expensive.

Q141 Jenny Willott: That links in with my next question, which is whether or not we should be targeting those who need it most or whether a more blanket approach is more effective. Why is it important, as has been suggested, to adult benefit rates because clearly you would be helping families with children but you would also be spreading it more widely and not just focusing on those who need it the most?

Ms Green: Some of those adults, of course, may well become parents and it is particularly concerning that young women can conceive their children from shockingly low levels of income support. That has a read through straight away into the outcomes for their babies when they are born. Those women are more likely to have low birth weight babies with all the connotations that brings for poorer outcomes for those children as they grow up. Secondly, I think it is important to recognise that families do not divide their money up, they do not say, "This bit is for the children and this bit is for the parents". What actually happens is the money is managed as a household budget as a whole and parents go without if the amount of financial support for the family is not sufficient so they can do their best to provide for their kids. We are seeing hardship in those families as a result of the failure to address the level of adult benefits. I think it is quite shocking that there has been no up-rating of those benefits and no intention that I can detect to address up-rating of those benefits at present. It is often said that these benefits are passive, they are work disincentives, if you increase them too much then you are simply rewarding people for sitting at home and, as you say, it is directly supporting families with and without children, as matter of regret, but that fails to understand that these benefits prevent people from falling into poverty if they are set at an adequate level and that preventative effect is something that we ought to be building into an antipoverty strategy.

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It has been shamefully neglected and I hope it is one subject that the Committee will make some strong comments about.

Q142 Jenny Willott: CPAG made an estimate that £14 billion worth of tax credits and benefits are not being claimed each year. How easy do you think it would be to raise the claiming rate? Is it worth putting the money into trying to increase uptake or could the money be better spent in other ways tackling child poverty?

Ms Green: The first thing to say is that take-up campaigns, which I know your earlier witnesses discussed, can be effective. CPAG was involved with the Quids for Kids campaign that ran in 2003-04 and I am very pleased to say that the Local Government Association has given us a small amount of funding to update the materials for that campaign, so we hope to be running it again next spring and learning the lessons from the original campaign which was fully evaluated, and I hope we will be able to make it even more effective this time. I think on the concerns about the investment in increasing take-up of benefits as opposed to doing other things with the money, certainly we would like to see maximisation of take-up of adequate benefits and simple benefits, so the argument for us might be about the way in which we invest in particular benefits but I do not think we would say there would be any good reason to reduce investment and effort in increasing take-up.

Ms Bell: Going back to Kate's earlier point about child benefit, child benefit has significant cost savings because take-up is so high and because it is so easy to administer, so when we are looking at the overall cost of benefits perhaps we should be counting in the costs of taking them up and their administration costs as well.

Q143 Jenny Willott: This links on to my last question which is if you have evidence of what is the most effective way to target resources. Should it be through targeted benefits or if you have got a limited amount of resources is it better to put it into things like universal child benefits?

Ms Green: It is very much our view that universal benefits are more effective at reaching the poorest children, more effective than targeted benefits that are actually designed to reach the poorest children. They are benefits which make a significant difference to families in receipt of them and they have neither the disadvantages of high administration costs, as Kate says, nor of patchy, unreliable take-up because people often do not understand their entitlement in the way that they always do understand it when it is a simple universal benefit available to all.

Ms Bell: I also do not think we should be saying targeted or universal, inevitably there is going to be a balanced strategy.

Q144 Harry Cohen: A quick-fire question. First, the London factor. As the Treasury said, there is a high dependency on paid childcare and higher costs of childcare, but is the Government offering enough support?

Ms Green: Childcare costs are significantly higher in London, £205 in Inner London compared with £152 nationally, which was mentioned by one of your earlier witnesses. The efforts that have been made to support London's parents with childcare costs and subsidising more flexible childcare for London's parents, efforts and investment which have been made by the Mayor of London, are very welcome. I do not think we can say that there is enough investment in the provision of childcare when parents are still having to meet 20% of the costs and finding that an unaffordable amount, and when parents are also seeing there is only a tax credit element which takes them up to the first two children and no further additional recognition of their childcare costs if they have more than two children. In the end I think that the way to secure adequate, good quality childcare for every child is to move to a model where it is free at the point of use and universally provided rather than trying to do it through the rather complicated tax credit system which as a result of that complexity is seeing very disappointingly low levels of take-up.

Ms Bell: We recently did some research of focus groups of lone parents in London for the London Child Poverty Commission and childcare absolutely came up as a barrier to work. The other thing that came through really strongly was this flexibility point and the availability of part-time work. We know that for lone parents as many lone parents are working full-time in London as in the rest of the country but it seems to be quality, part-time jobs that are really lacking in London.

Q145 Harry Cohen: My second question is related, I think, which is the shortage in deprived areas. Are there any special measures that you think need to be taken? Are we really talking about the state doing it or promoting it, government, local government, other state agencies, or is there a role for the private sector?

Ms Green: I think it is much more difficult for the market solution to work well in deprived areas because parents do not have the money to go and buy in the market, and particularly parents who are cycling in and out of work are therefore going to be taking their children in and out of that childcare and that makes it unsustainable for the providers. It seems to me that whilst CPAG would welcome a solution for every parent, it is particularly urgent to address provision in the most deprived communities and I do not think the market can do that.

Harry Cohen: Thank you.

Chairman: Thank you very much. That was an excellent session as usual, we are very grateful. Thank you.

Wednesday 21 November 2007

Members present

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen
Michael Jabez Foster
Mr Oliver Heald

Mrs Joan Humble
Tom Levitt
Greg Mulholland
John Penrose

Witnesses: **Mr Richard Exell**, Senior Policy Officer, TUC, **Mr Keith Faulkner CBE FRSA**, Managing Director, Working Links (Employment) Limited, **Mr Alex Bax**, Senior Policy Adviser, and **Ms Doreen Kenny**, Senior Policy Officer, Greater London Authority, gave evidence.

Q146 Chairman: Good morning everybody. Welcome to the latest evidence session in our inquiry into child poverty and social mobility. Welcome to our guests. It is nice to see you all. Perhaps I could kick things off. What do you think will be the wider impact of missing the 2010 target, if it is missed, as it is likely to be?

Mr Exell: If we miss the 2010 target then the most important impact is that the chances of hitting the 2020 target become that much harder to achieve. And it is not just a matter of being numerically further away; it is that belief in the feasibility of the target would be hit as well. While there has been significant progress—and it is important to recognize the progress that has been made: there are 600,000 fewer children in poverty and if the measures that have been introduced over the last 10 years had not been introduced, child poverty would have grown rather than fallen—people were willing to say, after the 2005 target was missed, “Okay, there has been progress, need to catch up a bit, but we are still going in the right direction,” but if the 2010 target is missed as well, and if it is missed by as much as it looks like being missed at the moment, then I think people are going to start asking questions about whether the 2020 target is capable of being hit and that would be a serious problem for the country as a whole.

Mr Bax: We need to remember that beneath these targets are hundreds of thousands of children living in poverty and, therefore, a more straightforward effect of missing any of these targets is that those children continue to live in poverty and their life chances continue to be affected. Every effort needs to be made to meet these targets or get as close to them as we possibly can.

Mr Faulkner: The only thing that always concerns me about targets is that they encourage quick fix—not that there are very many quick-fix solutions here—but I think that one of the most important things in addressing this issue is that solutions are sustainable—and we will talk later, I am sure, about some of the underlying issues that have to be addressed. For me, now, in a sense, the 2010 target, I think we widely accept, will not be hit. We have to decide what is achievable for 2020 and what we have to do now to get there.

Q147 Chairman: Looking at the long-term 2020 target, do you think the right investment is being made in the right programmes to lead hopefully to the 2020 target being met?

Mr Faulkner: I believe the direction of travel is definitely right. I think it is which programmes you look at and support. We have to recognise that child poverty is a very serious consequence of a much wider issue, which is a global issue, that in all urban communities the gap between those in poverty and the wealthier residents of those cities is generally increasing rather than declining, so this is about tackling social exclusion at the community level. As we have said in our submission, we believe you have to look at it alongside housing, policing, education—all of the public services that are generally poorer in the areas where these children are being brought up. We believe initiatives like the *City Strategy*, which take national policy but engage local government, local employers and the local communities in devising solutions, is the bit of the programme that is going in the right direction and may have some real impact.

Q148 Chairman: The Chief Secretary to the Treasury was at the Treasury Select Committee two or three weeks ago and he said he would not see getting 85% of the way to the 2010 target as a huge failure. Do you have a comment?

Mr Exell: I think it would be. I was surprised when the Government said that their target was to abolish child poverty because, in the nature of things, there is always going to be a certain amount of frictional child poverty, simply because of the way you record the statistics if nothing else, and there are cycles of poverty, so people dip below various levels but then come out of them again. It struck me that that makes the target particularly challenging. Saying that frictional levels are always going to be with us and therefore would be reflected in the 2010 and 2005 target is one thing; saying that you can miss their targets by 15% is another thing altogether. It introduces such a latitude into the numbers that it is hard to say they are targets any more.

Mr Bax: I would go along with that.

Mr Faulkner: The same.

Q149 Harry Cohen: Could you tell the Committee, please, what the main barriers to work in London are and which is the biggest problem?

Mr Bax: I think we need to put the London position in the context of the national target we have just been talking about. In London we have some 650,000 children living in poverty; that is, about one

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in six of all the children living in poverty in the UK live in London, or the same as the number of children who live in Wales. So this is a very large part of the problem and without tackling the problem in London we will not see the national targets met. That leads on to some particular issues which are a bit different in London. The first one to identify is the particularly high costs of living in London, which therefore mean that taking a job becomes much more of a risky step when you are living on benefits because the benefit trap will be that much more difficult to deal with. Those high costs come in in all parts of London life but particularly we would point to housing costs being high. Therefore, the Mayor's intense focus, for example, on delivering more affordable housing is absolutely key to try to help that long term. Back to your question on the barriers: many of these barriers are the same as in the rest of the country but perhaps more exaggerated in London. What are the barriers? Skills and education, undoubtedly. We have a very large group of single parents who have particular barriers with regard to childcare: affordability of childcare but also access to appropriate, flexible childcare. We have had some interesting work looking at the provision of childcare, with single parents saying that they may get offered a part-time job, and, because they have another responsibility, which is to be a parent and the best parent they can, the part-time job perhaps is possible but then they find that the childcare provider wants their child in that place full time because the childcare provider cannot cope with a child only dipping in and out, so there are those kind of service barriers. Further, we have a particular issue in London of people with multiple barriers. You will have someone who is not just a single parent but is also living in social housing, who is also, perhaps, from an ethnic minority group with poor language skills and so on. The Treasury did some work not so long ago which identified this factor particularly in London, that the number of people out of work with multiple barriers to employment is higher in London than anywhere else in the country. Therefore, getting those people into work, which we quite agree is the best route out of poverty, is a particular challenge in London. We would call for more effort from the employment services and the skills service and a more joined-up approach, which is the way government policy is going to integrate services, so that, for example, a single parent who will have childcare issues, may have skills issues and may have language issues can have those issues addressed in a coherent way rather than them going from pillar to post, around the houses to different bits of service.

Mr Faulkner: The other aspect I would add to what Alex has said is the employer aspect. The employer market is such in London that many organisations have a great deal of choice about who they can employ: there is student labour, there is immigrant labour, there are people commuting in who are second jobholders in a household that is reasonably wealthy. All of these people are there in the labour market and therefore there is no great pressure on the employer to be that much more flexible or to

adapt to part-time employment or job sharing. There is no great pressure on an employer to act in that way. It is a more natural exclusion in the London labour market than in many other parts of the country.

Q150 Harry Cohen: That is helpful information. You only pointed out that the Government's emphasis is on work for the parents to lift these children from child poverty. For a number of those parents and, therefore, their children, that is not going to be necessarily the right solution and, therefore, there presumably have to be some appropriate measures for them. Secondly, where work is a route out. A number of those parents rely on part-time work. Of course there is a low rate of part-time work in London, maybe because of the employers, as you have said, or maybe because there is reluctance of lone parents or there are some other factors coming into play there. Do you think part-time work is ever going to play a significant role in reducing child poverty in London?

Ms Kenny: We have looked at this issue quite a lot at the GLA. It does seem that there is no explainable difference in terms of the industry and occupation why there should not be more part-time jobs in London. There are only one-quarter in London as opposed to one-third elsewhere. It does not seem to be due to the employers. Employers tell us that in fact they do want to offer part-time jobs, for instance in banks, but people are reluctant to travel for the length of time it takes to commute into where the part-time jobs are, which is mainly in inner London. Coupled with that is the low pay for most part-time jobs. Half the part-time jobs in London pay less than £7 an hour, so it is just not worth working part-time unless they are very local and it fits in with the school and childcare responsibilities, or they are very well paid and flexible.

Mr Exell: Another problem in London is the high level of rent. If you are having your rent covered by housing benefit, the claw-back on housing benefit is at such a high level that part-time jobs are unlikely to make you any better off if you are receiving housing benefit in London. Someone who is looking to move into work, therefore, is probably, in those circumstances, going to be thinking: "A full-time job or nothing".

Mr Bax: To come back to the question about levels of income for people who are not going to get into the labour market—and it is back to the fundamental question of child poverty—I would absolutely agree with you that the current levels of benefit are clearly not sufficient to keep people in London out of poverty and their children out of poverty. Attention does need to be paid to that basic question of other levels of benefit right.

Q151 Mr Heald: A lot of great cities have a big informal economy that is not something that is very easy to measure. To what extent do you think that is true of London? Is it, in some ways, a bit of a safety valve or do you feel it is something where there are measures that could be taken to move people out of that informal twilight world?

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Mr Bax: Obviously the informal economy, by its very nature, it is impossible to say very much accurate about, but it certainly exists. We recognize that it is something of a route out for some people but it is often not a very nice part of the economy to be working in if you have children. You are well advised, if you can, to move out of the informal economy as quickly as possible, because of things like job insecurity, quite apart from, perhaps, health and safety and other more exploitative factors which will come into it.

Mr Exell: I would be reluctant to accept the informal economy as a safety valve, certainly for the workers concerned. Our Commission on Vulnerable Employment is finding that people working in the informal economy are amongst the most vulnerable in the country. By its nature, it is work in which you do not get the employment rights that you have working in the open economy. Something we have been worried about in the past is the position of people who sort of stumble into illegality with regard to the benefits system. They start off doing the odd bit of work and it is a matter of it being more trouble than it is worth to report it—they are not deliberately fraudulent in any meaningful sense—but then that sort of grows and they find themselves in a position where they cannot regularise themselves without admitting to a past history of not paying tax and claiming benefits. Certainly we would like to see a service that offered people a clean slate, a fresh start, where they could show that they had not been doing it deliberately to defraud the system.

Mr Faulkner: That situation definitely exists. It is one we work with as a front line provider. Of course it is one of the quite rare occasions where there is a differential between delivering that service through Jobcentre Plus, now coupled with the Benefits Agency, and delivering it through an independent provider. We are more likely to be able to draw out that information and deal with it than a public servant is able to. That it is not that they cannot do the job; it is that the individual is much more wary about disclosure. I absolutely support what Richard says. That is exactly as it is: people dig themselves into positions that are hard to reverse out of without a lot of active help.

Q152 Mr Heald: Is this quite a big thing?

Mr Faulkner: Yes. About 15% of the people we move through to employment we move through into some form of self-employment. In a large number of those cases, they have already been undertaking that type of activity informally. So it is exactly what we have described, formalising.

Mr Heald: Thank you.

Q153 Harry Cohen: I have a quick-fire question about conditionality. With all these barriers that you talked about earlier and the ineffectiveness of part-time work, would it be your view that conditionality for lone parents would be unfair?

Ms Kenny: Yes, we are very concerned about attaching conditionality to lone parents, especially if the support is not there at the moment in terms of

extended schools and affordable childcare. We also worry about attaching conditionality if that means that lone parents are just going into jobs because they are forced to but then immediately come out again because the job is not what they want. That would just recycle people around into benefits and work.

Mr Exell: There is a particular concern that it is not just a matter of subjecting lone parents to conditionality; it is a matter of subjecting lone parents to the Jobseeker's Allowance conditionality regime, which is possibly the most out-of-date set of entitlement rules in the whole benefits system, much of it unchanged since 1911 and not designed for the modern economy. How you fit in a lone parent's decisions about whether the childcare that is available in her neck of the woods meets her cultural requirements, her child's individual developmental requirements, her own work-related requirements, and how you shoehorn that into the JSA system is something that is going to take all the ingenuity of the DWP's senior officials for the next couple of years.

Mr Faulkner: The issue of conditionality comes back to the point I made earlier about sustainable solutions. Exactly as has just been said, we can force some changes of behaviour but they will not be maintained, so I would not argue totally against conditionality but the other aspect which Richard has touched on is the complexity of all of this. One of the big barriers—and I think Work Directions in their submission pointed this out—is that there are an awful lot of people to inform about the change, an awful lot of forms to fill out, an awful lot of things that can go wrong with the benefits. The risk is too high for many people. It is not just applying conditionality when the support services are there; it is trying to persuade people to go through that complexity of personal administration, which they are ill-equipped to deal with in many cases.

Mr Bax: Further, there is a simple point about parents having some ability to choose to parent rather than having, at all costs, to get out to work. Wealthier people are in the position of being able to choose, perhaps, to take a career break or spend more time with their children and that, from a long-term point of view, is probably good for their children and good for them. I think we need to be careful about these efforts which overly force people into the labour market, which, as we have found, is difficult and not that well suited, particularly to people with young children.

Q154 Harry Cohen: I would like to ask the LDA witnesses about the London living wage—which the Mayor has signed up to and I support as well—of £7.20 an hour. What progress has been made in signing people up to that, particularly in the public sector? Has the DWP signed up to it?

Ms Kenny: I do not believe the DWP have signed up or any other government departments at the moment, but my information might be out of date. I am aware of about 25 organisations in London who have adopted it. Quite a few of those are banks, consultancies, universities—organisations like

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that—but the main focus so far has been in getting all the GLA group signed up to it. The Metropolitan Police Service was the last of those to sign up to it. No London borough has signed up to it at the moment but work is going on to try to persuade them.

Mr Bax: I think it is worth pointing out to people who are worried that this is some sort of strange plot of Ken's, that some of the private people who have signed up are companies like HSBC, Morgan Stanley, Citigroup, Deutsche Bank et cetera, so this is something which clearly is finding favour with the corporate sector and which they are embracing. We welcome that.

Michael Jabez Foster: They outsource their cheap jobs, do they not? That is what they really do.

Q155 Chairman: Has anybody signed up to it who was paying less? That is the key thing.

Ms Kenny: There were some contracts at the TFL which they had to regularise because a few people were being paid less—subcontractors, that is.

Q156 Harry Cohen: A recent Treasury report said that the dependency on paid childcare and the higher costs of childcare in London were the reasons for the higher rates of lone parent unemployment in London. The Mayor has this Childcare Affordability Programme, which he signed up with the Minister for Children. Can you tell us a little bit about that. There are places still available, but there are a limited number of places. Is that sufficient to deal with the problem? Are they in the right places, for example? Secondly, there is a cap on the amount of money that goes to the nurseries. The Mayor put a cap on that. Was that the right thing to do?

Ms Kenny: The Childcare Affordability Programme is a set of pilots, so it is testing out different ways of subsidising childcare for poorer families. It is in the process of learning all the time how things might be improved. The cap on the funding was to make sure that nurseries did not simply put up their costs because they were getting a subsidy. Things are improving all the time, I think. One of the lessons that has been learned is the popularity of flexible childcare. This goes along with the whole part-time issue that nurseries, up to now, have not been that flexible about the way they supply childcare. This programme has been subsidising providers so that they can meet the needs of parents for flexible hours or less than full-time care. The second phase of the programme is going on to look at the transition into employment, so it is helping parents train and get ready for employment, providing the continuity of childcare during that phase and then once they go into work.

Q157 Harry Cohen: The Government are doing a lot of measures for skills but, in a way, they are focused more on youngsters. Should there be special skills programmes for lone parents, for example, in the capital?

Mr Bax: Yes. We would argue for more ability for regional flexibility. I will leave you a copy of the Mayor's recent link with the London Skills and

Employment Board's Skills Strategy. That argues forcefully for the ability for London—but there is no reason why other regions should not do it also—to do things a bit differently. Those issues about multiple barriers faced by people in the labour market, particularly large numbers of lone parents, all call for a more integrated approach but a London-specific approach. Things like the journey to work is often a barrier, so, in London, the Mayor has launched a scheme to provide subsidised or free travel to returners to work for the first period, but you also then need to factor in childcare. Is your childcare going to be near your place of employment or your place of residence? That, again, is quite a complicated issue in London. For someone moving from benefits into work, a lone parent for example, any one of these things being out of line might lead them to think, "This is not a risk worth taking because I have my children to look out for." We need the ability to be more flexible, to try to coordinate services across the employment service, with boroughs and other agencies, to try to make a more seamless service for—and I would agree with you—older groups, not just young people, but other groups who are struggling to get into the labour market, parents in particular.

Q158 Harry Cohen: London is diverse. There are a lot of ethnic minorities. Does anything special need to be done in terms of child poverty?

Mr Bax: We would see that simply as another series of barriers which come there. Not all but large numbers of ethnic minority groups in the cities show higher rates of worklessness. Some of that is because there are higher rates of lone parenthood, so there is a complex matrix of problems facing these groups, but the Bangladeshi and Pakistani groups particularly are suffering, and, interestingly, the numbers are higher in London for Bangladeshi and Pakistani groups than they are outside London. So there is a London effect for ethnic minority groups which, again, is a further call for a sensitive approach to the ability to be flexible. Yes, some of those communities absolutely need ESL training and other skills training.

Mr Faulkner: You have provoked a point in which I believe very strongly. You have mentioned the question of special training requirements for lone parents and I think you have just implied it for perhaps ethnic minority groups. I think it is very dangerous to define the type of services we provide to deal with this issue of child poverty by classifying people because very often the barriers they face are nothing to do with the way in which we classify them. What is important is that there is a much better integration, as is beginning to happen, of employment support and skills services, so we are seeing Jobcentre Plus and the Learning and Skills Council working much more closely together, strongly promoted by the London Skills and Employment Board, which I think is a very important initiative—but as I sit on it I would say that, I guess. For instance, we do need much more flexible ways of delivering skills because too often the skill opportunities in terms of the learning

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opportunities are just as inaccessible and inflexible as the jobs themselves that it will lead to. I think we do need a big rethink of how that skills training is delivered. But we are going in the right direction.

Mr Bax: One point about that board is just how much engagement we have had with employers in the City and how involved they are in thinking through how to address those very questions. So the training has a real relationship to the labour market which is out there and is not just something we used to do 20 years ago.

Q159 Mrs Humble: The first question Harry Cohen asked about London was what the barriers to employment were. I would like to explore a little further the general barriers to employment throughout the whole of the country and whether or not you think the Government is focusing on the right areas when it is looking at those more general barriers to employment.

Mr Exell: I think the Government has been right in the strategic decision to focus on paid work as the centre of the antipoverty strategy. They have not ignored the problem of in-work poverty but it is an area of policy where internationally there is far less evidence about successful ways of dealing with the problem than there are in some other areas, so they are not alone in finding that difficult. I think one of the good things about the Green Paper is the recognition that, once you have general unemployment to a large extent dealt with in most parts of the country and you are dealing with people who face extra barriers, you do have to deal with that on the basis of individuals. You cannot even talk about “groups”, as such, because each individual needs a different package of support, which is why flexibility in labour market programmes is something that has to be introduced. You can argue about the best way of achieving this but all the evidence we have shows that employment services have to be able to deal with the specifics of the individual circumstances because, otherwise, it does not matter how much money is being spent on it they are not going to succeed. The Government is getting quite a lot right, but it is working in an area where the cutting edge of policy development is not all that far ahead of where the Government is already.

Q160 Mrs Humble: That sounds very much like an answer to an earlier inquiry we did on increasing employment, so perhaps I could follow up on that? When you are talking about increased flexibility are you talking about flexibility for individual staff in job centres? It was highlighted in an earlier inquiry that the flexibility that members of staff previously had has been reduced, especially in their ability to give financial support to individuals. For a relatively small amount of money, £100, they could cut through the barrier to employment. If that sort of area you are looking at?

Mr Exell: Yes, the key to flexibility is moving decision-making closer to the front line. There is no doubt about that at all.

Mr Faulkner: You asked about barriers, and one of the barriers we have not talked about a great deal yet is that for many parents, not just single parents but often dual parents, where children are being brought up in poverty there is a big issue around isolation and lack of confidence. These are people who are not well prepared to overcome the issues that we have been talking about earlier and need a lot of personal support. It comes back to what is available to them through the current Jobcentre Plus service, in terms of a depth of support and a degree of advocacy and ongoing support post-placement in employment, which is the direction of travel that is being spoken about but is not that evident in the job centres because of the limitations the present systems impose. Decisions take too long. Again, one of the potentially, from a TUC perspective, unfair advantages that we have as a provider is that if one of our frontline people needs to spend £250, with the person sitting in front of them they can give that undertaking there and they can go out with them and by the suit of clothes or the equipment they need to go and do the job. That is still not possible for Jobcentre staff. I think the other difficulty, which we have spoken about a little already, is the way it is targeted as well. If you are not very careful, the performance measures at a local Jobcentre Plus level begin to go back into categorising people, so that, say, helping that person achieve an outcome is worth more than helping a different sort of person with a different outcome. That again takes away the empowerment of the individual to decide the best route because the target becomes more important than the individual.

Q161 Mrs Humble: You are raising exactly the same point that has been raised previously in an earlier inquiry in order to address the multiple barriers that exist for these individuals. If you start characterising them, you are not addressing the many barriers they have. That was an issue that you raised, Alex, in your answer. Would you like to add anything to it?

Mr Bax: One of the things I would point you to in the *City Strategy* Pathfinders—of which there are two in London which are looking precisely at these kind of issues—and they are just getting going: one in West London and one in East London—is that there has been some agreement, we think, to allow DWP, for example, to be more flexible in its approach, working with local authorities, working with the London Development Agency, the Learning and Skills Council, to pick off some of these issues, to make the services more coherent. And, yes, there is some agreement from Government, from the DWP, to be more flexible in its approach. Key to that is empowering the staff at the frontline. I do not have the figures in front of me but there is an issue in London with Jobcentre Plus staff themselves. We have quite high rates of turnover relatively and those people are rather important in all of this and need to be valued and given the tools to do their job. If you do not have good advisers working with the client base, then the whole thing will break down.

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Q162 Mrs Humble: Do you have any idea when the first evaluations of the *City Strategy* will be available? If good work is already coming out of it, then clearly we would want to know sooner rather than later to see if we can learn from the examples

Mr Bax: I do not have any detail on that but I can come back to you on that.

Mr Faulkner: From memory, the official end of the initial pilot period is March 2009, although obviously some information will be available before that. Of the 15 Pathfinders, I understand some have still not finally agreed their targets with central government. Because some of the funding is dependent upon local strategies delivering national policies and there are some that have not yet agreed. So there are different stages of progress, but some lessons, as you say, are already being learned around the country.

Mr Exell: If you can report on the governance structure for this initiative, you will be doing the whole policy world a favour. It is one of the most impenetrable areas of DWP policy-making at the moment. It takes ages to find out anything about what is going on.

Q163 Mrs Humble: There you are, you have asked me a question now. I shall pass it on, although I am sure a note has been made of it. A colleague is going to ask more detailed questions on the Childcare Strategy overall, but I would like your comments on whether payments should be made of tax credits to people who are working less than 16 hours. If they do not get the tax credits, they do not get the childcare tax credit, and we have had a lot of information about mini jobs which especially lone parents get into as their first step into the world of employment. Should the Government re-examine that 16-hour rule?

Mr Faulkner: A straightforward yes to that. There has also been some very successful work done on work trials—so it is not just mini jobs. This is a short period of employment where they can find out how working affects their lives. In all our experience it is absolutely essential that we can be as flexible as possible about how people transition from often a long period away from the workplace into working life. To have certain forms of work, in terms of the mini jobs you refer to, again is just too difficult to contemplate and do damage their income. So the way the benefit structure works is a mistake, I think.

Ms Kenny: I would agree with that. I also think it could be particularly useful for parents of disabled children who cannot spend longer at work.

Mr Exell: In terms of casual work and people with intermittent work, the current means-tested benefit rules are a particular obstacle. In fact, the Labour Party in 1996 produced a proposal on allowing people to bundle up their disregards or to have a monthly disregard, which still strikes me as being a perfectly sensible way of helping people in that position. When I have spoken to DWP officials about this, they always say, “There is no evidence that people move from very small jobs into jobs that are actually going to sustain a family” and I do think they are being a bit short-sighted about that. The

point of the mini jobs is not just about the income now, it is also about maintaining links to the labour market so that when your kids are older you will find it easier to go into a more sustainable job. I do think the Government should reconsider the whole issue.

Q164 Mrs Humble: Even if the Government was not going to look at the 16-hour rule in general terms for tax credit, do you think there should be the possibility of examining the childcare tax credit separately?

Mr Exell: Yes.

Q165 Mrs Humble: So that somebody who is working less than 16 hours should have access to it.

Mr Faulkner: It would be a good place to start because, apart from anything else, there is more likely to be the political will to do that. We will learn lessons from that that will argue for spreading it out more widely, so I think it is a great place to start. I mentioned earlier the importance of the support mechanisms. Sometimes these mini jobs fail because effectively people are introduced to that opportunity and then left and eventually they come back and say it has worked or it has not. The way we would operate when someone is first going back into work is to have regular contact every couple of days: a telephone call, “Can you come into the office on the way home?” on a particular day, just to make sure that we spot the problems and how they feel about the experience, otherwise the failure rate is going to be much higher if they are left on their own to make this particular device work. Quality support is very important.

Q166 John Penrose: You have already touched on the topic of childcare, particularly as it relates to London. The Committee has been looking at the experience in Norway, which, as you know, has very good internationally comparable figures on child poverty. One of the things which impressed us all was the way they do childcare, but the question, of course, is which parts of their approach can be transferred back to Britain were we have a much more diverse society, which is a much larger country, and so on. Certainly it seems as though our system has some problems and is not working as well as theirs. In particular, there are very high vacancy rates. In my area, the South West, there are vacancies up to 30%, although I think the figure is quite low in London, 17% or so. Do you have any views on the reasons behind those vacancy rates as a starting point for whether the childcare system is working or not?

Mr Faulkner: I have one anecdotal one, in an environment very similar to your own constituency. In one of the local authorities we worked with when we were advocating the development of children’s centres and the more flexible facilities they provide, they said, “There is no way we are going to support that because we have excellent childcare facilities here that we support and we do have a whole number of vacancies.” That was a seaside resort where most of the jobs were in leisure and tourism and retail. The moment we said, “What facilities are

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there on Saturdays and Sundays?" the answer was, "Oh, no, it's nine to five Mondays to Fridays." There was absolutely no match between the facilities and the jobs that were suitable and available. I think a lot of the vacancy rate is around exactly that: a serious mismatch between what the childcare facility offers and what the labour market demands of people moving into work.

Q167 John Penrose: So there is an issue of opening hours as a starting point.

Mr Faulkner: Yes, I think children's centres are an important part of that. I think the development of that particular model will help, and it is, to some extent, akin to the Norwegian approach.

Q168 John Penrose: Flexible opening hours is clearly one issue but are there any other points that people may have?

Ms Kenny: We do have to recognize that childcare is costly and labour intensive and if we want to improve the quality of care, which means more professional staff, then the cost is going to go up. Inevitably that means there does need to be more government resources going into support it. The private sector just cannot make a profit in a lot of these areas. There does need to be some better system for coordinating funding for childcare and support for parents.

Q169 John Penrose: The thing which surprised me is that the vacancy rate in childcare is lowest in London. If it was purely a cost-based thing, you would expect it to be highest in London because the cost pressures would be worse. Do you have any evidence about how big a factor that is, because that seems a bit odd?

Ms Kenny: I think that is what the Childcare Affordability Programme found, that nurseries were not sustainable because of the high vacancy rate, so part of the solution was to try to get them to be more flexible so that they could fill their places.

Q170 John Penrose: In London it is a problem of relative undersupply.

Ms Kenny: I think it is a mismatch between supply and demand, yes.

Mr Exell: Part of the reason the figures are lower in London is because people live further from their parents in London. The other issue we get reported to us about why people do not use formal sources of childcare is trust. Mothers trust *their* mothers, and they trust their next-door neighbour because they have seen how she looks after her own children. People will trust informal providers very often in a way that they will not trust formal providers. But in London, where people are less likely perhaps to know their neighbours and to live further away from their own parents, they do not have the informal alternative to such a great extent.

Q171 John Penrose: Picking up that point about trust, is there an issue about perceived quality of publicly-provided as opposed to privately-provided or particular forms of childcare regardless of who is funding it?

Mr Faulkner: It is independent of funding, but two of my three children have had to go out and search for childcare, one in London and one away from London, and both have had very real concerns about the suitability of those particular facilities for what they would expect for their children. If you want to go rather further afield than Norway, and you look at what is happening in New Zealand—

Q172 Chairman: Yes, we will do that!

Mr Faulkner: I thought that would be an attractive proposition! They are looking at having childcare facilities completely resourced at graduate level, so that people have the real skills. We have talked about the fact that for a high proportion of children in poverty there is a disability element which requires more specialist care, and, again, will make the parent even more concerned about the ability to cope with the special requirements that their child has. I think there is a very real quality issue but I do not have a lot of hard data, it is very much more personal experience.

Q173 John Penrose: Does anybody have anything specific in terms of evidence to back that up. It sounds a plausible theory but do we have any evidence to back it up one way or the other?

Ms Kenny: I think there is some evidence available from the DCSF monitoring of childcare but I do not have it to hand.

Mr Exell: The Daycare Trust has produced reports in the past about why people prefer informal childcare.

Q174 John Penrose: We have had some evidence as well saying that some types of childcare are subject to stigma; in particular, if you are talking about the breakfast club at school and that sort of arrangement, in some areas that seems to be an issue. Is that something which you have encountered or which you would support as being problem about childcare availability and perhaps low take-up?

Mr Bax: Certainly it is an issue one observes. Personally, again, as a parent in Hackney I observe, of the children who go the pre-school breakfast club, that other children notice who they are and something is made of it sometimes. It is an issue, where there is not a universal provision and different people get in for different reasons, that it does lead to stigma, undoubtedly.

Mr Faulkner: There is reverse stigma. In Kensington & Chelsea, which does have some deprivation within its boundaries, we were working with the children's centre there, where there were subsidised places available but they were not being taken up because those parents from the less deprived area felt alienated by the way in which the centre operated for the other parents and the children who were already there and they felt their particular requirements were

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not understood. It was not, for them, a welcoming and reassuring environment. Those sort of issues can arise.

Q175 John Penrose: Stigma exists.

Mr Faulkner: Yes. We are having to do outreach work to encourage people to come in, to encourage that children's centre to behave rather differently for what should be a rather more diverse user base.

Q176 John Penrose: I would like to ask a question about Sure Start and how well that is working or not. In particular, I have had people from my local Sure Start organisation saying they are very concerned that it is being rolled out too broadly. It started off targeting very closely those most in need, and they are concerned that it may now be being spread too thin. Is that a concern you share or do you feel it is working fine? Where do you think we are on Sure Start at the moment?

Mr Faulkner: Overall, we would be very, very positive about Sure Start, but it goes back to the point I have just made and the original, ill-fated individual learning accounts. Whenever you provide a facility that will act more broadly, the people most able to utilise it and access it are the people who least need it, so there is that danger of squeezing out the target audience. I think we need to be careful about not making it too much of a universal programme but keeping it targeted.

Q177 John Penrose: In your view, where it has been applied, the measures are effective.

Mr Faulkner: It is effective. I think one of the ways of targeting, in fact, is to target specific communities. We know those parts of London, for instance, where the need is highest and if we focus our Sure Start efforts in those specific communities then there is less concern about access.

Q178 John Penrose: That is fine if you have concentrated pockets of deprivation—and I have one in my constituency too and we have a Sure Start centre that is well regarded. But if, however, you have isolated, small areas of deprivation, it is harder to do the targeting you are describing.

Mr Faulkner: Yes, that is the constant challenge. A lot of what we have talked about today is about urban deprivation. We work in areas of rural deprivation, such as North West Wales, as well. Those are two quite separate issues. Unfortunately, when you look at how projects like this can be funded, because funding is finite, to some extent you have to say, "Where can we have the biggest impact?" I think that often leads you to that sort of community focus in the most deprived areas and you then have to decide how you handle those more isolated aspects of deprivation. But I would still argue that I would rather have some major impact by focus than a very broadly spread programme just so that no one is left out. This is the old problem about equality of access.

Q179 John Penrose: You are saying that it is better to have a blunt instrument which is doing something in the main areas than nothing at all?

Mr Faulkner: Yes.

Q180 John Penrose: Would anybody else on the panel have anything to add about Sure Start, either positive or negative, about how it is working.

Mr Exell: It is beyond my expertise.

Mr Bax: I do not have detailed expertise but we strongly support it. I think that kind of investment in services for younger children is absolutely vital.

Q181 Tom Levitt: Can we assume that the inception of the childcare element of child tax credits has had a positive impact on taking up childcare opportunities? Are the current rules for the use of that element right or do they need reviewing?

Mr Exell: The evidence I have seen, I think in IFS reports, said that it was encouraging the take-up of formal childcare. In so far as that was one of the objectives for the introduction of the childcare element of the tax credit, that has been a success. I have reached the limit of my knowledge there.

Mr Faulkner: I know the Daycare Trust, which has had several mentions already, has done some investigation, so I would suggest it would be well worthwhile referring to that. I think one of the things that they found is that knowledge of that support is still very weak. We certainly still find ourselves talking to people who have no idea that that facility is available. It is not so much how unwieldy it is in operation; it is the general knowledge that that facility is there. Awareness is not that high in some areas.

Ms Kenny: I think the rules are rather restrictive in terms of the limit of £175 a week and the 80% that people can get back, because, at lower levels of earnings, if you are still having to pay out £30 or £40 a week it can still be quite a disincentive to work. And there is a £300 limit for two children. I am not quite sure why it should be that, because the second child does not come cheaper than the first.

Mr Exell: Worse still, of course, if you have three or four children there is no provision. That is the absolute limit at £300, which does penalise anyone with a rather larger family.

Q182 Mrs Humble: Could I probe you a little further on this complexity. It is not just complexity in the tax credit system, it is also complexity on the provider side. One of the real differences between us and Scandinavia is that we have informal childcare arrangements: childminders, day nurseries, day schools, preschools, children's centres, Sure Start, and parents are supposed to then decide which would best suit them. They tend to do it by word of mouth, do they not? In Scandinavian countries they have a much more formal and integrated system, so that parents know, from their children being one, that there will be a kindergarten available and this kindergarten will have this, that and the other facilities because it is all formalised. Because it is all formalised and part of an integrated continuous

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education for that child from one through until 16-18, whatever the school leaving age is, they have confidence in it because it is run by teachers. The kindergarten system is run by teachers with nursery assistants and support staff. Given that the Government introduced, a year or so ago, a new curriculum for nought to five year olds (in other words, they said what should be available in whichever childcare setting) do you think that the Government should look at providing a more integrated network, so that parents can have more confidence in the system, rather than it being pot luck who they choose, and also, sadly, sometimes not having some childcare establishments delivering the sort of service that they would ideally want.

Mr Exell: All I can say is I agree wholeheartedly. I have nothing to add to what you have said there. That would have been my model if I had been introducing a new system. I will leave it to the others.

Mr Bax: I would agree with that. To link to education and saying it is education to start, we think to need about children from when they are born through their career. It relates to this question of quality, of course. The myriad of different services out there currently for under fives is deeply confusing and leads people to be very nervous and to not have the levels of trust that they might have. A more integrated approach, with a much stronger link through the education system, would seem a sensible way to organise it to me.

Ms Kenny: I would agree with that but the only proviso is that childminders do play an important role and home care can also be a good option for, particularly, disabled children, for instance. An integrated system but with some choices around the hours and where the care is provided.

Q183 Mr Heald: I am talking now more about skills, low pay and in-work poverty. The Government is rightly focusing on workless households but about half of children are in homes where one parent is working and we know that just over one-third of poor children are living in households of that type. What do you see as the main root causes of poverty in homes where one parent is working? What should be done about that?

Mr Faulkner: The issue here, as you will be well aware, is a matter of low-wage, insecure employment. I think it is, as has been argued, for instance, by Carey Oppenheim in her new role at London Child Poverty Commission, you have to look at families as a unit. We did a pilot exercise for DWP in Parkhead in Glasgow, which is a most deprived area. We were focusing on 2,000 people within a very specific ward of the city. The success was dealing with exactly the situation you are describing of working with families as families, which would often include teenage children who were beginning to enter the world of work, and saying, "How can we change circumstances for the whole of that unit?" not "How can we deal with each person within it as an individual?" It brings me back to my argument that you have to look at communities, the effect they have and then the individual within it. I think some of the issues here

bring you straight back to skills and the difficulty at the moment of still separating public services to support employment and public services to support skills. We are still asking employers to sign an employment pledge with the DWP and a skills pledge with the Learning and Skills Council, which employers just find annoying. We need a much more integrated approach. Once someone is in a job—and John Denham some years ago advocated an Advancement Agency—we need some sort of service, whether it comes from the public sector or the private sector which continues to act as an advocate for them in developing their skills. Because, again, they get that job, the employer is not necessarily motivated to improve their skills, someone has to work with both the employer and the individual to find the right route for them to continue to build their skills or they will continue to drop back out of the labour market at regular intervals, particularly as they get older.

Mr Exell: I think you can see in-work poverty as having four groups of causes. One is where needs are too large to be met by the employment; one is where the hours of work are not enough to produce the income that the family needs; a third is where the rate of pay is not high enough at the hours worked; and a fourth is where the employment is not sustained for long enough. All four of those causes contribute to in-work poverty. In terms of the most important one, which is the ability to sustain the employment, we have supply-side and demand-side factors. On the one hand, we have a structure, an Anglo-Saxon business model which tends to treat labour as simply a factor of production and which favours short-term approaches to employment. The best companies, of course, have never worked in that way. They have always emphasised long-term relationships with their employees. Unfortunately, we still have a long tail of companies which can achieve business success on the back of not particularly enlightened relationships with their workforce. That is part of the problem there. On the other side, we have people who are unable, for one reason or another, to get sustained work. Sometimes that is because they do not have the skills that employers are looking for. My experience of talking to employers is that actually that is more a matter of soft skills rather than qualifications. Jobcentre Plus, and before it the Employment Service, have recognised that, that this is something that they need to change what they are doing. It is also that people are facing barriers which mean that, once they are in a job, the job breaks down and the common story seems to be that people get a job and then they get a crisis, either there is a childcare crisis or there is an illness at home or there is a problem in their relationship or a difficulty with the landlord, there are myriad problems, but they all lead to this temporary difficulty with staying in work. Then, when they have fallen out of it, instead of what we were hoping for which was, having got into a job, they then start climbing up the career ladder so they are getting into a better-paid job and then into a proper career, instead they keep on falling down off that bottom rung of the ladder, and this has been a

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large group of people that that happens to. What we really need is a service that stays with people afterwards, especially in the first few months after they move into a job and again it is the personalised, individualised support which, in the long run, will bring in returns because we will be getting people out of the low-pay/no-pay cycle.

Mr Faulkner: If I can give another brief plug for Mr Livingstone's Skills and Employment Board, one of the things we have looked at is the supply chain issue because the sort of poor jobs you have just described are often down there in the supply chain, so the larger, more responsible employers need to be more active and we are looking, as an employer-led group on the Board, at how they can change their commissioning practices to have a greater influence on how those other organisations further down the chain actually behave towards their workforce and the quality of support they provide, so there is a piece of work being done on that at least for London.

Mr Bax: There are a couple of other points to make on this question. One is the scale in London where we have about a quarter of a million of our children living in poverty, living in families where one parent is in work at least, and we think an opportunity around the second parent perhaps taking a part-time job is actually quite an interesting option or some training because perhaps training is a very good thing while you are concerned to do some childcare and, therefore, to begin the progression into the labour market at that stage would be a very sensible thing to do. It brings you back to the employment service looking at the family as a specific unit and not just, "This is what we do for everybody". The other question we have in London is this issue of lower levels of take-up of some of these benefits which is a problem and there is something different happening in London again compared with the rest of the country in terms of take-up of the ordinary tax credits, for example. It may be that some of this bouncing in and out of the labour market is part of the reason for that because the experience, and there are some examples in some of the work of the Child Poverty Commission, of people moving into employment, taking a job, their housing benefit claim is messed up, they lose their housing benefit, they get into rent arrears because they did not get paid until the end of the month, then they lose their job and then they lose their flat and you are expecting them to go back into that rigmarole of, "Oh, I'll try and get another job because last time I ended up with debt and nowhere to live", and those kinds of experiences are not uncommon, so there are some other barriers. There is a barrier around housing costs in London, but there are some barriers in a way about the way some of the benefit systems do not operate at all smoothly, and I am particularly pointing at housing benefit, I would say, that lead people to be extremely cautious and, therefore, that group where one parent is in work is a good group to start thinking about bringing some service to think about the second parent as a way to increase the household income.

Q184 Mr Heald: Doreen, did you want to comment?

Ms Kenny: The only thing is to reiterate the point about commissioning and using procurement policy and powers to try and raise wage levels.

Q185 Mr Heald: Richard, on what you were saying, we have been criticised heavily by the European Union in their annual Employment in Europe report and other groups, such as Poor Relations and Work Directions, have all talked about this problem of people bouncing in and out of work and also about getting a job, but then not moving up, which is what you were talking about. Is it the lack of skills we are talking about because Work Directions, for example, have said that it is the people with the lowest skills or qualifications who tend to be in this group? Is it that the lack of skills, basic skills, is so acute that they are not really capable of moving from stage one to stage two? Are we talking here about people who cannot read, write, add up or perhaps even speak English? What is the nature of this group?

Mr Exell: It certainly tends to be made up of people with lower levels of skills, but we are not sure really whether that is because the lack of skills is in itself inherently a barrier to secure employment or whether skills is just a sort of sorting mechanism by which the allocation of secure employment is made because something that is never properly looked into in these discussions is the demand side, employers' demand for skills. Surveys of employers actually repeatedly show that there is not as much employer demand for high levels of skills as we sometimes imagine. Employers very often have remarkably modest expectations of employees. If you say to them, "Do your workers have as many skills?", giving people an opportunity to moan about things, of course they are going to, but it does not strike me as being the fundamental problem. I am much more inclined to look to an equilibrium in which the problems with training which really are there, but also the problems with business design, with the benefit system and with the tax system all produce this equilibrium in which a part of the population is stuck in this low-pay/no-pay cycle, so you have to have a systems approach to ending that which has got to involve a cross-government effort, and everything has to be a cross-government effort these days, but it does need more than one department involved because it is about business design and it is about moving to high-performance workplaces as well as about the training system and the benefit system. It is not just a matter of not integrating benefits and training, which is a problem which I think the National Employment Panel did particularly well in looking at, it is also about the integration of our business support system and training and benefits.

Q186 Mr Heald: I agree with you about this point, that employers are not looking for high levels of skill always, but I think in order to sustain a job or to move up, you do need to be able to read, write and add up. For example, in Parkhead, that project you were mentioning, one of the things they found there

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was that there were a lot of people who needed to improve their reading and writing skills and numeracy in order to sustain work.

Mr Exell: But there is not much evidence that the number of people with those problems has increased over the years. One of the advantages of getting older is that I can now remember employers in the early 1970s complaining about getting people coming out of school who could not read and write. Unfortunately, the data does not tell us whether things are getting better, getting worse or staying the same. I would hope that things are getting better, but we do not really have the evidence to say on that.

Mr Faulkner: As Richard has already said, this is more, I believe, in our experience, about attitude than particular skills and, even where it is a numeracy or literacy issue, some people overcome that and progress very well. We have to go back to root causes within communities here. A lot of the individuals we have talked about have had a very poor experience at school and they have been alienated from the education system, they may have had brushes with the police and their policing experience is again negative, the benefit system and how they have been dealt with, all of these things mean that the individual in the workplace behaves in a rather aggressive and belligerent way which means that he may hold that job down, but the employer is not going to invest in him and the individual himself does not believe he is going to make progress. To actually convince them that gaining some skills or actually looking around the job market and finding a better job with a better employer is difficult unless there is an intervention, and it is very often because of attitude rather than just, "Is it a Level 2 or is it a Level 3 skill that they have got?", it is going to be about attitude and willingness to progress.

Q187 Mr Heald: I once suggested in the past that we ought to incentivise the job centre advisers so that, if somebody sustained employment for a period, and I think I suggested a year and it may have been two years, I cannot remember, that might be a way forward because then the adviser would have all that incentive to actually make sure that the skills were right, the soft skills and so on. What do you think about that?

Mr Exell: The difficulty with incentives of course is always aligning the interests of the producer with those of the stakeholder and there is not a good record of incentivising employment services to achieve desired outcomes because the opportunities for gaming are always tremendous. I have to admit, I am quite a sceptic about that, but I do think that we need to concentrate more on the long term, but my answer to that is good management rather than an incentive structure.

Q188 Michael Jabez Foster: You have already dealt a little with flexible working need if we are to maintain employment and of course we know the figure. If we could keep single parents in work, we would achieve our 70% target without doing anything else, and that is an amazing statistic, but they do not stay in work, they drop out very quickly.

We have talked about the need for support in the nursery setting and the flexibility of childcare, but what other measures do you think should be introduced, perhaps by employers, perhaps by government dicta, that would make a difference in enabling employment to be more sustainable for this particular group?

Ms Kenny: We would argue that the right to request flexible working should be extended to all age groups of children, but I do not think that is enough on its own because the current flexible working parents often need is the ability to be able to swap the days they work because an emergency has arisen, but the evidence does seem to be that, although employers are worried about introducing more flexibility before it happens, actually once it is introduced they are a lot keener on it and find that their productivity is not affected negatively and sometimes it is positive, so I think that there does need to be quite a cultural change in attitudes around that area. Maybe the answer is that everybody should have the right to flexible working and then parents would not be seen as benefiting in some way over other workers.

Q189 Michael Jabez Foster: How practical is that really for smaller employers? I am thinking about if my secretary said, "Well, I'll come in on Wednesday morning and Thursday afternoon and I'll try and make it on Monday morning if it is possible". How flexible is it really possible to be if you are to run small businesses where most people actually are employed?

Ms Kenny: Obviously there is a problem around smaller employers, but sometimes you can have systems where the staff themselves get together and decide on rotas and things and they can actually make it work, but I do agree that there is a bit of a problem about smaller employers.

Mr Faulkner: It is not just a problem of the practical arrangement, but I think the danger of more regulation in terms of that right is that you are completely correct, that we place more people in small, local employers than we do in major corporates, and some of the big corporate programmes are very attractive in setting standards and leading the way, but small employers, when they are recruiting people, take account of that sort of regulation. I sit on the London Chamber of Commerce which deals a lot with small organisations and their attitude to regulation is, "We will avoid offering jobs to certain types of people who may give us difficulty because, as a small business, we can't afford to have to tackle that complexity, we can't afford to take the risk of an industrial tribunal because we've not understood properly what our obligations are, so let's play it very safe", so I think there is a danger of closing down job opportunities in an important part of the market if we demand too much of small employers.

Mr Exell: I do not think that has happened so far with these requests. First of all, it is not the case that most people work for small employers. Although the vast majority of employers are small employers, it is still the case, although less so than in the past, that most people work for employers who are perfectly

capable of complying with flexible employment. It is also important to remember the nature of the right, and the right is not a right to flexible employment, it is a right to request flexible employment and small employers, like anyone else, can turn down those requests if they have got good grounds for doing so, and the grounds for doing so are going to be different for a small employer than they are for a large one. I think perhaps some of those employers who are responding by restricting their recruitment rather than risk falling foul of anti-discrimination legislation, perhaps what they need is a bit of advice about the nature of the right and that they should not be so scared of it.

Mr Faulkner: I think there is a balance to be struck here, but I need to contest the point you are making about how many jobs actually exist in that sector. I am not talking about jobs in general, but what we have been talking about today is jobs that are local, so you do not have to travel too far so you can overcome the problem of the washing machine having to be repaired when you have got to stay back. Local jobs often provide the flexibility and the more supportive environment and these small companies are important for the segment that we are talking about. If we are talking about the labour market as a whole, I am much closer to your position, but I think we have to be very aware of the employer side of this and the employers that are most important to us to make progress.

Mr Exell: But also of course this does relate to the earlier question and it is one reason why people get stuck in the low-pay/no-pay cycle because the only jobs they can go for are with the local, small employer and we all know that the one thing a majority of small businesses do is go bust, so that is part of the problem.

Q190 Michael Jabez Foster: Is there evidence that you are aware of that the sustainability of employment does essentially relate to the flexibility and the hours of the work or is it simply the hassle factors that come into it with kids being ill and the inability to find arrangements and then having to deal with the financial aspects of having a day off and statutory sick pay? What are the real factors which, in your opinion, lead to this drop-out, particularly of single parents, after they have obtained employment at such a high rate?

Mr Faulkner: Advocacy is a very important part of this which actually is quite a low-cost service. A lot of this is about individuals who are nervous about confronting the issue and dealing with their employer, it is easier just to stay off or to give up the job, so they do not put their case of the sort of support they need, and similarly on the employers' side. We work with a lot of employers where someone has not worked for many years where they then say, "His time-keeping's awful". If we are not talking, their reaction is, "Let's end the experiment of giving this person a job". If we talk to them, we can often get the employer and the individual together and sort out what is going on, why that person is not as punctual as the employer would like and resolve it. It is very low-cost, it is a very quick

intervention, but I think a lot of the breakdown is because the individual and the employer are not really talking to each other, they are assuming what the other party's reaction will be and just not trying.

Mr Exell: Actually this is one of the ways in which unions add value because we do act as advocates for people who are inarticulate on their own behalf and may come over to their boss or supervisor as not really caring about their job, not being adequately enthusiastic or committed, and their workplace rep is able to speak up on their behalf and say, "Well, did you know that they've been having this long-running problem with their childcare?" or whatever.

Q191 Michael Jabez Foster: The empirical evidence is not that it is employers becoming cross and sacking the employee, it is the employee deciding to jump, so that really is not the answer there, is it? Why are employees deciding it is all too much?

Mr Faulkner: I would say it is the same issue. It may be more prevalent from the employee side, as you are describing, but it is still the employee not having someone to share the issue with and life often just feels too difficult to keep trying, particularly when you are caring for a child and particularly if that child has a disability, which we keep coming back to, the proportion of the group we are now trying to work with who have that extra challenge.

Mr Exell: If you started off your job, thinking to yourself, "It's six or seven years since I last had a paid job" or, "I'm out of it now. No one's really going to be interested in employing me", and I have spoken to any number of people who talk like that, it is so easy to take your first bad experience in work as confirmation of everything that you were afraid of about going back to work, whereas once you have had a few months, you are going to say, "Well, why was I so bothered about that back then?" but there are people who just never get past that initial point and they take the first problem as being confirmation of what they were worried about.

Q192 Michael Jabez Foster: So were there to be any statutory provision for a hand-holder, should it be, if not a union, the DWP? Should there be somebody who is actually there to ensure that everyone who enters the job market in particularly defined circumstances where they have been out should have that sort of aid?

Mr Exell: Well, when I was talking about continuing support after someone gets a job, that would obviously be one of the main things that we would be looking for.

Q193 Michael Jabez Foster: Would you go as far as it being statutory or, if not, how would we ensure that that happens?

Mr Exell: That is not an issue I have given any thought to before. The honest answer there is that I do not know on that.

Mr Bax: It would seem to me to be sensible, as we are arguing for a more integrated approach by both the skills side and Jobcentre Plus, that the adviser who has helped you find a job should maintain some kind of relationship with you and, if you are getting

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into difficulty, they should be a good person to talk to and hopefully have talked to the employer and perhaps, if you have just not been able to mention the fact that your child has to go into hospital next week and you did not know how to say it and suddenly you think, "I've got to stop, I can't do this anymore", some communication is often going to help, and that person hopefully has the ear of both parties.

Mr Faulkner: I think it comes back to the response we gave to Oliver Heald's question earlier. It is about how you define the role of the public employment service and the extent of that and I do not think this is about targeting or a statutory statement, it is about managing a change in role and a change in the nature of how we train and support front-line people in the public employment service.

Q194 Mrs Humble: Can I just ask a question about gender and gender discrimination in all of this because there was a lot of debate in the media last week about employers who were being quite open about the fact that they were discriminating against women of child-bearing age. Of course when employers talk about flexible working, they tend to assume that it will be women who will be asking for time off because of childhood illnesses, et cetera, or waiting in for the washing machine. What can we do about it? The Government has of course introduced paternal paid leave and is encouraging the role of fathers, but for many employers they still think of flexible working as to do with women and, sadly, it is only when men get involved that people take this seriously. One of the lessons from Norway was that men are required to take time off when their children are born and part of that is then saying that men have an equal part in bringing up children. I just wonder if, as part of the flexible working, we should be saying that this is for men and for women, that men have a role and that child poverty applies to two-earner families, low-paid families, and in some instances it may be the father who will be asking for time off.

Mr Exell: Yes, Sweden has the 'man's month' in the parental leave arrangements. I have certainly read research saying that employers who are quite good about family-friendly arrangements for their women workers can sometimes be sniffy about it when a man asks for the same arrangements, so I think one of the keys that we need is to get more men demanding their family-friendly employment rights and that is partly a cultural thing. I once visited the offices of the Japanese TUC and there, where you would have thought that they would be the most radical workers in Japan, they wheeled out this guy to me as their proud example of the only man in the building who had ever actually taken his paternity leave. Even in the trade union movement in Japan, there is this culture where men do not take the leave that they have got a right to. Now, we have got a lesser problem than the Japanese in this regard, but it is still there, is it not, and partly we assume it is going to be there. If you think about all the services that are around children, they have obviously been designed with the idea that the parent who is mainly

going to be involved is going to be the stay-at-home mother. If you look, for instance, at ante-natal classes, most will nowadays allow the fathers to come along to them, but very often they are looked at as being sort of specimens that get shown off to everyone because they are so unusual, and you do get instances of services being hostile to fathers being involved. You do hear about post-natal care services reporting families to social services because they turned up and it was the father who was there with the baby rather than the mother. Yes, that is an extreme example, but we need to move away from the idea that there is something suspicious about men being involved with their families, and that is a cultural change. There is not much that the Government can do other than provide leadership on that, but it does need to provide that leadership.

Mr Faulkner: As do employers.

Mr Exell: Yes.

Ms Kenny: The other issue is the relative pay of men and women. Until that is more equal, then it is always going to make sense for the man to continue working and the woman not, so you need to get round that gender pay gap issue.

Q195 Miss Begg: Again building on what Michael Foster was saying, you answered the question of why it was important that people moving into work are able to stay in work and progress through that work. The *In Work, Better Off* Green Paper said exactly the same, but what it did not say is how they were going to do it, so my question to you is that everybody seems to be agreed that this is what has to happen if we are going to lift children out of poverty, but what needs to be put in place either with Jobcentre Plus or the contractors, such as your own one, what needs to happen to make sure that that job of work is done and that support is put in for the people who are moving into work?

Mr Faulkner: You have, first of all, to go back a couple of steps which is why I said earlier that I think the City Strategy needs to be accelerated and needs to be taken into more communities, and we have to bear in mind that, although it is called the 'City Strategy', we are very much involved ourselves with Rhyl which, by no imagination, is a city, so there is nothing which says that it has to be a big conurbation. I think what the City Strategy is doing is saying, "What are the other things that are going on in this community that set the conditions in terms of education and housing in terms that influence this whole situation?" so I think it is not just about how we deal with solutions, it is about how we dig back and do some preventative work at the beginning so that we have fewer problems going forward because the one thing we know is that poverty is hereditary. There are lots of data around that talk about how likely it is that the next generation will remain in poverty if the previous one was, so I think going back and having a more holistic approach at a community level, as I have already said, is very important. I think then moving forward to the point that you asked about, it is taking the emphasis off getting the job and putting the emphasis on sustainability, and I think, as you said, in the

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Welfare Reform Green Paper we look forward to flexible New Deal which is recognising a greater partnership between public, private and voluntary sector services. It is saying again, "How can we work this to the best effect?", and I think the danger of Flexible New Deal is that it may become too prescriptive about exactly what the role of the public, private and voluntary sectors are rather than leaving that to be sorted out at the local level, so we are back to saying, "Why can't the job centre manager determine how best to implement Flexible New Deal in this area for the priority groups that we have here?" It is just about bringing the definition of service closer to the problem and not trying to determine solutions at a national level and then impose them.

Q196 Miss Begg: I know when I speak to the personal advisers in my own job centre, that is what they want and they think a lot of the old New Deals are too inflexible. It depends on how someone presents themselves. If you present as the lone parent, you get the lone parent help and, if you present as a disabled person, you get the disabled person help, but you might be both and in fact you may be in the wrong stream, so do you see that that will be much more holistic and will it also give the flexibility to work with the whole family that you have mentioned which is obviously part of the City Strategy and should it be part of the New Deal, particularly if we are going to deal with inter-generational poverty?

Mr Faulkner: It can achieve that. The foundation has been set, that it can definitely achieve that. It does depend on how it is in practice implemented. One of the concepts in Flexible New Deal is that the Jobcentre Plus team will own that person for the first 12 months, so during that period they have the opportunity to make interventions and then at the end of that period, they will be referred on to a partner because they will be regarded as a more difficult case. I think Peter Hain has already indicated very clearly that there are going to be lots of exceptions to that and you have begun to talk about, for instance, offenders on release that need a higher level of intervention on day one of release and they might be referred immediately to a partner. The danger I see in that is again we are beginning to be prescriptive and say, "These are the people Jobcentre Plus will hold on to, and these are the people who at that point in time would be referred on". We work very closely with Jobcentre Plus in Hackney and we regard any success as a joint success and we have created a culture there locally where we will work with them to say, "What's the best solution for this individual? We know you're very good at that", or we are dealing, for instance with a drug abuse issue, "We'll get you help for this person", or, "No, this is one that we're well equipped to handle", a lot more flexibility.

Q197 Miss Begg: So that is obviously happening in Hackney. Have you got any sense that that could happen across the United Kingdom?

Mr Faulkner: It could do, but we are doing some joint work at the moment with Jobcentre Plus on effective partnership working because there are still some job centres where a private sector or a voluntary sector, probably more importantly in many cases, provider is seen as a threat to the public service. It is not seen as an alternative, it is not a partner they can work with, it is someone that "undermines our position and the role that we fill", so the culture has to be changed in some areas.

Q198 Miss Begg: So what does the DWP in Whitehall need to do to ensure that that partnership working exists across all the different Jobcentre Pluses in the country?

Mr Faulkner: I think if we accept, as I would obviously do a little more readily than Richard, that there is going to be some contracting out of services, what DWP's contribution is, because the things I have described are a management issue for the Chief Executive of Jobcentre Plus, is the commissioning issue what conditions you impose on the people you are going to contract with and the issue here is that, because at the moment the thinking within Flexible New Deal is that you will have prime contractors and then two or three tiers of sub-contracting below, we are advocating that a number of responsibilities are placed on prime contractors as to how they will, for instance, support a local voluntary organisation to ensure that what they bring is not just exploited, but that actually the capacity is built on and improved. It is something which, to be honest, public procurement has not done very well in the past.

Q199 Miss Begg: Should that contract also include job retention and sustainable job outcomes way beyond the 13 weeks?

Mr Faulkner: I think it certainly should. We are advocating that it should look at job sustainability over a 12-month period. Our own data shows that, of people we have placed in work that have remained in work for 12 months, more than 95% of those are still in work at the two- and three-year point. Thirteen weeks is not such a critical indicator, but 12 months is, I think, the right period to measure it. We would not be averse to some degree of workforce progression. The problem is: what is the measure? The best proxy is probably income and the only person who can actually collect the data about income is the Inland Revenue, so it needs some ability to measure performance in one area through access to information which at the moment is only held in another department, although data protection is a bit of an issue, I suppose.

Q200 Miss Begg: Does anyone else have any views on the Flexible New Deal?

Mr Bax: As we would be expected to say, we would call for it to be flexible and flexible in different parts of the country, and I do not know Rhyl, but across London we have a range of different problems in different areas and we need services to respond to those local issues, so in Tower Hamlets, with a very large Bangladeshi population, the issue is different

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from those that are faced by people perhaps in Barnet where the poverty will be at a lower level, but is there and is more spread out, and the issues are different, so we need the services to be able to respond to that difference.

Q201 Miss Begg: Are you confident that the local Jobcentre Plus in those areas actually has the expertise to deliver that individualised service or, if they do not have that expertise, whether they are also clued up enough to realise that they need to get voluntary or private sector involvement in to deliver the things that they cannot deliver?

Mr Bax: I think you have hit on a very key question there. This issue of retention of job centre staff in Jobcentre Pluses in London is a problem and I am not sure they do always and that need, therefore, to turn to the third sector or other sectors to work with them and glean expertise from there is important. Also, something we would want to look at in London, and the City Strategy pilots are another way to do this, is where you have got some good experience perhaps in Hackney which is not a million miles from Tower Hamlets, for example, it can be shared and you can get people to talk to each other, and a Jobcentre Plus manager is a good person to influence another Jobcentre Plus manager to get them to change the way they do things.

Q202 Miss Begg: In all of this, is the direction of travel the correct one?

Mr Exell: It depends on which elements of the Green Paper you are talking about. Certainly the move to individualisation, personalisation and greater flexibility as far as the client is concerned, absolutely. The Green Paper in that respect is moving towards something that we have been calling for for a long time. We do not think that you need contracting out to deliver that. We are worried that contracting out risks creaming and parking, that is, concentrating services on those who are already closer to employability and providing a maintenance regime for those who are more difficult cases. The evaluation of the Employment Zones showed that that was happening the first time round and it has improved later on, but then what you had was greater concentration of services on people who were more enthusiastic, and it was interesting that in the expansion of Employment Zones to cover lone parents there was this interesting discussion in the official evaluation of how providers had not wanted to turn any lone parents away because that would have given them a bad reputation with other lone parents, but at the same time only those who showed themselves as being particularly enthusiastic about employment were likely to get any enhanced services, and the enthusiasm tends to act as a proxy for being closer to employability, so that is a genuine worry with this. We are also worried about—

Q203 Miss Begg: Can I just stop you there. Do your contracting out concerns, apply to the third sector as well because my experience locally in Aberdeen is that it is the difficult cases that the third sector take, the ones that the Jobcentre Plus cannot deal with?

Mr Exell: We are supporters of contracting out specialist work to specialist organisations, so, for instance, when you are talking about working with deaf/blind clients, then Jobcentre Plus is very unlikely to have the expertise needed to work with them, so working with an organisation like Sense makes a lot of sense. What we are much more concerned about is contracting out whole areas of service, as happened with Employment Zones and as is proposed in the Green Paper, and we do worry that that is going to lead to a problem of creaming and parking. We are also concerned about the impact on the independence of the third sector organisations under such a regime. I have spoken to people from voluntary sector organisations who say they do become more cautious about speaking out against the direction of policy once they are reliant for over half their income from government contracts. Commonsense would lead you to suspect that that would happen and I have talked to people who are unwilling to be quoted about this, but who will tell me over drinks at a party or whatever, “Yes, that does happen”, and we need a vibrant voluntary sector that can speak up independently for clients and contracting out threatens that as well.

Mr Faulkner: I think Richard and I are probably closer than you might expect on this issue. I gave evidence to this Committee several years ago when it was looking at the future of the Employment Service where I said very clearly that I believe in a very strong core public service. I think if you look at the challenges we have been describing today, to take any national body and change the way it behaves and delivers to the extent that is necessary without any partnership with the private and third sector is, I think, extremely difficult and will take too long. What worries me, and I share it with Richard, is we do not want the UK or certain services carved up between the public, private and voluntary sectors. We want, and this is commissioning and design again, a much more integrated approach so that transfer of learning can take place because we are actually working together, not in separate pockets, because I do also challenge the point earlier about the expertise. There is no difference between the expertise of front-line staff in Jobcentre Plus and the expertise of people in my own organisation; indeed, many came from Jobcentre Plus. This is much more about the freedom to operate and the management support around them. I think that is where the learning can take place and I think your point about creaming and parking, your point about independence of the voluntary sector is one that we are addressing with DWP Commercial Sector about how they can design that out again. We cannot eliminate it completely, but it happens in Jobcentre Plus as well in effect.

Mr Exell: As I indicated in my answer to Oliver Heald’s question, I am a sceptic about the ability to design out that sort of problem. I think what you get in response is just cleverer ways of getting round it.

Miss Begg: I think the bottom line to this is that we do need an individualised approach in the best support possible from whichever area, whether it is for lone parents or whoever is going to sustain work and actually move up the job market.

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Chairman: If you are wanting information from the Inland Revenue, we will get them to send you a CD!

Q204 Greg Mulholland: I would like to ask some questions about benefits and the role that they have to play in all of this. We have had a lot of evidence, both written and oral, that has basically said that the Government needs to invest a lot more in benefits if it is serious about lifting children out of poverty. I think we would probably all agree that the challenge is to get the balance right between in-work benefits and out-of-work benefits. Do you think at the moment that the Government has got that balance right?

Mr Exell: There are a couple of problems that we have got. One is that there are some people who would not get into work even with an 80% employment rate, and 80% is not going to be an easy target to meet, though it is obviously a good thing to be going for, but even with that there will be parents who do not get jobs. If we do not have out-of-work benefits that lift them out of poverty, then their children will not escape poverty, so ending child poverty will not be possible even on the basis of an 80% employment rate, unless we increase benefits as well; it is a mathematical necessity, that. The second problem that we need to address is the issue of sustainability of outcomes, but also the people that get left out so that over the course of their lives, while they have got children, they may be out of poverty, but we are getting to this problem of the cliff edge where, once your youngest child reaches 18, suddenly the family income can plummet. The one group whose level of poverty has increased in the last 10 years is people who do not have children, singles and couples without work and without children, and there are more of them in poverty than there were 10 years ago. You get this thing, especially from families with disabled children, where very often for the family nothing has changed, except that the child has reached their 18th birthday, but they go from this generous level of support for the family with the disabled child to now where the disabled child gets a disabled adult benefit instead or the support for the family goes away and the family's total income can fall by £30 or £40 a week, which for a family close to the edge of poverty can be a huge problem. That is a structural issue in the nature of the benefit system we have got at the moment and, until we increase out-of-work benefits, it is not going to go away,

Mr Faulkner: I would not add a lot. I think broadly the balance is about right. I absolutely agree with Richard that there is a part of the group that we are addressing today where benefit levels do need to be higher than they are today to tackle the issue of child poverty. On the other side of that balance, because clearly there needs to be an incentive to work, I think it is how we make the present level of in-work benefit available and how we actually use it. I think it is poorly designed at the moment; it is over-complicated and there is too much uncertainty and insecurity. It is not that we need to spend more money and maybe we do not even need to spend as much, but we need to actually make it available in a much better way.

Ms Kenny: I would agree with that. I think we do need to see some uprating in benefits generally, but I also think we need to do more about the way the tax credit and housing benefit interacts with earnings to think about the marginal increases in income through extra hours of work or extra earnings which at the moment, I think, are quite a disincentive. Also, the systems do need to be transparent and the sheer complexity, I think, of the systems is very off-putting for families, so more needs to be done about making the systems transparent and easy to understand.

Mr Faulkner: That is true for the front-line people as well because it is a nightmare to actually sit down with an individual and say, "This is going to be the financial impact of the decision we are now recommending you make", so you have to have every front-line person an expert because often the individual is relying on them to give the guidance as to what the outcome will be and we all will hear of situations where that advice has been inaccurate with some unpleasant consequences.

Mr Bax: I would just reinforce the point I made earlier, that we also need then the systems to function as they are supposed to, so the example of housing benefit claims or other claims being not put through properly or payments being delayed for administrative reasons lead people very quickly into very serious financial difficulty and that immediately creates problems in terms of short-term child poverty, but long term it throws them back out of work, those kinds of issues.

Q205 Greg Mulholland: To pick up on the complexity point, in the written evidence we got from Working Links it talks about one group having to put in seven different forms not all at the same time, some benefits being dependent on each other, and some people going into a situation of work not actually knowing what support they are getting and then possibly having to reconsider whether they should be in employment once they have already started it, so clearly that is a totally untenable situation, but how would you suggest improving the situation and what concrete things have you done to actually improve the situation and the complexity to make it easier for people to get the support they need when in work?

Mr Faulkner: First of all, if I may just correct you, the evidence to which you refer is from Work Directions rather than Working Links. In fact I did spend time in Birmingham yesterday specifically looking at that issue. I think you have to stretch it a little bit to get it to as many as seven forms. We could only get to about five in working with one of our lone parent advisers and some of those could be replaced with a telephone call, although anyone who has tried to make a telephone call to the type of service we are talking about will know that that could be more daunting than filling the form out. It is a difficult one to answer how it should happen, but I think, and this happens in business as well, we are sometimes too nervous of the consequences of someone getting a bit more or a bit less than we feel they should have under the rules, so there are more and more rules written in about what a person is entitled to, under what

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circumstances and what removes them from that entitlement. I think one of the things which will make it much simpler, not just for the recipient and the advisers, but for the civil servants actually making the payments, is to accept some risk and yes, some people will get a little more and some will get a little less and we should make it, as far as possible, the first, but just to make it so much easier to administer by removing the complexity of the rules as to what is and is not admissible.

Mr Exell: On complexity, there are only three possible answers. One is that you live with complexity, the second is that you accept a bit of rough justice and the third is that you dissolve it all with lots of extra money, so you make sure that no one is worse off from a simpler system. There is no alternative to some mix of those three.

Q206 Chairman: What an excellent answer.

Mr Faulkner: Well, I am in the rough justice court!

Q207 Greg Mulholland: Just going back to the point you made, Richard, about the people who are on benefits, and I think the TUC's figure was that, even if every single unemployed parent was in work, there would be 1.4 million children still in poverty, do you think there is an inherent contradiction here in government policy with, on the one hand, this very ambitious target of child poverty and, on the other, this philosophical stance of saying, "In work, better off"? Do you think that really that is going to mean that possibly neither the employment target nor the child poverty target will be met? Also, do you actually think that the Government is failing to address the needs of those who cannot work because, extraordinarily, the memorandum submitted by the Department for Work and Pensions to the Committee did not even address the issue of adult benefits which is really remarkable?

Mr Exell: I will start off by saying something that I think the Government definitely gets right, and I think what the Government definitely gets right is never saying die about anyone's ability to move into a paid job. I think that is a really important point and it should not be taken for granted actually. In other countries, governments have got that wrong. If you look at the Netherlands, for instance, their part of the initial assessment categorises some people as "unemployable". Now that, I philosophically object to. I have met people who would be very challenging for any employer to take on at the moment, but ultimately I think that employment is a possibility for anyone of working age. However, there are the practicalities which are that an 80% employment target effectively accepts that 20% of people of working age are not going to get jobs, so that comes up against the question of whether incentives to make work pay have to conflict with providing enough support for the people who are out of work. Now, the Institute for Fiscal Studies have suggested that perhaps that is an inherent contradiction in the Government's strategy. OECD is a bit more balanced on this. They have argued that, with the proper design of out-of-work benefits, it is possible to police them so that, despite any disincentive effect

from the benefit level, they do not operate to keep people out of employment. I think you are going to have to accept that there will always be some disincentive effect at the margins, but that is one reason why I am not part of the lobby that is always against any conditionality. I think if you want generous benefits, you have to accept conditionality.

Mr Faulkner: I would just observe that "In work, better off" as a phrase is more than just about direct fiscal advantage. For many of the people we work with, they will accept less gross income in order to get away from the social isolation of not being in a job. We know that health is better which is a long-term saving, we know that reoffending drops and we know that children's achievement in school rises when parents are working, so "better off" is a very broad statement. I am very supportive of the 80% objective, but I dislike again the way it is divided up into lone parents, incapacity benefit recipients etc, but let us just look in different communities around the country at what their employment rates should be, as we have done in London, where 80% is probably unachievable, but is a very important factor. I agree with what Richard said about the degree of conditionality and I certainly agree that we think it is very rarely that you should say to someone, "You shouldn't work". As a direction of travel where I see no conflict is the recent announcement of the change in the approach to those on IB to focus on what they have which is relevant to the workplace rather than what difficulties they face that would be a barrier to it, that is again the right direction.

Mr Bax: From a London point of view, I would agree with much of what has been said, that government policy is heading broadly in the right direction here, and giving up on people we would never support. For example, the European Social Fund programme is targeting spend, European spend, particularly at some of those more challenging individuals, but it is possible to make progress with all sorts of people. I think one should remember that some of those people in that 20% not in work will work at times in their lives, so the benefits of being in work, as have just been alluded to, are wider than just income, social status, aspiration, health; there are a whole range of other benefits which come in there. The other point just as a point of accuracy is that in London again what is quite interesting to note is that a significant proportion of our people who are not in work are students in fact, so that slightly adjusts the figure in that 20% group because again those are people who ideally will move into the labour market, so that out-of-work group is not just an amorphous bloc, but needs to be considered again as a complicated group.

Q208 Greg Mulholland: I have a final, very quick question which requires a one-sentence answer because you did not really address the fundamental part of that question. I think everyone is agreed that the child poverty target is probably not going to be met, so—

Mr Exell: No, I do not agree with that, not of necessity, no.

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Q209 Greg Mulholland: The earlier one, the 2007 one.

Mr Exell: Sorry.

Q210 Greg Mulholland: Do you think it is more important to get 80% of people in work or to hit the child poverty target?

Mr Exell: Sorry, when you said the earlier target, I thought you meant 2005 which of course has not been hit. I think 2010's still can be hit, it is just going to require the right announcement in the next Budget or Pre-Budget Report, so it is not a foregone conclusion by any means at this point, but certainly, although we have campaigned for full employment for 13 years, it is the child poverty target that has got the priority; it is the Government's most important pledge.

Mr Faulkner: It is an apples-and-pears question and I really do not think it can be answered because I think you can equally, and I actually agree with what Richard has just said, but I think you can equally say that, unless we hit the 80% target, economically we will not be able to do the other things that will help us to tackle child poverty, so it is more a question of which comes first rather than which is more important. What is critical is addressing child poverty or, in my view, social exclusion inequalities on a rather wider basis, and 80% is the way to be able to afford to deal with it.

Q211 Greg Mulholland: Keith, you sound like a politician!

Mr Bax: I would agree with that, that the two are so inextricably linked, that work is such an important route for so many people to deliver children out of poverty that one cannot decouple them and say one or the other, and we have to support the Government in trying to progress on both fronts.

Ms Kenny: I would still worry with the employment target about the two-fifths of children in London in poverty who are in households where someone is in work, so low pay issues still need to be addressed.

Q212 Tom Levitt: The benefits of employment which Keith outlined a moment ago are shared and understood, and that is clearly why the Government has put a high priority in recent years on both encouraging and enabling disabled people to get back into work, whether it is through the New Deal for disabled people and anti-discrimination legislation, now capacity-testing and into-work benefits, but has enough been done with employers to enable disabled people to get into the employment market? Are there still cultural, economic and other barriers which are preventing employers from engaging with that section of the potential workforce?

Mr Faulkner: Where the biggest difficulties now increasingly lie is with mental rather than physical health issues, and I think employers are still finding it very difficult to engage with people with mental health problems, firstly, because very often there is less understanding of how that impacts on the individual in the workplace and, secondly, because it is often intermittent so that someone who can work

and deliver very ably on one day cannot on the following day and then can again the day after that. I think the real challenge here is the mental health issue and we have to do a huge amount of additional work to think of ways to tackle that from an employer perspective.

Q213 Tom Levitt: Is the Access to Work programme sufficiently flexible to deal with the needs of people with mental health problems?

Mr Faulkner: It could be a little better, but I think in general terms the answer would be yes.

Mr Exell: We are always getting unions complaining to us about the delays in waiting for Access to Work support. It is a great programme and it really does make a difference to people's employment prospects, but we do hear time and again about someone who first applied for Access to Work when they got their new job and six months into the job, they are still not able to do what the employer is expecting of them because they are waiting for that vital piece of equipment, so there is still room for improvement there.

Mr Bax: It is an issue we are picking up and the Mayor of London has been asked to write a Health Inequality Strategy for the city and this question of mental health and the link to the labour market will be addressed very centrally in that document, but health providers, and we have not really talked about the NHS, but they are a partner who I think need to begin to become a bit more engaged in this, the issue of child poverty, but also mental health specifically. If you talk to some GPs, they know that the evidence shows that being in work is one of the best treatments, for example, for depression. If you can keep people in work, the chances of them combating and coming through their depression are much higher than if they are suddenly signed off for six months, and the chances of them getting back into the labour market once they have fallen out of it because of that particular reason diminish the longer it continues. However, the GP does not seem to have any connection through to the employment service or to the employer to say, "Well, actually this person has got depression. It will mean that they are struggling at work for a while, but, if we can work through this together, then there's a chance of their not falling out of the labour market, your not losing a valued employee and so on", and those kinds of conversations simply do not seem to happen at present. We were very supportive of the Layard Report which suggested that more investment from the health side was needed in these services, and joining up that piece with the employment service is something again I think we are going to look at pushing into the City Strategy pilot, and the next time we look at what else can be added is a component working with health providers to make these connections between health and the labour market.

Q214 Tom Levitt: If you do all of those things and the employer is still not fully aware of the needs of disabled employees and potential employees, then the problem still remains.

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Mr Bax: Indeed. The other thing we are looking at are precisely the kinds of awareness-raising campaigns and campaigns with employers to challenge stigma associated with mental illness, for example. Business in the Community recently has been very interested in this issue at their meeting with their membership, that the burden of disability and mental health problems are both burdens for employers, and there is a kind of bottom-line benefit to them addressing them, that, if someone becomes disabled, which they may do through their working life, if you lose them suddenly, that is a lost investment for you as an employer, and actually there are a lot of things you can do to work around it and to adapt their job to address some of the issues which may have changed for them. It is really interesting that yes, the business community, some of our corporate partners, are recognising that and wanting to work with us in precisely what you do

and how you then work that through companies and get them to understand that this is not an impossible issue to address and you do not just have to say, "Oh well, they have got some problem" which means that person is no longer employable; that is not the case.

Q215 Chairman: One of the problems on this is that, if it is in the board room, it is executive stress and, if it is on the shop floor, it is mental health!

Mr Bax: Indeed. We need some senior employers to come forward and say so, and Stephen Fry making public statements about mental illness is very, very helpful for leaders to address and I think it is one in five of us will experience a mental health problem in our life, so it happens to everybody.

Chairman: Thank you very much. It has been an excellent session and we do appreciate your evidence.

Monday 3 December 2007

Members present

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen
Mrs Joan Humble

Tom Levitt
Greg Mulholland
Jenny Willott

Witnesses: **Caroline Flint MP**, Minister of State for Employment and Welfare Reform, **Rt Hon Jane Kennedy MP**, Financial Secretary to the Treasury, **Mr Jonathan Portes**, Director, Children and Poverty Directorate, Department for Work and Pensions and **Mr Jonathan Athow**, Head of Work Incentives and Poverty Analysis, HM Treasury, gave evidence.

Q216 Chairman: Good afternoon and welcome everybody to this, our final session on our Child Poverty inquiry. It is good to see so many people here. I extend a particular welcome to Caroline and Jane and the two Jonathans. If I can kick off to you, Caroline, in 1998, in the New Contract for Welfare, the principle was “work for those who can, security for those who cannot”. Over time this has been diluted, first to “work for those who can, support for those who cannot”, and now it is “work for those who can, supported by financial support targeted at those who need it most . . .”. What happens to those who cannot?

Caroline Flint: We are trying to have a meaningful debate around the different benefits that we currently have, which at the moment are IB, income support and jobseeker’s allowance, first about how better we can assess whether people are on the right sort of benefit but also, if I take IB and the plan to change it to the employment and support allowance, about looking more closely at what people are able to do rather than what they cannot do. In the area of health and disabilities, if we really believe what we have been saying over the last few years about challenging discrimination, I think there is a lot more we can do to support people, particularly given that most people who acquire a disability often do so during their lives; they are not born with a disability, often are in work and the system I think is against supporting them either to stay in the job they are in or into other employment, so I think that is something that is a good change. The other side of it which we are having a more meaningful discussion about is, 10 years on from 1997 and given the good work that remedial programmes have done it in different ways, how, particularly for those who are still on benefits, be personal about the sort of support that people want and have some more flexibility within that. That is why we are having discussions about the flexible New Deal but also Pathways to Work which has been specifically geared around those on incapacity benefit and which will be national from next year. Again, I think it is just looking at a different situation from where we were 10 years ago and what support is available today in terms of in-work support, out-of-work support, child care and so on, but also in terms of different assumptions about what people can and cannot do. I think there is still room within that to recognise that there may be some people who will

never be able to work, for very good reasons, and there are other people who will need a considerable amount of support to get them anywhere near the point at which they can have sustainable periods of employment, and that is what we grapple with all the time in all of this.

Q217 Chairman: That is great and I understand that. All the Committee will accept that there are many of those in active benefits who can and will move into work at some point, but there will always be a cohort for whom work is impossible. As I say, in 1998 it was security for those who cannot, which I think is a world different to targeted support. It seems to me quite a significant policy shift in terms of the amount of money people are going to get. “Security” I think indicates a different level of benefit support from what “targeted support” says. Has that been a conscious policy shift or has it just a diluted over the years?

Caroline Flint: I think we are still looking at security for those who cannot and that is one of the reasons we are doing the new benefit, employment and support allowance. There will be a support group and there will be a group that will work with us to see what work they are capable of doing and how that can be supported, but alongside the issue about what we give as a direct benefit are all those other benefits that we provide in one form or another. Part of our challenge as well is making sense of that combination of financial support that an individual has, particularly for someone, for example, who is in the support group who will receive a basic rate; then they will have maybe added premiums in relation to their disability, the DLA and other things as well, let us not forget housing support that might go along with that, carer’s allowances, all those other things too. My perception is that we have not changed in the sense that we can both target and provide security as well, and if we look at the other end of the spectrum in terms of pensioners in the department, what we have tried to introduce over the last 10 years is the sort of security that people can count on at the end of their working lives to make a real difference. I think we have made some progress in terms of the proportion of pensioners who are within the poverty groups. I think it is at one of its lowest levels on record.

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Q218 Chairman: At a conference earlier this year your predecessor said that work was the only route out of poverty, indicating that, say, we arrive at 2020 and there are still 200,000 children living in poverty, their parent or parents have not found work. The suggestion there is that benefit levels would not be raised to a level that would take them out of poverty on their own. Is that your understanding and is that the way things are going to stay?

Caroline Flint: I think for those who are able to work work is the primary route out of poverty, so in relation to therefore would I say that of those families where the adults could work should we say no, we will just raise the benefit levels, I do not think that would be a good incentive for that group.

Q219 Chairman: No. We have got to a situation where everybody that it is possible to get into work are in work and we are left with, I suppose, mainly talking about children and/or parents with very severe disabilities where they are not in the work equation. Should the benefit levels at that point take those families out of poverty or are they going to stay in poverty?

Caroline Flint: I think partly we have to work through the policies we have got in trying to make sure they work, but if there was a situation where the adults in the situation were not able to work, and we are looking at some policy issues around, for example, adults who have disabilities and have got children as well, then we have to think about a package for that group and look at that in more detail. Again, part of the debate is about how we can look down the road of having achieved what we want to what we want to achieve in terms of full employment. I accept what you say. There will be probably some people who still, despite that, will find themselves not able to work, and I think that is fair enough, where we get to that point or near that point or as part of our discussions when we say, "What do we do for those who, all things being equal, cannot work?". However, I would still stress that I think there are many more people who currently are receiving benefits and who, given the right support, could work, and in a general sense that is the best route out of poverty, but I think in a civilised society there will be some that cannot and they will have child care responsibilities and we need to address that in a progressive way.

Jane Kennedy: If we were empowered by the electorate to continue the unprecedented investment in public services I am sure the Committee would agree that it is not just household income that is the measure of poverty. Coming at it from a child poverty point of view, which is my focus, although obviously I have got a general focus as well, I would anticipate that by that period you would have had a continuing sustained improvement in the quality and range of public services and other services available to help families in those circumstances. We do not just look at what we are doing in terms of income. We also look at what we are committed to doing in terms of helping the children in those households to be able to achieve to their maximum and not to have their parents' lack of ability to earn

or particular barriers that their family may face in getting a wage into the household hold them back. It is a whole package; it is not just a focus on income.

Q220 Chairman: I take your point. The Government very usefully this summer published material deprivation indicators and you look at those, you look at household income, and at the end of the day the shortest route to get people out of poverty is more income, wherever it comes from.

Jane Kennedy: That is true.

Chairman: That is going to be the principle. I accept all the things about health and social services, education, community care. However—to be continued.

Q221 Mrs Humble: Jane, can I continue on this theme because your colleague Andy Burnham, when he was giving evidence to the Treasury Select Committee, said that he would not see getting 85% of the way to the target on reducing child poverty as a "huge failure"? Are the 2010 and 2020 targets still a political priority?

Jane Kennedy: They are and I hope that the PBR and the CSR demonstrated that. We not only have seen a significant commitment in financial terms as a result of the Budget 2007 but the CSR and PBR also followed through with even more commitments. The measures that we announced at the Budget this year will, we anticipate, lift 200,000 out of poverty over the next period, and the PBR announcements that we made just in October would lift, we anticipate, another 100,000. We accept that that is still short of the target but it is a clear signal, as clear as we have been able to give and we will keep under review that the measures are effective, that this remains a very important target for the Government.

Q222 Mrs Humble: Some of the earlier evidence that we have had, especially from voluntary organisations, has expressed concern that the Treasury is not in there at the centre, that the Treasury is not formally represented on the new Child Poverty Unit. Somebody described to us that it was linked in. I do not know what "linked in" means. Why is the Treasury not a formal member of the new unit?

Jane Kennedy: It is very closely linked in the sense that at ministerial level we will be working very closely together. The unit itself is entirely made up of DWP and DCSF officials, but we just felt that it was more appropriate that we have that structure. That does not mean that there will be any lack of interest from the Treasury in terms of the delivery of the unit and we will be working extremely closely with officials in the unit and with ministers across Government to make sure we do that.

Caroline Flint: Just to add to that, the unit is particularly set up to look for the 2020 target and as well as our two departments that Jane mentioned we have secondment from Barnardo's in the unit. From what I understand the Chancellor is heading up the delivery for the 2010 with the Secretaries of State for

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our department and for Children, Schools and Families and typically they are looking at that PSA to 2010.

Mr Portes: If I can just add at official level, the Child Poverty Unit, although it is for housekeeping purposes made up of DCSF and DWP officials (we pay the bills), it reports to a cross-government Child Poverty Board of senior officials which is co-chaired by myself, Jonathan's boss, Tony Ormrod and Ann Jackson, the relevant director from DCSF. I can assure you that we spend an awful lot of time talking to each other, discussing policy options and agreeing the way forward. Obviously we have our differences; inevitably that is the process of inter-departmental discussion, but I can assure you that we are very much joined up on this target.

Q223 Mrs Humble: That is very welcome news but can I go back, Jane, to your comments on money that was announced in the Public Spending Round? What we have heard as part of our inquiry is that the Child Poverty Strategy should be in its "most expensive stage" now with around £4 billion needing to go into benefits to meet the 2010 target, plus investment in long term programmes to meet the 2020 target, but the amount of money that has been announced will not be sufficient to meet that target. We also have not been shown where other monies could come from to help meet the target.

Jane Kennedy: The target and the action that needs to be taken to meet the target will to some extent be influenced by what happens in the economy and in the employment market, so future decisions that might be taken, say, at Budgets and PBRs over the next two to three years, will be influenced by what we see happening in the wider economy in the world of work. You might expect there to be a degree to which we have already, as I have said, made extra commitments above the Budget this year, and we followed that through the PBR, and those are targeted to areas where we believe they will deliver the best results. Given the uncertainties around income growth and other factors, I think that is right, but the additional action on child poverty is in the pipeline. Some of that will not start to take effect until next year and the year after. That includes help with employment and financial support, and given the unprecedented level of investment that there has been in tackling child poverty since 1997 we are proposing an investment of an additional billion pounds arising out of the Budget 2007 and then the further measures that we announced at the PBR, all of which will have an impact but to some extent the full impact of that will be influenced by what is happening in the general economy.

Q224 Mrs Humble: So am I right then in interpreting the Treasury's point of view on this as saying that you have identified on the one hand some specific measures, and that includes the announcements on the tax credits, for example, but you are also looking at your general expenditure on public services plus an increase in the number of people going into

employment to help meet that target, that you are not specifically identifying the money but it is part of that generality? Is that right?

Jane Kennedy: The money is specifically identified, and I can take you through the detail of what the PBR said if you find that useful but you probably already have that in other evidence. It is true that the CSR announced that, compared to 2007, by 2010 the Government will be investing an additional £2 billion a year in public services to alleviate child poverty and break cycles of deprivation, so this will be spending that we will be targeting and focusing particularly on those measures that can be done in the field that we were talking about earlier of education and training and help into work additional to the income question.

Q225 Mrs Humble: You are going to have some specific questions later. I shall leave my general question there.

Jane Kennedy: Hopefully we will have a vote then!

Q226 Greg Mulholland: I would like to pick up on some of the points that the Chairman has already raised, specifically probing a little further into adult benefits. As you are well aware, the inquiry and the terms of reference include "assisting out of poverty those groups who cannot work", yet the DWP's response to the inquiry did not cover at all the issue of adult benefit levels. Can you explain that extraordinary omission and was it deliberate?

Caroline Flint: I do not think anything should be read into that. I think this inquiry was about the best start in life and therefore our focus was on how we enable that to happen as far as possible for families with children. As I said to the Chairman, we believe the vast majority of families who are currently in receipt of benefits could, with the right support, be enabled to work and when they are in work, which I absolutely accept is an issue in all this, we can look further at how we can make progression in work something more meaningful, which is why, for example, last week there were some announcements regarding our work whereby we are looking at how, for example, we could continue our personal advice and support beyond the point at which someone leaves us and into work, the in-work credits. We have talked about the skills training that people often need because, as much as I am conscious of those people who currently are not in work and how we can enable them to have worked part of their life, I am also conscious about those families that are currently in work for whom there has to be a sense of progression to make work pay for them as well. I do not think there is anything deliberate in all that. It is part of about knowing the people we are dealing with who are involved with the benefit system in one way or another. There is not a one-size-fits-all and that is why I think what we are trying to do, both in the way we are changing the IB system to employment and support allowance, and some questions we are asking about how we refresh for those who are on jobseekers' allowance and, to be honest, some of the voluntary stuff we have done with people on income support and IB already,

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recognises that there are more people who, as I have said, could work but that does not mean that we should not address a smaller group of people who have particular personal things that they have to deal with that makes work, if not something that will never happen, and I do not like to necessarily say that, something that is going to be far more challenging. To be honest, we have within the system ways in which we deal with that. I think we have to acknowledge that because if the answer is just to say—and I am not suggesting you are saying this—that what we need to do is raise the benefit levels to a certain level and that helps us at one fell swoop to sort it all out, (a) I do not think that is sustainable and (b) I do not think that is the answer for probably the vast majority of those with child care responsibilities who are currently on our benefit system.

Q227 Greg Mulholland: But would you accept that that is a rather strange omission and that there will nevertheless be a group of people who, frankly, without that will remain in poverty and their children will remain in poverty?

Caroline Flint: Part of what we look at too, as Jane said, is how we address that in different ways. Some of it might be in terms of the sort of housing people have and support with that. What about some of the other support that we give to people that is not necessarily cash in hand but is provided in other ways? When I was at the Department of Health we were making sure that families on low incomes with children were able to get free vouchers to pay for fruit and vegetables, for example. There are different ways to address this. As I say, I do not think there is anything untoward about some meaningful omission. I think we were just trying to address what we thought was important for the majority of people we currently deal with who are not in work, and that there are safety measures, for example, for parents of children with disabilities and what-have-you, and if we are going to look, as I indicated to the Chairman, at the issue about the amount people need to be above the poverty levels for whom work is completely not an option, that is a discussion that is separate from the one which often takes place about just raising the benefit level. I think we have to be honest about that. You can discuss that. You can then discuss the parameters and how you will organise something like that, because it is not without its complexities, but I think as a whole that should not be the answer. I do not know if Jonathan wants to say anything more about the evidence we submitted.

Mr Portes: I would simply point out, although I am sure it is covered in the evidence, that the child tax credit goes to people both in and out of work, as does child benefit, and there have been very substantial real increases in the rate of that over the last 10 years. The result has been that, despite the fact that the adult rates in most working age benefits have been uprated with prices, families with children who are out of work will have seen for the most part very significant real increases in their net incomes, and that is there from the point of view of reducing

poverty among those family groups. Getting the balance right between preserving the incentive for work and supporting those who are out of work is always difficult but the child tax credit has gone to both those out of work and those in work at the lower end of the distribution and has contributed both towards reducing poverty among those in work and out of work at the same time as not having an unduly adverse effect on work incentives. We think on the whole the balance of support has been about right.

Q228 Greg Mulholland: But I think you would certainly acknowledge that the vast bulk of that very welcome increase is as a result of in-work benefits, and that is a positive thing, but nevertheless out-of-work benefits have consistently fallen behind average earnings. I am really trying to pin you down, Caroline, because this is about child poverty and the impression you are giving—and do correct me if this is wrong—is that you do not see this as a relevant part of the Child Poverty inquiry, and I would find that quite extraordinary.

Caroline Flint: I think that is rather unfair.

Q229 Greg Mulholland: You are very much giving the impression that this is such a small part of the problem, people who are living on benefits, and frankly everything is work first so this is not really part of it, and that, of course, is the impression that we got from the memorandum. You say that is not what you are saying. At the minute you are saying very clearly and on the record that actually these people are important and we do need to look at this as well.

Caroline Flint: I think what I said in my answer both to the Chairman and yourself is that with the right support, which can take many forms—it could be support with sorting out debt, it could be support with health or disability conditions, it could be support with the transition from benefits into work, which I know is an issue, it could be about support with child care, it could be just support with confidence, which is often a big issue, it could be with local employment partnerships that we are developing as well, I do believe that within that situation for most adults of working age who are able to work there is an opportunity for them to go into work for part of the time. Some of it might be a combination of benefit support as well, which will make them better off, and that is what we are aiming for, so they would be better off as a result of that when they are currently only on benefits, and in doing so we do a number of things, both in terms of the income level that that family has to lift them out of poverty but with all sorts of other things going on with that as well. I think I did acknowledge to yourself and the Chairman that there may be within that a smaller number, and I would suggest it is a smaller number, that, given all of that, may still not be able to work, and that is something that it is fair enough to talk about what you do in that situation where there are children involved. Without losing sight of that particular issue, and I think I have acknowledged it three times now, there is still a lot

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more we could be doing for those who are currently out of work, for those who go to work and then come out of it again because there are problems within work support, and progression for them, which I think is just about the balancing of this, and what I would not want to do is end up with a system where we inadvertently, by trying to support that important but smaller group, lose sight of the potential to enable people to be able to support their families and stand on their own two feet with the right support in different ways. We are mindful of that and if that has not come across in the evidence I am sorry about that but that was not our intent, but it is making those decisions, that if we did not do it the right way we could inadvertently create a situation where there would be disincentives for the group who could work to work.

Jane Kennedy: I would like to make two points on this. First of all, I strongly welcome the inquiry into poverty. Personally, I am delighted that poverty is now such a central issue for public policy debate and I think the point you are making is a very valid issue for discussion, but I do not accept, and I am sure the Treasury does not accept, that there is a direct link between benefit rate and the level of income that is needed to lift an individual or a household out of poverty. When you consider that what people need to live on varies greatly and depends, obviously, on their needs and on a range of other factors, and also taking into account that there are different research methods that tend to make different assumptions, and they generate a range of estimates depending upon the statistics that they are drawing from, it does mean that the debate around what constitutes poverty and what needs to be done to arrest it is a very real and lively debate, and I welcome that. If you consider that there is a range of research methods that we use, such as budget standards, deprivation studies, expenditure studies, consensual studies that could all be used to look at questions of absolute and relative adequacy of benefits, we use all of those methods when we are assessing what level of benefit should be established. I believe it is very difficult to draw a strong conclusion as to the level of benefit and the link to poverty. That is why I come back to the point I was making earlier, which is that in practice, when you are setting benefit rates, there are other objectives that you need to maintain. We have this really difficult balance to strike between ensuring that we have a labour market that is strong and growing in strength but that those who find it most difficult to get into that labour market are helped and enabled to do so and that we do not set benefit levels at a point which works against work incentives. That is not to say that work is the only way out of poverty but we know it is the single most sure way to lift a household out of poverty. We have a comprehensive strategy across a range of policies that is aimed at tackling poverty, and not just the symptoms of poverty; in other words, not just what you measure as a household income but what other factors impact upon that family. As Caroline has said, it could be housing, it could be a range of issues.

Mr Athow: If I could just comment on your concern about adult benefit rates, if you look, for example, at a lone parent with two children, I have done some

quick back-of-the-envelope calculations and when you look at their benefit income and their tax credit income they will be getting around, I think, £165 a week. Only a third of that is made up from their adult income support, maybe a little over a third. They probably get around £30 a week from child benefit and round about £80 a week from child tax credit, so when you are looking at family income and at questions about whether it is adult benefits that are important or not, I think it is very important to look at the family's circumstances as a whole, and for that family they will have seen very large increases in the amount of tax credits they receive. The per child element of tax credits has risen by £400 in cash terms between 2003-2004 and 2007-2008 and will rise by another £175 on top of earnings from next April. It is very important to look at the package of support as a whole when looking at policy because that is how probably it will be calculated and that will be the total resources available to the family.

Q230 Greg Mulholland: Just to be clear, I am talking about in-work and out-of-work benefits from the state. I know we are going to come back with some specific questions about in-work benefits and I do not want to go into anybody else's live questioning but I think it is absolutely important, particularly following what you said, Jane, that we do establish this point, that in the end is the Government saying that if we are worried about not incentivising people to work and therefore we are satisfied about leaving people on a level of out-of-work benefits that keeps them in poverty, that is a point to come back to but that is not my line of questioning. Specifically on in-work and out-of-work benefits, the evidence that we have heard so far in the inquiry, both written and oral, has basically pretty much unanimously said that without raising the level of in-work and out-of-work benefits quite simply the 2010 targets will not be met. It is as black and white as that. The question therefore is, are you going to raise benefits or fail to meet the targets?

Caroline Flint: Just on a general point in terms of what we are doing at the moment to make being in work, if you like, better off, there have been announcements in the last few months around the extension of the in-work credit, £40 per week for most of the country and £60 in London. We have also heard from the Prime Minister about a workforce better-off guarantee, which, if I remember correctly, will also tackle issues around taking out transport costs. We are very clear that if we are incentivising people to engage with us about work one of the things we need to show is that they are better off in work, and that is something we are working through at the moment. Some of the problems, I think, are not necessarily about the levels that are set. They are often to do with people's lack of awareness that they will be better off, and if you do the calculation they are often better off, sometimes people not realising, for example, that they can still get access to housing benefit and council tax benefit when they move into work. There are some issues around how DWP with local

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authorities and HMRC work together better, and we have got some pilots that are addressing that in terms of moving the tax credits and the link-up there as they go through. I think there is a lot more we could be doing and are trying to do at the moment through various schemes which seem to be proving their work to make that transition much more transparent and much more meaningful in cash terms to people when they move into work. The other reason people give often for not moving into work and consequently the opportunity to increase their income is to do with things like, "What if the job fails and I end up having to come back to the starting point again? Do I really want to go through all of that with all the bureaucracy involved?", and again that is something that we work through for a number of different people claiming benefits, linking them into what-have-you, and we are working through that with lone parents at the moment.

Q231 Greg Mulholland: You are not actually answering the question.

Caroline Flint: I am because I am saying that I do not think raising the benefit levels in and of itself is necessarily all the answer to this. What I am trying to outline are some of the reasons why currently people are not making the move to work which means they would be better off, and I think there are some things within our organisation across government and how we work that affect that in an innovative way which we are trying to put right, but also some of the things we have announced recently about the in-work credits, about the support we are going to give, about the better-off guarantee. I think in themselves they are very meaningful rather than just an increase in benefit approach.

Q232 Greg Mulholland: Let me ask very simply, because I am keen to pin you down on this, coming back to in-work benefits: if it becomes very clear next year that by 2010 targets are not going to be met without raising in work benefits, will you do that or will you accept missing the target?

Caroline Flint: We have got a programme of work under way that we are absolutely committed to making work, and that is about the changes we have been discussing in our Green Paper which we are due to respond on in the not too distant future, the fact that we have set out these LEPs. We have a programme of work which we believe will substantially impact upon the numbers of benefit payments for those who currently have responsibility for children to get into work. That is our priority at the moment and that is where our attention is focused. We are looking all the time at what the impacts of different things are and how we can make them better, but I would have to say at this present time we have enough current issues under way in the Department, not just on JSA and income support but also on incapacity benefit, as well as proposals we are discussing as part of the consultation which will guide us in the next year or two.

Q233 Greg Mulholland: So you are not accepting that benefit levels may become too low to take people out of poverty and currently raising them is not at all on the agenda?

Jane Kennedy: No, that is not what we are saying. What we are saying is that we keep all levels of benefits under review. The child tax credit goes to families where nobody is working as well as to families who are in work. It is not just an in-work benefit. I say "just"—it is a very important benefit, but it goes to families whether it is a family with nobody working or a family with adults who are working.

Q234 Greg Mulholland: Again, I am talking about in-work and out-of-work benefits. That is not relevant.

Jane Kennedy: I was not sure whether you understood that child tax credit does go to families.

Q235 Greg Mulholland: I am talking about in-work and out-of-work benefits and saying if they need to be raised are you prepared to raise them? Is that on the agenda?

Jane Kennedy: We keep them under review. The answer is, if it becomes apparent that it is necessary to do so that is something we would have to consider.

Q236 Greg Mulholland: So you would consider it. I just want to ask specifically about disabled children, which is a particular area of concern. You will be well aware of the various organisations which have made representations on this, and I can tell you that certainly the Committee were very shocked to hear in a submission that one in five families with disabled children have to cut back on food expenditure in the current package that they receive, but again the DWP memo simply talks about child care and there is no acknowledgement of the financial realities of disabled children and their families at all. Why is that?

Caroline Flint: We spend about a billion annually on disability living allowance for children and that figure is increasing. We have announced a review of the national carers' strategy which we are working on at the moment, and that looks to be being published in the spring of 2008. We do discuss and we have been discussing and we have asked questions as part of our Green Paper *In Work, Better Off* about views on, for example, lone parents with disabled children, so that is part of what we look at and it is why there are different rules that currently apply to parents of disabled children which are different from those for parents with children without disabilities. I have to say as part of the child care discussion we have had over the last few months with colleagues in the Department for Children, Schools and Families and with child care providers two issues have come up in particular. One is about child care for disabled children and the second issue has been child care for those who work atypical hours and how that would work. We are addressing some of those issues and it is an important part of

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what we do. We know and I know from discussions with various groups that there are parents of disabled children who would, given the right opportunity, like to work, but some of that is conditional on child care and the right sort of child care being available to make that happen. I think child care is as important to a family with disabled children as it is to anybody else. Likewise for families where caring responsibilities may have meant they come out of the workplace and where there is a time at which they might want to consider going back to work. Some of the work we are doing around skills and training will be as important to those parents as it will be to anybody else. We are trying to address those issues in different ways.

Q237 Greg Mulholland: I am sure we would all absolutely agree with you in terms of issues of child care but nevertheless it goes without saying that the level of income is one, if not the, most important thing to many of these families. Specifically you talked about a package earlier for disabled children. Disabled organisations make it clear that it is simply not sufficient. The Disability Living Alliance has calculated it needs a 30 to 50% uplift to be adequate and also Every Disabled Child Matters has again raised the issue as to why families with severely disabled children do not qualify for the winter fuel allowance when 60 year old millionaires do. Is not the reality that the package you have mentioned at the moment quite simply is failing families with disabled children? Clearly, unless it is addressed, it is not going to raise the 2010 target.

Caroline Flint: I think it is fair to say that the package of support, whilst there will always be people who want to challenge us and say that we need to have different benefits or more or what have you, for families where people are carers but also for those they care for, has increased significantly over the last 10 years. Some of the issues around disability, whether they are for children or adults, are partly based on looking at what the individuals' needs are rather than something that is necessarily defined against a certain disability. That is probably one of the best ways we can be fair to make sure that money in different ways does go to the way in which that person is incapacitated by their disability. The winter fuel allowance is about making assumptions that affect a family where heating is a factor and others where it is not. That is why the disability living allowance, which is very open—people apply for DLA and we do not ask them to give us chapter and verse on what they are spending that money on. Basically, once they have got it, they can spend it on what they wish. That is something that allows an individual family to assess what their needs are. I am not saying it necessarily covers everything but it is open ended and it can be worth up to £5,694 annually, tax free, with premiums in the income related benefits and additional amounts in tax credits paid on top. My colleague, Anne McGuire, Minister for Disabled People, is constantly looking at how she can address some of the areas of

disability, some of the issues that often come up. They seem like an anomaly in the system and she tries to address that in different ways. It is complex because the fairest way to deal with this is to say, actually, we do have to look at what is the impact of that disability on someone. That is why we have lower, medium and higher rates and so forth because I am sure you would agree we want to try and manage the money that we have in the best way we can. We have to address that there are some disabilities, whether mental or physical, that require a higher level than, say, something else.

Jane Kennedy: It is worth remembering that, in 1997 when I joined the Labour Government elected in 1992, the UK had the highest rate of relative poverty in Europe. It was a matter of shame to those of us who cared about it. One of the greatest government initiatives that I was ever involved in—I had the best job in Government as Employment Minister—and where I think we are right to keep the focus on helping people into work to get the right balance between level of benefit to make sure we do not damage the incentive to help people into work is, if we just look at the employment rate of people with a health condition or a disability, it has gone up by 10 percentage points to 47% since 1998. 47 per cent is still a long way short of what we have as an ambition for people with disabilities but when we fail in this area to assist people with disabilities who want to and can work to help them to find work is a missed opportunity not just for the economy as a whole, as it obviously is in terms of their skills and experience, but it is a missed opportunity for that individual. All of us have anecdotal evidence of the transformation that a job can bring to a family, particularly where they have had the additional burden of having to deal with a medical condition within the family. The point you make about the evidence the Committee has heard about children with disabilities is something we will both want to consider when we are looking at issuing a report and considering the evidence that comes with it. We want to be satisfied that what we put in place will help families in those circumstances. If it does not, we will need to review it. The Committee will want to look at the whole range of support that we have in place now, going forward.

Q238 Greg Mulholland: I was hoping you would be considering it now because this is very much part of the inquiry. Just a yes or no answer, please: we accept that the main thrust is to get people into work. No one is saying that is a bad thing. There are groups of people, I am sure you agree, for whom work is not necessarily the right thing. One group is disabled children's parents who may be particularly caught in the situation of children with life threatening conditions. If there are people who society would say it is appropriate for them not to be in work, if that is okay, should we therefore be properly supporting them so that they can live a life free from poverty? Yes or no?

Jane Kennedy: I cannot answer that yes or no.

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Q239 Greg Mulholland: It is a very easy question. I would have hoped it was yes.

Jane Kennedy: Let me give you an answer. I have met constituents in those circumstances who have wanted to talk to me about the range of support available to them primarily in terms of respite because of the huge emotional and other burdens that they carry with a child in those circumstances. Equally, they have usually at the same time taken the opportunity to talk to me about the ways in which they might be able to enter a working environment. If a family chooses not to go down that route, the point you are making is simple and it is an issue we need to consider. Our priority is to assist the families who are telling us they want to work. There are families in all sorts of different circumstances who face that and would find work as a means of support for them as an individual as well as for the family. For those who simply choose not to do it, there are other ways that we can help them with carers, assistants and others.

Greg Mulholland: We will take that as a probably not, but I am conscious that we need to move on.

Q240 Jenny Willott: I would like to go back to an issue that Caroline raised around in work benefits, passported benefits. I have a couple of questions both about passported benefits and means tested benefits and their impact specifically on work incentives. We have had a reasonable amount of evidence that extending passported benefits like free school meals and so on to those in receipt of full working tax credit could be quite a powerful work incentive because, first of all, it would make it much easier to do better off calculations and it would make it much more clear cut for those going into low paid work. It would also reduce the levels of in work poverty. Are you considering that?

Caroline Flint: Not directly in the way you outline. It has been raised before. For example, if you get free school meals during school terms, should you get extra money when school is not sitting? It has been raised with me about seasonal grants and money for Christmas and things like that. Part of the problem is again what worries me about the complexity of benefits is you end up with lots and lots of add-ons. In order to set them up and monitor them, you could end up spending a lot of taxpayers' money just on that. I would have a simplification of benefits if I could. To a certain extent the benefit system does already in some ways take into account some of this and that families need to budget across the year. That is part of how the rates are set at the moment. I am not in favour *per se* of the argument that what we do is potentially end up with certain grants to pay for that and then the transference from being on benefits and getting some of those when you are out of work into work. The better approach we have for that at the moment is we are working towards a better off guarantee. The Prime Minister has stated that we are looking at something like travel costs. That is where we are looking towards, how we can see that a family will be clearly better off being in work.

Q241 Jenny Willott: What would the better off guarantee mean if it is not talking about looking at passported benefits?

Caroline Flint: It would look at, for example, if you were not a certain amount over and above with the income benefit you got, there is a potential for a top up to take you up to a certain level. It is £25 a week. That is what we are working on at the moment which is potentially a simpler method of dealing with this than getting into what could be potentially quite a convoluted system of work. That, as families have said to us, shows we are better off and are likely to make the move and take the chance.

Q242 Jenny Willott: I am confused. I am talking about extending benefits that people already have when they are out of work such as, for example, bus travel in London, free school meals and so on, and continuing them into work on a temporary basis or continuing them dependent on means testing levels. I do not understand how that is making the system more complicated. They are already there. They are benefits that people already have. I do not quite understand what your argument is. I can understand if you are saying you just do not want to do that, but I do not understand why you are saying it makes the system even more complicated.

Mr Portes: You said it yourself. Some sort of taper system for free school meals in work would be quite complex. The more basic question is extending free school meals for all those in receipt of working tax credit would be a pretty expensive undertaking.

Q243 Jenny Willott: Full working tax credit, I said, not just working tax credit.

Mr Portes: It is a question of whether the Government and the families in question themselves would prefer to have those resources flow in the form of free school meals or in the form of financial assistance.

Q244 Chairman: There is the potential for basic dishonesty. When the better off calculation is done, it is not said that you need to account for the additional cost of school meals. If you have three children, that is about £20 a week so most of your £25 has gone straight away. It strikes me that if it is a genuine better off calculation it is the financial change that you have from where you are now to when you move into work. That must include things like free school meals that you lose, if you are on regular medication, because you are moving from free prescriptions to having to pay for them. Without that there is a deception and this is the point that I think Jenny is trying to draw out.

Caroline Flint: I understand that point but what we have to look at is how much we can pay.

Q245 Chairman: I understand that but the promise is you will be at least £25 a week better off. If you are not, you have to take a job. If you are not £25 better off because you are not including in that things like having to pay for school meals in the future, then it is a deception.

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Caroline Flint: We do have large numbers of lone parents who make that transition to work.

Q246 Chairman: I understand you do but they do it for a lot more than £25. Should the better off calculation include all additional costs that you have from going to work when deciding if you are better off?

Caroline Flint: No, I am not sure if we could do that.

Q247 Jenny Willott: I was wondering whether you had looked at the impact of the loss of specific passported benefits on work disincentives in particular areas. For example, in London, losing free bus travel, the cost of travel in London is a really massive impact on people's decisions as to whether or not they can take a job and the salary levels they need to afford, given that the rate of lone parents working in London is so much lower than everywhere else in the country. Clearly it is having an impact. I was wondering if you had looked at specific problem areas like that to see where and how they could be tackled.

Caroline Flint: We are looking at some specific issues around London. It is complex. If London and the West Midlands had been at the same place as other parts of the UK, we would have hit the poverty target where we were for 2005 which was to reduce by a quarter, I think. At the present time there is an availability issue for those on income support to have free travel. That needs to be thought through because if people are getting free travel when they are on benefits and they lose it when they go in to work, that is an interesting discussion in itself about incentives or not. What we are looking at at the moment as part of the in work better off guarantee is issues about transport costs. We are also looking at how we might provide, through the discussion of our personal advisers, more use of the discretionary funds they have at their disposal in particular circumstances, particularly in the first consecutive six weeks of being back at work, some of those costs that they might incur. There are lots of projects in London around for example child care affordability. We are working with the local authorities in the London Development Agency to look at some of the issues there. It raises some interesting points because in some of those cases the subsidy for child care is very high but still the places are not being taken up. We are looking at the reasons for that. London, in terms of the positive, does have a very buoyant labour market. Whilst for some there are issues of travel, for others there is a problem even on their own doorstep where there are vacancies. Some people are not getting the jobs. It is a complex picture, as someone who is born and raised in London, about the differences. We have two city strategy pathfinders, one in the east and one in the west, which again specifically look at some of these issues which we think will give us a better insight into what people might need. For our part, we have deprived areas and we need to make those areas work but it is complex. Whilst there are transport issues across London and issues about low skill

levels, it still concerns me that even where there are jobs on someone's doorstep people are not ready to take those up.

Jenny Willott: One of my colleagues is going to be asking questions specifically about London. It was just an example about the problems with transport in London in particular.

(The Committee suspended from 5.19pm to 5.29pm for a division in the House)

Q248 Jenny Willott: Talking about in work benefits and passported benefits and so on, I also wanted to ask about means tested benefits and their impact on work disincentives and so on. We have had a lot of evidence about the fact that benefits like housing benefit, council tax benefit and child tax credits act as a disincentive for people to go to work. Are you looking at adjusting taper rates either specifically in London or nationwide?

Jane Kennedy: On?

Q249 Jenny Willott: On housing benefit and the impact on child tax credits.

Mr Athow: Obviously you need to monitor the whole benefits system to understand. You need to look at housing benefit. You need to look at tax credits as a whole. On the issue of the guarantee that people will be better off, you need to look across the system of support but there is a trade off. If we reduce the taper rates on housing benefit, you bring more people into the system so there is an inherent trade off. A lot of time, effort and money have been put into making certain that there are good gains to working in the system. It is not only the taper rates. With housing benefit, a lot of the evidence is around administration. When people do move into work and they need their housing benefit recalculated, it is done quickly and they avoid building up arrears. The right rate of withdrawal is only one aspect of people's experience of moving off benefits and into work.

Q250 Jenny Willott: Absolutely. We accept that. When you say that it is something that is considered, is it being looked at at the moment to see whether adjusting the taper rates would increase incentives to work?

Mr Athow: The withdrawal rate for tax credits was adjusted. An announcement was made in the Budget as part of the whole package. That was to increase the taper rate to make certain we maintain a good focus of tax credits. If it is done at the same time as changing income rates and making other tax credits in the system more generous, yes, that is something that is kept under review, to keep the right balance between making certain there are good work incentives but at the same time there is concern about how far you want income and means tested systems of support to go up.

Q251 Jenny Willott: Is anything being done to make sure that there is greater awareness of the fact that you can claim housing benefit and council tax benefit in work?

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Caroline Flint: We are doing some work with HMRC and local authorities. We had a pilot in the north east which worked very well in terms of reducing the amount of time to sort out some of this triangle of in and out of work benefits. That has been extended, I think, to another seven areas. There are two aspects of it. One is about reducing the time it takes to process the combination but also importantly what we found was that people often were not aware of their access to housing benefit and council tax benefit once they moved into work. Anything we can do to make sure at the very least, regardless of what other discussions we might have about tapers and what have you, that people are getting what they are entitled to is obviously an important part of what we are doing. Those seven pilot schemes have been going very well and we are obviously in discussion across departments on how, once we get to the end of this trying out the seven rather different areas, we can take that forward better. That is under discussion. The other area of discussion that might be of interest to the Committee is that my colleague, James Plaskitt, has been working on looking at the private rented sector and local housing allowances. Part of that is about financial inclusion to give the opportunity for tenants who currently have their housing benefit going straight to the landlord, so it would go to the tenant. Therefore, as part of that financial independence, they would be much more in control of the money and with it there is the opportunity that rents set at a certain level, if they have a property that is less than the actual rent, they are allowed to keep it. I am happy to send some more details on that to the Committee if you are interested but James Plaskitt is particularly working with CLG on those areas.

Q252 Jenny Willott: It has come up before in a couple of previous answers but do you think there needs to be more done to join up DWP benefits and HMT tax credits, particularly how the interrelation works in terms of work incentives? What is being done to make sure that the two work better?

Jane Kennedy: A great deal has already been done. There is a lot of good cooperation between the staff who administer the benefits. We are looking to establish a point at which people can make a claim and that can be used to help facilitate a number of other claims for entitlement across departments and a range of benefits. All of those obviously raise data protection issues. For example, Jobcentre Plus will give help and support to somebody who is going into work in terms of supporting them to know how to access the different tax credits that will become available to them as they go into work. There is a pilot currently in Dundee where the tax credit staff are working with people on the ground to assist somebody coming in to work for the first time so that their claim for tax credits goes in for payment as quickly as possible. HMRC are really focused on the need to have people getting in work benefits as quickly as possible to make the big difference that we want people to feel in terms of income as a result of

a job. I am trying to think of an example of cross-departmental cooperation and there are many. I just do not have one in my mind at the moment.

Caroline Flint: We have a way of thinking that we are trying to develop in the DWP called the no wrong door. If anyone knocks on a door, they are not fobbed off to five other doors before they get the complete package. That is a job we have to improve within our own organisation. It has worked quite well with the Pensions Agency and we are trying to look at how we spread that further afield. From the spring of next year, customers will be able to access a secure online account via direct.gov, the idea being that the first phase will focus on existing customers, what benefits they might be entitled to, and it might signpost to other services. Working across government, our ambition would be how to develop that to enable people to do their own calculations and to look at what other support they can get from within our government or, for that matter, at a local authority level as well. As we know, sometimes in local authority areas the sort of support that is given to families on low incomes can be different, as we have seen in London. We have just announced, either today or Friday, that we are now joining together something which is going to be a combination of the neighbourhood renewal fund with our deprived areas fund which will now come together as one pot, so that local authorities can play a key part in tackling issues around worklessness and low incomes in communities and use that for support. In an ideal world what would be great is if someone could be able to go somewhere, pull together what nationally is available and go into local areas to get a picture. Those are some of the projects we are working on to improve our services.

Q253 Jenny Willott: You say that those tie ins are going to be available online. It is a very low proportion of people who are accessing out of work benefits and people who are on very low incomes who are accessing any services online at all. Is that tie in going to be available to those people who do not have Internet access?

Caroline Flint: I totally agree. There are two points. First of all, we want to make sure that our staff in job centres and not only that but people we work with in agencies literally dealing with the same people as us—what we want to work towards is that someone is going into their housing office, someone there can give some guidance on, if they have not got the expert information, who to speak to.

Q254 Jenny Willott: Is that actually being done?

Caroline Flint: I think that is being done in some of the best practice places. The city strategy pathfinders, part of what they talked about, because they are a consortium that come together with different agencies, both public, voluntary and private sector, is how we can make sense of the multi-agencies that deal often with the same families time and time again. I think that is a work in progress. We continue, because we are aware of this situation in terms of people not necessarily always using online facilities, of quality of material we

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actually provide to our customers that is accessible, easy to read, with a person to chat when they want it. Our phone services now do enable people to make contact in a way they were not able to do necessarily in the past. I do not know about your constituency but in my constituency what I am pleased to see is, in many of the poorer parts of my constituency, we have free online access facilities that are part of a social inclusion project and community inclusion project. I am not saying that we are there yet but more and more people are able to access some of these services to find out the sort of things that some of us might take for granted because we have that in our home. The future is, I would hope, for everybody, whatever income you have got, being able to use these services for yourself and your families to make that as accessible as possible. People like it. They like the privacy of it.

Jane Kennedy: I knew there was work going on and I have had chance to visit this. This is something called the in and out of work pilot. Benefit claims for customers moving in and out of work currently are managed by HMRC, Jobcentre Plus and the local authority and a lot of people say that one of their disincentives to work is they only need to work for a short time, all out of work and then face the very complicated process of re-establishing their benefits. What was being tested earlier this year is that a joint team from Her Majesty's Revenue and Customs, Jobcentre Plus and some local staff in North Tyneside Council designed a process that gathers all the information—this concept of no wrong door that we have developed for pensions—and they verify all the evidence needed to resolve benefit and tax credit claims from the customers at the point they phone the Jobcentre Plus contact centre. That information is passed to the local authority housing benefit office and the tax credit office. It reduces the time taken to get all of those benefits in place and it removes the need for the customer to have to provide the same information to three different organisations, generally trailing around as they do from one office to the next. In September we tried it in six different areas around the country, Wales, Scotland, south west London and the north west, and we are getting some very good feedback. Obviously we want to get a full assessment of those pilots and how successful they were. They were to run for three months from September so we do not have a full read-out of that yet but the point you are making is one we are very conscious of.

Q255 Jenny Willott: One of my colleagues is going to be asking some more questions about the in and out of work theme later. It is extremely clear that large families are particularly at risk of poverty and we have had a lot of evidence to suggest that the best way to address this would be to change child benefit rules so that the levels were increased for third and subsequent children. Will you consider this?

Jane Kennedy: Child benefit is not our preferred way of tackling poverty. Child tax credits and tax credits in general are very much more appropriate. In terms of reaching our target and addressing poverty, it is

better to focus income and financial support through tax credits, but obviously the stock answer is we keep all the levels under review.

Q256 Jenny Willott: The issue is that we have had evidence that the take-up rates of child tax credits are not great, whereas the take-up rates of child benefit are pretty universal, so they are the highest take-up rates. As a way to reach out to some of the most vulnerable families who are not necessarily getting all the benefits that they are entitled to but they are not claiming, this is a way to make sure that they do get enough benefits.

Mr Athow: For low income families take-up of tax credits is very high. For families who work with an annual income under £10,000, take-up of tax credits is around 97%. For those most in need tax credits are doing a very good job. Looking at families with larger numbers of children, the way policy has evolved over the last 10 years has been to provide more support for those families with more children. The risk of poverty has fallen, for families with four children, from somewhere around 56% in 1997-1998 to around 40% today, one of the biggest falls. That is because the biggest increase in financial support has been through the element paid per child. There has been enormous progress in terms of tackling poverty amongst families with a large number of children.

Q257 Jenny Willott: They are still more likely to take that up than other families?

Mr Athow: They are. The strategy so far has been of particular benefit to them.

Mr Portes: If you disaggregate the reasons for large families being in poverty, it is not because of the system of financial support. It is because those families are less likely to be in work, other things being equal. That suggests to us that, as well as financial support, it is about ensuring that child care is accessible and available to those large families and that carers in those families have access to support around skills, education and work rather than necessary putting all the emphasis on financial support.

Q258 Jenny Willott: One of my colleagues will be asking about child care as it relates to that but do you have any figures? You say it is 97% of take up so three per cent are not taking it up. Do you know what the figures are?

Mr Athow: I probably have them somewhere.

Q259 Jenny Willott: Would you be able to let us know afterwards?

Mr Athow: Certainly.

Jane Kennedy: That is for families under the 10,000 band.

Jenny Willott: Three per cent could be two people or hundreds or thousands.

Q260 Mrs Humble: You have both been talking about pilot projects and joint working initiatives. In an earlier report the Committee did on government employment strategies we did point out that there seemed to be pilots here, there and everywhere but

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we did not hear very much about what had happened to those pilots. We certainly did not hear about mainstreaming them. It is not just formal pilots. Caroline, you talked about an initiative in your constituency. I was speaking to two representatives of Fleetwood Sure Start on Friday and they are doing exactly what you have both been talking about but they are doing it on their own initiative. One individual from Fleetwood Sure Start contacted nine other agencies to put together a team, to put together a package of funding, European ESF funding, to employ two individuals who are actively supporting not just the parents who use Sure Start; they have now expanded beyond that. In less than a year they have had amazing success at getting people into training and jobs but it is all temporary. It has taken this one woman days and weeks of finding out who to get to, who to support and then how to maintain what is an excellent initiative. How can we build on that good practice, because it is not rocket science. The city strategy is linking people together. It is making sure that, on the one hand, there are individuals who could benefit from getting online information and themselves going through the maze of different opportunities but in this initiative from my local Sure Start they recognise that there are individuals who cannot do that themselves, who do need a hand to hold, to take them through that maze. Young women who might have left school at 16 and been out of the labour market for 10 years with their children do not know how to switch a computer on. They really do need help. When are we going to do something about all of these pilots and learn the lessons? If you are going to meet your 2010 target—never mind your 2020 target—that good practice is going to have to be built on now.

Jane Kennedy: A lot of these pilots are ideas that come out of organisations such as that you just described where, in a particular locality, there may be a particular difficulty or barrier that is preventing people getting access either to the benefits they need, tax credits or to a job. Therefore, an idea grows up from the grass roots. I think that is to be encouraged. Before we commit to something being rolled out across a whole process which is what both DWP and HMRC have to manage, we have to know what works. Do you remember when job points in jobcentres were a pilot? They are now country wide providing fantastic access to vacancies for people looking for work across the whole of the country. I remember this from being Employment Minister. A pilot began working with people on incapacity benefit, pathways to work. It not only worked with the people they targeted it at, but by word of mouth people who were on IB started to come in to the jobcentres outside the pilot areas saying, “I want you to help me to do this. I know that you are doing it for people in support groups and elsewhere.” The pilot that I think is now rolled out across Her Majesty’s Revenue and Customs tax credit offices started six months ago, trialling when a family rang in to the tax credit office to say, “We have had a breakdown in the family. The father has left. We are no longer living together”, a joint claim used to have to be stopped and a new single claim would be made

by the parent of the children. A whole new package of financial support would have to be put in place and there was always a few weeks—sadly, in some cases, longer—before that parent came back into receiving the benefit. That is a critical moment in a family’s experience when they need maximum support and we were letting them down. What the tax credit offices have done is pilot it. Under the legislation they still have to end the joint claim and start the new claim, but they do it all now in one phone call. We know that is going to help. About 170,000 families every year go through that kind of household breakdown and those families in the past would have been without their tax credits for a few weeks. Now, as a result of the change that has been rolled out, arising from a pilot, the household will get their benefit adjusted on the day and hopefully they will not see the breakdown in their income that they used to see. You might think there are pilots all over the place and is it ever organised. The truth is we do want to know what works before we as a government then go forward with something that is a significant commitment from the public purse. We need to know that it works and we need it to be evidence based so that we can come before the likes of yourselves and say, “We did it because the evidence was there to support it.”

Caroline Flint: Pilots can be a problem. If we have a pilot and it works, we need a strategy for taking that forward. I think that is fair enough. In a number of areas where we embark on pilots, part of it is taking a risk because it might not work and you have to justify why you put some resource into testing those things out. Innovation is part of it, to try and explore these things but again obviously there is a question mark for us. When a pilot works, we then have to think about how we take these smaller area pilots into something that then raises a huge challenge if there are IT implications for sharing data and what have you. Part of that is better working at government and probably in the last five years in particular I have seen a bit of a shift in terms of a bit more willingness to work across departments. I felt that at Health when I was doing public health. I do not think we have cracked it yet but we are working towards that. How do we enable, where is good practice, to share it? As part of the city strategy pathfinders, we have set up a learning network. The 15 pathfinders come together as part of a learning network. They can get on with their own thing based on what is happening in Glasgow or Hackney or in a different part of the country but effectively we are trying to do this as an ongoing process as they develop local strategies. I am a great believer, whilst you might need a local dimension, if there is a good idea and someone just happens at that point in time to have a way to solve it, why reinvent the wheel 15 times over? Why not share that locally? It is that mixture of where there are things that only nationally within the framework of delivery can be changed and how do we make that happen. I am also quite ambitious that we could look at more flexibilities and autonomy at local level to resolve some of those particular issues that raise a particular challenge in terms of employment from Bradford to Exeter or somewhere else, which we

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could maybe allow for that cutting through more decision making locally and a streamlining of the funds that are already available locally to address some of these different issues so that there might be a sense that there is not one blueprint that is going to suit every community in tackling poverty or worklessness.

Q261 Tom Levitt: I want to turn to the question of people in part time work. In its response to the Committee's report on the employment strategy, the DWP acknowledged that "Jobs of 15 hours or fewer are not necessarily of less importance than jobs of 16 hours (for example, where the individual has caring responsibilities or is working part time as part of work related activity to help move back into full time work)." Jane, why are not people working fewer than 16 hours eligible for in work tax credits?

Mr Athow: For a long time there have been 16 hours in the tax benefit system. It is there in terms of the amount of work to maintain income support. Tax credits mirror the existing cut-off of 16 hours. It then becomes a question of why 16? Why not more? Why not less? The issue then comes down to one of trying to find a level of work where we can show people there is progress so they will be better off working this number of hours than working no hours at all, at the same time recognising that many people with disability may carry more responsibilities for children. They are not able to make the step to full time work and that is a reasonable level of support. It is a question of having to draw the line somewhere in the system and that is a reasonable point at which to set that cut-off. It has been higher under family credit when that was first introduced. You had to work at least 24 hours to get family credit but it has been brought down to 16.

Q262 Tom Levitt: We are now talking about a group of people who, almost by definition, are harder to help into employment than they have been over the last few years because those who are easy to get back into employment have managed to do so. We are talking about people who may want to start with fewer hours and work up and they should be encouraged to do that. We may be talking about people who are working 16 hours and more but do not have control over whether it is 16 hours or more and might find their employer arbitrarily putting them on 14 or 15 hours and therefore they are losing their tax credit support; or there may be other very good reasons like undergoing some other work preparation such as volunteering for so many hours a week, which means that 16 hours is not practicable. Is there not room for some flexibility to encourage individual people to use that path? It is not static.

Mr Athow: I agree wholeheartedly that many people will want to take shorter hours of work. A short hours job may be a way of exploring issues around work, what they need to do as a way of getting back into work, and there are programmes that exactly look at it in a very dynamic way.

Mr Portes: One of the changes that was introduced recently was an expansion of the earnings disregard, the permit to work for people on incapacity benefit,

so they can earn up to £89 a week I believe before that kicks in to reducing their benefit levels. Lone parents are another group where we might imagine that working a small number of hours could act as a stepping stone to full time work with a higher earnings disregard under the income support rules than other routes. It is a matter of ensuring that we provide opportunities to people to try work out for a while and provide a stepping stone, a ladder, to get them into working 16 hours or more. There is probably more that we can do there. One of the measures that the Prime Minister announced a couple of months ago for example was the expansion of our work trials programme to allow people to work on a work trial basis for up to six weeks without losing their benefit entitlement, hopefully as a stepping stone into working and transitioning off benefits into work permanently.

Q263 Tom Levitt: The work trial basis would not restrict them to 16 hours?

Caroline Flint: I will get back to you on that.

Q264 Tom Levitt: There are other things such as voluntary work which might be just as useful as part of the work progression. I would just comment that £89 a week for people on incapacity benefit sounds a lot but it is 16 hours on the minimum wage, so the same issue arises.

Mr Athow: They can work up to that so they could be working only five or 10 hours.

Chairman: You need to be careful. There are four different sets of rules, which is part of the complexity.

Q265 Miss Begg: A number of the organisations that work with lone parents are concerned about the conditionality and sanctions on lone parents under the present legislation. I do not want to go into the wheres and why fors of that because we know what the Government's position is on those issues. However, there is a genuine concern that if you are to accept that there will be some conditionality the proposal is to move lone parents on to JSA. JSA is not the ideal benefit at all for lone parents moving into work. It lacks flexibility and it is quite rigid because obviously in terms of JSA someone who has to sign on for JSA has to be treated as available and actively seeking work. What flexibility are you going to build into JSA that is not available to most parents on JSA but will be available to lone parents, and will take account of the fact that people are not able to work or actively seek work during the school holidays or if a child is ill? What if they cannot find child care? The Secretary of State has said a lone parent will not have to take work if it does not pay but what if they physically cannot find child care or the only child care they can find they cannot afford even with the child care tax credit?

Caroline Flint: I think there is more flexibility in JSA than sometimes is talked about. The JSA regime allows carers, including lone parents, to tailor their availability to work to suit circumstances, subject to this underpinning minimum of 16 hours a week. As part of the job seekers' agreement, that is worked out

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between a personal adviser and an individual which does take into account factors that might affect that person moving on, not least skills and qualifications that might be of value to someone who can work successfully. With the flexible New Deal which we are developing at the moment, trying to look at how we can better identify early on where there is a very basic barrier to people, not just getting work but in some cases engaging society generally, how we can pick up early enough what support someone might need, which could be to do with debts, child care and so on. There are obligations in it, yes, but that again is why the proposals are to start with the youngest child of 12 and working down to seven. As a result of our discussions, on child care, yes, you are right. This has been raised as a concern and we are looking at the consultation results at the moment and preparing our response to that. We are looking at how we can take into account not just access but affordability of child care that is available locally. Part of that does have to require our personal advisers to know what is available locally so they can have a meaningful conversation with the person sat in front of them. That might be subject to geographical differences in terms of what is available. We believe we are in a situation today where there is more child care than ever before. There has been a growth in for example after school clubs. There is now a statutory duty on local authorities kicking in from April next year to look at what is available in terms of what employers and parents want in terms of in terms of child care locally. Our Department is very much engaged on that debate with the Department of Children, Schools and Families. We are also looking at extended schools because that will be particularly important to those older children. It is something we are working on. I am looking at the local authority areas claiming that they already provide the offer. I am looking in more detail as to what that is. Do not forget we are consulting on the right to extend flexible working for parents and older kids too. In all those areas we are addressing some of the issues that come up in a very valid way and again impact on part of what we do based on a situation where an individual clearly does not have recourse locally to the sort of things that enable him or her to work as a lone parent.

Q266 Miss Begg: When sourcing sustainable child care, would that be classed as a step towards finding work under the JSA arrangements?

Caroline Flint: We already have 20,000 lone parents currently on JSA as a matter of choice and they are parents with children of all ages. Part of what we do through our New Deal for lone parent advisers is often have that discussion about what sources of child care are available. That is where children information services are very important so that you can speedily access what is available. We have more and more Jobcentre Plus staff working in Sure Starts and children's centres. I was at a children's centre in Hull on Friday which is working very closely with the local Community Development Regeneration Trust, where they have a very diverse range of

support services for those who are not in work, which include lone parents. They provide for volunteering opportunities at children's centres, working with the Trust too. That should be part of the discussion. I would hope that as far as possible our staff would be able, if they had someone in front of them who said there was no child care, either put them right as to what is available and what financial support is there to help make that affordable or realistically, if there was not any child care available, that would be part of the discussion and would inform the relationship.

Q267 Tom Levitt: Should Jobcentre Plus be able to commission child care?

Caroline Flint: I do not think a job centre needs to commission child care. Under legislation in the past local authorities have been given a statutory responsibility to develop the child care market locally. They are all meant to have done this by 2008, a sufficiency assessment to look at what is there. They have been specifically asked to look at the needs of parents of disabled children within that too. I think the local authority is well placed, as the organisation that often runs the child care information service locally, to act as a leader with their local strategic partnership and their local area agreements to look at what the gaps are and what contribution they could make to fill them. We have Jobcentre Plus staff, managers, who often sit on the LSPs and I think they can play a role in relaying to the council what is missing and what our customers are saying they want.

Jane Kennedy: This goes back to the earlier discussion we had about income versus the policies in place. It would be a pretty draconian system, would it not, if there was not child care available for that lone parent and yet we were making the level of income they get as a benefit predicated on them finding a job? By 2010, there will be a child care place for all children aged between 3 and 14 between the hours of 8am to 6pm for each week day. There will be about two million sustainable child care places for children up to 14. That contrasts to 1997 when there was a registered child care place for only children under eight.

Q268 Chairman: Those child care places are term time only, are they not?

Jane Kennedy: There are 12,000 out of school clubs. 70,000 of the 94,000 child care providers are child minders.

Q269 Chairman: 25% of all child care places are not taken up.

Jane Kennedy: Because they are term time?

Q270 Chairman: No. Because of affordability, I suspect.

Caroline Flint: I am not the lead on child care. You would have to ask Beverley Hughes or DCSF. There are issues around affordability in terms of whether people know what is available to help support the cost. The second issue on which there has been some research done in the Department for Children,

Schools and Families is around the fact that families, particularly from low income backgrounds, are not wishing to use child care. That is one of the issues the London Child Care Affordability project is having a look at. We have also found amongst ethnic minority families often concern about using some form of child care if they felt that the child care available was not in sympathy with their cultural background. That is where some of the children's centres are doing fantastic work to overcome some of those inhibitions. There could be more of that.

Jane Kennedy: On the point of affordability, the information we have through the tax credit offices is that the measures are in place for up to £300 a week for more the Highways Agency none child. They are very rarely wholly taken up.

Chairman: The child care tax credit take-up is extremely small.

Q271 Miss Begg: Under the jobseekers agreements, JSA claimants are able to stipulate what jobs they can take as long as they still have a reasonable prospect of finding work. A lone parent says that she is only able to work during school hours, during term time. Would that be acceptable under JSA rules?

Caroline Flint: That is something we are working through. It is a 16 hour minimum. When we are talking about older children, how might other things fit in with that? There are many families, lone parents included, who are working with school age children. We think, rightly or wrongly, given the increase we see in the number of lone parents into work and the importance of the work, managing through this to be as sensitive as we can but without losing sight of the bigger goal here which is self-sufficiency to look after that family. There are many parents who juggle all the time with work and family life, both couple parents and lone parents as well. There is an interesting exchange of views amongst lone parents about this but amongst our Jobcentre staff I have not found one person who does not believe the proposals to 12 are in the right direction. They believe it will engage people in a way that some of the other things we have tried to do have not done. What has been interesting over four or five months is how there are concerns we should be thinking about but how people think—not in all quarters; I would not want to misrepresent people—that it is the right thing to do.

Q272 Miss Begg: If we are looking, as we are, at eliminating child poverty and the churn of lone parents into and out of work, Jenny touched on a number of aspects of churn. One of the reasons perhaps why there is a bigger churn is it is important that the lone parents who are going into work are going into stable jobs and are able to work their way up the jobs ladder. Back to the flexibility of the JSA: will a lone parent who wants to get back into work be able to access JSA and education and training? Will they be able for instance to access New Deal and the training programme? Will they be treated as being in full time work if they are in training or education and therefore lose their benefits? What is

going to be the interface between those benefits and a lone parent being moved on to JSA because their child is 12 and there is none of that preparatory work that has been done and the only job they are going to be able to take is a low skilled, low paid job simply because their child is 12?

Caroline Flint: There are low skilled jobs out there are people working in them right now. For a number of lone parents who currently claim benefits long term, often the problem is that their skill base is very low. We announced last week about better skill checks. We are looking at introducing for all lone parents over the next few years a full skills health check, regardless of what age their child is. Having said that, we do have to deal with reality. If someone is at a certain level of skill and that is the job they can get, that should not be a bar to them taking that job because there are plenty of other people working in those jobs. The question is have we got the right support to do that and how do we help people progress once they are in that job, if they so wish. Lots of lone parents combine a low skilled job, because it is sometimes their choice to do that, with working part time or what have you.

Q273 Miss Begg: Is JSA the best benefit for them to move on to? Will it allow them the flexibility to ----?

Mr Portes: The point you are making that JSA is potentially a benefit for people who should be engaged in a search for work is correct. JSA is not intended as a benefit for people who are in full time education and training for an extended period of time. The question is: is that the right thing for some lone parents? First of all, we would want to encourage lone parents as far as possible to take the opportunities that already exist through New Deal for lone parents and other programmes to take advantage of education and training before they move on to JSA. This is why the Prime Minister announced that we will be looking to do skills screening for all lone parents when they move on to benefit and then a full skills health check two years before they would lose entitlement to income support so that they have the time to take up the opportunities that are available for full time education and training before they get into the transition onto the JSA regime at some future date. Although JSA is not intended as a blanket education and training benefit, the Prime Minister also announced a couple of weeks ago—it is in the document published with DIUS—about a targeted change to the 16 hour rule for all people on JSA. This is a good example of how JSA can be a much more flexible benefit than you were perhaps implying earlier. Where the adviser and the claimant feel that work focused training would help the person to get back into work, we can waive the 16 hour rule and allow the JSA claimant to participate in full time education and training.

Q274 Miss Begg: On the issue of trying to avoid churn, the evidence we have heard is that if there is flexible working available to everyone, not just to lone parents or carers, that would be far more

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effective at ensuring people got into work and stayed in work. Are you doing anything about encouraging flexible working?

Caroline Flint: There is already provision for flexible working for those with children up to six, disabled children up to 18 and I think there is an extension to those with a carrying responsibility for adults as well. What has come out of the discussion around changes for lone parents has been the consultation on extending that to older children. I cannot recall if that is just for lone parents.

Mr Portes: It is for all parents.

Q275 Chairman: Caroline, that was not the question.

Caroline Flint: Sorry.

Q276 Miss Begg: If flexible working was available for everyone, not just for parents and carers—?

Caroline Flint: No, we are not discussing that. We are asking for a right to flexible working where you have other dependents, adults or children. That has been the thrust of the Government's proposals and the latest proposals to extend and consult on that. If someone wanted flexible working just because they wanted it, that is not part of our debate.

Q277 Miss Begg: Lisa Harker in her report said that Jobcentre Plus should be much more active in promoting flexible working.

Caroline Flint: We have over 200 employers signed up to the LEP work we are doing at the moment. It has to be part of the debate about flexible working because it has allowed us to explore in more depth what are the packages of working patterns that different companies offer. Because we are trying to help people—someone for example who has a health disability issue—and give some flexibility around working which can be important, this has come up anecdotally as part of the discussion when we are firming up packages with different employers. I think it is recognised that that is one of the things that is going to make the LEP package work, not just for those on JSA but potentially for those on IB as well.

Q278 Miss Begg: In Norway one of the things that struck us was that they have maternity and paternity leave for the first year of the child's life but, because they still have a job to go back to, they do not lose anything in the labour market. They find that parents go back to work much sooner than in this country. Are you negotiating with whatever it is called now about extending maternity and paternity leave to allow parents longer when a baby is born that keeps them very much in contact with work?

Caroline Flint: We are not directly at the present time. We have just extended the Governments arrangements in this area. In Scandinavia, culturally, there are big differences in attitude. I read an article the other week saying that—it might have been in Sweden—in some respects there has been a bit of a backlash to an attitude which is about: we provide the child care; therefore, you will go back to work when your children are very young. In terms of some of the Scandinavian countries' attitudes to

lone parents, it is very much: here is the child care; you go back to work. It raises a lot of issues around cultural attitude built up over a number of years about: you should go back to work. Here is the child care. Put your child into this child care and we will pay for it.

Q279 Miss Begg: It is good quality child care.

Caroline Flint: It is for families not liking that prescriptive approach to going back to work.

Jane Kennedy: Has the take-up of paternity leave improved? When I was looking at this 10 years ago it was quite poor.

Q280 Chairman: In Norway, at least three months of the entitlement have to be taken by the father. I think it is a 15 month entitlement.

Caroline Flint: I would like a more gender neutral approach.

Mr Athow: Maternity pay increased to nine months this year and there is a goal of extending it to a year by the end of Parliament with, in the second six months, the ability to switch back from the mother to the father should they so wish. There are obviously arguments about whether it should be exclusively the father who has that leave but that is the current progress. It will be a year's paid maternity leave by the end of Parliament.

Q281 Miss Begg: You are making progress?

Caroline Flint: I think so.

Q282 Tom Levitt: The Green Paper states the importance of retention and progression in employment. It does not give any indication of how Jobcentre Plus and contractors will be encouraged to support people to sustain work, once they go into it, which is a major hurdle for many people. How should the new programme be designed to address this?

Caroline Flint: If the Committee has not seen it yet I will make sure you receive a copy. We did issue some principles around our commissioning framework last week. In either January/February or February/March, there will be some more detailed information coming out. On sustainability, at the current time, our sustainability measure is often as little as 13 weeks in employment. We are looking for much longer period for us to assess whether the provider—whether that is the private or the voluntary sector—is making an impact on that person's job outcomes. What I do not want is a revolving door of people going in and coming out. Long term we are looking at sustainability of 12 to 18 months as a sign of success. The second point is linked to some of the issues publicised last week. It is how we can stop what we have at the moment. It is often a break off point where somebody goes into a job, whether through a Jobcentre Plus personal adviser or potentially a provider of the adviser, and now you can have the conversation because we all know that those first weeks, if not months, are really difficult for people. The chance to talk to someone, if it is not working out, is important. With that, is how we get the skill progression right to help that person to

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continue to train if they wish. Those are just some of the ways we are trying to be a bit more flexible about the way we provide provision for people who go from out of work into work as well as setting some significant performance indicators on sustainability for our providers.

Q283 Tom Levitt: In Cardiff last week we met four women, one of whom was still engaged in a relationship with her Jobcentre Plus adviser. She knew that there was an emergency fund available. The other three women we met were no longer in contact with their Jobcentre Plus adviser and they did not know there was an emergency fund available. Clearly it is a question of resources but it is also a question of relationship building and in some parts of the country there is a very high turnover of Jobcentre Plus staff and it would be difficult to see how that relationship could be sustained by someone who does not know the client. Is this a role for Jobcentre Plus? Do you imagine that continuing?

Caroline Flint: Yes. Part of that also is performance and best practice. Part of what we are looking at over the next few months is how we set out performance targets to get what we want. In the past we have had job entry and job outcomes. Part of what we are looking at is how do we set the performance framework to get that sustainability of input. Peter Hain is very interested in this. How within this national system can we still allow for personal advisers to use their common sense and autonomy and experience on the ground. One thing I have been struck by this summer is sometimes rules really tie people's hands behind their backs when they want to help people and they are not able to. A piece of work we have going on in the Department at the moment is looking at what flexibility of discretion we should give as well as having a sense of what nationally has to be a standard to ensure that people are treated equally. It does not matter where they live.

Q284 Tom Levitt: The history of Jobcentre Plus and local authorities working together has perhaps not been all that it might. How can we ensure that with greater working together with local authorities in a city strategy we get the best balance between national priorities and local needs with maybe different priorities?

Caroline Flint: That was the whole point of setting up the city strategies. They have each been set some stretch targets based on the fact that they are able to be more imaginative and step outside the usual framework to deliver what we believe they can. In some places the relationships between our jobcentres and local authorities are really good; in other places they could be better. Our work with DCLG and the announcement that the deprived areas fund and the neighbourhood renewal money will now go into one pot to tackle worklessness in communities is an indication of how we can better work together. Jobcentre Plus district managers often sit on things like local strategic partnerships. There are some capacity issues there, but again we talked earlier about housing benefit. You can pretty much map the areas in a community where you can look at health

inequalities, the numbers of people out of work and the numbers of people in social housing and tie that all together. There are a lot of people having involvement in those people's lives. Ultimately we want to try to support those families to be self-sufficient and out of poverty. We are very committed to trying to do that. With city strategy pathfinders, they give us an opportunity to think out of the box. Let us see what they come up with in terms of results. City regions are another example where we have developments happening with local government that raise other questions about how government agencies should work in that area to enable them to get on with the job.

Q285 Tom Levitt: If the city strategy does not work, because they are in partnership, who are they accountable to? Who bangs heads together? Where is the accountability?

Caroline Flint: I suppose some of the accountability at the present time is back to the DWP because we have signed a business plan with each of the consortia involved. Some are local authority led; some are private sector led. They have agreed to stretch targets. As we go through this period, we would be saying, "You are not meeting it." I hope part of what we are able to create with these partnerships is a local ownership where different agencies will be able to come together and bang a few heads together locally if some part of that process—hat might be JCP, for example, but it might not be—is not pulling together to make sure it is not delivering the outcomes required. A combination at this stage between the national business plan that we have responsibility for and local accountability and how they make that work. If I pick Nottingham as one example of one of our city strategy pathfinders, they are very much linked in to the local strategic partnership, One Nottingham, and they are working with some of the work that is doing. In other areas it would be a bit different to home in on how they come together as a consortium.

Q286 Mrs Humble: Can I return to the subject of child care? It has been a running thread through all these questions because it is a key part of dealing with child poverty and getting parents back to work. When the Committee went to Norway, one aspect of their system that impressed us is that there is a guarantee of quality in their child care delivery system. It is run by teachers and each kindergarten has to have a certain number of teachers and a certain number of ancillary staff who work on the premises. In asking questions there we got the distinct impression that one of the reasons why it works is that parents trust the system because of the quality that is offered in it. As the Chair mentioned in an earlier intervention, we have surprisingly high vacancy rates in child care establishments, in nurseries, in some parts of the country. Is that because parents in the UK do not trust the quality of some of the child care providers?

Caroline Flint: I am sure in some cases that might be the case based on the experience that they have. In other cases, it could be because they would rather

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make their own arrangements informally with other family members rather than pay out to formal child care. I do not want to paraphrase the Department for Children, Schools and Families but this is one of the areas they have been looking at. We have been working with them as well on the take-up of formal child care and why it does not happen. Some of the information that has come back from the London project stems around people not being aware of it or not being sure if they can afford it. There might be some issues around what exactly are our children going to be exposed to in this child care environment; is it something that fits with our family's sense of right and wrong?

Q287 Mrs Humble: How do we balance affordability and quality? If you are going to introduce quality through having trained staff, graduate staff, in there, the cost goes up. Who pays for that cost? Is it the parents or Government through more subsidy?

Caroline Flint: Having been chair of the All Party Child Group and worked for a national child care charity for many years, there are some excellent child care courses and some excellent people who manage establishments in relation to young children in particular, who provide a brilliant service to children in terms of their early needs, communication, emotional development and what have you, on a par with a graduate. One of the issues is how far you want to insist on graduate only. Where children are three and four and as part of a nursery, there has to be someone qualified to a teacher level to provide that element of what they might get in an ordinary school nursery situation. A lot of countries—Scandinavia is one example—tended to go historically for a route which was a much higher level of qualification for the child care provision they provided.

Q288 Mrs Humble: At our last meeting coincidentally, we had a very good presentation from a woman who is a nursery provider. She was complaining about the quality of young women who were coming to work for her. What put them off was the pay that she offered. She did her best through her own internal training programme but she was saying even though she did get the best out of her staff, nevertheless, talking to colleagues, when jobs are offered and they see how little they are going to get paid, you do not get the top quality applicants and that does impact upon the quality of the care, unless you have a really committed child care nursery manager who will make sure that the staff do deliver.

Caroline Flint: I think you need to invite the Minister in front of you.

Q289 Mrs Humble: Can I pick up on the issue of flexibility? You gave some statistics earlier about the availability of child care spaces and the increases. The Chairman asked you about whether or not it was just in term time. There is a real issue about weekend working. Representing Blackpool as I do, there are lots of jobs on offer in unsocial hours, late in the evening or at weekends, for people to work in the pubs, clubs, in shows and in the entertainment

industry. We have a big service sector that is often at night or at weekends. For women with young children, they would like to be with their children during the day but then have a job in the evening. Can they get child care? It is extremely difficult. What are you doing about non-nine to five work?

Jane Kennedy: Having been one of those women in the past, I know most mums would not want to take their children to somebody else to sleep whilst they did a night shift. Firstly, I do not accept the use of the word “or” in between quality or affordability. We want both.

Q290 Mrs Humble: I said “and”.

Jane Kennedy: I like the use of the word “and” in between those two because that is our objective. I take your point that take-up of the child care element of working tax credit is low. However, two thirds of those 414,000 who do take up the child care element of working tax credit are lone parent families. I accept we need to go with the market. We need to go where the parents tell us they want to be. Where people are working out of hours and shifts, I know the pressures that that brings to bear on working families. We need to be constantly looking at what is on offer. The fact that a lot of child care is being provided through child minders indicates that, for those who are using child care tax credit, there is a preference for that more flexible, open ended kind of child care. At the same time, there is the challenge that, for the child, the best outcome is to be in a child care environment where there are well qualified, well motivated, well paid staff. We share a common objective. We know what we want to get to. We just have to acknowledge that there is still some progress to be made.

Caroline Flint: The local authority child care sufficiency assessment should include looking at what are the jobs locally and what are the hours. That is where I am asking our Jobcentre Plus managers to engage, to provide the information. We deal with people trying to get in to work and we deal with employers. That is one of the ways we can try to get people to think beyond the nine to five or even eight to six hours.

Q291 Mrs Humble: There is a question about timing here. The Children Act will lay these new duties on local authorities from next year. Good local authorities have already been dealing with this area but the new duty comes in next year. You are talking about changes in the conditionality of the move from IS to JSA for parents before perhaps there has been an opportunity for local authorities to develop child care that would meet the employment needs of their area, especially for lone parents.

Caroline Flint: There is still a lot of scope for those whose youngest child is 12 to take advantage of some of the things that are there. To a certain extent, there is not one national blueprint on this. There are discussions at a local level between the adviser and, say, a lone parent come next autumn as to what does their child want—because a 14 year old might want something very different to a 12 year old—what is available locally; what sort of working hours does

the parent want, who might just want to say, “I want to work within school hours and in the holidays”; or it might be that they have other things that might help them as well. I do not know. That is part of the challenge. How do we create a framework that is at the same time—I acknowledge straight away that it requires more from somebody—but is flexible enough to give some of that engagement at local level? What one parent needs may be very different to another. There cannot be a one step plan for this at national level. It would be unrealistic.

Jane Kennedy: Comparing Scandinavia and other countries, our approach is less formulaic and directive on how people should access child care. Bear in mind this is from a base where in 1997 there was virtually no government expenditure in this area at all. As a result of the budget this year there is an extra £340million per year on top of what was previously committed to this. We are looking at a spend of about 1.6 billion per year going forward. The reason why I think doing it through partnership with local authorities and Sure Start organisations is the right way is because they can work out for the labour market in their area and the demand from parents, whether they be lone parents or not, what is the best set of arrangements to have. There are very difficult questions around what we do to help parents who work out of school hours. A lot of parents choose work that fits within the child care that is available but there are those who cannot. A lot of people work in the health service, for example, who work shifts, nurses and others, who have to provide services to hospitals and the like and who have these commitments. I am not sure of the answer to that.

Q292 Mrs Humble: I am the first to acknowledge the huge amount of good work that the government has done in this area, the first Act of Parliament that is just about child care, the huge investment. Of course the government has also introduced a new nought to five national curriculum and within that there is an opportunity to look at what sort of child care is provided across the multiplicity of providers that we have in this country. There are lots of opportunities. We have mentioned children with disability. There are two issues for their parents. One, more than any other parent, there is the issue about trust in the quality of the provision. Many parents of disabled children have real problems about handing their child over to a child care provider. Will that provider understand the needs of this disabled child, especially if they have health problems as well as their disability? Secondly, affordability, if they have to pay a premium. They do get extra to help pay for that but often, even with that extra, they do not end up with any more money when they are in work because they have to pay the extra child care. I know that with child care local authorities have a specific responsibility about children with disability but what more can we do to help them? Should they get even more to meet the costs of the disability premium that they pay?

Caroline Flint: One of the things is determining whether there are extra costs involved or not. I am not saying for all but in some cases there are costs that child care providers are asking for that, when it comes down to it, are over and above what is absolutely necessary to support that children. When we address for example disabled children going into school, it is about trust with the parent and working with that child. It does not always necessarily mean additional cost. I have heard back from a meeting I did at our last conference with some parents who said they felt they were charged just because their child was disabled and there was no real way that they could be accounted for by the amount they were being asked to pay over and above.

Jane Kennedy: There are extra elements that families get if they have a disabled child or a child with severe disability. Some local authorities do more for families in certain circumstances. There may even be some PCTs that do more. At the moment we do not direct more and maybe that is something that, as a result of your inquiry, we need to look at.

Q293 Mrs Humble: What about increasing the 80% paid for the child tax credit?

Jane Kennedy: The reason we have the 80% premium is to encourage somebody who is going to use formal child care, perhaps registered child care. We want them to go and shop around because having to find 20% of it is an incentive for them if they get 80% of it. We think it is a fair balance to strike.

Q294 Harry Cohen: I want to ask about child poverty in London. The London Child Poverty Commission predicted that with current policies and projected population changes by 2010-2011 the poverty levels in London would be little different from their current level, which is a shame after all the Government investment. The important thing is the after housing cost child poverty rate. In inner London that is over 50%. Are you addressing the after housing issue?

Jane Kennedy: Do you mean the measure?

Q295 Harry Cohen: Yes.

Jane Kennedy: The range of measures on poverty is published. We use the before housing cost measure to judge whether we are on target to meet—

Q296 Harry Cohen: In reality, you are not. The reality is the after housing cost.

Jane Kennedy: We have picked the before housing costs measure for a number of reasons. We were advised to by a number of organisations. Equally, it is an international standard used within Europe for measuring child poverty. If we are bench marking ourselves against that, it gives us something to measure against. I am very concerned about what is happening in London and we need to look at the situation to understand what is happening in the capital city that is different from what is happening

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elsewhere. If we can get that right, we will be on target.

Q297 Harry Cohen: I think the Chairman wants the rest of the questions in writing but why has not your department signed up to the London living wage? Lots of other city firms have.

Caroline Flint: That is partly for London to decide, is it not? We are a national department.

Q298 Harry Cohen: You have employees in London.

Jane Kennedy: I do not know. I will write to you.

Chairman: Thank you very much.

Written evidence

Memorandum submitted by Ruth Lister

EXECUTIVE SUMMARY

- The case for improving adult benefit rates, made for instance by the Harker Report and the Fabian Commission on Life Chances and Child Poverty, has hitherto been ignored by Government. Indeed, the former Employment and Welfare Reform Minister, contended that benefit rates should not be sufficient to lift recipients out of poverty. This would appear to be in conflict with the welfare reform principle of “work for those who can, security for those who cannot”.
- Adult benefit rates have fallen further and further behind average earnings. Since children’s living standards cannot be completely insulated from those of their parents, the effect is to blunt the effectiveness of the welcome real increase in support for children.
- The effects of inadequate benefit rates are mediated in particular through mothers because of their continued main day-to-day responsibility for the care of children, which means they bear the main strain of managing poverty. This is often at the cost of their physical and mental health, which can have consequences for their parenting and job-seeking capacities.
- Of particular concern is the position of mothers-to-be and young mothers for whom a poverty income can impact adversely on the future health of their babies.
- The submission recommends as a matter of urgency a phased real increase in adult benefit rates, to a level sufficient for human dignity and to ensure that parents have enough money to enable their children to enjoy a flourishing childhood. The ultimate level should be informed by a review of the adequacy of benefit levels, based on minimum income budget standards.
- The particular needs of mothers-to-be and young mothers should be addressed by an increase in the benefit rate for those aged under 25 and the addition of a pregnancy premium to income support.

EVIDENCE

Introduction

1. This memorandum reflects my expertise in the income dimension of child poverty. It is an expertise that is based on 16 years work at the Child Poverty Action Group (including 8 years as director); membership of the Commission on Social Justice, the Commission on Poverty, Participation and Power and the Fabian Commission on Life Chances and Child Poverty; and 20 years working as an academic in this area, which has included publication, most recently, of *Poverty* (Polity Press, 2004). Part 1 of *Women’s and Children’s Poverty: making the links* (Women’s Budget Group, 2005) and (with Sonia Sodha) *The Saving Gateway: from principles to practice* (IPPR, 2006).

2. The Committee’s Inquiry comes at a critical point in the development of the Government’s child poverty strategy. The Government’s commitment to the eradication of child poverty, now echoed by the other main political parties, has been one of the most positive political developments in recent years. The increase in the number of children living in poverty at the last count and the failure to reach the first interim target should not detract from the achievement of the overall reduction in numbers since the Government came to power. Nevertheless, as widely accepted, these disappointing developments indicate that a simple continuation of current policies at current expenditure levels will not be sufficient to achieve either the interim or eventual targets.

3. This memorandum will not address the wide range of issues raised in the Committee’s call for evidence. Instead, it will focus on the question it raises with regard to the effectiveness of Government initiatives in “assisting out of poverty families in those groups who cannot work”. More specifically, it will look at the adequacy of benefit rates for this group.

Policy context

4. The Harker Report observed that it is “obvious that a combination of a higher employment rate and enhanced benefit/tax credit support will be necessary” to reach the Government’s targets (2006: 14). Chapter 7 discussed the question of benefit levels and pointed to the contribution that raising the child benefit rate for second and subsequent children and further increases in child tax credit could make to reducing child poverty. These are both options that I would support, bearing in mind the case for redressing the balance between the levels of financial support provided through means-tested tax credits and universal child benefit.

5. The Harker Report suggested that the Government will “be mindful of . . . the decline in relative value of out-of-work benefits, which is also contributing to child poverty” and that “selective increases in the value of some adult benefits would be more effective” than “an across-the-board uprating of benefits in line with earnings” (2006: 54). Its recommendation was that “the Department for Work and Pensions should review its benefit uprating policy and the potential impact on child poverty up to 2020” (*ibid.*).

6. The Fabian Commission on Life Chances and Child Poverty similarly argued that “reviewing adult rates is a priority because these have lagged behind benefit rates for children and are not allowing recipients to share in improved living standards . . . benefit rates for non-working adults should be raised to adequacy levels over the medium term, through the incorporation of minimum income standards into the setting of income support” (2006: 188–9).

7. The Government’s response to the Harker report ignored the section on benefit levels. Instead, the former Employment and Welfare Reform Minister, Jim Murphy MP, told a Department for Work and Pensions Conference (26 March 2007) that benefits would never pay sufficient to lift people out of poverty and nor should they: work, he claimed is the only route out of poverty. Moreover, the original welfare reform principle of “work for those who can; security for those who cannot”, outlined in *A New Contract for Welfare* (1998), appears to have been downgraded to the rather weaker “work for those who can and support for those who cannot”, as enunciated by the Secretary of State for Work and Pensions in his Commons statement on the Green Paper, *In Work, better off: next steps to full employment* (18 July 2007, col. 279).

The case

8. The principle, even in its weakened form, represents acknowledgement that not all people of working-age are able to take the paid work route out of poverty. (The important issue of the significant level of child poverty among those who are in paid work is not addressed here.) Hitherto, the most significant measure taken to support those not in paid work has been a phased real increase in the children’s rates of income support (IS)/income-related jobseeker’s allowance (JSA) (now replaced by child tax credit). This increase made a real difference, particularly for children aged under-11 for whom the rate was amalgamated with that for older children. This represents one of the Government’s unsung achievements.

9. However, there has been no real across-the-board increase in the adult benefit rates. As a result they are falling further and further behind average wages. While the Government was correct to prioritise an improvement in the children’s rates, which research had shown were particularly low relative to needs, after ten years the case for a real increase in the adult rates has become urgent. The adult rate represents a more significant element in the total benefits package received by a family and therefore the failure to increase it in real terms is blunting the effectiveness of the improvement in financial support for children. This is particularly important in the case of the two-thirds of children in severe poverty whose parents are workless, although recent analysis for Save the Children suggests that non-take-up is also a factor (Magadi and Middleton, 2007). The freezing in real terms of the adult rates is also contributing to the rise in the number of childless adults of working-age living in poverty, some of whom may go on to be parents.

10. Children’s living standards cannot be insulated from those of their parents, however much parents (in particular mothers) attempt to shield them from poverty’s full impact. Thus, if adult rates are too low to meet the needs of parents, there are likely to be both direct and indirect knock-on effects on children. These effects are mediated in particular through mothers because of their continuing main day-to-day responsibility for the care of children and for managing budgets on a low income.

11. This is a key factor in the links between women’s and children’s poverty, highlighted by the Women’s Budget Group (WBG, 2005). Research shows that mothers tend to bear the main strain of managing poverty, acting as the shock-absorbers of poverty as they try to mitigate its impact on other family members, particularly children. This is often at the cost of their physical and mental health and wellbeing, which can, in turn, have consequences for their parenting and job-seeking capacities, both of which are pivotal to the Government’s child poverty strategy.

12. The WBG points to the accumulating evidence of how the stress associated with raising children in poverty can make it extremely difficult to provide effective parenting. Parenting support services can help, provided they are offered in a non-stigmatising way and are presented on terms that do not appear to blame parents themselves for their problems. But they do not of themselves address the underlying issue of hardship and the stress this creates.

13. This stress and associated ill health can also have a damaging impact on the ability to seek and find work. As Alan Marsh (2001) has observed, on the basis of his research into lone parent families:

the first step in restoring the optimism and sense of well-being essential to turn the view of even the most disadvantaged lone parent outward towards work, is to improve the present standard of living. Hardship reduces morale and allows little room for the kind of optimism and forward planning that personal advisors and work-focused interviews hope to encourage.

14. The WBG report highlights the position of young mothers, who receive an even lower benefit rate than adults, and of mothers-to-be. There is growing concern about the health status of first time mothers who become pregnant while on benefit. A poverty income during pregnancy makes it harder for women to eat well and this can impact on the future health of their babies. Inadequate adult benefit rates thus have the potential to damage the life chances not just of today's children but of tomorrow's also. The proposed extension of child benefit to the 29th week of pregnancy goes some way to meeting these concerns. However, as Louise Bamfield of the Fabian Society has pointed out:

the importance of an adequate diet and nutrition is by no means confined to the latter stages of pregnancy: maternal health and nutrition in the early stages of pregnancy and also prior to conception is critical for the healthy development of the embryo . . . Adequate resources are needed, then, not just to meet the costs of any additional food that pregnant women will consume in the later stages of pregnancy, but to help pregnant women and future mothers to access the kind of healthy and varied diet that is needed to provide her and her developing baby with the full range of nutrients for foetal growth (2007: 52–3).

Recommendations

15. In its 2004 report on *Child Poverty in the UK*, the Committee accepted the Department for Work and Pensions' argument that "benefit levels cannot be determined by budget standards" but argued that "the fact that budget standards cannot be used to fix benefit scales does not mean that they cannot be used to inform debate about their adequacy". It therefore recommended that "the Department seriously considers revising its policy on budget standards with a view to adopting them as a tool for exploring living standards and helping to fix poverty thresholds for the future strategy on child poverty" (para. 74). In its Reply to the Committee's Report, the Government, however, once again rejected the use of budget standards. The imminent publication of research into minimum income budget standards funded by the Joseph Rowntree Foundation makes this an apposite moment for the Committee to return to the issue.

16. Moreover, there is an urgent need for a review of the adequacy of adult benefit rates with a view to an immediate phased real increase to a level sufficient for human dignity and to ensure that parents have enough money to enable their children to enjoy a flourishing childhood.

17. Underlying these recommendations is an assumption that the aim should be benefit levels which provide genuine "security for those who cannot" work. To this end, it would be very helpful if the Committee repudiated the former Employment and Welfare Reform Minister's contention that benefits should not be high enough to lift recipients out of poverty. Otherwise those unable to take the paid work route out of poverty are being condemned to live without hope in poverty unless and until their circumstances change.

18. Resistance to guaranteeing adequate benefit levels reflects the fear that they will encourage "welfare dependency" and discourage job-seeking. However, if the Government has confidence in the effectiveness of its welfare to work strategy, this should now be less of an issue than in the past. Moreover, as suggested above, there is a counter-argument: the very hardship resulting from benefits that are too low can work against the Government's own anti-poverty strategy by undermining job-seeking and parenting capacities. Moreover, if the safety net is too low those reliant on it may be less likely to take the risk of seeking work in an insecure labour market, particularly if they are burdened by debt.

19. In addition to a general review of the adequacy of adult benefit rates, more targeted action is needed to protect mothers-to-be and young mothers. The rationale for a lower benefit rate for those aged under 25 should be questioned. As Louise Bamfield argues, "raising income support levels for young people would help to promote the health of prospective parents, as well as being a relatively efficient way of targeting young lone mothers" (2007: 55). In addition, the Committee should consider the case made by a number of organisations for a pregnancy premium for pregnant women in receipt of IS.

Conclusion

20. This evidence has focused on an important policy issue, which does not currently figure in the Government's strategy for tackling child poverty. That strategy is unlikely to succeed so long as the benefits received by parents and parents-to-be are inadequate.

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September 2007

Memorandum submitted by TUC

INTRODUCTION AND SUMMARY

1.1 This document presents the TUC's submission into the inquiry into the Government's target to halve child poverty by 2010–11 being conducted by the House of Commons Select Committee on Work and Pensions.

1.2 The TUC is grateful for this opportunity to submit comments to the Committee. The TUC is the voice of Britain at work, representing six and a half million workers in 63 unions. We represent workers in every industry and occupation, in every town and district and from every community in Britain. The TUC has been an active member of the End Child Poverty coalition since its inception and has a long-standing interest in the future of the welfare state.

1.3 In this submission we argue that child poverty is expensive. It is economically inefficient, reducing the output that will be achieved by the workforce of the future, and the consequences of poverty lead to extra spending on social services, health care and the criminal justice system. Poverty is inherited and the extent of social mobility is in decline, so these costs are re-cycled through the generations. An important study of the extra services necessitated by UK child poverty identified costs amounting to £7.9 billion a year. An American study that took into account the economic impacts as well estimated the total cost as 4% of GDP—in UK terms this would amount to more than £600 a year for every man woman and child, or £2,500 for a couple with two children.

1.4 Child poverty is not inevitable—the proportion of children living in poverty is much higher now than it was a generation ago, and is much higher now than it is in most other West European countries.

1.5 The Government has made significant progress towards the objective of ending child poverty by 2020, raising benefits for children in real terms and introducing tax credits that are more generous than the benefits they replaced. As a result there has been real progress in eliminating child poverty, and the number of children affected has been reduced by 600,000.

1.6 But there is still a great deal to be done, and progress must be made quickly to reach the Government's 2010 target of halving the number of children in poverty. Budget 2007 announced a significant increase in the child element of the Child Tax Credit, but this will still leave about one million children needing to be lifted out of poverty if the 2010 target is to be hit. The TUC supports the Government in aiming to help as many families as possible to escape poverty by moving into employment, but this strategy is unlikely to be sufficient. In-work poverty is a problem facing the families of about half of all children in poverty, and there are many families for whom employment is not currently a realistic proposition.

1.7 The work-based strategy must be supplemented by further redistribution if the 2010 target is to be hit. The Institute for Fiscal Studies has calculated that, taking into account the measures announced in this year's Budget, an extra £4 billion needs to be spent on the Child Tax Credit to give the government a 50:50 chance of hitting its target.

THE COSTS OF CHILD POVERTY

2.1 Poverty and inequality are inefficient. Children are the workers of the future, and children who grow up in poverty are going to be less productive workers. They will tend to have worse health, which will mean that their working lives will be shorter and they will have more and longer absences during their economically active years. They will tend to have fewer skills and qualifications, so they will be less able to get the most out of developments in technology and new work processes; if they fail to update their skills they will be more likely to leave the workforce early and face poverty from their late middle age. Children growing up in poverty are more likely to be isolated and less able to develop the social skills that many commentators believe will increasingly be expected of 21st century workers. Using the Government's definition, more than a fifth of all children are poor—a huge fraction of the future workforce that is likely to be less productive. Even if we successfully introduce new policies to address the consequences of poverty, these remedies will have a cost, and we cannot expect them to be as effective as not having the poverty in the first place.

2.2 In addition to these opportunity costs of child poverty, there are direct costs—the social services poor families are more likely to rely upon, the benefits they are more likely to need, the extra health care costs and the costs of crime and anti-social behaviour. (This is not to use poverty as an excuse for crime and other unacceptable behaviour, but simply to say that we would have less of it if we had less poverty.)

2.3 If social mobility was extensive it might mitigate these problems, but it is truer to say that poverty lingers. A report by the Rowntree foundation revealed that people who were poor teenagers in the 1980s were, by the time they reached their thirties, nearly twice as likely to be poor as their classmates who had not been poor. This is a problem that is getting worse: people who were poor teenagers in the 1980s were twice as likely to go on to be poor thirty-somethings as people who were poor teenagers in the 1970s.¹

2.4 Someone who has been poor as a child is 12% more likely than the average to be a poor adult. As Donald Hirsch has pointed out, this means that the cost of one million children growing up in poverty is not just the cost of their poverty now, but of 120,000 of their children later—a policy that does not end child poverty but merely treats its symptoms by paying sub-poverty line benefits and dealing with other consequences will become more expensive generation by generation. Over six generations, other things being equal, these costs will double.² Hirsch has quantified the annual “costs of not ending child poverty”, which, of course, are also the savings we could make if we did end it:

- Local authority social services—£3 billion.
- Preventing and responding to homelessness—over £500 million.
- Schooling for children with special educational needs—up to £3.6 billion.
- Free school dinners—about £300 million.
- Extra spending on primary healthcare—about £500 million.

2.5 The costs of lost tax revenues and extra benefit spending are very hard to calculate, but almost certainly they are massive. Hirsch quotes a study estimating the cost over ten years of a single generation of 16–18 year olds not in education, employment and training at more than £10 billion.³ In the USA, a major new report has estimated some of these public costs of childhood poverty. The authors’ calculations for the impacts on the US economy are given below; in brackets we include what these figures would mean if the costs were the same in the UK:⁴

- Reduced productivity and economic output—1.3% of GDP (£13 billion)
- Raised costs of crime—1.3% of GDP (£13 billion)
- Raised health expenditure and reduced value of health—1.2% of GDP (£12 billion)
- Total cost—4% of GDP (£40 billion).

2.6 The total costs amount to more than £600 a year for every man, woman and child in the UK; £2,500 for a couple with two children.

CHILD POVERTY IS NOT INEVITABLE

3.1 This is not a price we have to pay. In the past the UK has had lower levels of child poverty, so it is not an unavoidable feature of British life. Other countries do not have our levels of child poverty, so it is not inevitable in a 21st century economy.

3.2 Historically, this country has not always had the same amount of child poverty. At the end of the 1970s, fewer than one child in six was poor; by the mid 1990s this proportion had risen to more than one in three; since then the level of child poverty has fallen significantly, but not by as much as it rose in the 1980s. Unfortunately the survey used to measure child poverty was changed in the 1990s, and we now use figures for Great Britain, rather than the United Kingdom, but there is still enough of a similarity between the two surveys for us to combine the figures to show the pattern of change over time:

¹ *The Cost of Not Ending Child Poverty*, Donald Hirsch, JRF, 2006, p 21.

² *Ibid*, pp 21–2.

³ *Ibid*, pp 3 and 19.

⁴ *The Economic Costs of Poverty in the United States: subsequent effects of children growing up poor*, Harry Holzer, Diane Whitmore Schanzenback, Greg Duncan and Jens Ludwig, Centre for American Progress, 2007, p 1. UK GDP in 2006 was a little over £1 trillion, calculated on a gross value added basis, chained volume measure. (Quarterly National Accounts, ONS, 28 March 2007, table A2).

Table 1

PROPORTION OF CHILDREN IN POVERTY SINCE 1979⁵

<i>Year</i>	<i>Level of child poverty FES (UK)</i>	<i>Year</i>	<i>Level of child poverty FRS (GB)</i>
1979	15%		
1981	22%		
1987	27%		
1988–89	28%		
1990–91	32%		
1991–92	33%		
1992–93	34%		
1993–95	34%		
1994–96	34%	1994–95	33%
		1995–96	33%
1995–97	36%	1996–97	34%
		1997–98	33%
		1998–99	34%
		1999–00	33%
		2000–01	31%
		2001–02	31%
		2002–03	30%
		2003–04	29%
		2004–05	28%
		2005–06	30%

3.3 As for the notion that poverty and inequality are inevitable elements of modern life, no-one seems to have told some of our European colleagues. The next table uses European definitions, so the level of child poverty is different from the table above, but the clear message is that other countries seem to manage the modern world without our level of child poverty:

Table 2

CHILD POVERTY IN EUROPE, 2005⁶

<i>Country</i>	<i>Proportion of children in poverty</i>
Sweden	9%
Denmark	10%
Finland	10%
France	14%
Germany	14%
Austria	15%
Netherlands	15%
Belgium	19%
United Kingdom	21%

PROGRESS SO FAR

4.1 One of the Government's best-known commitments is to ending child poverty. In 1999 the Prime Minister pledged to end child poverty within a generation and made that promise credible by giving it a timescale, and a number of milestones: child poverty should be reduced by a quarter by 2005, halved by 2010 and eliminated by 2020. In 2003, after consulting stakeholders, the Government announced how child poverty would be measured, indicating a clear determination to be held to account on this issue.⁷ The measurement takes a tiered approach, so that we can tell whether poor families are seeing their income rise

⁵ *Households Below Average Income (HBAI) 1994–95—2005–06*, DWP, 2007, table H2. Family Expenditure Survey 1979–1995–97, Family Resources Survey 1994–95—2005–06. Like the Government, we define poverty as living in a family with an income below 60% of the equivalised median. The Government measures poverty on a before housing costs basis, but we have here followed End Child Poverty is using an after housing costs definition.

⁶ Eurostat data, downloaded from <http://epp.eurostat.ec.europa.eu/> on 30 July 2007 13:06. Children are under 18.

⁷ *Measuring Child Poverty*, DWP, 2003.

in real terms and whether deprivation is becoming less common, but the key indicator for the 2005 and 2010 milestones is relative low income—the number of children living in families with an income below 60% of the median.⁸

4.2 The government has a lot to be proud of. The Joseph Rowntree Foundation has noted that spending on “child-contingent support” increased by a half between 1999 and 2004.⁹ Since 1999 the value of Child Benefit has been increased in real terms and the tax credits provide much more generous support than the social security benefits they replaced. As the 2007 Budget noted, by April 2009 a family with children in the poorest fifth of the income distribution will be £4,000 better off as a result of these measures. In April 2008 families with 3 children earning below £15,500 will receive more than £9,000 a year in tax credits and Child Benefit.¹⁰

4.3 The government has not only raised the income of poor families; since 1997 there has been substantial redistribution. A recent analysis by the Institute for Fiscal Studies showed that tax and benefit reforms since 1997 have clearly benefited the poorest at the expense of those with higher incomes:

Table 3**IMPACT OF TAX AND BENEFIT CHANGES 1997–2007¹¹**

<i>Decile</i>	<i>Change in net income</i>
1 (Poorest)	+ 12.4%
2	+ 11.8%
3	+ 7.3%
4	+ 4.3%
5	+ 1.5%
6	- 0.1%
7	- 1.2%
8	- 2.4%
9	- 3.5%
10 (Richest)	- 5.4%

4.4 If we look at the Government’s main indicator, there has also been substantial progress:

Table 4**PROGRESS ON THE CHILD POVERTY TARGET¹²**

<i>Year</i>	<i>Number of children (millions)</i>	<i>Proportion</i>
1998–99	3.4	26%
1999–00	3.4	26%
2000–01	3.1	23%
2001–02	3.0	23%
2002–03	2.9	23%
2003–04	2.9	22%
2004–05	2.7	21%
2005–06	2.8	22%

4.5 This is the Government’s indicator, which is measured on a Before Housing Costs basis. We think that it is more accurate to measure poverty after taking into account families’ housing costs and benefits, and on that basis there are 3.8 million poor children. But that indicator still shows much the same degree of progress, with the number of children falling from 4.4 million in 1998–99, a fall of four percentage points.

4.6 Under the current government, the number and proportion of children living in relative poverty has come down by 600,000 and 4 percentage points. But there is still a long way to go.

⁸ The median is the point in the income distribution where half of all families have a higher income and half have a lower income. The median is measured on an equivalised basis, and before housing costs and benefits are taken into account. Equivalisation means that the figures are adjusted to take account of the size and composition of families—an income that is enough for a family with one child may well leave a larger family still in poverty, for instance. The figures are measured before housing costs and benefits are taken into account, because this is the measurement used for international comparisons, but this has the disadvantage of missing out the fact that many poor families’ benefits do not cover their housing costs.

⁹ *Supporting Families: the financial costs and benefits of children since 1975*, Stuart Adam and Mike Brewer, IFS for JRF, 2004.

¹⁰ *Budget 2007*, HMT, para.s 5.13–14.

¹¹ Data from “Winners and losers from personal and indirect tax changes”, *IFS Post-Budget Briefing 2007*, M. Brewer, downloaded from <http://www.ifs.org.uk/budgets/budget2007/distribution.ppt> on 28 June 2007 18:04.

¹² *Households Below Average Income (HBAI) 1994–95—2005–06*, DWP, 2006, chapter 4.

STILL WORK TO BE DONE

5.1 Using the government's definition of poverty there are 2.8 million children living in poverty. This number is actually slightly higher than the 2004–05 figure of 2.7 million, and that was higher than the 2005 target of reducing the level by a quarter from the 1998–99 level. The 2010–11 target is to halve the number of children in poverty—no more than 1.7 million children should be in poverty three and a half years from now. The fall of 1.1 million this requires can be put in perspective by remembering that the fall over the last seven years has been around 600,000; we need twice as much progress in half as much time.

5.2 Budget 2007 announced an increase in 2008 of the child element of the Child Tax Credit by £150 more than would be produced by indexation. The Treasury's prediction that this increase (and other Budget measures) would take 200,000 children out of poverty¹³ has been supported by the Institute for Fiscal Studies.¹⁴ But this will still leave about one million children needing to be lifted out of poverty if the 2010 target is to be hit.

5.3 The government's strategy emphasises employment as the key to child poverty. The Treasury's Child Poverty Review and the DWP's *Working for Children* include redistribution—increases in tax credits and benefits, paid for out of taxation—as part of the armoury available for this battle, but the emphasis in both documents is overwhelmingly on reducing child poverty by increasing the number of parents in employment. The big question is: is this strategy up to the job?

5.4 The first question mark against it is that it is possible to have a paid job and still be poor. Although the government is right to focus on workless families (just 8% of children in families where all the adults have a job are poor, compared to 60% in workless families)¹⁵ a majority of poor children actually live in households where someone has a paid job:

Table 5

DISTRIBUTION OF CHILDREN IN POVERTY BY ECONOMIC STATUS¹⁶

<i>Economic status</i>	<i>Proportion of poor children</i>
All adults in work	21%
At least one in work, but not all	34%
Workless households	45%
Total	100%

5.5 There is still some way to go before in-work poverty is a thing of the past. Improvements in the minimum wage and raised skills levels will help, but it is unlikely that these would be enough by themselves. Investment in skills and training is in any case a long-term strategy, and it is unlikely to lift large numbers of families out of poverty by 2010.

5.6 A second problem with the focus on paid work is that it will not reach everyone. The government has an aspiration of raising the employment rate from 74% to 80%,¹⁷ which unions enthusiastically support, but it is unlikely to be achieved by 2010. Furthermore, this aspiration, even if it is realised, will still leave 20% of working age people not in employment, many of them parents.

5.7 The government has said that it plans to achieve the 80% employment rate by reducing the numbers on incapacity benefits by 1 million and by increasing the number of lone parents in employment by 300,000.¹⁸ Even if these ambitious goals are achieved that would still leave more than 1.6 million people receiving incapacity benefits and 475,000 lone parents on benefits. The lone parents by definition have dependent children, and 59% of those in receipt of incapacity benefits do as well. There are also about 300,000 carers receiving benefits and at least 145,000 people receiving Jobseeker's Allowance who have dependent children.¹⁹

5.8 Even if we discount the carers, and assume that the government succeeds in finding jobs for every unemployed parent, a successful jobs-based anti-poverty strategy will still leave about 1.4 million children in poverty.

¹³ *Budget 2007*, HMT, para 5.13.

¹⁴ "Recent Trends in Poverty", Luke Sibieta, presentation at IFS briefing on *Poverty and Inequality in the UK: 2007*, 28 March 2007.

¹⁵ *Households Below Average Income (HBAI) 1994–95—2005–06*, DWP, 2006, table 4.5.

¹⁶ *Ibid*, table 4.3.

¹⁷ *Opportunity and Security Throughout Life*, DWP, 2005, p 4.

¹⁸ *A New Deal For Welfare: empowering people to work*, DWP, 2006, para 16.

¹⁹ WPLS data for November 2006.

 THE WAY AHEAD

6.1 The TUC has argued for 10 years that the work-based strategy is not enough by itself, and this view is shared by a growing number of commentators. The DWP itself has published a study of the policies needed to end child poverty, which detailed very useful and important measures that would help more parents to enter employment, but added:

“Such changes will not be sufficient on their own to enable the Government to reach its child poverty targets. The Government will need to provide adequate financial support for families as well as help to support parents into work”.²⁰

6.2 Using a computer model, researchers at the Institute for Fiscal Studies and the Institute for Economic and Social Research have concluded that keeping to the current policies with no extra support would lead to reductions in the numbers of children in poverty of just 50,000 by 2010 and 260,000 by 2020.²¹ The researchers concluded that:

“Under present tax and benefit policies, child poverty in 2010–11 will be little different from its current level, with beneficial demographic and economic changes offset by the fact that the income from tax credits and benefits received by low-income families with children will not keep pace with growth in earned income”.²²

6.3 In 2006, the Joseph Rowntree Foundation calculated that spending an extra £4.3 billion on the Child Tax Credit would give the government a 50:50 chance of hitting the 2010 target.²³ Taking into account the improvements announced in the 2007 Budget, the Institute for Fiscal Studies calculates that that figure can now be cut to £4 billion.²⁴

September 2007

 Memorandum submitted by Citizens Advice Scotland

POVERTY IN SCOTLAND

EXECUTIVE SUMMARY

Citizens Advice Bureaux regularly deal with issues relating to poverty in Scotland. This response considers problems associated with poverty and:

- ill health and disability;
- welfare benefits;
- energy use;
- debt;
- lack of affordable credit; and
- financial services.

It concludes that further effort is required to tackle the problem, particularly with regard to income maximisation, early access to advice and a concerted effort to address the lack of affordable credit.

POVERTY AND THE CAB SERVICE

1. Citizens Advice Scotland welcomes the opportunity to contribute to the Scottish Affairs Select Committee inquiry on Poverty in Scotland.

2. In 2005–06, the 76 Citizens Advice Bureaux across Scotland dealt with 442,550 enquiries:

- the largest area of enquiry regards state benefits (31%), followed by consumer (including debt) (22%), employment (11%) and housing (10%);
- the single biggest issue is consumer debt (14%); and
- the second biggest issue is disability benefits (6%), which has risen from fourth biggest to second biggest in just three years.

²⁰ *Delivering on Child Poverty: what would it take?* Lisa Harker for DWP, 2006, p 9.

²¹ *What Will it Take to End Child Poverty? firing on all cylinders*, Donald Hirsch, JRF, 2006, p 53.

²² *Micro-Simulating Child Poverty in 2010 and 2020*, Mike Brewer, James Browne and Holly Sutherland, JRF, 2006, p 4.

²³ *What Will it Take to End Child Poverty? firing on all cylinders*, Donald Hirsch, JRF, 2006, p 57.

²⁴ *Poverty and Inequality in the UK: 2007*, Mike Brewer, Alissa Goodman, Alistair Muriel and Luke Sibetia, IFS, 2007, p 2.

3. Enquiries are therefore dominated by issues which arise from, or contribute to poverty. Whilst people of any income can use their local CAB, in general, bureau clients are more likely to live in council housing (32.8% compared with 20.6% of the population) or other rented accommodation (21% compared with 10.1%). They are less likely to be in full time employment (20.7% compared with 45.5% of the population) and significantly more likely to be unemployed (21.2% compared with 4.5%).²⁵

4. We know from the annual Households Below Average Income Survey that poverty in Scotland affects:

- 140,000 pensioners (16%).
- 540,000 people of working age (18%).
- 240,000 children (23%)²⁶.

5. Since the previous year there have been modest reductions on pensioner and child poverty (down by 20,000 each) but no reduction in those of working age who experience poverty.

6. This submission is not an exhaustive treatise on a complex issue but rather seeks to highlight some of our recent work and ongoing concerns regarding poverty as it presents to the CAB service.

POVERTY, HEALTH AND DISABILITY

7. “Paying the price—the real cost of sickness and disability”²⁷ is a recent detailed survey of 417 CAB clients claiming Incapacity Benefit, Disability Living Allowance, or both. It found that amongst this group:

- 69% have a monthly income of less than £800.
- 48% reported reducing their heating, lighting or cooking because of difficulties paying for fuel.
- 78% say their health was fluctuating or getting worse.
- 29% felt that their health would allow them to work again.
- 62% were in financial difficulty, 5 times higher than the general population.

8. Many had extra needs associated with their illness or disability, including prescription costs (51%) and transport/mobility (49%)—but less than one-third (32%) were exempt from prescription charges and less than one-fifth (18%) had a concessionary travel pass. They were trying to meet these extra needs through help from friends or family (53%) or by reducing expenditure on other things (47%). Almost a quarter (24%) said some of their extra illness/disability related costs were not met.

9. Poverty as both a cause and an effect of ill health is well known. Studies show that income maximisation has a significant positive effect on health. A University of Liverpool report²⁸ showed a measurable and statistically significant health gain associated with welfare benefits advice. Increasing the incomes of patients provides them with the ability to:

- meet essential expenditure on things such as diet and heating;
- access better accommodation; and
- participate in mainstream community life.

10. Building on many years of experience in providing advice in health care settings, Citizens Advice Scotland is currently working with the Scottish Executive on the NHS Independent Advice and Support Service.²⁹ This will provide assistance with complaints as well as health improvement advice, including welfare benefits and money advice, where appropriate.

POVERTY AND WELFARE BENEFITS

11. Our research on DLA and IB clients has fed into the government’s proposals for reform of Incapacity Benefit. As a founder member of the Scottish Campaign on Welfare Reform,³⁰ we have been working with over 40 Scottish organisations, including CPAG, the Poverty Alliance and Capability Scotland to highlight ongoing concerns with the proposals in three main areas:

- compulsion of individuals;
- adequacy of benefit levels; and
- resources available for reform.

12. The government has stated in its five year strategy for the DWP that it is cutting 30,000 jobs, and some JobCentre Plus offices in Scotland have already closed. This reorganisation is having a major impact on both clients and CAB offices. The switch to telephone based applications is causing hardship for some

²⁵ Social profile of CAB clients, May 2005.

²⁶ HBAI 2004–05 <http://www.scotland.gov.uk/Resource/Doc/95793/0023203.pdf>

²⁷ Paying the price, July 2006 <http://www.cas.org.uk/payingtheprice.aspx>

²⁸ Abbott S & Hobby L (2000), Welfare benefits advice in primary care: evidence of improvements in health. Public Health 114, 324–327

²⁹ CAS press release, 1 Sep 2006, <http://www.cas.org.uk/pressrelease192006.aspx>

³⁰ Joint letter to MPs, Apr 2006, <http://www.cas.org.uk/scottishcampaignonwelfarereformlettertomps.aspx>

clients as well as unnecessary delay and frustration for clients and CAB advisers alike. It is therefore particularly disappointing that the DWP has received £268,000 through its use of 0845 telephone numbers for benefits claimants.³¹

13. One of the government's flagship schemes for tackling poverty has been the introduction of the tax credits system. Where this has been working it has been successful but it is ironic that a system designed to alleviate poverty is actually causing it in some cases. Hardship caused by recovery of overpayments was highlighted in a joint report with Citizens Advice England and Wales³² and we remain concerned that HMRC practices are jeopardising the policy intention.

POVERTY AND ENERGY USE

14. Recently there have been significant and sustained increases in the price of gas and electricity. This has a particularly dire effect on those on a fixed low income. Communities Scotland has modelled that for every 5% increase in prices 30,000 households in Scotland are plunged into fuel poverty. Since 2003 domestic gas prices have risen by 87% and domestic electricity prices by nearly 56%.³³

15. This is reflected in the Paying the Price research, which found that almost half of CAB clients on IB or DLA had reduced their heating, lighting or cooking in the last year because of difficulties paying for fuel. There is currently no additional support for fuel expenditure offered to people with disabilities or health conditions who are under 60.

16. In addition, those on prepayment meters pay the most for energy and their use is concentrated in low income households. In partnership with Energywatch Scotland, we have been calling for equalisation of prepayment meter and standard tariffs, as well as an end to the practice of backdating price increases when meters are recalibrated.

17. In our response to the DTI energy review, we also suggested an inquiry into the lack of competition in the energy market in Scotland as well as measures to explicitly link regeneration with tackling fuel poverty.³⁴

POVERTY AND DEBT

18. In 2003 we conducted a major study of CAB debt clients, "On the cards".³⁵ Amongst its key findings were:

- The average debt owed was £13,380, a 64% increase on 2001.
- For every £1 in monthly income, an average of £22 of debt is owed.
- Half of clients had a monthly income of £800 or less.
- 14% of clients have 5 or more credit card debts.
- 25% have been harassed or pressurised for repayment.

19. Follow up analysis looking particularly at low income debt clients³⁶ found that:

- The lowest incomes are most prevalent amongst debt clients of the youngest age group (16–24 years) and single adults.
- Two in five CAB debt clients mention low income as being a reason for their debt problems.
- Debt clients with lower incomes are more likely than other CAB debt clients to have done nothing about dealing with their debts.

20. CAB clients' debts vary by income group. The clients in the lowest income third had an average monthly income of just £291. Clients in this group are more likely to have:

- Rent arrears, related to the fact that a higher proportion of this group are tenants.
- Utility debts and social fund debts.
- Hire purchase agreements, which is indicative of restricted access to credit.

21. The methods creditors use to recover money is a significant area of concern to the CAB service. Formal methods utilise legal proceedings in the courts, whilst informal methods utilise any means of recovery that does not involve the courts.

22. Informal debt recovery in Scotland is governed by the Consumer Credit Act and the Office of Fair Trading. The OFT debt collection guidance was introduced two years ago and has been very welcome. It has made a difference in terms of some companies being much more aware of which practices would

³¹ rightsnet news, 29 September 2006, http://www.rightsnet.org.uk/cgi-bin/sub_client/search.cgi?template2=news/user_details2.htm&output_number=1&sort=news.submission_date+desc&news.ID=92915024141

³² Money with your name on it, Jun 2005, <http://www.cas.org.uk/moneywithyournameonit.aspx>

³³ Energywatch press release Sep 2006 http://www.energywatch.org.uk/media/news/show_release.asp?article_id=983

³⁴ Response to DTI energy review, Apr 2006 <http://www.cas.org.uk/dtienergyreview.aspx>

³⁵ On the cards, February 2004 <http://www.cas.org.uk/ontheCards.aspx>

³⁶ Low income debt clients, Nov 2004 <http://www.cas.org.uk/lowincomedebtclients.aspx>

constitute breach of their consumer credit licence. However, our evidence shows that there are still large problems with many creditors who do not comply, even when the guidance has been specifically pointed out to them.³⁷

23. Formal debt recovery is devolved to Holyrood, and differs significantly from England and Wales. The Bankruptcy and Diligence (Scotland) bill, currently before the Scottish Parliament seeks to modernise many forms of diligence, including important new protections for bank arrestment and sequestration. Of concern is the new diligence of land attachment, which means a debtor can lose their home for an unsecured debt as little as £3,000.³⁸

24. A further difference concerns council tax collection, which can be pursued by summary warrant. This means there is no opportunity to defend the debt in court and incurs an immediate 10% surcharge. We have raised concerns that council tax in itself disadvantages those on low incomes,³⁹ but this is compounded by the debt collection practices of local authorities, who are the largest users of formal debt recovery in Scotland.

POVERTY AND AFFORDABLE CREDIT

25. A longstanding concern has been that those on the lowest incomes pay the most for credit. This means that when borrowing is unavoidable—for example when a major household appliance breaks down—the costs to those least able to pay is actually the greatest. For example:

- a 70 year old retired woman with a loan running an APR of 246%;
- a female client with mental health problems with a loan running at an APR of 177%; or
- a lone parent owing £500 to one lender, who negotiated reduced payments of £20 per month. After interest and charges only 15 pence was going towards the debt.

26. In response to the Competition Commission's inquiry into the home credit industry, we have been strongly supportive of proposals for home credit providers to provide greater transparency on product pricing, clear and regular statements, and not to penalise early repayment.⁴⁰

27. Credit unions have a vital role to play as an alternative source of credit. The Scottish Executive has put significant investment into developing credit unions, which are already further advanced than elsewhere in the UK. They will never be the whole solution, however.

28. The social fund could be another significant means of addressing this problem for those on the lowest incomes but it remains unfair and underfunded. The move to telephone applications has only compounded the inequity in the system.

29. We have also been working with the Scottish Executive on six financial education pilot projects, seeking to test different methods of delivery with groups and individuals at key transition points in their lives. The final evaluation recommended rollout of the service across Scotland, commenting that “the projects deserve praise for their ability to link with relevant partner organisations, often working with people in vulnerable and hard to reach groups, to make a qualitative and quantitative difference in a relatively short timescale of fifteen months”.⁴¹

POVERTY AND FINANCIAL SERVICES

30. It is not just the high cost of credit—the cost of engagement with the financial services sector can be prohibitive, and in some instances punitive.

31. We recently published a report with Citizens Advice England and Wales highlighting the gross inequality of ATM charges. “Out of pocket”⁴² exposed the link between deprivation and fee charging ATMs. Such practice is particularly troubling at a time when DWP is increasingly moving towards the payment of benefits directly into bank accounts. As a result of the briefing and attendant media coverage, several high street banks have made welcome announcements to address this issue.

32. The charges levied by banks are another area of major concern.⁴³ Again, those on the lowest incomes are hardest hit. We have been working with Govan Law Centre, developing a toolkit for CAB advisers to use to challenge these charges, with notable success. The recent OFT announcement that charges were unfair⁴⁴ is welcome but there remains a significant problem. We are therefore continuing to work with Govan Law Centre on legislative ways to tackle this problem.

³⁷ Response to OFT debt collection guidance review, September 2005.

<http://www.cas.org.uk/debtcollectionguidanceformalcompliancecivereview.aspx>

³⁸ Bankruptcy bill briefings, May 2006 <http://www.cas.org.uk/bankruptcybill.aspx>

³⁹ Council tax briefing, Jan 2006 <http://www.cas.org.uk/counciltaxbriefingsheet.aspx>

⁴⁰ Home credit inquiry, Sep 2006 <http://www.cas.org.uk/competitioncommissionhomecreditremedies.aspx>

⁴¹ Financial education project evaluation, July 2006, Niall Alexander.

⁴² Out of pocket, July 2006 <http://www.cas.org.uk/outofpocket.aspx>

⁴³ Bank charges, May 2006 http://www.cas.org.uk/bankcharges_1.aspx

⁴⁴ OFT press release, Apr 2006 <http://www.of.gov.uk/News/Press+releases/2006/68-06.htm>

IN CONCLUSION

33. Poverty remains a significant problem in Scotland. As both a cause and effect of ill health, and of financial difficulty, it is particularly pernicious. Income maximisation, early access to advice and a concerted effort to address the lack of affordable credit have a significant role to play in tackling this enduring issue.

Memorandum submitted by YWCA

SUMMARY OF MAIN POINTS

- YWCA believes that the poverty of young women has been overlooked. Young women are more vulnerable to poverty than young men. They face a double disadvantage of being both female and young.
- Young women have a right to a life free from poverty. Without addressing the poverty of young women progress at tackling child poverty will be limited.
- Poverty can affect young women's emotional well-being creating feelings of shame, stigma, guilt and powerlessness. YWCA works with young women to overcome this.
- Policies to help disadvantaged young women in the labour market must take into account their specific needs and experiences. Unfortunately there is very little recognition in the Government's report that the vast majority of lone parents and partners of the unemployed are women.
- Young women face particular inequalities in Apprenticeships. YWCA feels there is a unique opportunity for the new adult careers service to tackle this. However, there is no mention of this in the Leitch Implementation Plan.
- YWCA is concerned about proposals to move lone parents onto Jobseekers Allowance when their children reach the age of 12. We feel that this may be inappropriate and ineffective. It also stigmatises lone parents who face much greater conditionality to enter work than partners of the unemployed and second earners.
- Young women continue to face problems accessing employment due to lack of affordable childcare. This is a particular barrier for young mothers wanting to enter Further Education.
- More rights must follow from responsibilities for young women.
- Support for young women outside of the labour market is lacking. This is contributing to young women's poverty and the poverty of their children.
- YWCA has been calling on the Government to address the specific skills needs of disadvantaged young women as part of its campaign, "More than one rung" <http://www.ywca.org.uk/morethanonerung/>
- YWCA is a member of the campaign to end child poverty.

INTRODUCTION TO YWCA

1. YWCA is the leading charity working with the most disadvantaged young women in England and Wales. Young women face unique problems in today's society. They are largely unheard and lack influence. We want a future where they can overcome prejudice and take charge of their own lives. We run services to support them and campaign with them to combat the discrimination they face.

YOUNG WOMEN LIVING IN POVERTY

2. YWCA is concerned that the poverty of young women has been overlooked. According to the Family Resources Survey, 1 million young women aged 16–30 are living in poverty in Great Britain. However, this is likely to be an underestimate because of the way the data is collected. It conceals "hidden poverty" where a young woman is living in poverty but the rest of the household is not.

3. The Poverty and Social Exclusion (PSE) survey⁴⁵ found that the risk of poverty was higher among young people than among the adult population as a whole, and that young women were more likely to experience poverty than young men.

4. "Households Below Average Income" (HBAI), does not specifically monitor the situation of young women. Information on children and women is looked at, but not on young women.

⁴⁵ Pantazis, C, Gordon, D and Levitas, R (eds) (2006) "*Poverty and Social Exclusion in Britain, the millennium survey*", Bristol, The Policy Press.

THE LINK BETWEEN WOMEN AND CHILDREN'S POVERTY

5. The link between women's and children's poverty means that until young women's poverty is tackled child poverty will not be eradicated. Research shows that the health and wellbeing of women during motherhood, pregnancy and even in the pre-conception stage, can affect the life chances of their children.⁴⁶

6. The impact of poverty on young mothers and their children is particularly concerning. Recent analysis of the Millennium Cohort survey found that teenage mothers were over three times more likely to be poor than mothers in their 30s and that 80 per cent of lone mothers under 18 were in receipt of Income Support.⁴⁷

EFFECT OF POVERTY ON YOUNG WOMEN'S EMOTIONAL WELL-BEING

7. Poverty has material and non-material effects. Poverty can lead to feeling powerless, excluded, a loss of dignity and self-esteem. For example, "Fitting in" is vital for the development of friendships for young women.⁴⁸ Not having the right clothes, or not being able to go into certain shops, creates feelings of shame,⁴⁹ contributes to low self-esteem and can be a source of bullying for young girls. Feelings of shame can be made worse in school: the free school meals queue, expensive uniform and trips, make poverty more visible.

"Being poor is going to the toilet before you get in the school lunch line so your friends will be ahead of and won't hear you say "I get free lunch" when you get to the cashier" (Young woman, West Kent)

8. Other effects on emotional wellbeing include feelings of powerlessness which can result from financial dependence on a partner or family members, stress as a result of young women's responsibility for budgeting for household goods on a low income, and feelings of isolation due to young women's caring roles, limited transport and a lack of safe places to socialize. Young women also express guilt when they cannot afford things for their children. Younger girls can feel guilty about asking for things from their parents.

"I can't keep asking my auntie, she's lent me quite a bit of money, I can't keep asking her if I can have food or money." (Sammy, 16)

9. Some of our youth workers have referred to emotional poverty. This can result in young women being unable to express dissatisfaction and lead to them expressing unhappiness through self-harm or anti-social behaviour.

10. YWCA works with young women to alleviate stigma, low self-esteem and shame in it everyday youth work. Through drama and role-play young women are provided with a women only safe space to explore and act out issues that are relevant to them. The process can be cathartic for young women and enable them to think about how to deal with certain situations and feelings. In performing in front of an audience, young women feel empowered and valued. We have also been working with young women to help them make informed decisions about work (see appendix).

SUPPORT TO ENTER QUALITY AND SUSTAINABLE EMPLOYMENT

Recognising gender

11. YWCA welcomes many of the initiatives in "Working for Children" to support lone parents, partners of the unemployed and second earners to find work when they are able and ready. YWCA accepts that work can offer important protection from poverty, be a source of personal satisfaction and can have positive impacts on the health of young women. However, we have a number of concerns with the Government's strategy.

12. Firstly, it contains limited gender awareness. While there is a recognition that the majority of second earners are women, there is no recognition that this also applies to lone parents and partners of the unemployed. Women face particular barriers to employment and have different experiences of employment than men, which will affect the responses that are required.

13. Our research has shown that young women with no qualifications are less likely to be working full-time than their male counterparts (16% compared to 45% of young men) and are more likely to be working part-time where they face a penalty in earnings. Low skilled young women are also much more likely to be inactive than unemployed, with 35% of young women aged 20 to 24 without qualifications describing themselves as looking after the home and family, compared to 1% of young men.⁵⁰ When young women are in employment they are more likely to be found in female dominated work with low rates of pay and progression.

⁴⁶ Harker, L and Kendall, L (2003) "*An Equal Start?*" London, Institute of Public Policy and Research.

⁴⁷ Mayhew, E and Bradshaw, J (2005) Mothers, babies and the risks of poverty. *Poverty*, 121, 13–16.

⁴⁸ Ridge, T (2002) *Child poverty and social exclusion from a child's perspective* Bristol, Polity Press.

⁴⁹ Yeandle, S, Escott, K, Grant, L and Batty, E (2003) "Women and men talking about poverty" available at <http://www.eoc.org.uk/PDF/talkingaboutpoverty.pdf>

⁵⁰ Escott, K and Buckner, L (2006) "*Young women's employment: growing up poor in England and Wales*", Oxford, YWCA England & Wales.

 SKILLS

14. Looking at young women's employment patterns highlights the importance of skills for young women and the need to tackle low pay. We are pleased with the Government's emphasis on skills and plans to expand apprenticeships. We feel that Apprenticeships have the potential to be a key route to skills for low qualified young women. Their applied nature, the opportunity they offer to earn and learn and the promise of a job at the end will all be appealing aspects to many disadvantaged young women.

15. However, at present Apprenticeships are also an area of stark inequality for young women. YWCA is concerned about a £40 weekly gender pay gap which is largely a result of young women training in female dominated sectors, such as hairdressing, and childcare. This is contributing to women apprentices experiencing no wage return at level 2 while male apprentices experience an 18% wage return.⁵¹

16. This problem requires a gendered response. We are pleased that there is some recognition of this in the Leitch Implementation Plan, which states that the marketing of the skills campaign will be tailored to meet the needs of different individuals on the basis of their gender, age and ethnicity. We also welcome the comprehensive Equality Impact Assessment that has been produced in relation to adult skills policies.

17. However, there is no mention of any intention to ensure that tackling stereotypes is a central commitment of the new adult careers service. This seems to neglect the important recommendations of the Women and Work Commission. Making young women aware of pay differentials and opportunities for progression in different sectors is vital to enable them to make informed choices about work and training. This needs to be at the forefront of any plans for the new service.

18. This will require somewhat of a step change in thinking. The focus will need to be on getting a young woman into the right job, rather than any job, which is also highlighted in the Harker report. We are concerned that this might not be a priority with the integration of Jobcentre Plus and the Department for Innovation, Universities and Skills, and a rhetoric of skills for jobs. This places priority on work over training. This kind of practice is already apparent in the New Deal for Lone Parent's, which is under-spending on its training budget, despite an obvious need for skills amongst the client group.

19. We are pleased to hear that the Employment, Retention and Advancement pilot is showing promising results. We hope that the pilot is extended to participants of the New Deal for Young People.

LONE PARENTS, SECOND EARNERS AND PARTNERS OF THE UNEMPLOYED

20. Many of the initiatives to help lone parents into work are welcome. The extension of NDLP Plus and up-rating of the in work credit in London are positive examples of using carrots rather than sticks.

21. YWCA does not support plans to increase conditionality for lone mothers to enter work when a mother's child reaches the age of twelve and eventually seven. We feel this could be inappropriate and ineffective. The value of lone parent's caring responsibilities has to be recognised. Increasing the caseload of advisors could also result in decreasing the overall effectiveness of the programme by increasing time pressures on advisors.

22. We also feel that the differing approach to lone mothers, partners of the unemployed and second earners serves to stigmatise lone mothers. Second earners and partners of the unemployed do not face the same pressures to enter work. This disparity is unfair and labeling.

23. We would be strongly opposed to the application of sanctions to young women who do not comply with Jobcentre Plus rules. This would only serve to increase poverty and would not pass the child poverty proofing test that the Department for Work and Pensions promised to adhere to.

24. In relation to initiatives for partners of the unemployed and second earners, we welcome the opening up of support to those who want to find employment. However, these initiatives must take account of gender, which will affect barriers to employment. A gendered division of labour is still very evident in some deprived communities and in some cases it could be that a woman is not working because her partner does not wish her to. A lack of awareness and sensitivity to this could put a young woman at risk of abuse, as is evident in a lot of the American literature.⁵²

25. Our experience of working with Pakistani and Bangladeshi women, who are the focus on the Government's work on second earners, has found that cultural responsibilities such as caring for an extended family, looking after the household and religious activities can put limits on young women's time. A concern that young women will form relationships at work can also result in their families being anxious about them entering employment. Government initiatives will need to be very sensitive to this.

26. It will be important for the government to realize that a significant number of lone parents and partners of the unemployed are young. Young mothers aged 16–24 account for 7% of all lone parent families.⁵³ This will effect the support they have access to and their needs.

⁵¹ McIntosh, S (2007) "A cost benefit analysis of apprenticeships and other vocational qualifications" DfES research report RR834 available at <http://www.dfes.gov.uk/research/data/uploadfiles/RR834.pdf>

⁵² Lloyd, S (1998) "The effects of domestic violence on women's employment", *Law and Policy*, 19, 139–168.

⁵³ Escott, K and Buckner, L (2006) "*Young women's employment: growing up poor in England and Wales*", Oxford, YWCA England & Wales.

SUPPORTING DISADVANTAGED YOUNG WOMEN INTO WORK

27. YWCA works in areas where there have been three generations of family members out of work. We work to help young women into work or training through Entry to Employment, a level one programme. Through this we have found that holistic, tailored support that addresses multiple barriers to work is vital, as are respectful relationships. Young women are able to access advice on benefits, housing family problems, childcare, substance abuse while they learn. This holistic support helps sustain the young women on the course as any difficulties and barriers to attending and progression are met while they learn.

28. Staff at YWCA try to offer follow-up support when young women are in the early days of employment or training, to help ensure personal problems can be resolved and to prevent drop-out. However, we have been severely limited in the extent that we can do this because of a lack of funding.

29. We are pleased to hear of the Jobs Pledge, where employers have signed up to help those most disadvantaged in the labour market through work trials and interviews. We hope that this commitment is extended to young women through work experience and Apprenticeships. Young women have told us they can become trapped by cycle of no experience no employment. In order to be successful, sharing of best practice will be important.

CHILDCARE

30. YWCA welcomes a family focus to employment, as recommended by Harker. We feel it is very important that a young woman's caring responsibilities are identified, as this can be a major barrier to employment and training.

31. We are very concerned about the situation of young women over the age of 19 who want to enter Further Education. They are at a particular disadvantage because they are not eligible for Care to Learn, which provides childcare support for those aged 16–19 wanting to return to education. These young women are reliant on the overstretched Learner Support Fund. One young woman told us she has been looking for childcare for three years to return to Further Education.

Charmaine is 26. She started a course last year in Health and Social Care but because the on-site crèche was full she had to leave her son in a crèche some distance away. She ended up dropping out.

“It just wasn't doing any justice for my son because he was tired, obviously having to wake up earlier than any normal person would to travel to college and I just thought it wasn't worth it.”

Charmaine was also going to have to pay £55 per week for the place, which on benefits would have been unsustainable. She has found two other colleges that will cover 85% of the cost but this will still leave her to pay between £20–£30 a week. Plus she would have to find money to keep the place during vacations and money for a deposit.

32. A struggle to find childcare through the New Deal or Learner Support Fund is resulting in young women either not taking part in training or juggling childcare support through friends and family which can be unreliable. Jobcentre Plus rules which state that young women may only be considered for childcare support for a course they have not started, seems nonsensical.

Thandi is 32. She is studying to do a foundation level Youth and Community course. She is enjoying it and keen to go to university but is restricted because of childcare. There is no crèche at the college, so Thandi has been forced into doing the foundation level course as it is only one day a week. In this time she leaves her son with her friends but this can be unreliable. If she started on the higher level course it would be four days a week which she could not get friends to cover.

She went to the Job Centre to ask them for help with childcare but they said they could not consider her position because she had already started the course. At some point she will need to do a placement but if she cannot find childcare this will not be possible.

33. We welcome the roll out of 50,000 free childcare places for those outside of work. We hope these are targeted at the most disadvantaged young women.

RIGHTS AND RESPONSIBILITIES

34. YWCA accepts that young women must take some responsibility for their own employment and progression. However, responsibilities must be balanced by more rights. At the moment young women are discriminated against by lower National Minimum Wage entitlements and limited eligibility for Working Tax Credits. We are concerned that the abolition of the 10p starter rate announced in the budget will result in childless young women becoming even more vulnerable to low wages in the labour market.

35. The gender pay gap also results in women receiving lower rates of pay, particularly in apprenticeships. We have been calling on the Ministerial Steering Group to conduct an inquiry into this to inform a Low Pay Commission review.

ASSISTING OUT OF POVERTY FAMILIES WHO CANNOT WORK

36. For a while YWCA has been concerned about the level of financial support available for young women who are not ready or able to enter work. Our Respect Young Mum's campaign had this as a central focus.

37. While we are pleased to see that Child Benefit is now available from the 29th week of pregnancy, which will make healthy eating more affordable for young pregnant women, we remain concerned about benefit rates which result in young women receiving between £20–£30 less per week. Young women find this unfair and confusing.

“What’s the difference between a 16-year old and a 19-year old? I am still a young mum struggling” (Janey)

38. While lower benefit rates for young disabled people were recently abandoned when the Government admitted that this would be penalising disabled young people,⁵⁴ this has not been extended to benefit rates for other young people, who continue to be penalised by lower rates.

39. The effect this can have on a young woman's health is particularly concerning. Many of the young women we work with are struggling to meet the essentials like food. YWCA offers meals for young women attending the Entry to Employment programme in recognition that it is the only meal some will get all day.

LOCAL HOUSING ALLOWANCE

40. Research by Citizen's Advice has found that the Single Room rent restrictions are resulting in young people experiencing rent shortfalls, averaging £35.14 per week.⁵⁵ The Single Room rent rules mean that childless people under the age of 25 who rent privately are restricted to the average cost of shared accommodation in their area. While it does not apply to mothers, it does affect pregnant women, who will be struggling to meet other pregnancy-related costs.

RECOMMENDATIONS

- The new adult careers service should have tackling stereotypes as a central commitment so that young women are able to make informed choices about work and training.
- YWCA calls on the Apprenticeship Ministerial Steering Group to conduct an inquiry into Apprenticeships. This would include a consideration of the impact of financial disadvantage on young women's participation in Apprenticeships and on the gender pay gap.
- The rate of income support should be equal for younger and older mothers to promote fairness and inclusiveness and to put an end to mother's and children's poverty.
- YWCA calls on the government to provide childcare support for to all mothers wanting to return to education to obtain level 3 qualifications.

APPENDIX 1

The following are examples of activities YWCA carries out with young women to get them to think about work and pay. The work the young women do forms part of an accredited module in our Wise Up programme.

1. PLAY YOUR CARDS RIGHT!

Based on the game show young women sit around a board full of cards. Each card has a job title on it ranging from poorly paid and stereotypically female jobs like childcare, hairdressing or cashier work to stereotypically male jobs for example plumbing, carpentry, engineering etc.

Young women choose a card with a job on it, it gets turned over and on the reverse is the average hourly rate for that job. There are also statistics on what percentage of men and women do that job. The group then moves on to the next card, looks at the job and has to call out “Higher” or “Lower” for how much that job will be paid.

⁵⁴ Department for Work and Pensions (2006) “A new deal for welfare: Empowering people to work: Consultation report” available at http://www.dwp.gov.uk/welfare-reform/docs/welfare_reform_response_of_research/, available at http://www.communities.gov.uk/pub/193/TheEconomiesofDeprivedNeighbourhoodsSummaryofResearch_id1501193.pdf

⁵⁵ Citizens Advice (2006) “Single room rent—the case for abolition”, available at http://www.citizensadvice.org.uk/single-room-rent4_final.pdf

2. THE WORK GAME

Young women split into groups and are given a card with the name, pay rate and job of an imaginary person to think about. Each group creates the life story of their character—whether they had children or not, what they liked doing in their free time. One or two young women from each group line up along a back wall, symbolising the character they were playing. A list of questions are read out, and for each question to which their character can answer yes, the young woman take a step forward. The questions included:

Step forward if:

- You can go to the cinema every week.
- You earn more than the national average wage of £11.18 per hour.
- You earn more than the bare minimum living wage of £7.05 per hour.
- You can go on holiday abroad once a year.
- You can afford a car.
- You can go out for a meal every week.
- You can go shopping and buy many of the things you want.
- You can get a better job easily.
- You can afford to keep your own child in full-time nursery care (£142 per week, £3.16 an hour if you are working a 40 hour week).
- You can afford a private rented flat (£93 per week, or £2.30 an hour for a 40 hour week).
- Your job offers lots of opportunities to get a better job in a few years' time or after some more training.

At the end of the game, the young women symbolising the characters are spread out across the room. Some have taken lots of steps forward, and others very few. The best-paid characters are unsurprisingly furthest forward, and the worst-paid furthest back. The young women then brake up into their groups to begin talking about what they could do to change things and make it possible for those at the back to catch up.

3. SOUNDS NORMAL TO ME!

Young women are read paragraphs about people doing their jobs, for example:

“the painter whistled on the ladder and the nurse walked underneath the ladder”.

The young women then have to discuss the gender of the people doing the jobs. They tend to make assumptions based on gender stereotypes and this exercise encourages them to challenge each other and their own assumptions.

4. JOBS FOR THE GIRLS

Young women have silhouetted cut outs of a man and a woman. They then have post-its with various different jobs on them, including some stereotypically gendered jobs. They have to stick the job titles onto one or the other of the silhouettes. Once all the jobs are stuck young women look at each others decisions and debate which genders do which jobs and look at exceptions to the rule and what impact that might have.

September 2007

Memorandum submitted by Surrey Welfare Rights Unit

SUMMARY

- The strategy for eradicating child poverty has focussed on getting parents into employment. While this has helped to raise family income for lone parents—7% of poor children live in a working one parent household—the strategy has not been as effective for couple households: 43% of poor children live in a couple household where at least one person is in work.⁵⁶ This response focuses on two-parent households.
- For couple households, there is little incentive to change from one parent working to both parents working. After housing costs and childcare costs have been taken into account, there is often very little change in overall income, particularly for people on low wages.

⁵⁶ DWP Working for Children p 27.

- Housing costs have a significant impact on household income. There is considerable disparity between the help available for rented accommodation, and the help available for owner-occupied accommodation.
- Childcare costs continue to be a significant factor when parents are considering taking up work. Tax credits will only take into account a maximum of 80% of actual costs. For families where there are more than two children, help with childcare costs is capped at a maximum of £240 per week irrespective of the actual number of children.
- 40% of poor children are in large families (three or more children). At present, Child Benefit pays a higher amount for the first child (£18.10 per week) and less for each subsequent child (£12.10 per week). Raising the level of Child Benefit so that each child receives the same amount would proportionally help larger families.

INTRODUCTION

Surrey Welfare Rights Unit is a second tier organisation that is part of the Citizens Advice network. The Unit offers a consultancy service on welfare benefits to advisers who work in CABx and in other voluntary organisations. The four advisers each have over 10 years experience of welfare benefits consultancy work.

FACTUAL INFORMATION

1. The minimum wage is £5.35 per hour. Many unskilled jobs pay at or little above this figure. A recent search on the JobCentrePlus jobsearch site for the area in which I live (Surrey/Hants border) showed that all the generalist (unskilled) jobs that were advertised paid less than £6 per hour. Working for 35 hours per week at £6 per hour would give a net wage of £178.81 per week.

Childcare costs

2. The average cost of childcare in the Surrey/Hants border is £35 per day. There is little difference in the cost of nursery places or private childminders, except that nurseries charge more for children under the age of two due to the higher staffing requirements. The cost of childcare for one child for five days per week would be £175 per week.

3. Nurseries usually only take children up to the age of five. Most childminders in the area take children up to the age of eight. There is very little provision for children over the age of eight.

4. Childcare costs can be included as part of a Working Tax Credit calculation, but there is a limit on the allowable costs.

5. Childcare costs are only allowable if the child is with a registered childcare provider. Informal care provided by, for example, grandparents is not an allowable expense.

6. The maximum childcare cost that is allowed is 80% of the actual childcare costs. The maximum actual childcare costs that are allowable are £175 per week for one child, and £300 for two or more children.

7. The maximum amount that tax credits will pay towards childcare costs is therefore £140 for one child, and £240 for two or more children.

8. A single parent with one child who is paying the average charge of £175 per week, and who works for 35 hours per week at £6 per hour will receive the maximum amount of help from tax credits towards childcare costs, and will have to pay £35 per week towards childcare.

9. A single parent with two children who is working for 35 hours per week for £6 per hour, and who is paying the average charge of £350 for two children, will receive the maximum amount of help from tax credits towards childcare costs. S/he will have to pay £110 per week towards childcare from the net wage of £178.81 per week.

10. A couple with one child, who are both working for 35 hours per week at £6 per hour, and paying the average charge of £175 per week for childcare, will receive £99.95 per week towards childcare costs. They will have to pay £75.05 towards childcare.

11. A couple with two children, who are both working for 35 hours per week and each earning £178.81 per week will receive £201.15 towards childcare costs. They pay the average charge for childcare of £350 per week for two children. They will have to pay £148.85 per week for childcare.

12. For families where there are two or more children, therefore, the childcare costs are considerable. The gains from working may be small once childcare costs have been met.

HOUSING COSTS

Mortgage costs

13. There is no provision for help towards mortgage costs unless a claimant is in receipt of either Income Support or Income-based JobSeekers Allowance (or Pension Credit for claimants who are aged 60+). For parents who are working, and therefore not eligible for these benefits, there is no help towards mortgage costs.

14. The average mortgage in Surrey/Hants is around £150,000. At an interest rate of 5.75%, the monthly cost would be £718 for an interest only mortgage, and £943 for a repayment mortgage. This equates to £165.69 per week for an interest only mortgage, and £217.61 per week for a repayment mortgage. This is a significant cost for parents who are on a low income.

15. For example, a couple with two children who are both working for 35 hours per week at £6 per hour, and who have childcare costs of £350 per week (as in para 11) will have the following income:

Net wages	178.81
Child Benefit	30.20
Child Tax Credit	81.13
Working Tax Credit	201.15 (childcare costs only)
Total	670.10 per week

After paying actual childcare costs of £350, and an interest only mortgage cost of £165.69, they are left with a net income of £154.41 per week.

Rented accommodation

16. The average rent for a two bedroom property in this area is £750 per month, or £172.13 per week.

17. Guildford Borough Council is a Local Housing Allowance area. The rent officer has set the LHA allowance for a 3 room property (one living room and two bedrooms) at £167 per week in the Ash area, and £179 per week for Guildford town area.

18. If the couple in para 11 are renting at £750 per month, they will receive Housing Benefit of £80.80 per week, and will have to pay £91.33 towards their rent. After paying actual childcare costs of £350 per week, they will have a net income of £205.82.

19. As income increases, Housing Benefit reduces at a taper of 65%. For the couple in para 18, for every £10 of additional income per week, they will have to pay an extra £6.50 towards their rent.

Council tax

20. The annual council tax for a Band C property in Guildford Borough Council is £1168. Band D is £1315 per year. I am not aware of any Band A or Band B properties in this area. The weekly council tax for a Band C property is £22.40.

21. The couple in paras 11 and 18 (two children, both parents working) will receive no help with council tax from Council Tax Benefit.

22. The couple in para 10 (one child, both parents working) will receive £3.16 per week in council tax.

23. Council tax reduces at a taper of 20%. Every £10 per week increase in income reduces Council Tax Benefit by £2.

24. For people who are in rented accommodation, and paying council tax, therefore, an increase in income of £10 per week means that their Housing Benefit is reduced by £6.50 per week and their Council Tax Benefit by £2 per week. They will see a net increase in their weekly income of £1.50.

Comparison of net income after housing and childcare costs have been met

25. The table at Appendix A compares the net weekly income for two couples after housing costs (including council tax) and childcare costs have been met.

Housing costs have been assumed to be £750 per month for rented accommodation, and £718 per month for an interest only mortgage of £150,000. Council tax has been assumed to be £1,200 per year. No account has been taken for the endowment/insurance policy that would be payable with the mortgage.

Couple A have two children (over 1 year old) for whom the childcare costs are £175 each per week.

Couple B have one child aged 4 for whom the childcare costs are £175 per week.

It has been assumed that earnings are £6 per hour.

The table compares:

One member of the couple works for 35 hours per week, and the other partner does not work.

One member of the couple works for 35 hours per week, and the other partner works for 18 hours per week, using childcare for 3 days of the week.

Both members of the couple work for 35 hours per week.

Child Benefit

26. Child Benefit is a universal benefit that is paid for all children. There is a very high take-up and there is no “benefit stigma” attached. The cost of administration is low as there is no means test or contribution record to check.

27. Child Benefit currently pays £18.10 per week for the first child, and £12.10 per week for subsequent children.

28. Raising the amount for subsequent children to the same level as that for the first child would help larger families. For a family of 4 children, for example, the increase in income would be £18 per week.

29. However, currently Housing Benefit and Council Tax Benefit count Child Benefit in full as income—so any family who is receiving help through HB or CTB would only receive 2.70 per week extra, due to the 65% and 20% tapers applied to HB and CTB respectively.

30. Child Benefit is disregarded as income for tax credits but it does count in full as income for Housing Benefit and Council Tax Benefit.

Recommendations

- Tax credits should include 100% of childcare costs, instead of the current 80% cap.
- Childcare costs should take account of the actual number of children in the family.
- A thorough overall of the benefits available for housing costs is needed so that parents who are working can access help with mortgage costs.
- The tapers on Housing Benefit and Council Tax Benefit should be reduced so that an increase in wages is reflected in the family’s net income after housing costs have been met.
- Child Benefit should be increased so that the same amount is paid for every child.
- Child Benefit should be disregarded income for Housing Benefit and Council Tax Benefit.

Appendix A

<i>Couple A</i> <i>Rent of £750 per month</i>	<i>Income</i>	<i>Wages</i>	<i>Rent & council tax to pay</i>	<i>Child care costs</i>	<i>Net income after housing costs and childcare</i>
One child One parent works 35 hours	Wages	178.81		nil	196.98
	CB	18.10			
	CTC	45.78			
	WTC	38.41			
	HB	107.80	64.33		
	CTB	3.16	19.79		
One child One parent works 35 hours	Wages	178.81		95	210.26
One parent works 18 hours	Wages	106.32			
	CB	18.10			
	CTC	45.78			
	WTC	74.04			
	HB	77.29	94.84		
	CTB	nil	22.95		
One child Both parents work 35 hours	Wages	178.81		175	216.70
	Wages	178.81			
	CB	18.10			
	CTC	45.78			
	WTC	99.95			
	HB	65.33	106.80		
	CTB	nil	22.95		

<i>Mortgage of £150,000</i>	<i>Income</i>		<i>Mortgage & council tax to pay</i>	<i>Child care costs</i>	<i>Net income after housing costs and childcare</i>
One child	Wages	178.81	165.69	nil	95.62
One parent works 35 hours	CB	18.10			
	CTC	45.78			
	WTC	38.41			
	CTB	3.16	19.79		
One child	Wages	178.81	165.69	95	139.41
One parent works 35 hours	Wages	106.32			
	CB	18.10			
One parent works 18 hours	CTC	45.78			
	WTC	74.04			
	CTB	nil	22.95		
One child	Wages	178.81	165.69	175	157.81
Both parents work 35 hours	Wages	178.81			
	CB	18.10			
	CTC	45.78			
	WTC	99.95			
	CTB	nil	22.95		

<i>Couple B</i>	<i>Income</i>		<i>Rent & council tax to pay</i>	<i>Child care costs</i>	<i>Net income after housing costs and childcare</i>
<i>Rent of £750 per month</i>					
Two children	Wages	178.81		Nil	244.43
One parent works 35 hours	CB	30.20			
	CTC	81.13			
	WTC	38.41			
	HB	107.80	64.33		
	CTB	3.16	19.79		
Two children	Wages	178.81		210	249.48
One parent works 35 hours	Wages	106.32			
	CB	30.20			
One parent works 18 hours	CTC	81.13			
	WTC	165.54			
	HB	92.56	79.57		
	CTB	nil	22.95		
Two children	Wages	178.81		350	205.82
Both parents work 35 hours	Wages	178.81			
	CB	30.20			
	CTC	81.13			
	WTC	201.15			
	HB	80.80	91.33		
	CTB	nil	22.95		

<i>Mortgage of £150,000</i>	<i>Income</i>		<i>Mortgage & council tax to pay</i>	<i>Child care costs</i>	<i>Net income after housing costs and childcare</i>
Two children	Wages	178.81	165.69	nil	143.07
One parent works 35 hours	CB	30.20			
	CTC	81.13			
	WTC	38.41			
	CTB	3.16	19.79		

<i>Mortgage of £150,000</i>	<i>Income</i>		<i>Mortgage & council tax to pay</i>	<i>Child care costs</i>	<i>Net income after housing costs and childcare</i>
Two children	Wages	178.81			
One parent works 35 hours	Wages	106.32	165.69	210	163.36
	CB	30.20			
One parent works 18 hours	CTC	81.13			
	WTC	165.54			
	CTB	nil	22.95		
Two children	Wages	178.81	165.69	350	131.46
Both parents work 35 hours	Wages	178.81			
	CB	30.20			
	CTC	81.13			
	WTC	201.15			
	CTB	nil	22.95		

**COMPARISON OF NET WEEKLY INCOMES AFTER HOUSING COSTS AND
CHILDCARE COSTS ARE TAKEN INTO ACCOUNT**

	<i>Rent of £750 per month</i>	<i>Mortgage of £150,000</i>
One child		
One parent works 35 hours	196.98	95.62
One child		
One parent works 35 hours		
One parent works 18 hours	210.26	139.41
One child		
Both parents work for 35 hours	216.70	157.81
Two children		
One parent works 35 hours	244.43	143.07
Two children		
One parent works 35 hours		
One parent works 18 hours	249.48	163.36
Two children		
Both parents work 35 hours	205.82	131.46

September 2007

Memorandum submitted by Adrian Sinfield

SUMMARY AND RECOMMENDATIONS

- There is no overall framework setting out the government’s basic strategy to eradicate child poverty. There is no means to guarantee an adequate income free of poverty for families with children. In fact, there is not even an agreed measure of income adequacy against which policies may be assessed.
- Central to the fight against child poverty must be the need to address these issues of overall strategy, adequacy and minimum incomes. The “safety-net” benefits for children must be made exactly that.
- Poverty cannot be tackled without a larger, more preventive and better integrated package of measures. In particular, poverty in work is one of the greatest challenges preventing a faster reduction in poverty. Tackling and preventing poverty in employment therefore requires a strategy that delivers decent jobs, not any jobs.
- Much more could be done by the government providing models of best practice in employment that help workers to stay and progress in decent jobs, helping them to bring their children up out of poverty.
- Inadequate and confusing benefits and credits make life even worse for those subject to them and increase their difficulties in trying to cope and to get out of poverty. Poor benefits and tax credits are far from “passive” in their effect: they can be actively harmful to families.

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- Eradicating poverty is both about adequate incomes and also about how people on low incomes are treated. The benefits and tax credits services need to be improved and a universal and independent welfare and employment rights service be established.
 - “Poverty-proofing” needs to be strengthened and expanded across all levels of government with “poverty impact statements” as part of “mainstreaming” social inclusion, linking to broader structural strategies concerned with inequality. This is essential to ensure that government policies and practices do not frustrate specific programmes against child poverty as, for example, the overall working of the current tax system does.
 - Finally, a greater emphasis on preventive structural policies “upstream” that engage with the structural drivers of poverty and inequality is essential both for eradicating child poverty and promoting social mobility. The present failure to confront these challenges is already an important factor impeding present anti-poverty policies: for a lasting reduction of child poverty this is even more essential.

RECOMMENDATIONS

- The establishment of a national antipoverty strategy with an overall framework and a clear statement of who holds what responsibilities. “There is no Government Minister, department or unit which is attempting to address the combined and overlapping complexities of the benefits and tax credits systems. This omission must be urgently addressed” (WPC, 2007, Recommendations 43 and 14).
- The government must set up a new Commission on the Distribution of Income and Wealth with duties to include advice and recommendations on the setting of a poverty line and minimum income standards.
- Stronger preventive strategies should be put into effect: these should include promoting decent work with decent pay, removing “family-unfriendly” working conditions and enabling parents to stay and progress in their jobs.
- Adequate staffing and support must be made available to ensure that the Harker measures for “work first plus” have the success that they could have.
- Central, regional and local government and agencies of all types should provide models of good practice, building on the experience of target C in Scotland, to help people into decent jobs and progress in them. The next step should be to ensure that those they contract meet the same standards.
- Benefits and credits must be made sufficient to keep children out of poverty. In particular, basic benefits for adults of working age must be increased; child benefit for second and subsequent children should be raised to the same, higher rate available to the first child.
- “DWP must put the claimant at the heart of the simplification process, and it is clear that there is much potential for improving the customer experience—and internal DWP processes—without changing the rules” (WPC, 2007, recommendation 29).
- A nationwide and comprehensive independent welfare rights advice should be urgently established to reduce the risk that families are kept in poverty by the continuing failures in delivering complicated and confusing benefits and tax credits that are further exacerbated by staff cuts.
- “Poverty-proofing” needs to be strengthened and expanded across all levels of government with “poverty impact statements” as part of “mainstreaming” social inclusion. As part of this, a fuller Comprehensive Spending Review is needed to examine how all government policies, including those releasing tax revenue and similar subsidies, affect the prevention and tackling of child poverty, identifying both those measures which are helpful and those which are counter-productive to these ends.
- Policies must engage with the “main drivers of poverty and inequality” (Harker) and measures to reduce inequalities by gender, ethnic group, disability and other factors be strengthened and expanded.
- A proper, fairer balance of rights and responsibilities needs to be set out with recognition of demand-side problems and no “shaming” of those caught in poverty. This must include urgent action to meet international commitments already accepted by the UK to protect children’s right to grow up free of poverty.

INTRODUCTION

1. I welcome this inquiry and hope that it will build on the considerable strengths of the Committee’s valuable report on child poverty in 2004. The approach in this inquiry is particularly welcome and timely: the target for a democratic society must be “the best start in life” for all children, not just an improvement on the current situation where the country may even be slipping back from the earlier missed target. It is

vital to keep that target in focus at this stage in developing both the overall strategy and individual policy recommendations for making any real progress towards the goal of eradicating child poverty in a generation.

2. My response picks up some of the questions posed in the invitation to submit written evidence and also argues that there are other key concerns that also need urgent attention. In particular, the importance of prevention for the eradication of poverty and the promotion of social mobility needs special emphasis. That needs to be linked with the wider, structural issues of persisting wider inequality which itself is a major impediment to eradicating child poverty. In consequence, the final part of this note will attempt to raise some of these broader issues.

3. There has been substantial progress in reducing child poverty over the last eight years, and this is very much to be welcomed. However, despite now having much higher rates of employment, the UK still has a child poverty rate above the EU average—and this is even after the acknowledged decline in child poverty since 1999. Progress has been slow, falling behind the target, and at present it may even have stalled. A major part of the reason for this has been that the government's approach has been too limited and only taken parts of the problem into account.

4. The point was put very well in a recent WPC report. It then related to the specific issue of *Benefits Simplification*, but one of its main conclusions applies, if anything, even more powerfully to this inquiry:

“Our concern is that the current DWP approach addresses only the tip of the iceberg, looking at new policies but not necessarily the existing structure, examining parts of the system in isolation” (WPC, 2007, Recommendation 44).

5. The problem of child poverty remains therefore very urgent and must be given much greater priority in real terms than it has so far. By “real terms” I mean resources of funds, time and energy: so far the rhetoric has given a greater sense of generosity and vigour in action than the actual strategies put into place.

I. The Lack of an Overall Strategy and an Adequate Official Measure of Poverty

6. An EC questionnaire on child poverty recently asked member countries what the overall framework was for preventing child poverty (UK, 2007). However, in the UK nothing that could fairly be described as an “overall framework” has been published. Constant reference is still being made to the Treasury *Child Poverty Review* in 2004. This was clearly helpful at the time, indicating many useful and important directions towards firmer action against child poverty. However, it does not provide an overall framework on which a national strategy can be built. The Committee is urged to recommend both an updating and a fundamental review and strengthening of such documents.

7. The first question in the same questionnaire on child poverty from the EC was “What measures are in place in your country to ensure that all children grow up with an adequate income that allows their participation in society?” (UK, 2007, p 3). In the UK there are no measures in place to ensure this. There is not even agreement about what an adequate income is. Benefit levels are almost all beneath even what the government accepts as the measure of poverty, and many are well beneath.

8. While the new measure of poverty combining incomes below 70% of median income and measures of deprivation is likely to be helpful, it is still not known how much is needed to allow a standard of living that is adequate in a modern, democratic society where all are expected to take an active part. The work now under way at the Centre for Research in Social Policy at Loughborough University to identify “a socially agreed, empirically based, minimum income standard” is very much to be welcomed (on the need for MIS, see Veit-Wilson, 1998; and www.minimumincomestandard.org), but there is much more that can and should be done by the government to ensure that it delivers effectively on its target of eradicating poverty.

9. This is not only vital for successfully tackling poverty. Using an inadequate measure can have a counter-productive effect on policymaking. The raising of incomes to a level which is not in reality high enough to take people out of poverty may not lead to the improvement in health, quality of life or behaviour which is expected. In consequence, both policies and people in poverty are liable to be blamed for continuing problems with a fall in support for maintaining programmes and spending. The backlash against the government and “the poor” will make it more difficult to maintain existing programmes, let alone strengthen them. The government therefore should be encouraged to establish a new Commission on the Distribution of Income and Wealth with duties that include advice and recommendations on these issues.

II. The Need for Stronger Strategies of Prevention

10. The value of strong preventive strategies for eradicating child poverty cannot be overstated, but the very terms in which the questions are presented for this inquiry play down the importance of prevention. However good policies to help people out of poverty or to alleviate it, the problem will not be substantially reduced unless ways to prevent poverty from occurring in the first place are given much greater attention and significantly strengthened. To make a real and lasting impact on child poverty we need to ensure that preventing it is made a major part of the strategy for government and society as a whole.

11. Countries with a stronger preventive strategy like Finland and Sweden have much lower rates of poverty than most countries whose policies I have examined (Sinfield, 2007). Finland calls its own strategy “the National Action Plan for Preventing Poverty and Social Exclusion”:

“The four pillars of Nordic social security—income-based security, basic security for everyone, income transfers to low-income population groups, and equitable welfare services regardless of wealth, gender or domicile—form a basis upon which the prevention of poverty and social exclusion is built” (Finland, NAPs/incl 2003/2005, p 19, quoted in Sinfield, 2007, p 2).

12. In the UK emphasis by past governments on individual responsibility for poverty neglected its wider, structural causes and so gave little attention to the role which government at all levels and other major public and private actors can play in preventing poverty. The National Minimum Wage and Working and Child Tax Credits are significant signs of change, but there is still a severe lack of balance in the overall strategy to eradicate child poverty with too much concern with individual factors and too little with structural ones that both cause and perpetuate child poverty and inhibit social mobility.

The importance of high, and preferably full, employment in preventing as well as reducing child poverty

13. One of the most important structural measures in preventing all forms of poverty is the maintenance of high employment, so the much improved labour market is a particularly valuable advance. However, the government’s basic strategy that “work is the best form of welfare” (Ministerial preface to the latest *Opportunity for All*, DWP, 2006) has focussed too much on getting people into work to lift them out of poverty, and not enough on helping people keep their jobs and cope with the difficulties that make it harder, if not impossible, to continue in work.

14. It might be assumed that this preventive role goes without saying but, with much competition for scarce resources, policies that are not explicitly stated and clearly built into strategies may, quite simply, go. In consequence, “work is the best form of welfare” is in danger of becoming more of a successful sound-bite than a successful strategy. Of course, getting people into employment has to be a central part of any strategy, even more given the high levels of unemployment that were the cause of much increased poverty in the last decades of the twentieth century. However there is over-reliance on this approach with far too little attention to the quality of the job, its level of reward and the ease of keeping it.

15. This relative neglect is exemplified in *Working for Children* where “helping people to stay in work and progress in employment” is one of the three main areas frequently flagged up for attention. This is very promising, but the actual discussion of in-work issues is largely confined to the short section 3, “Job retention and progression”. The less than two and a half pages of text are spent reporting pre-policy work: there is very little sign of any firm commitment to major activity in this very important area that is widely recognised as a major cause of the stubborn persistence in high levels of child poverty.

16. First, there is a summary of recommendations of the Leith Review of Skills that concludes “we are working . . . to consider the recommendations and agree next steps” (DWP, 2007, p 24). Second, there is a report on the Employment Retention and Advancement pilot. Introduced in October 2003 after much pressure because of the neglect of in-work problems, the pilot is still being evaluated. The summary concludes “we will continue to consider how we can best use the lessons learned from the pilot in order to help lone parents retain and advance in work” (DWP, 2007, p 25). All this does not add up to a policy, nor does it lead one to expect a major investment of time, energy and resources in this area in the near future.

17. Yet working poverty continues to be a major impediment to reducing and preventing child poverty. One obvious issue is the low level of incomes for many in work despite the introduction of the National Minimum Wage and working tax credits. Working poverty has become a major problem: many who are told they can escape chronic poverty out of work by getting a job find themselves with little, if any, improvement in their income, additional work-related costs and new pressures of coping with inadequate pay despite tax credits. Low wages and tax credits need further attention, building, for example, on the In Work Credit. The suggestions in *Working for Children* (2007, p 20) deserve to be taken forward but with more careful attention to demand-side pressures on workers than appears to be given at present.

18. There is no recognition in *Working for Children* or any other government statement on child poverty that there may be a particular problem of poor pay and poor work in the UK, although there has been much evidence published by the EC, especially in the annual *Employment in Europe*. Although the UK may have been successful in getting people into work, it has been shown to be one of the worst at moving people from low quality and low paid work into higher quality jobs. Over the five years to 2000, the UK not only had the lowest proportion of workers in the EU-15 leaving poor quality jobs for high quality ones but also the highest rate back into poor ones (EC, 2003, chart 93). Poor quality work includes both poor pay and poor working conditions that offer little chance of promotion or establishing a secure and adequate income on which to bring up a family.

19. The meaning behind the large quantitative and panel studies on which the EC data are based is brought out very clearly by Polly Toynbee’s own experiences in trying out many poor jobs in *Hard Work* (2003; see also Green, 2007). Persistent family-unfriendly practices in poor-quality work make it more difficult for parents, especially lone mothers, to remain in work, except at a personal and social cost to themselves and their children. The experiences that she describes show very clearly how harmful much poor

work is for the individuals trapped in it or bounced in and out of it. It makes it impossible for many people to stay in work and move on to better and more fulfilling jobs while being good parents. The problems were particularly evident in many health and education jobs contracted-out from the public sector.

20. It is, to say the least, counter-productive if parents find themselves in work with poor pay and family-unfriendly working hours and conditions that both make it more difficult for them to bring their children up and to keep them out of poverty. If they are driven into these jobs by the inadequacy of benefits and official and general harassment, the impact on parents is likely to be even more undermining. They are doing the right thing in terms of official and public expectations—and are being punished for it. The disrespect involved has not received the recognition that it deserves, let alone sufficient policy and political response in openly rejecting such a technical and undemocratic way of reducing the poverty body count (White and Cooke, 2007).

21. Poverty in work therefore is one of the greatest challenges preventing a faster reduction in poverty. Yet it is possible to read *Working for Children* from end to end without getting any sense of these complex and persisting problems that are handicapping those who do get low paid jobs in their efforts to bring up their families out of poverty. This requires a much closer and specific joining-up of DWP policies with other government departments in relation to many employment-related problems including the National Minimum Wage and its enforcement. There are also many other issues relating to work conditions and the extent of flexibility allowed low-paid and insecure workers. This should include, for example, the work on work-life balance in the Department for Business, Enterprise and Regulatory Reform and groups such as the Work Foundation and Employers for Work-Life Balance.

22. The impression that one gets from *Working for Children* is that all problems can be virtually solved on the supply side by the worker, or would-be worker, adding to their skills, adjusting their working times. The importance of arranging child care is recognised as something that the agency may help on, but that does seem to be the limit.

23. The Harker Report could not have been clearer. Its executive summary states:

“a work first approach is not sufficient to end child poverty, since nearly half of children in poverty now live in a family where someone is already in employment. To thrive in today’s rapidly changing labour market, parents need guidance, support and skills to progress in work. A system which encourages parents to take any job rather than one that offers them good long-term prospects, or leads to parents ‘cycling’ between having a job and being out of work, is neither efficient nor effective in tackling child poverty” (Harker, 2006, p 8).

24. In tackling the problems that Harker indicates, there is much to be gained from her proposals for a new “Work first plus” approach—one that takes account of the support needs of parents. This is an important step forward that is well supported by the Leitch report. It is good that *Working for Children* takes up some of the suggestions but they deserve much greater policy support than they have been given so far. It seems difficult to believe that they will be allocated the resources and staffing needed under the current pressure to reduce staff. The Committee is encouraged to reinforce the case for proper staffing, resources and support to ensure that the Harker measures have the best chance to succeed.

Decent work first plus—an essential part of the strategy against child poverty

25. By itself, “Work first plus” is not enough, as Harker herself acknowledges very explicitly. “Such changes will not be sufficient on their own to enable the Government to reach its child poverty targets” (Harker, 2006, p 8, and see also the final chapter). What is required is an approach that might best be summed up as “Decent work first plus”. Decent work was succinctly defined by William Beveridge in 1944:

“full employment means . . . that the jobs are at fair wages, of such a kind, and so located that the unemployed men can reasonably be expected to take them” (Beveridge, 1944, p 18).

Today, of course, we recognise that this applies just as much to women as to men, but there is far too little evidence that this point is carried forward into policy and practice.

26. Tackling poverty through employment therefore requires a strategy that delivers decent jobs, not any jobs. This involves more engagement with the demand side than has been delivered or suggested in recent welfare reforms and proposals. Above all, the issue of low pay has to be tackled more vigorously. In addition, more needs to be done to tackle forms of discrimination and to promote better work-life balance. The government itself might provide a model for best practice to reduce child poverty for its own employees. Unfortunately, this is far from true with the government’s own workforce, as is evident from the main conclusion to a study of work-life balance in the public sector carried out by the Work Foundation with Unison members:

“Employers in the public sector “talk the talk” on work-life balance, but have only low levels of commitment to changing standard working patterns in practice—and in some cases deliberately block people from flexible working or grant requests only to selected favourites” (press release to Visser and Williams, 2006).

In this situation lower-paid and lower-status workers particularly lose out since there was a hierarchy of privilege with less chance of a better work-life balance trickling down.

27. The Chartered Institute of Personnel and Development has argued that the government could give much closer attention to what employers might do in tackling problems of economic inactivity (Philpott, 2006). Their own research found that “more than six in 10 employers deliberately exclude one or other core jobless group”. People with mental health problems were particularly at risk (see also Green, 2007). However, experience shows that much could be done to overcome these attitudes, given proper support and encouragement from the government. It is ironic that groups on the demand side are having to point out how much more the government could be doing to enhance support by employers to tackle problems which would help to promote its own goals of increasing parental employment and so reducing child poverty. I would encourage the Committee to seek advice directly from the Chartered Institute of Personnel and Development.

28. The better organisation of work and better-directed HRM practices could assist the prevention and reduction of child poverty and help to reduce pressures on hard-pressed parents. This is a neglected part of the European Social Inclusion objective (Sinfield, 2007, p 6). Measures to enable people with disabilities, especially mental health problems, to keep their jobs may also protect them and their families from poverty, given their greater difficulties once unemployed (SEU, 2004). The importance of this and what needs to be done is set out in the Prime Minister’s Strategy Unit’s report. *Improving the life chances of disabled people* (PMSU, 2005, chapter 7).

29. Another example of how this might be tackled is provided by the work in 2005 and 2006 to meet target C of the Scottish Executive’s *Closing the Opportunity Gap*. Encouraging “public sector and large employers to tackle aspects of in-work poverty by providing employees with opportunity to develop skills and progress in their career” is particularly important for preventing poverty from recurring. NHS Scotland was set to provide an example of good practice “by providing 1,000 job opportunities, with support for training and progression once in post”. This goal was achieved by six health boards who have continued to develop this work, and another three are preparing to join them. Promoting employer awareness of the ways in which improvements in work organisation and conditions, and the general area of “work-life balance”, could help prevent poverty by enabling parents, including those suffering from some form of disability or other disadvantage, to retain their jobs and progress in them without personal cost.

30. Central, regional and local government and agencies of all types could become models of good practice, building on the experience of target C in Scotland. The next step should be to ensure that those they contract meet the same standards.

Tackling gender, ethnic, disability and other inequalities

31. The strategy to tackle child poverty by promoting decent work in which parents can work and obtain enough resources and time to bring their children up out of poverty will have more success if it is also linked with broader strategies relating, for example, to gender inequality. Women are still more likely to be trapped in unrewarding careers, and there are strong and persisting links between this and child poverty. We see this particularly clearly in relation to lone parents. Research undertaken for the DWP has shown that lone parents are entering work at the same rate as other groups: the problem is that their exit rates are twice as high as the average (Evans et al, 2004).

32. The Government will come much closer to reaching the target rate of 70% for lone parent employment if they devote much more effort to tackling the reasons for the higher exit rate. Above all, this requires a much better balance between demand and supply in designing and implementing labour market strategies. Reducing the exit rate demands changes from employers, more and better child care, and changes in societal expectations. It is these issues that need much greater attention in order to improve the employment rates of lone parents, not a reinforcement of negative images of lone mothers.

33. Similarly, the success of broader strategies tackling the disadvantages faced by ethnic minorities and workers with disabilities or other handicaps are likely to bring particular benefits to those vulnerable to low incomes. There is remarkably little on the problems faced by ethnic minorities in work in *Working for Children*. Ethnicity is recognised as a factor increasing the risk of child poverty in figure 1, with children in these families making “up 25% of all poor children” (DWP, 2007, p 12). This is almost double the proportion they comprise of all children. Page 13 contains a box entitled “Ethnicity and Child Poverty” which does not appear to have any reference to problems such as discrimination and prejudice that beset many in ethnic minorities trying to get into and progress in work. The text notes:

“even more striking is the high level of the in-work poverty amongst some ethnic minority groups, 54% of Pakistani/Bangladeshi children in working households remain in poverty, compared to just 12% of white children”.

34. There is then a complete absence of any further discussion of the in-work problem and its causes (although there is one paragraph on the barriers getting into work (DWP, 2007, p 7). The implication is that the problems of these in-poverty workers and their families can also be solved just by supply-side solutions of education, upgrading skills and help with child-care. Here the need for joined-up policymaking could not

be more clear, providing a strong case for a much more vigorous and public effort on the part of government departments, central, regional and local, to ensure that these groups at least get a proportionate share in public employment as evidence of good practice to others.

35. In total contrast, government departments have been failing so badly and persistently to meet their publicly-declared goals to promote employment of ethnic minorities that they were castigated in the final report of the Commission for Racial Equality this month.

“Fifteen government departments and agencies, including Whitehall’s biggest spenders, face the threat of legal action for failing to carry out their duties under race equality legislation” (*Guardian*, 18 September, 2007).

36. The same point could also be made in relation to families with disabled parents or children since disability is a major risk factor. The need for policy action here to raise them out of poverty is made all the stronger by the fact that the disability itself can add to the costs imposed on the family (Preston with Robertson, 2006; PMSU, 2005). Once again, there is recognition of the barriers to employment for parents with disabled children, though nothing about the problems once in work nor the difficulties experienced in work by parents with disabilities themselves (DWP, 2007, p 37). In *Everyone Matters? Voices of people experiencing poverty in Scotland* disabled people, lone parents and refugees report particular difficulties (Green, 2007).

III. The Need for a Good Social Security System that Works to Eradicate Child Poverty

37. Important advances have been made by increased employment, but no one can pretend that this alone will eradicate child poverty. Not even the government expects that every parent can get a job, but recognition of this, and the policies therefore required to protect their children from poverty effectively, is often missing in official reports, and even more in ministerial speeches and related briefings where the emphasis continues to be on “work first”.

38. Once again the Harker report is very specific: “The Government will need to provide adequate financial support for families as well as help to support parents into work” (Harker, 2006, p 9). Working for Children, however, stops with employment issues as if the DWP responsibilities did not include many complex and complicated benefits.

39. It has already been noted that the UK has no “measures are in place . . . to ensure that all children grow up with an adequate income that allows their participation in society” (question from EC, UK, 2007, p 3). There is not even agreement about what an income good enough to enable participation in society is, and this should be rectified by the establishment of a new and independent Commission on the Distribution of Income and Wealth. At present benefit levels are almost all beneath even what the government accepts as the measure of poverty, and many are well beneath. Before 1997 the inadequacy of benefits was argued most vigorously by many leading Labour MPs in opposition, and there is good reason to believe that those arguments are, if anything, even more relevant today as the rates have fallen further behind wages and the general cost of living.

- Many basic benefits for adults have received no real improvement for many years. The case for not raising this for adults without children is very weak, and late-month additions for pregnant women cannot overcome the deprivation they may have endured from inadequate benefits for much longer periods. Not surprisingly, women who have had to survive on these over time are particularly likely to produce low-birth weight babies.
- The much higher risk of child poverty among large families would be reduced by increasing child benefit for second and subsequent children to the same, higher rate available to the first child.

40. The role of social security in tackling child poverty, and preventing it in the first place, has long received insufficient attention here. This is in sharp contrast to those European countries with less poverty who make greater use of more generous universal and contributory social security programmes to prevent poverty and depend less on means-testing for those already in poverty. One important reason for this is conflict between political priorities in Britain with a greater fear of weakening work incentives for parents than, of failing to reduce the poverty of children. This has long been a core dilemma in social policy. Current political rhetoric works to resolve or at least conceal this dilemma by claiming that the social inclusion of parents in paid work is the only effective way to combat child poverty.

41. However, the inadequacy of an anti-poverty strategy that promotes employment without a complementary range of measures to reduce the risk of poverty both in and out of work has been clearly documented in many analyses, both international (eg, Whiteford and Adema, 2006) and national (eg Norway in Lorentzen, 2006; New Zealand in St John, 2006; and, for a summary of the evidence, Sinfield, 2001).

The harm of inadequate benefits and support

42. “Making work pay” is an important part of the government’s strategy to tackle child poverty, but that is very different to driving people into work through the poverty of inadequate benefits. Poor benefits make life worse for those subject to them and increase their difficulties in trying to cope and to get out of poverty. There is growing evidence that unstable and irregular incomes create problems for families and the children growing up within them (Ridge, 2002; Smithies, 2007).

43. Far too little attention has been given to the evidence from survey after survey that being in poverty is itself a cause of wider problems. This creates:

“a vicious cycle of disadvantage, whereby people can be progressively marginalised from the employment structure. **But the central factor underlying this process is poverty.** Unemployment heightens the risk of people falling into poverty, and poverty in turn makes it more difficult for people to return to work” (Gallie, Paugam and Jacobs, 2002, p 18, emphasis added).

This important conclusion from a major survey across European countries derives from detailed analysis of the European Community Household Panel Survey: that enables analysis to go beyond the snapshot picture to the examination of patterns over a number of years. A recurrent finding of such studies over time is the need to move beyond the individual to structural and institutional factors.

44. One of the greatest myths that has grown and flourished in this area is that benefits are “passive” while labour market measures are “active”. Recognition of the positive, poverty-preventing potential of good social security support continues to be made more difficult by routine use of the policy slogans of “active” labour market measures which help people into work and “passive” benefits which encourage dependency. Unfortunately, it has not been recognised that the very use of these terms, “active” and “passive”, helps to set the policy agenda and close off certain policy options in advance of more detailed discussion. What minister is going to devote more effort—resources, staffing, time—to passive measures instead of active ones?

45. Calling benefits “passive” discounts evidence that a good benefits system helps people avoid poverty, enabling them to cope and plan more easily when earnings are interrupted for whatever reason (Sinfield, 2001). That a generous benefits system can itself be active—effective in promoting employment and preventing poverty—has at last been acknowledged by OECD in reviewing its Jobs Study (OECD, 2006). By contrast, inadequate benefits and tax credits are far from “passive” in their effect, they can be positively harmful and trap families in poverty.

46. It is unfortunate that the Freud report should have allowed the myth of active-over-passive to distort analysis. Very curiously for a document that must have received assistance from DWP staff, it accepted, and repeated, a very misleading account of the development of social security and labour market policies and practice during the 1980s (Freud, 2007, p 12). This one-sided supply-side view of unemployment and economic inactivity sadly came to dominate much of its recommendations and led it into more conditionality despite the lack of supporting evidence.

Putting the claimant first helps those having to cope with poverty

47. Eradicating child poverty not only requires adequate incomes but also closer attention to how people on low incomes are treated. The problems of bringing children up on an inadequate income are all the greater when these inadequate benefits are overzealously policed or just indifferently and inadequately administered. They are being made even worse by substantial staff cuts in the DWP and HMRC as a result of the Gershon commitment to reducing staffing—and these are the departments that have the central responsibility of delivering benefits and tax credits to people who are having to cope with all the problems, stresses and disadvantages of poverty. This must rank as an outstanding example of a major false economy, undermining the potential of extra funds.

48. “While the introduction of tax credits has helped many people financially, this has been at a quite excessive cost in worry and frustration” (Grieve Smith, 2007). Despite all the rhetoric about the treatment of customers, the HMRC is exercising an unknown but probably substantial degree of un-appealable discretion in judgements on “hardship” and need of the type that was regularly researched and condemned in the social security system from at least the 1960s—and of course in the administration of the old household means test long before that. Eventually, it was even accepted by government that this was intolerable and a whole series of administrative reforms led to much clearer establishment of entitlement in the social security system. Today a similar lack of imbalance between entitlement and discretion is appearing in the treatment of tax credit “customers” in the poorest conditions.

49. Quite apart from media coverage and constituency complaints, the very specific, detailed and now repeated reports of independent bodies such as the National Audit Office mean that no one in government can possibly be unaware of the shortcomings of the current income assistance schemes (see, for example, the latest NAO report, NAO, 2007). It is all the more important that the Committee make a strong case for ensuring that the service is both protected and improved. At the very least families vulnerable to poverty

should be able to get what they are entitled to without hassle and stress, and no child should be left in poverty simply because of an inadequate service. The Committee is encouraged to give renewed support to its recommendation earlier this year:

“DWP must put the claimant at the heart of the simplification process, and it is clear that there is much potential for improving the customer experience—and internal DWP processes—without changing the rules” (WPC, 2007, recommendation 29).

The need for a re-affirmation of welfare rights and the expansion of welfare advice

50. The problems relating to the benefits system are very well summed up in the Committee’s own recent report on *Benefits Simplification* which also recognises how the addition of tax credits to the interactions has been increasing the complications.

“Throughout this inquiry we have heard evidence of substantial dysfunctional complexity in the UK benefits system. . . . There is no Government Minister, department or unit which is attempting to address the combined and overlapping complexities of the benefits and tax credits systems. This omission must be urgently addressed” (WPC, 2007, Recommendations 43 and 14).

51. Given these persistent difficulties and the effect they are having on families in poverty, it is all the more surprising that the same report does not contain a strong recommendation for nationwide and comprehensive independent welfare rights advice. The very fact that the Committee has to acknowledge the problems that it documents so clearly are not going to be overcome quickly only strengthens the case.

52. As long ago as 1942 the need for good, accessible welfare rights advice was quite explicitly recommended by William Beveridge in his Report. Because of its relevance sixty-five years on I shall quote the whole paragraph with its heading:

“*Advice to Citizens*” “One of the serious disadvantages of the present division of security functions between so many different agencies is the difficulty experienced by insured persons in understanding their rights and duties and in finding their way through the system to the proper authority to deal with their case. This, apart from the direct loss and delay to insured persons, leads sometimes to unjustified resentment and sometimes to lack of interest. The social security system even when unified and simplified in the way proposed here must still be a machine with many parts and complications to deal with all the complexities of need and variety of persons. Citizens cannot be left to find out all about it by reading official pamphlets, however clearly they may be written. There should be in every local Security Office an Advice Bureau to which every person in doubt or difficulty can be referred and which will be able to tell him, not only about the official provision for social security, but all the other organs—official, semi-official and voluntary, central or local—which may be able to help him in his difficulty” (Beveridge Report, 1942, para 397).

53. The proposal was not implemented then, nor since, despite all the evidence supporting his recommendation over many years from the many groups and agencies concerned with welfare rights and advice. Today the problem has grown worse again. The complexity has undeniably increased while the level of support inside and outside government is being limited. In fact, welfare rights are being put under threat amid the constant changes and diversification of income support across different jurisdictions.

54. There is the great counter-productive irony that, at the same time as the government has been investing more in tax credits and in benefits in its determination to tackle child poverty, “it has also quite casually dismantled and undermined the notion of citizenship and citizen’s rights that should lie at the heart of the welfare state”, as Kate Green, Chief Executive of the Child Poverty Action Group, has put it, drawing on the Group’s wide range of detailed experience of working in the welfare rights and advice field over many years (Green, 2006, p vi).

55. The more complex the various systems of support become and the greater the difficulty in delivering a timely, accurate and reliable service that meets the proper needs of its clients, the greater the case for spending extra money to help those forced to engage with these systems. Instead there have been constant attempts to cut back on this work and to reduce official support for it.

56. A review of the available research and reports by the Fraser of Allander Research Institute (Wiggan and Talbot, 2006) concluded that there was:

“a strong continuing demand for effective, accurate and authoritative non-governmental welfare rights advice services”. These “improve take-up and deliver significant financial gains for clients . . . which tend “to be directed toward extra spending on fuel, food, education, recreation and transport . . . “suggest[ing] improvements in living standards and reduction in social exclusion”.

There were “significant improvements in mental health of clients following successful welfare rights intervention and improvements in physical health, although these may be more limited”.

“The local economy gains from welfare rights advice delivering improved take-up of benefits for local citizens, because of a multiplier”.

“Locating advice services in settings such as General Practices particularly effective for reaching older people and disabled people. Some evidence that it may also be effective at reaching younger families’ effect” (Wiggan and Talbot, 2006, pp 6–7).

This last point is confirmed by the experience of Granton Information Centre in Edinburgh linked to two medical centres in a high poverty area. The doctors have come to recognise that the service has saved them time to concentrate on patients' medical problems while helping patients and their families both financially and in helping to reduce anxieties. Health visitors, midwives and district nurses play a key role in making contact with families needing the service: one special project with mothers-to-be and new mothers found a very high level of unclaimed entitlement.

57. These benefits, financial and other, to those vulnerable to poverty indicate the value of investment in welfare rights advice. The gains to the local community mean that the service effectively pays for itself. The Committee is strongly urged to recommend the expansion of welfare rights advice in easily accessible sites.

58. In addition, an equally strong case can be made for better access to good advice on employment rights and work-related issues such as the National Minimum Wage, entitlements to and opportunities for parental and other leave and flexible working practices that could particularly benefit low-income families in work and in getting back to it. Movements in and out of work are made much more difficult by problems with many of these. And those in poor pay and poor quality work are less likely to have access to trade union services.

IV. The Need for More Attention to “Upstream” Strategies and Policies that Engage with Structural Inequalities

59. Throughout this response there have been references to broader, structural factors that both cause and perpetuate child poverty so a more specific comment is also necessary. Their relevance was a central point of the Harker Report in setting out what else needs to be done to have a substantial impact on the goal of eradicating child poverty.

“The major drivers of poverty—such as high levels of wage and wealth inequality—remain considerable impediments towards reaching the 2020 child poverty target, suggesting that far greater changes to the distribution of wealth, earnings and opportunities in society will be necessary before child poverty is finally eradicated” (Harker, 2006, p 9).

Achieving even the 2010 target is being made very much more difficult in my view by the failure to engage openly and explicitly with the broader, structural issues of “the major drivers of poverty”. It may even contribute to explaining the limited progress so far, missing the first target and now falling further behind.

60. An “upstream” strategy needs to be put in place, providing structural anchorage for the specific policies on child poverty. The case for this was made clearly and powerfully in 1999 by the *Independent Inquiry into Inequalities in Health* chaired by Sir Donald Acheson: health inequalities can only be tackled by a strategy which includes “upstream” as well as “downstream” policies.

“Upstream” ones are needed to “tackle the causal chains which run back into and from the basic structure of society” (Acheson, 1998, pp 7–8).

The very first “areas for future policy development” identified were “poverty and income, tax and benefits”. Success here prevents poverty from occurring in the first place.

61. All the research of which I am aware continues to support this conclusion, but this understanding, now widely accepted in the health field, has not been joined up and integrated into policymaking in other areas. A greater emphasis on preventive structural policies “upstream” is essential both for eradicating child poverty and promoting social mobility.

The need for better “poverty-proofing” and “poverty impact statements”

62. One way to start turning this recognition of structural challenges into realistic policies is to ensure that government policies and practices at all levels are not in any way impeding a more successful and lasting reduction in child poverty. The Committee is urged to set out the case for a more comprehensive strategy of “poverty-proofing” across all government departments and public agencies.

63. There is already some use of child “poverty-proofing” in the UK and its constituent areas. Much more might be done by building on the experience in Ireland where it has been a central and effective part of the government’s anti-poverty strategy for some eight years. It has been used to particularly good effect in poverty-proofing the Irish budget.

Their 2004 Budget “highlights how the measures:

- help prevent people falling into poverty;
- ameliorate/decreases (or increases) the effects of poverty;
- contribute to the achievement of the [poverty] targets; and
- reach the target groups.

It presents the rationale and basis of the assessment and outlines what changes might be introduced to change the effect on poverty” (Combat Poverty Agency, 2005, pp 15–16).

The emphasis on preventing poverty as the very first goal is particularly welcome. A recent review has strengthened its role under the new title of “poverty impact assessment”. Helen Johnston, the Director of Combat Poverty in Ireland, has been in charge of the European-funded programme to mainstream social inclusion and the Committee might find it very helpful to discuss its extension with her (MSI, 2006).

Taxation policies also have a role in tackling poverty

64. To provide examples from just one set of policies, poverty-proofing the tax system would reveal much that needs to be done. The relevance of tax policies for tackling child poverty has already been demonstrated by tax credits, but in other ways the tax system continues to work against any lasting reduction of poverty. For many years the government’s own statistics have shown the poorest fifth paying a larger proportion of their income in all forms of taxes than the average, and even more than the richest fifth. The introduction of Child and Working Tax Credits has helped to reduce this inequity but not to remove it entirely (Jones, 2007, Table 3).

65. Council tax and other regressive taxes need urgent attention, all the more so because of governments’ increasing reliance on these to raise revenue as opposed to the more progressive taxes (Orton, 2006; Bramley et al, 2006; Lyons, 2007). In 2005–06 almost one-third (32.1%) of the gross income of the bottom fifth was taken up by indirect taxes and council tax, even allowing for council tax benefit, and these are the latest official figures (Jones, 2007, Table 3). The richest fifth paid only 12.5% and the average was 17.2%. Given that regressive or proportional taxes form a larger part of total taxes in the UK than most other European countries, this means that the disposable income of low-income households, after all these taxes and duties are deducted, is a smaller proportion of the poverty cut-off income than in these other countries. So families in poverty are at a financial disadvantage compared with their counterparts in countries like Denmark, where the rate of child poverty is anyway so much lower.

66. The result of the lack of any progressivity overall is that the heavier incidence of council tax and indirect taxes forces those in poverty to contribute a bigger share of their income to financing much-heralded measures to reduce their poverty than do the average, let alone the rich. It might almost be said that all the efforts of tax credits have only succeeded in undoing the poverty-creating or maintaining effects of the rest of the tax system.

67. Even the more progressive parts of the tax system have long provided an invisible “tax welfare state” for the privileged through a variety of tax reliefs generally supporting the better-off at the expense of the poorer. These help to reinforce further the position of those already securer in society and reduce the chance of upward mobility for others. Here I will provide just two examples of tax reliefs that make it much easier for the better-off to avoid poverty than those on lower incomes.

68. (a) *Pensions tax relief*: In the last tax year £16.3 billion of taxpayers’ money was released by the government through income tax reliefs to occupational and personal pensions to encourage and help people to make better private provision for their old age (HMRC, 2007, Table 1.5, after tax deducted on pensions paid). This cost has increased by £2 billion over the previous year—and, ironically, this may well be due to the recent policy changes to the reliefs. The distribution of these tax benefits are “upside-down”: in 2004–05 60% of the tax reliefs on employees’ contributions to pensions went to those paying the higher rate of tax or who would be without this relief (*Hansard*, 2005, col 52*W*)—only one in eight of all taxpayers receiving that relief. Income tax is later due on the pension received but not on the lump-sum. The loss of revenue from these reliefs cost the taxpayer twice as much as Pension Credit which is targeting those older people on the lowest incomes.

69. The National Insurance system also works in this upside-down way, reinforcing the regressive distribution of resources across society in ways that bring no benefit to those in poverty. In 2006–07 £9 billion was not collected in employers’ National Insurance contributions on their payments to private pensions—again a significant increase over the previous year. Although no evidence has been made available, it seems highly likely that these and the other reliefs have much the same distributional impact as those on employees’ contributions. If this is so, then £15 billion out of £25 billion in subsidies is going to the better-off, that minority of taxpayers liable to the higher rate of tax.

70. (b) *Tax relief on private payments on the termination of employment*: The first £30,000 of any payments on the termination of employment (but not retirement) are exempted from income tax. In lost revenue this cost £0.8 billion in 2006–07 (HMRC, 2007, Table 1.5), twice as much as the contribution-related element of the Jobseeker’s Allowance, the survivor of National Insurance Unemployment Benefit—what Beveridge intended as the main protection during unemployment. The maximum contribution-based JSA benefit for a single person of £1,537—90 is taxable and any payment beyond six months subject to means-testing. By contrast, the maximum tax benefit is £6,600 for a standard rate taxpayer and £12,000 for a higher rate one, whether or not the claimant remains out of work. Relief could be limited to the state redundancy payments maximum of some £9,000. No evidence of how this tax benefit is distributed has ever been made available, although it would appear to be very regressive.

71. In these and other ways the income tax system continues to protect some people and their families from the risk of poverty far more effectively than the social security system does the majority of the population. This is not realised by either the beneficiaries of these upside-down tax benefits or the rest of the population whose own taxes may have to be correspondingly higher without any of the advantages to make up the shortfall from such subsidies.

72. In contrast to the new tax credits, these tax benefits are not—and, as far as I know, never have been—subject to the same Parliamentary and public scrutiny and assessment as welfare state programmes. No evidence has been published that these reliefs and other subsidies provide value for money and so should be continued. This type of assessment is all the more important given the ways in which they reinforce existing inequalities and reduce the revenue available for lower-income groups. For private pensions the TUC annual PensionsWatch has revealed a massive inequity: analysis of boardroom pensions in the top 100 companies showed wide inequalities with much higher rates of contribution building up to a full pension twice as fast as for other workers (TUC 2007).

73. Evidence needs to be regularly published on the distributive impact of these and all other subsidies that do not appear as expenditures in the national accounts. In particular, the Work and Pensions Committee is encouraged to call for a fuller Comprehensive Spending Review that examines how all government policies, including those releasing tax revenue and similar subsidies, affect the prevention and tackling of poverty, identifying both those measures which are helpful and those which are counter-productive to these ends—the essence of poverty impact statements.

Preventing the undermining of anti-poverty strategies

74. Time was taken to spell out some of the details of the way tax benefits and other subsidies work against anti-poverty strategies because their costs and distributive impact upwards are so little considered in debates about the costs and propriety of distribution downwards. The examples show how impossible it is to engage with underlying causes of child poverty without taking account of ways in which resources are distributed throughout the whole of society.

75. Poverty therefore has to be studied and tackled as a characteristic of society and not just of those who are currently living in poverty. This requires recognition that to prevent child poverty and promote social mobility we must engage with the key problem of persisting, perhaps growing, inequality. At the very least we must do more to ensure that other government policies, and not just taxation, do not contribute to the problem and its maintenance.

76. The need to recognise this is all the more serious and relevant to the inquiry's concerns because persisting inequalities are linked with declining social mobility, declining labour mobility and declining support for collective action. This helps to explain why those countries with higher levels of income inequality within the EU also have higher rates of poverty (EC, 2006, p 81). This pattern is also found outside the EU as well, leading to poorer outcomes for children in poverty in many ways (UNICEF, 2007). Not only have children under five in "Anglo-American" countries had the highest mortality rates among wealthy countries, but the ranking of these countries has declined markedly in recent decades (Collison, 2007).

77. Widening and persistent inequality hinders recognition of greater and deeper poverty, the structural causes underlying it and the absence of robust and adaptable preventive strategies. Those who have done well, or even just maintained their position, are less likely to recognise the persistence of poverty, and more likely to attribute what they do see to personal failings of the victims. Richard Tawney's observation before the First World War remains as relevant as ever:

“What thoughtful rich people call the problem of poverty, thinking poor people call, with equal justice, the problem of riches” (Tawney, 1913).

78. We cannot therefore significantly reduce child poverty without redistribution and without an attempt to address Harker's "major drivers of poverty—such as high levels of wage and wealth inequality". This tends to be dismissed as a political statement, part of the "politics of envy". But it does not help us to develop policies that work to eradicate child poverty if we shy away from making a statement of fact just because it also has political implications.

79. It is worth asking why, with inequalities having grown so much, and maybe even growing further, those who argue for reversing these trends are the ones who are put on the defensive. I would suggest that an important part of the explanation is provided by what Anthony Sampson identified as the greatest change in the last forty years in the UK. In *Who Runs this Place?*, his last edition of *The Anatomy of Britain* forty-two years on, he concluded:

“Above all, the rich feel much less need than their predecessors to account for their wealth, whether to society, to governments or to God. Their attitudes and values are not seriously challenged by anyone. The respect now shown for wealth and money-making has been the most fundamental change in Britain over four decades” (Sampson, 2004, his own summary in *The Observer*, 28 March, 2004, based on p 342).

80. In this context of increased respect upwards it becomes much more difficult to win support for more effective measures to tackle those at the other end of society, to help those in or close to poverty. This, incidentally, is one more argument for strengthening preventive strategies to avoid this problem arising.

The need for a fairer balance of “rights and responsibilities” in rhetoric and action

81. If we are to make a lasting impact on child poverty, it seems that we cannot ignore the need to bring about some redistribution in both resources and respect. Tackling poverty is both about adequate incomes and about how people on low incomes are, and are seen to be, treated. I will end with one example of what might make a small contribution to the discussions and might help to open up a more positive approach to the structural problems.

82. One of the worst aspects of past governments which helped conceal the growth in child poverty was the many ways in which the position of those individuals and families who were having to cope with poverty was made all the harder by the government’s own policies and by the harsh rhetoric employed to cover up the harmful elements of policy changes. In consequence, the “rights and responsibilities” argument was tipped askew—and sadly this discriminatory imbalance has not been sufficiently rectified (White and Cooke, 2007). The tone of the Beveridge Report on “rights and duties” is much more balanced.

83. The recent imbalance has been reinforced by a persistent tendency to limit the language, the mantra, of “rights and responsibilities” to those in poverty, and particularly those on benefits—a recreation of the status of “undeserving poor”. People caught in poverty are still talked about by leading politicians and other opinion-formers in ways that are no longer tolerated in relation to people in ethnic or other minorities—and would probably have been regarded by William Beveridge as very one-sided, if not old-fashioned. A recent report brings out aspects of this imbalance very well in its discussion of what a fair balance of rights and responsibilities would be (Bennett and Cooke, 2007).

84. Government ministers and spokesman should be encouraged to show more respect to those vulnerable to poverty. Many publications and official speeches often seem to make little effort to present an even-handed approach to labour market problems. The demand problems of discrimination, exploitation and poverty-pay are clearly not given the same degree of attention as those on the supply side.

85. Speeches that give consideration to tackling these demand-side problems will not, of course, solve the problems, but they would send an important message to those struggling to cope with them and bring up their families out of poverty. That could help to counter the “othering” of those on low incomes and not working practised all too often in recent years. It could also help to tackle the political problem that many people do not even know we have a problem with child poverty nor that there are targets for its eradication. If this is so, then the same people will hardly be likely to support the measures that are necessary to tackle child poverty: instead there is a greater risk of a backlash against such programmes.

86. One aspect of this more balanced discussion would be a closer consideration of what the rights of people actually are, rather than suggesting that part of the problem is that they have far too many rights and not enough responsibilities. This would require closer attention to the extent to which this country is failing to fulfil its legal obligations to ensure that children are able to grow up protected from poverty. The right of children to grow up free of poverty has been declared in a variety of statements at international and global levels, and the UK, as other countries, has publicly signed its commitment (Veit-Wilson, 2006). However, children continue to live in poverty, and here the rate is at best no longer falling.

87. At present, the words being used by government are still much more vigorous than the resources and policies devoted to backing the grand statements up. Given the importance of enforcing rights to which the country is already committed for both the children directly involved and the whole society, the Committee should encourage the government to recognise both sides of the balance on rights and responsibilities. It should urge them to send a better balanced message and to take firmer action on carrying out their responsibilities.

Long-term targets need long-term strategies with stronger and better structural anchorage

88. The approach in this inquiry is very much to be welcomed, as I have already said. The target for a democratic society must be “the best start in life” for all children, not just an improvement on the current dire situation. It is vital for making any real progress towards the goal of eradicating child poverty in a generation that the target is kept clearly in focus in developing the main policy recommendations to achieve the next target.

89. Ministers who wish to take a bolder line in eradicating child poverty must be frustrated by the tendency for external proposals to pay too close attention to what is perceived as politically feasible but insufficient attention to what must be done if the goal of eradicating child poverty is to be met. This is in marked contrast to areas concerned with world poverty or, at home, smoking and health inequalities.

90. This inquiry with its challenging title provides the Work and Pensions Committee with the opportunity to set out the main strands of a strategy across government that will actually deliver on the target that the government has set itself.

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Memorandum submitted by Remploy Ltd

INTRODUCTION

1. Remploy welcomes the opportunity to respond to the Work and Pensions Committee's Inquiry, "Best Start in Life? Alleviating deprivation, improving social mobility and eradicating child poverty".

2. Remploy is the leading specialist employment services provider. We enable disabled people to maximise their potential by supporting them to gain and retain quality sustainable employment. Last year we helped over 5,300 disabled people and individuals with a long term health problem find jobs with mainstream employers.

3. Remploy believes employment is the key route out of poverty, promoting social inclusion, enabling independent living and increasing aspirations.

4. Our response has three themes:

- the complex barriers disabled and multiple disadvantage groups face when attempting to access learning and skills;
- the need for a definition of "skills" that includes employability and job seeking techniques;
- the need to improve the "usability" and coherence of the welfare system, if it is to benefit the groups who possess the most complex barriers to employment.

SUPPORT FOR DISABLED PARENTS IN ACCESSING SKILLS

5. Approximately one third of children, who live in poverty have one or more disabled parents. Disabled parents are less likely to be employed than non disabled parents, therefore less able to move out of poverty.

6. The employment barriers faced by disabled people are compounded by a widespread lack of opportunity for disabled people to undertake vocational qualifications. Research is needed into the specific difficulties of accessing learning and vocational skills programmes for disabled people.

7. Access to extra curricular activities and training is more restricted for people with impairments, often resulting in individuals studying courses not suited to local labour market demands.

LEARNING TO JOB SEEK

8. Evidence suggests that most disabled people want to work, and are capable of doing so if they receive the appropriate support.

9. Addressing long term or recurrent unemployment and inter-generational worklessness requires sustainable solutions. Getting an individual a job is no longer sufficient—support must be given to ensure that this job is retained, and skills developed to provide the opportunity for progression.

10. In Remploy's experience, the key to sustainable employment is in the support given to individuals to develop the vocational skills needed by the local labour market, helping them become job ready.

MULTIPLE BARRIERS TO EMPLOYMENT

11. The current system of benefits is overcomplicated and fails to capture the complicated needs of individuals with multiple and complex needs.

12. The government Green Paper on Welfare Reform recognised the need to tailor services to complex individual needs, yet retained the tendency to treat people as members of a particular disadvantaged group and offer them services on this basis.

13. As a consequence, some individuals with multiple barriers to employment may "slip below the radar" of those organisations who are best equipped to help them. One third of lone parents have a work limiting disability or health condition, yet are unlikely to be referred to a specialist employment service provider.

14. The Green Paper acknowledged the difficulties experienced by Job Centre Plus in assisting individuals who face multiple complex barriers to employment, and in tackling the reinforcing effects of long term unemployment. Remploy's experience has shown that inadequate support, both in seeking work and whilst in work, has a detrimental effect on mental health and redoubles barriers to employment.⁵⁷

15. Given its long experience of working with disabled people who face multiple disadvantages, Remploy is well placed to meet the employment needs of all disadvantaged groups with complex needs. Reaching these groups is vital to meeting both child poverty targets and sustained full employment.

⁵⁷Independent review of "Healthy Minds at Work" research currently in progress at Cardiff University. Publication pending.

JOINED-UP GOVERNMENT

16. The priorities of the Learning and Skills Council and Job Centre Plus tend to pull in opposite directions—the former focusing on meeting skills targets, and the latter on getting individuals into work. If the goal of quality sustainable employment is to be achieved, neither a job nor a qualification can be seen as the end point: skills need to be developed beyond the initial attainment of work.

17. Disabled people, lone parents and disabled parents are expected to liaise with a number of different government departments and agencies—DIUS, DWP and DH.

18. Problems of coordination weigh particularly heavily on individuals with multiple disadvantages, who are often poorly equipped to deal with complex bureaucratic systems and the advice received is often conflicting, or of poor quality.

19. If government is to maximise the positive effects of welfare to work schemes on child poverty and persistent worklessness, consultation is necessary to make provision more user friendly.

September 2007

Memorandum submitted by Institute for Fiscal Studies (IFS)

1. In this brief submission, we provide a review of recent work at IFS which is relevant to the Committee's inquiry. All quotations in what follows are from the Committee's press release announcing the inquiry.

“The inquiry will assess progress against the Government's PSA Target to halve the number of children in relative low-income households between 1998–99 and 2010–11, on the way to eradicating child poverty by 2020.”

2. The latest data on child poverty, covering 2005–06, was published in March 2007, and analysed both in the DWP's Households Below Average Income report, and in a report produced by IFS researchers (*Poverty and inequality in the UK: 2007*, by Mike Brewer, Alissa Goodman, Alastair Muriel and Luke Sibietta, IFS Briefing Note 73, <http://www.ifs.org.uk/bns/bn73.pdf>). In that report, we said the following about the child poverty target in 2010–11:

“. . . the most binding of the government's three measures will be the pure relative poverty target, which is for child poverty in the UK in 2010–11 to be one-half lower than its level in 1998–99, using a poverty line of 60% of median BHC income and the modified OECD equivalence scale. Under this definition of poverty . . . the number of children in poverty rose between 2004–05 and 2005–06 to reach 2.8 million; this means that child poverty has fallen by 600,000 (or 17.2%) in the seven years since 1998–99, and needs to fall by a further 1.1 million in the remaining five years between now and 2010–11 to meet this element of the target . . . Thus, child poverty needs to fall by an average of over 200,000 for the next five years, having fallen by an average of less than 100,000 a year for the past seven years.” (p 37)

3. In 2006, IFS researchers with Professor Holly Sutherland estimated that, if the government stuck to the increases in benefits, tax allowances and tax credits that are assumed in its public finance forecasts, then the rate of child poverty would rise from its level in 2004–05, and that that extra spending on tax credits and child benefit of around £4.5 billion a year by 2010–11 would give the government a 50:50 chance of meeting its target (see M Brewer, J Browne, H Sutherland, *Microsimulating Child Poverty in 2010 and 2020*, Joseph Rowntree Foundation, York, July 2006 (<http://www.jrf.org.uk/bookshop/eBooks/9781859355091.pdf>)).

4. Following the announcements to income tax and tax credits in Budget 2007, IFS researchers updated that forecast, and we now think that child poverty in 2010–11 could be around 800,000 higher than the Government's target, and that extra spending on the child tax credit of around 3.8 billion pounds a year will be needed to put the Government on track to hit this target (see written evidence provided by the Institute for Fiscal Studies to the Treasury Select Committee for their inquiry into the 2007 Budget and published in HC 389–II (2006–07)). Arguably, the Government should be making an allowance for this spending in its 2007 Spending Review.

5. IFS researchers have previously decomposed the change in child poverty between 1998–99 and 2004–05 to show the contribution that welfare to work measures had made in reducing child poverty. In Table 1 we present an updated version of that analysis, which looks at the change in child poverty between 1998–99 and 2005–06. The principle behind the table is to divide all children into nine family types (according to the number of adults in the family and their working patterns), and then divide all changes in poverty into incidence effects—which represent changes in the risk of poverty for particular family types—and compositional effects—which reflect changes in the distribution of children between these nine family types.

Table 1

DECOMPOSITION OF THE FALL IN RELATIVE CHILD POVERTY (BHC) BY FAMILY TYPE AND WORKING PATTERNS, 1998–99 TO 2005–06

	Poverty rate		Percentage of child population		Incidence effect	Compositional effect	Total change in poverty
	1998–99	2005–06	1998–99	2005–06			
Lone parents							
Full-time	8.53%	6.63%	3.95%	5.21%	– 11,070	– 26,335	– 37,405
Part-time	28.66%	17.31%	5.04%	6.80%	– 85,703	– 2,227	– 87,931
Workless	62.51%	55.52%	13.85%	12.90%	– 119,340	– 42,252	– 161,592
All/Total			22.8%	24.9%	– 216,114	– 70,814	– 286,928
Couples with children							
Self-employed	25.49%	28.17%	11.46%	11.98%	40,125	1,904	42,030
Two full-time earners	0.62%	1.28%	11.20%	12.02%	9,703	– 24,120	– 14,417
One full-time, one part-time	4.58%	4.27%	24.98%	23.29%	– 9,410	42,104	32,694
One full-time, one not working	21.64%	16.80%	18.04%	17.10%	– 108,460	5,693	– 102,767
One or two part-time	52.04%	43.64%	4.28%	4.69%	– 48,073	12,462	– 35,611
Workless	73.51%	63.69%	7.21%	6.01%	– 82,762	– 68,127	– 150,889
All/Total			77.2%	75.1%	– 198,877	– 30,084	– 228,961
All children	26.00%	21.96%	100.00%	100.00%	– 414,991	– 100,898	– 515,889
Total							
Population Effect	12,692,811	12,818,280					30,086
All Changes							– 485,803

Note: Poverty rates are measured as the proportion of the group with income below 60% of the population-wide BHC median income. Poverty is measured on a UK basis in 2005–06, but on a GB basis in 1998–99. This means that the “population effect” captures the net effect of lower numbers of children living in Great Britain and the inclusion of children from Northern Ireland. It also accounts for why the “all changes” figure is different from the often quoted “600,000 fall,” since the latter is based on a UK estimate for child poverty in 1998–99.

Source: Authors’ calculations based on Family Resources Survey, 1998–99 and 2005–06.

6. It shows that most of the fall in child poverty can be accounted for by falls in the risk of falling into poverty (incidence effects) for specific family types, with the largest effects occurring amongst workless lone-parents and couples with only one full-time earner. This pattern is consistent with the direction of tax and benefit changes affecting families with children, as these family types in particular will have benefited from increased child-contingent support through tax credits and out-of-work benefits. A reduction in the proportion of children living in workless families has also served to reduce child poverty.

7. In Table 2 below, we present the results of a similar decomposition that distinguishes between different family sizes. It shows that a large part of the fall in child poverty can be accounted for by a reduced risk of falling into poverty for lone parents with two or more children, and couples with three or more children. Essentially, this shows that most of the fall in child poverty can be put down to falls in the risk of falling into poverty for larger families. This is not surprising as larger families will have stood to gain much through increases in child-contingent support.

Table 2

DECOMPOSITION OF THE FALL IN RELATIVE CHILD POVERTY (BHC) BY FAMILY TYPE AND SIZE, 1998–99 TO 2005–06

	Poverty rate		Percentage of child population		Incidence effect	Compositional effect	Total change in poverty
	1998–99	2005–06	1998–99	2005–06			
Lone parents							
1 child	30.94%	30.12%	6.89%	8.37%	– 7,987	12,422	4,435
2 children	43.82%	34.09%	9.14%	9.26%	– 114,157	2,274	– 111,883
3 children	59.84%	37.78%	4.41%	4.48%	– 125,073	2,077	– 122,996
4 or more children	69.24%	47.01%	2.40%	2.80%	– 73,755	17,271	– 56,484
All/Total			22.8%	24.9%	– 320,972	34,044	– 286,928
Couples with children							
1 child	11.35%	13.23%	16.27%	17.36%	40,226	– 16,277	23,949
2 children	14.12%	14.34%	35.10%	35.45%	9,749	– 4,379	5,371
3 children	26.66%	21.63%	17.68%	15.59%	– 106,797	– 436	– 107,233

	Poverty rate		Percentage of child population		Incidence effect	Compositional effect	Total change in poverty
	1998–99	2005–06	1998–99	2005–06			
4 or more children	49.89%	37.70%	8.11%	6.68%	– 115,051	– 35,997	– 151,048
All/Total			77.2%	75.1%	– 171,872	– 57,089	– 228,961
All children	26.00%	21.96%	100.00%	100.00%	– 492,844	– 23,045	– 515,889
Total							
Population Effect	12,692,811	12,818,280					30,086
All Changes							– 485,803

Note: Poverty rates are measured as the proportion of the group with income below 60% of the population-wide BHC median income. Poverty is measured on a UK basis in 2005–06, but on a GB basis in 1998–99. This means that the “population effect” captures the net effect of lower numbers of children living in Great Britain and the inclusion of children from Northern Ireland. It also accounts for why the “all changes” figure is different from the often quoted “600,000 fall,” since the latter is based on a UK estimate for child poverty in 1998–99.

Source: Authors’ calculations based on Family Resources Survey, 1998–99 and 2005–06.

“... to what extent the proposals in the Government Report Working for Children, in response to the Harker review, are the right way forward.”

8. One of the proposals in the Harker review was for some change to the working tax credit to strengthen incentives for potential second earners to work: this was motivated by the high proportion of children in poverty who live in couple families with one earner. An analysis of that proposal can be found in “Supporting couples with children through the tax system”, IFS Green Budget 2007, <http://www.ifs.org.uk/budgets/gb2007/07chap12.pdf>, which compares it with a policy to increase the working tax credit for all couples, and a transferable personal allowance for couples with young children. It concludes:

“Of the three proposals:

- The proposal to increase WTC for all couples with children is the most targeted on the poorest working couples with children, but as a result does the most to weaken the financial work incentives for adults in such families.
- The proposal to increase WTC for two-earner couples is the best policy for encouraging second earners in relatively low-income families, but at the cost of extending the range of incomes over which adults in such families face high METRs [marginal effective tax rates].
- A transferable personal allowance for couples with young children is the least targeted, so it helps some on relatively high incomes as well as some on relatively low incomes. By recognising the value of unpaid work by adults in couples, it weakens financial incentives to do paid work for those same adults. Unlike the other proposals, though, these effects are restricted to families with children aged under six.

All three proposals would reduce the extent to which the tax credit system treats some married or cohabiting couples with children less generously than if the parents live (or claim to live) apart—indeed, some families might find that these reforms lead to a “couple bonus”. This would occur because lone-parent families would not gain anything from any of the changes.” (p 239).

“Particular areas of interest are likely to include ... whether the Government is doing enough to support: lone parents; unemployed partners; parents of disabled children; and disabled parents. To find quality, sustainable employment, taking account of the Government’s response to the Freud and Leitch reviews.”

9. One policy which the Government is using to encourage lone parents to leave benefit and move into work is the In Work Credit (IWC). The IWC is available to lone parents who have been on benefit (IS or JSA) for at least 12 months and who leave benefit to take a job of 16 or more hours: they are then entitled to a payment of 40 pounds a week for as long as they are in work for a maximum of 12 months. The IWC is not taxable, and does not lead to reduced entitlement to tax credits or any means-tested benefit.

10. The IWC was piloted in eight Jobcentre Plus districts (JCP districts), starting in 2004. Since then, the number of JCP districts operating IWC has grown, as the policy was extended throughout London and the south-east, presumably reflecting that high housing costs and council taxes are an extra disincentive to work in these areas through the action of housing benefit and council tax benefit. The Prime Minister then announced in early September 2007 that the policy would be rolled out nationwide.

11. However, early evidence from the DWP-sponsored impact assessment has only recently been available, and it shows that the IWC had only a small impact on the number of lone parents on benefit or in work (see “The lone parent pilots after 12 to 24 months: an impact assessment of In-Work Credit, Work Search Premium, Extended Schools Childcare, Quarterly Work Focused Interviews and New Deal Plus for Lone Parents”, Mike Brewer, James Browne, Claire Crawford and Genevieve Knight, DWP Research Report 415, <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep415.pdf>).

12. The summary to that report says:

“The pilots had small, positive impacts on the number of lone parents in work and no longer receiving out-of-work benefits. After 12 months of being potentially eligible to the pilots, the central estimate implies that the lone parent pilots led to around 900 more lone parents not being on benefits (around 800 from the stock sample, and around 100 from the flow sample). Measured after 12 months of being potentially eligible to the pilots, these impacts correspond to 0.6% and 0.2% of all lone parents on benefit for at least 12 months in the stock and flow sample respectively, rising to 1.2% after 24 months for the stock sample in the Phase 1 districts”. (p 1)

13. What positive response there was seemed to come from those lone parents who had recently participated in New Deal for Lone Parents. The report concludes that:

“As a whole, the evidence in this report suggests that, in its first one to two years of operation, the main achievement of the pilots was to make better off those lone parents who would have left benefits for work had the pilots not been in operation, rather than to encourage substantially more lone parents to do just that. The pilots may be encouraging job retention amongst this group, but it was not possible to examine this in this report . . . [However] . . . both participation in IWC and the impact of the lone parent pilots on the stock sample increased over time, and so equivalent impact estimates in future reports (due to be published in late 2008) may be higher than those presented here”. (p 2)

14. It is, therefore, a little surprising that the Government have decided to roll out the In Work Credit given that the government-commissioned evaluation has not finished, and that evidence to date has not shown that the IWC is having sizable impacts on the number of lone parents leaving benefit. On the other hand, even if the In Work Credit had no impact at all on lone parents' labour market behaviour, it will certainly make a difference to the income of the lone parents who receive it, and should therefore directly reduce child poverty, albeit on a small scale.

September 2007

Memorandum submitted by Fran Bennett

SUMMARY

- This short evidence note focuses on child benefit; adult benefit rates; and support for women to improve their education/earnings levels.
- There is a strong case for a shift in emphasis within financial support for children towards child benefit.
- This is particularly timely, given the administrative problems with tax credits and the policy focus on potential “second earners” in two-parent families.
- One way to achieve this enjoying broad support is to raise the level for second and subsequent children to equal the rate for the first or eldest eligible child.
- Benefit rates for adults cannot be allowed to continue to fall further behind incomes from employment and must be increased, especially for young people.
- This would benefit not only prospective parents and pregnant women (and hence their babies' health and wellbeing) but also parents living in poverty.
- The reasons for the government's focus in training/education on basic skills and younger age groups are understandable; but a gender aware perspective on child poverty would highlight the importance of women's earnings levels and their progression in work to their families, as well as to themselves.
- In this context, ensuring adequate support for women wishing to access Level 3 qualifications, in particular with childcare costs, is crucial.
- The UK is proposing to measure its performance on child poverty against those European countries which do best; it should therefore examine the broader mix of policies which such countries implement to ensure that their child poverty strategy does not have to contend with the “high levels of wage and wealth inequality” which are major drivers of poverty in the UK.

EVIDENCE

1. The Inquiry being conducted by the Committee is very welcome. With the recent increase in child poverty demonstrated in the 2005–06 “Households Below Average Income” figures, it is also very timely. There is a consensus amongst informed commentators that the target of halving child poverty by 2010–11 is unlikely to be reached without a step change in policies.

2. This short evidence note does not address all the questions posed by the Committee, but instead focuses on the case for:

- a shift in emphasis in support for children towards child benefit;
- increases in adult benefit rates, especially those for young people; and
- more support for women wishing to improve their education/earnings levels.

CHILD BENEFIT

3. The last report on child poverty by the Work and Pensions Select Committee (published in 2004) recommended that child benefit should not only be retained and uprated to maintain its value, but also have its real value “enhanced” “as one of the foundations of all future support for children” (p 67, para 204). In a recent publication written for the Child Poverty Action Group (Bennett with Dornan, 2006), the authors argued that it is time for a shift in emphasis towards child benefit in the overall package of financial support for children in families in and out of employment. The government has announced recently that the rate of child benefit for the first or eldest eligible child will be increased by marginally more than inflation up to 2010 (on top of the real increase which was enacted in 1999). But more could and should be done. This is for a range of reasons, amongst them those set out below.

4. Child benefit is an important foundation of security for families, since its level does not vary by parental employment or partnership status, by family income level, or by age of child (except for the higher amount for the first/eldest eligible child). It therefore provides a clear and predictable source of income for families, and in particular for mothers. This is particularly important in the current context of the administrative problems of tax credits and overpayments which have occurred (only one third of the latter will be avoided by increasing the amount of earnings “disregarded” by 10 times, to £25,000/year). A new claim for child tax credit is also required if partnership status changes, and a partner’s income is taken into account, whereas child benefit “follows the child” and is not affected by a partner’s income.

5. Child benefit has a take-up rate of about 98%; the Child Poverty Action Group has recently calculated from government figures that some £14 billion per year is going unclaimed in means-tested benefits and tax credits overall (press release, 25 September 2007). Child benefit reaches more low-income families than any of the benefits or tax credits designed to help them. There has been a commendable improvement in the take-up rates of means-tested support for children since the introduction of child tax credit. But comparisons of take-up rates for child tax credit with take-up of previous in-work support systems (such as working families tax credit and family credit) are not valid in isolation, since child tax credit is also a replacement for child related allowances in out-of-work means-tested benefits, which had higher take-up rates than those for in-work support (as well as for children’s tax credit).

6. A shift in emphasis towards child benefit is also particularly timely now, given the government’s growing concern to ensure that its strategies are relevant to two-parent families in poverty as well as lone parents. Many commentators argue that potential “second earners” in couples may be disadvantaged by expanding the net of means-tested provision for “in-work” families, because they may be discouraged by high withdrawal rates. Whilst the increase in the tax credits disregard is intended in part to address this, it is not yet clear what effect this has had. Take-up of in-work support amongst two-parent (usually one-earner) families has traditionally been lower than amongst lone-parent families, and this also appears to be the case for tax credits. (Higher) child benefit can boost the incomes of these families and support them whilst the other parent finds employment, as it provides a secure floor of income to build on.

7. One widely supported method of increasing the emphasis on child benefit within the financial package of support for children, mentioned by Harker (2007) and recommended in Bennett with Dornan (2006), is to increase the level for second and subsequent children to that for the first or eldest eligible child. The Make Child Benefit Count campaign has demonstrated that this step makes sense to the public and would enjoy wide support. It would make significant inroads in terms of reducing child poverty: in 2005–06, it would have lifted 250,000 children out of poverty at a cost of £1.7 billion (HC *Hansard*, Written Answers 17.1.06, cols 1201–3W).

8. As noted in Bennett with Dornan (2006, p 45), increases in child benefit are of course more expensive in proportion to how many children are taken out of poverty than increases in means-tested benefits and/or tax credits. But child benefit also has broader functions, which would be simultaneously enhanced by this measure. And increases in child benefit can be seen as equivalent to a tax reduction, targeted on families with children. It has been suggested recently that “the combination of means tests resulting from different aspects of policy in recent years may be reaching its limits, if it has not done so already” (Hills, 2004, p 268). Many of these means tests affect the same families with children and/or young people. The recent history of the pensions debate in the UK has shown that means testing in one area of financial support can reach such a point that, despite the higher cost, a consensus can emerge about the need to rebalance the system towards non-means-tested provision. A similar case can now be made in the policy area of financial support for children.

INCREASES IN ADULT BENEFIT RATES

9. The government recently committed itself to an extension of the scope of child benefit, by proposing to pay it to pregnant women from the 29th week of pregnancy onwards. This was welcome as a symbol of the importance of the period before birth for any strategy to tackle child poverty, and as a recognition of the financial difficulties which many pregnant women face in trying to give their children the best start in life (Bennett, 2002). It is not clear whether the recent suggestion of a universal grant payable in later pregnancy represents the form in which this commitment on child benefit is to be made good.

10. Whether or not this is the case, commentators agree on the evidence about the importance of adequate nutrition and health in the earlier stages of pregnancy (and probably in the pre-conception period as well) to the health of mother and baby. A payment in the later stages of pregnancy, however welcome, will not affect this period. The significance of the period before, and in the earlier stages of, pregnancy—and the provision of an adequate income as the simplest way to improve wellbeing at that time—clearly suggest that an increase in adult benefit rates should be seen as the next logical step in the government’s child poverty strategy. (This is not to downgrade the importance of this policy in its own right, to help those groups who have not done so well out of the government’s focus on poverty amongst children and pensioners.)

11. Whilst the government has increased benefits for children with parents both in and out of employment in real terms, the means-tested benefit rates for most adults of working age have declined significantly and steadily as a percentage of average earnings over recent years.⁵⁸ The rates for young people are particularly low. The level of income support/income-based jobseeker’s allowance in 2007–08 is £59.15 per week for someone aged 25 or over; for someone aged 24, it is even lower, at £46.85 per week. By contrast, the standard minimum guarantee rate of pension credit for a single pensioner is £119.05 per week. (Weekly rates for couples are £92.80 for working age adults aged 18 or over, compared with £181.70 for pensioners.) As Bradshaw and Bennett (2006) wrote, “it is difficult to believe that the differentials [between these, and other, claimants] have a well-grounded rationale” (p 36).

12. This cannot be allowed to continue indefinitely. As Bradshaw and Bennett (2006) said in their report to the European Commission, “benefits for adults have not increased in real terms for over three decades, and this is causing increasing concern” (p 3). The government should be strongly urged to increase benefit levels for adults, in particular for those under 25. As Harker (2007) wrote, “the Government will also be mindful of the relative value of adult out-of-work benefits, which is also contributing to child poverty” (p 54). She proposes increases in the value of some benefits for adults. This would not only be of relevance to adults living in poverty who will become parents in the future, but also benefit many children now, by increasing their parents’ income levels; thus it would also assist out of poverty those families who cannot work.

13. As Harker (2007) suggested, the government should also review its benefit uprating policy and the potential impact this has on child poverty. Uprating by prices (less housing costs for means-tested benefits and working tax credit) in a growing economy, in which most people’s incomes are rising by more than inflation, is bound to mean that those living on benefits fall further behind in relative terms. Yet currently the government is only committed to increasing the child element of the child tax credit in line with earnings increases; many benefits for non-pensioners rise in line with prices or in a more ad hoc way. As Bradshaw and Bennett (2006) said, “there is no justification for this pattern . . . as earnings rise faster than the Rossi index each year, the gap will widen and will eventually become unsustainable” (p 36). The Joseph Rowntree Foundation is currently conducting research into benefit uprating mechanisms, so this is a timely moment to consider uprating policy. As many commentators have argued before, failing to increase benefits in line with general living standards will make the child poverty target even harder to reach. Uprating policy is critical to success.

SUPPORT FOR WOMEN TO INCREASE THEIR EDUCATION/EARNINGS

14. Harker (2007) recommended that welfare to work programmes should be more attuned to the needs of parents, who need guidance, support and skills to progress in work. She suggested putting more emphasis on parents’ skills acquisition and highlighted better “second-chance” education/training as a clear need. *Working for Children* welcomed this, and agreed that moving families out of poverty (rather than a simple “work first” approach) was the government’s goal; but its sections on skills appeared to concentrate largely on basic skills, otherwise making rather general statements (eg proposing a combined objective for employment and skills services of sustainable employment and progression, as mentioned in the Freud Report).

15. The reasons for the government’s policy focus on Levels 1 and 2 skills, and on younger people, are understandable. But with the association of child poverty with both lone parenthood and single-earner status for couple families, there is a clear need to focus on women’s employment and skills—and not solely at lower levels. (This is also a policy focus in its own right, as recognised by the government’s acceptance of the Women and Work Commission’s proposals.) It is Level 3 qualifications which tend to make a difference to the level of women’s pay, which is critical for themselves and their families. A “gender aware” perspective

⁵⁸ See <http://www.poverty.org.uk/06/index.shtml> (accessed 25 September 2007); the information on www.poverty.org.uk is provided by the New Policy Institute, and the site is supported by the Joseph Rowntree Foundation.

on child poverty would recognise the close links between child poverty and both the gender pay gap and the under-valuation of much of women's work, especially in the service sector (Harker, 2007, p 39). It would emphasise the crucial contribution of women's incomes to tackling child poverty (as well as gender inequality), and thus facilitate women's access to education and skills, including courses above Levels 1 and 2.

16. In particular, women taking up further education access courses could benefit from more support.⁵⁹ This is one way in which disadvantaged women can in due course gain a professional qualification and job. For many, this is the main bridge between a life in poverty and a career. But they may often still struggle to maintain and care for their families while they study, with statutory sources of support not always adequate to cover their needs for help with childcare costs. The 2007 Budget offer of 50,000 free childcare places for workless parents, to help them to take up training to return to work, and the extension of free access to Level 3 courses up to age 25, are very welcome. But it remains to be seen whether these are sufficient to respond to this problem, especially in the context of changes to further education funding and the government's declared priorities on skills; and many women may only feel ready to return to education after the age of 25, when their children may be slightly older. In addition, the impact of the recommendation in the Freud Report to move many lone parents on to jobseeker's allowance from income support on their access to further education is not yet clear; but they might find it more difficult to justify their studying whilst in principle having to be actively seeking work.

CONCLUSION

17. Harker (2007) concluded that "the major drivers of poverty—such as high levels of wage and wealth inequality—remain considerable impediments towards reaching the 2020 child poverty target, suggesting that far greater changes to the distribution of wealth, earnings and opportunities in society will be necessary before child poverty is finally eradicated" (p 9). Whilst the measures proposed above will help with progress towards the government's child poverty targets, it is clear from international comparisons that those countries with more equal distributions of income and wealth tend also to be those with lower levels of child poverty. If the government is proposing to gauge whether it has "eradicated" child poverty by 2020 by comparisons with those European countries with the best performance, it should be carefully examining the broader mix of policies which such countries implement to ensure that their child poverty strategy does not have to contend with the "high levels of wage and wealth inequality" found in the UK. As Bradshaw and Bennett (2007) wrote in their report on the UK's child poverty strategy for the European Commission, constraints on the government's ability to reach its child poverty targets "include the structural inequalities in British society and public attitudes towards people in poverty. Tackling these two issues will require significant political will and leadership" (p 1).

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- September 2007

⁵⁹ This section is written on the basis of my experience as a committee member of the Elizabeth Nuffield Education Fund (though not on its behalf). The ENEF supports the education and training of women to equip them for employment, including the award of individual grants to women in higher education, or on further education access courses, usually to help with childcare costs.

Memorandum submitted by Every Disabled Child Matters (EDCM)

SUMMARY

- EDCM is the campaign to get rights and justice for every disabled child. The campaign has 26,000 individual supporters and a network of supporter organisations across the disability and children’s sectors. EDCM supports the Campaign to End Child Poverty.
- EDCM congratulates the Committee for its specific focus on families with disabled children within the terms of reference for this inquiry.
- Even on a pure income measure, families with disabled children are more likely to be poor than other families. When a “material deprivation” approach is taken, which reflects the additional costs families with disabled children face, 93% of families with disabled children report financial difficulties. One in five families with disabled children have had to cut back on food as a result of the costs of bringing up their disabled child or children.
- The government has recognised the need to improve services and provide more support for families with disabled children through investing £340 million through the “Aiming High for Disabled Children” review. However, more now needs to be done to make disabled children a priority within the drive to end child poverty.
- EDCM has three key policy proposals designed to lift families with disabled children out of poverty:
 - A major government take-up campaign on Disability Living Allowance.
 - An increase in the childcare element of working tax credit to £300 per week for families with disabled children.
 - Increase in DLA to meet the cost of caring for a disabled child.
- EDCM recognises that the “In Work, Better Off” green paper proposes to limit the extension of conditionality to families with disabled children. However, while we support the government in challenging the assumption that parents with disabled children will not be able to work, we want government to focus on improving public services such as childcare that will allow these parents to work, rather than adopting a punitive approach.
- Regarding the Comprehensive Spending Review 2007, EDCM wants disabled children to be a priority within the cross-departmental PSA target and delivery agreement. Specifically, we want the DCSF to increase the grant given to the Family Fund by £34 million over the CSR period to help more families with disabled children facing severe financial disadvantage.
- With regard to childcare, EDCM welcomes the new sufficiency duties placed on local authorities under the Childcare Act 2006. We also welcome the £35 million over the CSR period to finance childcare accessibility pilots for disabled children. However, in addition to increasing the childcare element of working tax credit, government should also be preparing to deliver a Childcare Inclusion Fund in the next CSR, accessible to all childcare providers, to spread the best practice developed through the accessibility pilots announced in “Aiming High for Disabled Children”.
- EDCM is also calling for further measures to help parents of disabled children find and sustain employment, including extending maternity leave for mothers giving birth to a disabled child by an additional year and extending the right to request flexible working to the recruitment period.

INTRODUCTION

1. Every Disabled Child Matters (EDCM) is the campaign to get rights and justice for every disabled child. We want all disabled children and their families to have the right to the services and support they need to live ordinary lives. The campaign has 26,000 individual supporters and a network of supporter organisations across the disability and children’s sectors. EDCM supports the Campaign to End Child Poverty.

2. The campaign is run by four leading organisations working with disabled children and their families—Contact a Family, Council for Disabled Children, Mencap and the Special Educational Consortium. We challenge politicians and policy-makers to make good on the Government’s commitment that every child matters.

3. EDCM is grateful for the opportunity to submit evidence to the Committee on the critical issue of poverty affecting families with disabled children. We congratulate the Committee for the specific focus on parents with disabled children in the inquiry’s terms of reference. We would further appreciate the opportunity to give oral evidence to the Committee, if this would be of assistance.

4. Much of the evidence in this submission is taken from the recent EDCM campaign briefing, “Disabled children and child poverty”, a copy of which is attached. This submission focuses on the particular questions identified in the terms of reference, in particular the effectiveness of cross-government co-ordination to address child poverty through the 2007 Comprehensive Spending Review and the role of childcare in lifting families with disabled children out of poverty.

THE IMPACT OF POVERTY ON FAMILIES WITH DISABLED CHILDREN

5. There are approximately 770,000 disabled children in the UK. The recent IPPR “Disability 2020” report has found a strong correlation between low income, social exclusion and disability.⁶⁰ Joseph Rowntree Foundation research found that families with disabled children remain disproportionately likely to be in poverty.⁶¹

6. Even on a pure income measure, families with disabled children are more likely to be poor than other families. Government data over the period 1994–2005 shows that disabled children face a 30% risk of poverty, compared with a 27% risk across all households.⁶² When a “material deprivation” approach is taken, which reflects the additional costs families with disabled children face, 93% of families with disabled children report financial difficulties.⁶³ A substantial minority of families with disabled children are living in severe poverty. One in five families with disabled children have had to cut back on food as a result of the costs of bringing up their disabled child or children.⁶⁴

7. Disabled children and their families face two specific challenges which contribute to their risk of living in poverty:

- (i) Additional and ongoing expenses—the cost of care for their disabled child.
- (ii) Barriers to entering and sustaining employment and to career progression within employment—the income penalty.

8. The extra costs of equipment, clothing, household utilities and other items means it costs three times as much to bring up a disabled child as other children.⁶⁵ The report of the Parliamentary Hearings on Services for Disabled Children contains examples of additional costs ranging from a family whose child needed five nappies per day but who only received three per day from social services, to a family trapped in a small flat with two children who had spent the equity in their home on their disabled child’s therapies.⁶⁶ Worryingly, research from the Family Fund suggests that families with disabled children are contributing only £6.02 per week towards a pension, compared to an average of £21.20 per week, suggesting that they are also storing up poverty for their own old age.⁶⁷

9. Disability benefits fail to meet these additional costs. The Disability Alliance has estimated that Disability Living Allowance would need to increase by 30–50% to meet the real additional cost of caring for a disabled child. Over half (55%) of parents submitting evidence to the Parliamentary Hearings described benefit levels for disabled children as poor.

10. In relation to the income penalty, recent DWP figures show that there are almost three times as many families with disabled children in the lowest income quintile as in the top quintile.⁶⁸ Many parents of disabled children are deprived of the multiple benefits of working, primarily because of inadequate or unaffordable childcare. Families supporting a disabled child are 2.5 times more likely than other families to have no parent working for more than sixteen hours per week.⁶⁹ Mothers of disabled children are disproportionately excluded from the labour market. Just 16% of mothers with disabled children work, compared with 61% of other mothers.⁷⁰

11. The recent government review, “Aiming High for Disabled Children: Better Support for Families”, sets out a vision of seamless, wrap-around services for disabled children and their families. Yet until this vision is delivered, poverty will continue to be the result of insufficient and un-co-ordinated provision of services to disabled children. One family recorded the time spent on caring for their disabled daughter Amy up to the age of seven:

- Meetings and contacts with professionals—774.
- Hours spent on appointments and phone calls about Amy’s needs—4,942.

⁶⁰ IPPR (2007), *Disability 2020: Opportunities for the full and equal citizenship of disabled people in Britain in 2020*, London: IPPR.

⁶¹ Kemp, P et al (2004), *Routes out of poverty*, York: JRF.

⁶² DWP (2006), *Households below average income: An analysis of the income distribution 1994/95—2004/05*.

⁶³ Harrison, J & Woolley, M (2004), *Debt and disability: The impact of debt on families with disabled children*, York: Contact a Family and Family Fund.

⁶⁴ Carers UK (2007), *Real change, not short change—time to deliver for carers*, London: Carers UK.

⁶⁵ Dobson, B et al (2001), *The impact of childhood disability on family life*, York: YPS.

⁶⁶ *Parliamentary Hearings on Services for Disabled Children—Full Report* (2006).

⁶⁷ Woolley, M (2004), *Income and Expenditure of Families with a Severely Disabled Child*, York: Family Fund.

⁶⁸ DWP (2004), *Households below average income 2003–04*.

⁶⁹ Emerson, E & Hatton, C, (2005), *The socio-economic circumstances of families supporting a child at risk of disability in 2002*, Lancaster: Lancaster University.

⁷⁰ Langerman, C & Worrall, E (2005), *Ordinary lives—disabled children and their families*, London: New Philanthropy Capital.

— Miles driven to appointments about her needs—11,004.

12. As a result of this intensive level of care the family have had to provide for Amy, both parents have had to give up work, and now struggle to afford even to provide the specialist equipment Amy needs.

13. The consequence of extra costs, barriers to work and disjointed public services is a stark choice for families with disabled children—go into debt or go without. Families with disabled children are both 50% more likely to be in debt and 50% less likely to be able to afford holidays, new clothes, school outings or “treats” for their children than other families.⁷¹ Carers UK have shown that half of all parents of disabled children are in debt.⁷² Of over 1,800 families surveyed by the Family Fund, only 16% had no debt.⁷³ The same proportion reported debts in excess of £10,000, four times the rate of serious indebtedness found amongst other families. They were also more likely to have priority debts such as mortgage or rent arrears, Council Tax or utility bill arrears.

DISABLED CHILDREN IN THE GOVERNMENT’S CHILD POVERTY STRATEGY

14. The Committee’s first area of inquiry asks whether government is doing enough to support parents of disabled children to find quality, sustainable employment. It asks further for evidence on how effective government initiatives are in assisting out of poverty families in groups who cannot work, and how to tackle cycles of intergenerational worklessness.

15. The government’s child poverty strategy, “Working For Children” has a specific section on disabled children.⁷⁴ In general terms, the strategy accepts the case set out above on the particular poverty challenges facing families with disabled children (extra costs, barriers to employment, problems with public services). It goes on to state “any extra costs faced by families with disabled children will, to an extent, be captured by the material deprivation tier of our 2010 Child Poverty Target”. In relation to benefits, the strategy commits to ensuring that “every parent of a disabled child or young person has access to, and is aware of, the financial support available to contribute towards extra cost of disability”. However, the strategy does not set out any proposals for tackling either the benefits or childcare challenges.

Benefit conditionality

16. EDCM would challenge any assumption that families of disabled children cannot work or do not want to work. Many parents with disabled children who do manage to combine work with caring for their child describe it as a “lifeline”, valuable not just for the extra income but also for the social connections and raised self esteem that work brings. However, the continuing failure of public services to provide wrap-around support for families with disabled children reduces the ability of many families with disabled children to find and sustain employment.

17. EDCM recognises that the “In Work, Better Off” green paper proposes to limit the extension of conditionality to families with disabled children. However, while we support the government in challenging the assumption that parents with disabled children will not be able to work, we want government to focus on improving public services such as childcare that will allow these parents to work, rather than adopting any form of punitive approach.

18. EDCM is concerned that the exemption from the requirement for lone parents to work only applies to parents receiving Carers Allowance. Carers Allowance is only payable to parents of disabled children who receive the care component of Disability Living Allowance (DLA) for their child at the middle or higher rate. Currently only around 50% of disabled children are in receipt of DLA. Many families miss out on DLA because they have not been told they are entitled to it—as noted in our proposal for a DLA take-up campaign.

19. The green paper (at paragraph 32, Chapter 4) separately refers to carers as a distinct group, recognising caring is often a full-time role. The paper says “We have considered increasing the work-related responsibilities for carers and do not believe that this would be appropriate”. The proposals need to recognise that parents of disabled children are also carers and should not be seen as a separate group.

Childcare

20. Expanding the provision of childcare for disabled children must be an essential prerequisite for any move towards benefit conditionality for families with disabled children. “Aiming High for Disabled Children” commits government to running childcare accessibility pilots over the 2008–11 spending review period, using £35 million to pilot the provision of more accessible childcare for families with disabled

⁷¹ Emerson, E & Hatton, C, (2005), *The socio-economic circumstances of families supporting a child at risk of disability in 2002*, Lancaster: Lancaster University.

⁷² Carers UK (2007), *Real change, not short change—time to deliver for carers*, London: Carers UK.

⁷³ Harrison, J & Woolley, M (2004), *Debt and disability: The impact of debt on families with disabled children*, York: Contact a Family and Family Fund.

⁷⁴ DWP (2007), *Working for children*.

children. It is therefore essential that the next Comprehensive Spending Review builds on these pilots to deliver significant new resources to support all childcare providers to meet the needs of disabled children, particularly those with high support needs and older disabled children.

21. As well as increasing supply, government needs to act to close the gap between tax credits and the actual costs of childcare for disabled children. EDCM has shown that parents of disabled children are paying five times as much for their childcare as other parents.⁷⁵ HM Revenue and Customs should increase the upper limit of eligible childcare costs under Working Tax Credit for families with a disabled child to £300 per week.

Finding and sustaining employment

22. In addition to childcare, parents with disabled children would also be helped to enter work if the right to request flexible working applied from the recruitment stage. Contact a Family's 2004 research "Flexible Enough?" asked 202 respondents whether they had ever not applied for or turned down a job offer because the employer was not able to offer flexible working. 72 (38%) had turned down a job or not applied because there was no flexible working.

23. Parents would greatly welcome increased parental rights to flexible working—for example, flexible working applied to all employees regardless of length of service, and indeed at interview stage. There would be great support for a right to work flexibly, rather than simply a right to ask. This might also allay many fears about the consequences of making a request:

"If it did become law you wouldn't feel so guilty about having to take time off and you wouldn't get fired for it."

24. A right to ask for flexible working should not only apply after an employee has been in work for six months. Several parents in the Contact a Family research commented on this.

"Flexible hours should be offered before job taken up".

"Employers should offer this [flexibility] at interview stage".

"Ensure flexibility applies to all parents no matter how long worked in job".

25. Many of our parents would not be able to work full time for six months in the hope that they would be able to ask for flexibility after that. If this were recognised in law employers would be able to see the preferred work patterns of all potential employees and may well be able to recruit one or more workers who meet their needs.

26. In terms of sustaining employment, EDCM would strongly argue for government to allow a further one year of unpaid leave for mothers giving birth to a disabled child. As many as 124 babies are born every day in the UK with some form of inborn condition. That equates to one birth in 16 or five babies an hour. Additional maternity leave would give mothers longer to arrange suitable care, thus ensuring that there is a much smoother return to work.

27. It is vital that women retain a connection with the workplace and receive retraining from their existing employer rather than allowing them to slip out of the workforce unnoticed and stay there until the young person achieves independence at the earliest some 18 years later. If the employer has already arranged maternity cover for her post, they might arguably obtain better value from the cover staff if they are able to stay longer—rather than leaving as soon as they attain competence in the job.

28. Entitlement to additional leave could be based on eligibility for Disability Living Allowance—thus achieving a dual aim of encouraging take up of this benefit. Alternatively, it could be based on an assessment by the child's paediatrician that additional care is needed for the child.

Intergenerational worklessness

29. In relation to poverty caused by intergenerational worklessness, disabled children who have a disabled parent face a risk of over 37% of living in poverty.⁷⁶ It is essential that government invests in providing disabled children with the skills they need to enter and thrive in the labour market. Yet on the most recent DCSF exclusion statistics, disabled children remain at least seven times as likely to be formally excluded from school compared with other children.

30. The rate of informal and illegal school exclusion remains just as high. If disabled children are not even in school, they are totally prevented from accessing the skills they need to make them employable. Central and local government must raise its ambitions for disabled children in the way that children's services are commissioned and provided.

⁷⁵ EDCM (2006), *Between a rock and a hard place*.

⁷⁶ Preston, G with Robertson, M (2006), *Out of reach: benefits for disabled children*, London: Contact a Family/CPAG.

Supporting families with disabled children who currently cannot work

31. While it remains difficult or impossible for many families with disabled children work, disability benefits are the only remaining route to lift these families above the poverty line. EDCM is calling for a major take-up campaign, based on the model used for tax credits, to promote take-up of Disability Living Allowance. In February 2006, only 327,000 children were receiving DLA at any level—less than half the total population of disabled children.⁷⁷

32. The need for such a take-up campaign has been recognised by DWP research, which stated:

“It is common for customers to only have learned of relevant disability benefits by chance . . . *We propose that additional ways of alerting potential claimants of the benefits should be sought.*”⁷⁸ (emphasis added)

33. A number of administrative changes would improve the situation for families with disabled children claiming DLA:

- DWP should introduce as quickly as possible the new children’s claim form for DLA.
- DLA should be awarded for longer periods where children have disabilities where the variation in their level of need is likely to be marginal.

34. In addition:

- Winter fuel grants should be extended to parents of disabled children, particularly those with disabled children under five who are at home all day.
- Carers Allowance should be reviewed, to:
 - Remove the bar to full time study.
 - Increase payments for those caring for two or more dependants.
 - Introduce an earnings taper so that there is a gradual reduction in carers allowance as carers take on additional hours work, or higher paid work, rather than an absolute cut off.

COMPREHENSIVE SPENDING REVIEW 2007

35. The Committee’s second area of inquiry asks how child poverty has been treated in CSR 2007. EDCM applauds the government’s investment of £340 million in services for disabled children from CSR 2007 through the “Aiming High for Disabled Children” review. However, we want government to go further to address poverty in families with disabled children in two key ways:

- Increasing the grant to the Family Fund by £34 million.
- Ensuring disabled children are included within the “material deprivation” element of the new child poverty PSA target.

36. EDCM believes the Family Fund should be viewed as a key agent in the battle to end child poverty for families with disabled children. The Fund already distributes £28.2 million each year to 50,000 of the poorest families with severely disabled children. It is a highly efficient delivery mechanism for financial support, with 90p of every £1 it receives distributed directly to families.

37. However, the Fund’s income from Whitehall has not been increased since April 2003, despite increases from the UK’s devolved administrations. Increasing the Fund’s grant by £34 million over the 2008–11 spending review period would allow the Fund to support families caring for disabled young people up to 18 (current cut-off is 16) and families earning up to £25,500 (current cut-off in England is £23,000). This income limit increase is vital in the face of additional costs families with disabled children face.

CONCLUSION

38. EDCM welcomes the new political priority given to disabled children, and the funding commitments made by government in “Aiming High for Disabled Children”. However, it will be difficult for the government to meet its 2010 interim target, and impossible to meet its 2020 overall goal to eliminate child poverty, without specific measures to tackle poverty in families with disabled children. Many families with disabled children face profound and multiple social exclusion. It will take action in a range of areas, most urgently in terms of childcare and benefits, to support these families out of poverty and to deliver on the government’s Every Child Matters agenda for disabled children and their families.

September 2007

⁷⁷ DWP administrative data, cited in Preston, G with Robertson, M (2006), *Out of reach: benefits for disabled children*, London: Contact a Family/CPAG.

⁷⁸ Hawkins, J et al (2007), *Knowing and understanding Disability and Carers Service customers*, DWP research report 439.

Memorandum submitted by Scope, Tree House and Working Families

SUMMARY

- Scope, Treehouse and Working Families are making this joint submission on the particular need for more support for parents of disabled children.
- The current barriers to getting and keeping paid work can appear insurmountable for parents of disabled children, which impacts on child poverty of an already disadvantaged group.
- The Government needs to take a broad approach with more flexible support and services, more inclusive education that meets the specific needs of disabled children, and workplace reform as well as improving tax credits and benefits.

1. The Government's response to the Harker review "Working for Children" recognises that getting more parents into work is "central to reducing child poverty over the longer term". However, for many parents of disabled children work is currently not an option. A lack of suitable and affordable childcare, inadequate support services, non-inclusive after school activities, inflexible working conditions, schools that do not understand their child's needs and the demands of hospital and other appointments all combine to make work financially and practically impossible. This is borne out by the figures that show 84% of mothers of disabled children do not work (compared to 39% of mothers with a non-disabled child).

2. The support for this group of parents is vital to tackling child poverty. More than half of all families with a disabled child live in or on the margins of poverty, and over a quarter are also lone parents.

3. Scope, Treehouse and Working Families produced a policy paper "Making Work Work : Achieving a Work/Life Balance with a Disabled Child" which sets out the key barriers to employment for this group of parents. A detailed analysis of the barriers to work, and a series of recommendations are included in the paper (attached). We welcome the Government's stated intention "to develop a family focus in our work with parents" (Working for Children) but suggest that a holistic approach to the needs of parents with disabled children requires more than evaluation of childcare needs.

4. Childcare issues do present a major barrier to work for parents of disabled children. The vast majority of Children's Centres do not cater for disabled children, particularly those with complex and multiple needs. While such services exclude disabled children, their parents will continue to be excluded from the support and advice that Children's Centres have been able to offer other groups. The lack of, and cost of, appropriate childcare for disabled children—particularly highly specialist care or care in school holidays—has been well documented. It has a clear impact on parents' ability to work. The Government must recognise the additional costs of childcare for a disabled child by increasing the childcare element of Working Tax Credit for parents with a disabled child. Local authorities should also do much more to ensure that they commission inclusive holiday and after-school childcare for disabled children.

5. If parents are to be encouraged to work, they need to be confident that the support services are in place to address the particular needs of their child. Some families use direct payments to buy-in flexible support at home, for after school and holiday care but promotion of direct payments by local authorities is still limited which results in low take-up. Inadequate service provision also means that some families cannot take advantage of the flexibility of direct payments because the only service available to them is via the local authority. The Government and local authorities should do more to promote uptake of direct payments and individualised budgets so that families can choose flexible solutions which meet their needs, and make finding work possible for the parents.

6. Education services are also failing disabled children in a number of ways. Insufficient specialist training for teachers in SEN and disability leaves teachers lacking the necessary skills to meet the needs of disabled children⁷⁹. This undoubtedly contributes to the disproportionately high rates of exclusion of disabled pupils. Disabled children are 16 times more likely to be excluded from schools than non-disabled children. Lack of specialist training for staff also results in extensive "informal" exclusions where parents are called into school to help their child with basic tasks, or to remove their child when they find a particular activity or lesson difficult. However, time out of school for the child means time away from work for the parent. The Government and local authorities need to invest in specialist training for all teachers and support staff to meet the needs of disabled children in school. The disproportionately high rates of exclusion of disabled children, and the unlawful use of informal exclusions must be tackled. Only when parents are confident that a school will meet their child's individual needs can they consider a return to work. To achieve this incentives are needed to encourage schools to be more inclusive of disabled children.

7. Improved transition between children's and adults' services must be a key consideration in designing family focused support. Just at the time when other parents may feel more able to increase their hours at work as their child becomes more independent, parents of disabled children are at risk of withdrawing from the workforce to care for their child and manage the bureaucracy of transition.

⁷⁹ This problem concerns teachers themselves. A recent NUT survey found that an overwhelming number of teachers in mainstream schools feel that they lack support and professional development in teaching children with special educational needs.

8. Promoting employment of parents with disabled children must recognise that many parents will only ever be available for part-time work. This should not exclude them from the workforce, or from jobs which fully use their skills and experience. Parents of disabled children may need more time off work to take their child to hospital and other appointments, or to deal with unforeseen ill health. There is an urgent need to tackle both the quality of the work on offer, and the availability of part-time and flexible jobs. The current lack of flexible work limits the choices of parents with disabled children. Many work in low-paid and low skilled part-time jobs which contributes to family poverty. A reduction in the 16 hours per week limit for Working Tax Credits for parents of disabled children would help to ensure that these families benefit from these crucial income top-ups.

9. While parents of disabled children do have a right to request flexible working, they need to have flexibility right from the outset of their employment. At present they can only exercise the right to request once they have been with an employer for 26 weeks. For those who need flexibility from day one or can only work part time, this rule makes it difficult to enter work. The Government should introduce the opportunity for parents seeking employment to discuss flexible working at the outset, by ending the 26 week rule. There should be a presumption that all jobs should be advertised on a flexible basis, unless there are sound business reasons why they cannot. This will open up the range of jobs and improve the chance of parents finding sustainable employment.

10. CONCLUSION

Until these wider barriers that socially and financially exclude families with disabled children are addressed, disabled children will not get the best possible start in life. Parents of disabled children should have the same choices and opportunities as other parents to decide the balance between working and caring for their own children. Many parents of disabled children do wish to work, and could do so with the right support in place. However, at present their limited employment options, the high costs of care, and inadequate support services often create insurmountable barriers to work as a solution to poverty.

11. Scope, Treehouse and Working Families would welcome the opportunity to expand on this submission by giving oral evidence to the Committee on the issues outlined above.

September 2007

Memorandum submitted by WorkDirections UK

SUMMARY

- This response focuses on the experience of lone parents seeking work, and makes fifteen recommendations for improvements in the current system.
- The recommendations are divided into five areas—programme design; benefits and bureaucracy; childcare; flexible hours and progression in work.
- In “Programme design—delivering sustainable outcomes”, recommendations include:
 - Increasing the definition of sustainable employment from 13–52 weeks.
 - Collecting evidence of this sustainability through the Work and Pensions Longitudinal Study.
 - Outcome based funding regimes based on sustainability.
 - Mandating engagement rather than activity.
 - Building Flexible New Deal around individual needs, not a menu of provision.
 - Ensuring lone parents have a choice of provider.
- In “Benefits and Bureaucracy”, we recommend:
 - Using the City Strategies initiative to create “benefits hubs”.
 - Rolling out a guarantor system for childcare deposits.
 - Protecting “soft benefits” when lone parents move into work.
- In “Childcare”, the recommendations made include:
 - Using Local Employer Partnerships to ensure parents have time to ensure childcare is in place before commencing work.
 - Acknowledging the role of informal childcare.
- In “Flexible Hours”, we recommend that:
 - Flexibility sits at the centre of the Jobs Pledge.
 - LEPs work with employers to reduce the instability of the jobs offered through them.

- In “Progression in Work”, our recommendations include:
 - Integrating the funding and delivery of the employment and skills agendas.
 - Providing additional support to those coming to the end of a time-limited in-work credit.

ABOUT WORKDIRECTIONS UK

- WorkDirections UK is part of the Australian-owned Ingeus group of companies which provides effective, accountable welfare-to-work services. The Group, which has been operating since 1989, now delivers services through subsidiaries in the UK, France and Germany.
- Launched in the UK in November 2002, WorkDirections UK supports socially excluded and disadvantaged individuals to find suitable and sustainable employment.
- Our welfare-to-work operations assist people who have become long-term unemployed, lone parents and those that are not working as a result of health issues.
- WorkDirections delivers Employment Zone provision to lone parents and people who are long-term unemployed in Nottingham, Birmingham, Brent, Haringey and Southwark, as well as Private Sector Led New Deal in Central and West London. In addition, services for people on Incapacity Benefits are provided through our New Deal for Disabled People programme in Birmingham. In December we commence delivery of Pathways to Work in Edinburgh, Lothian and Borders, Birmingham and Solihull, Nottinghamshire, and 11 central London Boroughs.
- We produce original research and responses to policy initiatives and consultations which can be found in the “about us” section of our website—www.workdirections.co.uk

FACTUAL INFORMATION

- Since they first entered our programmes in 2004 we have seen over 7,000 lone parents.
- Over the past 12 months our conversion rate to jobs has been 38%.
- Sustainability (measured as 13 weeks in work) is 81%.

RECOMMENDATIONS

Programme design—delivering sustainable outcomes

1. Government programmes are intended to deliver good quality, sustainable employment outcomes. Most employment programmes, whether they are delivered by the public, private and voluntary sector share some basic content. This includes: a “work-first” approach; advisors working with caseloads of varying sizes with access to discretionary funds; jobsearch facilities made available to clients; and vacancy sourcing and reverse marketing activities undertaken by advisor and client. Some training tends to be available—either motivational or vocational, or a combination of both.

2. The work-first approach and programmes focused specifically at lone parents have had some considerable success at getting people into work. However, this success should only really be considered in the context of the sustainability of the outcomes gained. Sustainability is currently only measured to 13 weeks.

3. Recommendation 1: Length of time in work needs to be measured beyond 13 weeks. We recommend that it should be captured at 13, 26 and 52 weeks.

4. The onus is currently on providers to produce written evidence from employers evidencing a sustained outcome. This is a labour intensive process—it is not uncommon for programmes to have to employ staff specifically for this task, and is inefficient—significant numbers of clients do not want employers to know that they found work through an employment programme so will not allow providers to contact them.

5. Recommendation 2: Evidence of continued employment could be collected through the Work and Pensions Longitudinal Study. This would be both more efficient and more accurate, and enable measurement over longer timeframes.

6. If the policy objective is sustainable employment and procurement mechanisms are put in place to ensure they are the performance outcomes demanded, measured and purchased, then it is likely that programmes will be designed to meet that goal. Recent contracting decisions do not match policy rhetoric. For example in 2005 the New Deal for Disabled People contracts were changed—from an outcome fee that was divided equally between a start in work and 13 weeks in employment to a single outcome fee at job start.

7. Recommendation 3: If the policy objective is sustainable employment, then it is essential that this is what is purchased. An outcome-based funding regime should ensure providers have the flexibility and opportunity to innovate in order to deliver quality outcomes.

8. Some of the methods used by WorkDirections UK in all our programmes to help to improve sustainability of outcomes include: embedding specialist support; providing a commercial, professional service in an inclusive, empowering environment; breaking the patterns and habits of not working and making a commitment to all “graduates” that they can return at any point to make use of our services to look for “the next” job.

9. At WorkDirections UK we use the term constraints rather than barriers to work. This is because barriers are often talked about as if once overcome, the individual can transition easily into work. This is rarely the case. For most people the issues they faced whilst out of work will still exist when in work. We find it more productive to work with people to develop strategies for managing these constraints throughout the transition to work, and once in a job. An appropriate example for lone parents is childcare. A “barrier” approach would suggest that once suitable childcare has been sourced the problem had been overcome. However, for that solution to be sustainable thought needs to be paid to how issues that might arise once the individual is in work will be dealt with (for example if either the child or the carer is sick). Unless contingency plans are in place a lone parent may have to leave their employment should an issue arise.

10. It is our experience that clients respond positively to the opportunities presented by employment programmes: “I don’t want to stay like this, because the longer you stay like this the more you feel like you are nobody. A sense of purpose gives you direction and fulfilment, and that’s what I’m looking for” [Lone parent, Haringey, 2007].

11. Recommendation 4: Any element of compulsion should be to engagement rather than activity. Mandatory engagement through, for example, a Work Focused Interview, should be a positive experience providing lone parents with access to information, enabling them to decide whether work is right for them at that point.

12. It is essential that the client sits at the heart of the programme. The flexibility to design interventions to meet the needs of each individual is fundamental. This does not mean a menu of provision, which, however broad, is restrictive. Instead it necessitates a programme structure which empowers both client and advisor and enables them together to create a series of activities and interventions they feel will be most effective in supporting a transition to sustainable employment.

13. Recommendation 5: Flexible New Deal needs to encourage innovative responses to individuals’ needs rather than limiting intervention to a menu of provision.

14. In focus groups we have undertaken this summer it has been apparent that choice of provider is very important to lone parents. One participant’s response, indicative of many others, was that choice showed: “They [the Government] value your opinions, they value you as a person and realise that each individual has a choice to make” [Lone parent, Southwark, 2007].

15. Recommendation 6: Provide those accessing provision with a choice of provider, and the resources to make an informed choice.

BENEFITS AND BUREAUCRACY

16. There are considerable financial incentives for lone parents who start work. However the process for claiming them is complex. For a lone parent moving into part-time work it is not unusual to have to complete seven different forms: for housing and council tax benefit; to stop income support; to claim in-work credit; to claim a job grant; to claim four weeks housing benefit run on; a form for extra help with childcare costs and a form to claim working tax credit. Each of these needs evidence, and it is not possible to claim them all concurrently. For example tax credits need to be awarded before Housing Benefit can be applied for. These forms cannot be completed in advance. The vast majority of our clients are unable to fill in these forms unaided as they are often long and confusing (the housing benefit form is over 40 A4 pages in length). Ensuring a client receives everything they are entitled to means liaising with a number of different central and local Government department and agencies. Provider support is important to enable people to negotiate the bureaucratic maze, without this, lone parents are at risk of failing to take up offered jobs, or leaving if anticipated funding does not arrive.

17. Local partnerships really can help. We have a Service Level Agreement with the revenues and benefits team in Southwark, and this has significantly improved the housing benefit process. At the moment there is a working group to codify the success in order to replicate it.

18. Delays and mistakes occur regularly—sometimes as a result of error on the part of the department involved and sometimes as a result of client errors and confusion. It all adds greatly to the stress of adjusting to work.

19. Recommendation 7: The system needs to be more navigable. Better data sharing could help—for example a declaration of your new job and hours at Jobcentre Plus could trigger a tax credits claim, or reporting a decrease in hours to tax credits could trigger a claim to income support. Currently people have to declare the same change in circumstances to a number of different agencies. City strategies could lead in creating “benefit hubs” for residents.

20. In-work benefits, like wages, are paid retrospectively. This can cause problems as much childcare tends to require both a deposit and monthly payments in advance. For a lone parent in London this can mean finding up to £2,000 before starting work.

21. Recommendation 8: A guarantor system, between the state and the childcare provider so that the individual can pay once credits arrive without the provider fearing that they will be left out of pocket. There is a model in operation in Southwark, London, led by the local childcare support team.

22. There are considerable financial incentives in place to support lone parents returning to work. However some of the hidden costs include losing the free access to activities (for example free bus travel in London, and reduced or free access to leisure centres) that are triggered by a benefit claim. The loss of such benefits is often keenly felt by both parents and children.

23. Recommendation 9: Enable parents to continue to access some “soft benefits” such as free bus travel or access to leisure centres. This could be achieved through extending these benefits to those claiming tax credits.

24. We also believe there is immense value in enabling and encouraging partners of unemployed people who have children, to access some of the support and financial incentives that are available to lone parents.

CHILDCARE

25. Quality childcare is essential to ensuring a sustained return to work for any parent. Finding quality childcare can take time, many places have a waiting list, and immediate starts and wrap around childcare for those wanting to work full-time, are hard to find. There is also a need for a settling in period—usually one or two weeks—for the child, during which time it would be very difficult for the parent to work. Many of the jobs available to those lone parents who are low or unskilled require immediate start dates making them difficult to access.

26. Recommendation 10: The Local Employer Partnerships (LEPs) ask employers to consider ways in which jobs can be made more accessible for disadvantaged applicants such as lone parents. A stronger challenge to existing recruitment practices is required, with the possibility of a longer timeframe between job offer and start date for those needing to organise childcare.

27. There is a need to understand and acknowledge the important role of informal childcare and support. Our experience is that parents that come from a background of multi-generational unemployment are the most likely to distrust formal childcare provision, in great part due to a general mistrust of authority. This can lead to concerns about using a Children’s Centre if Social Services also operate out of the same building. It may also mean a reluctance to use nurseries due to a lack of experience of them amongst family and friends.

28. Recommendation 11: More consideration needs to be given to ways of acknowledging, and potentially providing financial support for, informal childcare arrangements. Such “acknowledgement” needs to include facilitating the integration of informal carers into existing childcare structures as and if appropriate.

FLEXIBLE HOURS

29. For many lone parents key to the decision of whether to return to work is the suitability of the job and how well it fits in with the needs of their children. Flexible hours are fundamentally important, and often make the difference to an individual’s success in finding sustainable employment. They can, however, be difficult to find. Parents’ needs tend to change as their children grow older. We have found that there are three key transition points: when the youngest child is two; the start of primary school and the start of secondary school.

30. Recommendation 12: The Local Employer Partnerships (LEPs) proposed by the Prime Minister and detailed in the 2007 green paper, offer a fantastic opportunity to identify more suitable opportunities for lone parents. The green paper suggests that employers “may also [be] ask[ed]” to provide flexible opportunities. This needs to be a central tenet of the Jobs Pledge. Many of the employers that have already signed up currently make their vacancies available through Jobcentre Plus and other providers. The key to sustainability is that that work fits with the needs of clients. And for lone parents, and people on IB, flexibility is fundamentally important. The LEPs represent a great opportunity to work with employers to develop strategies that enable people from these vulnerable groups to get and keep a job with hours that meet their needs.

31. Additionally, lone parents and others with the lowest skills and/or qualifications tend to access the most temporary and unstable jobs in the labour market.

32. Recommendation 13: The LEPs offer an opportunity to work with employers, and to challenge them to improve the prospects resulting from such jobs. This can be done through the use of existing initiatives such as Train to Gain.

 PROGRESSION WITHIN WORK

33. As recommendation three identifies, improving the procurement processes for employment programmes is essential to enable government to better align performance objectives with broader policy goals and economic requirements.

34. The skills and employment agendas are currently running in parallel and must be better integrated. Doing so through the welfare to work agenda offers improved opportunities for sustainable success.

35. In order to be effective skills training needs to be relevant and, importantly, perceived as such by both clients and employers. Skills interventions need to have real value—a sequential approach artificially disaggregates information and experience and is less effective than providing work and skills opportunities concurrently. Current funding structures do not encourage a holistic approach to learning interventions, particularly as required outcomes often vary considerably between funding bodies.

36. Funding for skills acquisition linked to work should be brokered through a single agency which understands the needs of both clients and employers. It would make sense for this brokerage activity to be undertaken by the lead providers of employment programme(s) in an area, whether than be Jobcentre Plus or the private or voluntary sector.

37. This is also likely to increase the amount of learning occurring in non-“employment programme” settings. Learning in more diverse (particularly professional/vocational) environments will promote the development of positive social capital, and is likely to result in employers placing more value in the qualifications gained. It should also encourage the purchasing of learning opportunities that clients can continue to access after job placement.

38. Recommendation fourteen: Funding for adult skills training should be driven by the sustainable employment agenda, and brokered through employment focused organisations.

39. Employment programmes need to prevent social exclusion as well as provide solutions to those disconnected from the labour market. Particular areas of focus should be sustainability and progression in work, and identifying and supporting people caught in a cycle of low-paying work and unemployment.

40. All clients on time-limited credits should be contacted eight weeks before the credit ends. They should be invited in for a “financial health check” in order to ascertain whether any changes to their employment arrangements are required to ensure working remains financially viable.

41. Recommendation fifteen: An additional standard interview should be introduced for all clients on time-limited in-work credits in order to review options before they expire.

September 2007

 Memorandum submitted by Barnardo's

INTRODUCTION

1. Barnardo's works directly with more than 110,000 children, young people and their families in over 350 services across the UK. These services are located in some of the most disadvantaged neighbourhoods where child poverty and social exclusion are common features. We work with children affected by today's most urgent issues: poverty, homelessness, disability and abuse. Our projects work with children aged 0–18 (or 24 in the case of young care leavers).

2. We welcome the Work and Pensions Select Committee's Inquiry. The Labour government's commitment in 1999 to “end child poverty in a generation”, was a bold pledge which we felt represented a very positive commitment to improving the lives of some of the nations most disadvantaged children. However, along with many others in the voluntary sector we have been disappointed at progress towards this target. While we are pleased that initiatives have resulted in 600,000 fewer children living in poverty in 2006 compared to 1999, this progress has fallen short of expectations. The government still failed to reach its first target of reducing child poverty by a quarter by 2005, and child poverty rates actually rose in 2006. Also while the government has looked to address these problems and provide new impetus to their original commitment with the publication of “Working for Children”⁸⁰ and “In work, better off—next steps to full employment”⁸¹; Barnardo's believes that this approach has still failed to address some of the fundamental difficulties which have prevented progress towards ending child poverty. This is particularly the case for those living in some of the most challenging circumstances. We therefore believe that more action is needed if the government is to get back on track to meet its second target of halving child poverty by 2010, and to eliminate child poverty by 2020.

⁸⁰ Department for Work and Pensions (2007) *Working for Children*, London, The Stationary Office.

⁸¹ Department for Work and Pensions (2007) *In work, better off*, London, The Stationary Office.

3. In May 2006 Barnardo's produced a major new report into child poverty in the UK—"It Doesn't Happen Here"⁸². Drawing on case studies from families Barnardo's works with this report highlights the difficult lives of children in the UK. Also with the help of modelling from the Institute of Fiscal Studies (IFS) as well as our own analysis of government policies we provided a critique of where government policy remains inadequate in providing the type of support necessary to help the UK's poorest families, and of the further policies and investment which we believe is needed.

4. Barnardo's would welcome the opportunity to give oral evidence to the committee's enquiry to expand on our submission and to explain what further action is needed to help the UK's most disadvantaged children escape poverty.

EXECUTIVE SUMMARY

3. Barnardo's would like to see:

- Sustained investment to ensure that all families have an adequate income, whether or not they are able to access employment—we believe that the government need to invest an extra £3.8 billion in tax credits if it is to meet its commitment of halving child poverty by 2010.⁸³
- Further action to remove some of the structural barriers which parents continue to face in accessing and progressing in the labour market. In particular we believe that further action is necessary both to support the providers of childcare to provide good quality, accessible and affordable provision for low income families, and to support parents to help them take it up. Action is also needed to improve access to flexible working—including extending the right to flexible working.
- Reform of some of the current new deal programmes, to address gaps in provision, including extending the New Deal Plus for Lone Parents across the country, introducing a nationwide New Deal for Parents, and improving existing programmes to help them recognise the specific needs of disabled parents and parents from black and minority ethnic (BME) groups.
- The introduction of better joined up thinking between different Government departments to ensure that all departments are working together to ensure the goal of ending child poverty is met, including reform of UK asylum policy to make it more attune to the ending child poverty goal.
- The setting up of a UK Commission on child poverty chaired by the Prime Minister or the Chancellor. This would involve representatives from across the Westminster government as well as academics, NGOs, local government and the devolved administrations. The aim would be to work together to agree a road map setting out the investment and policies needed to hit the 2020 target.
- Further action to alleviate some of the worst effects poverty has for children, including action to deal with the chronic shortage of suitable housing for poor families through a commitment to building more social housing.

Question 1 *Is the Government doing enough to support:*

- Lone parents;
- Unemployed partners;
- Parents of disabled children; and
- Disabled parents

to find quality, sustainable employment, taking account of the Government's response to the Freud and Leitch reviews?

Evaluating how effective Government initiatives are in:

- Breaking cycles of intergenerational worklessness; and
- Assisting out of poverty families in these groups who cannot work.

4. The primary focus of the government's child poverty strategy to date has been to see work as the primary route out of poverty. We see many merits in this strategy—not least because a large number of parents in the target groups described in the terms of reference for this enquiry want to access employment:

- Nine out of 10 lone parents say they want to be in paid work.⁸⁴

⁸² Sharma N with commentary by Hirsch D (2007) "It doesn't happen here: the reality of child poverty in the UK", Barnardo's.

⁸³ *ibid.*

⁸⁴ One parent families (2007) "*Reducing dependency, increasing opportunity: options for the future of welfare to work. A Response to David Freud's review*" available on line at www.oneparentfamilies.org.uk/dr_media/opf/April-07-Freud-response_14-Sep-07.pdf

- One in five workless partners in single earner couples in poverty are looking for work or intend to look for work sometime in the future.⁸⁵
- Eighty five per cent of parents of disabled children want to work either full-time or part-time.⁸⁶

5. However, despite many government initiatives aimed at helping more non working parents to access the workforce there are significant structural barriers which need to be tackled if further progress is to be made. Some of these structural barriers relate to problems faced by parents in particular groups—for example lone parents or parents of disabled children, these are detailed in the separate sections below. However, there are more general problems which the government needs to tackle to make employment a more realistic prospect for all of those with caring responsibilities for children. These are detailed in paragraphs 8–14 below—note that some of these sit outside the direct remit of the Department for Work and Pensions (DWP), and will require close working with other government departments to deliver a working environment that is truly accessible to all parents.

6. Most importantly however it needs to be recognised that work is never going to be a route out of poverty for all parents. Even if the government was to meet its target of 80% employment that still leaves 20% of people not in work. Many of these will be amongst the most vulnerable in society including parents of seriously disabled children, or parents with long lasting mental health problems. Currently the benefit system does not provide an adequate safety net for many. For example the minimum benefit level for a couple with two children aged five and 14 is £197.61, over £100 below the poverty line; while the minimum benefit level for a single mother with two children aged five and 14 is £164.96, over £50 below the poverty line.

7. Therefore we believe that increasing tax credits will be the key to meeting the 2010 target and ensuring that the incomes of some of the UK's most vulnerable families are increased to acceptable levels whether or not they have a parent who is capable of undertaking paid employment. Modelling by Institute for Fiscal Studies (IFS) detailed in "It Doesn't Happen Here"⁸⁷ demonstrated that to meet the 2010 target of halving child poverty a further £3.8 billion would need to be invested in child tax credits. This would allow the child element of child tax credit to be increased by £11 a week in 2007 prices and to give families an extra £20 a week for third and subsequent children through the family element of the child tax credit. Barnardo's believes that the Department of Work and Pensions must work with the Treasury to secure this funding, otherwise even with the measures we suggest below, the 2010 target will not be met.

8. Ensuring access to affordable childcare for all—ensuring that there is good quality affordable childcare available is key if all parents are to feel confident about returning to the workforce. The government has made substantial progress in improving access to childcare in the UK, including the Sure Start and Neighbourhood Nurseries Initiatives, as well as the Childcare Act 2006. This has enabled many poorer parents to access childcare and to return to work—92% of parents using neighbourhood nurseries said that this helped them to work, with 22% saying they could not have worked otherwise.⁸⁸ However, we remain concerned that affordability remains a key issue particularly for low income families. The typical cost of a childcare place for a child under two is £152 a week in England and £131 in Wales. This compares to average earnings of £447 a week, and has increased by almost 6% in the last year.⁸⁹

9. Problems of finding affordable childcare for low income families are also likely to be exhibited in the future since although initial funding for initiatives such as Sure Start and Neighbourhood Nurseries meant many were able to offer subsidised places for disadvantaged families, there is evidence that now as this funding is beginning to tail off many nurseries are having to increase their prices and charge market rates—in some disadvantaged neighbourhoods there is evidence that provision may even close.⁹⁰ In the longer term we may also see a similar problem with extended schools which have also benefited from significant start-up funding with no indication as to what will happen when this runs out. Government departments will need to work together to support providers giving access to childcare for the most vulnerable families. The market alone cannot deliver for this group, and unless sustainable long term funding is made available then many poorer families will struggle to access childcare, and may not be able to return to employment in the longer term. Please note that there are also specific issues around childcare for disabled children, these are covered in paragraphs 24 and 25 below.

10. Increasing options for flexible working—the government's Green Paper "In work; better off"⁹¹ accepted that flexible working was an important issue for many vulnerable groups looking to enter the labour market—including lone parents and disabled adults (which will include disabled parents). However, although progress has been made in this area—in particular the introduction of the right to request flexible working—we believe more needs to be done. The right to request flexible working applies only to those parents with children aged six and under, which makes it useless for lone parents of older children—the group that the government is seeking to target to get into work.

⁸⁵ Harker (2006) *Delivering on Child Poverty: what would it take?*, Department for Work and Pensions, London.

⁸⁶ Russell P (2002) *Bridging the Gap*.

⁸⁷ *op cit* note 3.

⁸⁸ La Valle I, Smith R, Purdon S, Bell a, Dearden L, Shaw J and Sibieta L (2007) *National Evaluation of the Neighbourhood Nursery Initiative: impact Report* available on line at www.surestart.gov.uk/_doc/P0002386.pdf

⁸⁹ Daycare Trust (2007) *Sixth annual childcare costs survey*.

⁹⁰ *op cit* note 9.

⁹¹ *op cit* note 1.

11. In order to make working around school hours possible government departments will need to work together to improve flexible working options for all parents, and ensure that employers are being encouraged to consider how employment can be adapted to fit around childcare responsibilities. Actions which we would consider a minimum would be: working with the Department of Business, Enterprise and Regulatory Reform to extend the right to request flexible working to all parents with caring responsibilities and; looking at the “local employment partnerships” announced in the Budget as a way of enabling Jobcentre Plus to put pressure on employers to provide flexible working options eg only allowing employers to sign up to partnerships if they can show a commitment to providing flexible working options.

12. Ensuring that work pays—parents will only consider paid work if it makes them better off than they would otherwise be on benefit. The introduction of the working families and then working tax credit has gone a considerable way to ensuring that work pays for families and this has helped to improve employment rates amongst some of the most vulnerable groups. For example, some research suggests that these measures alone have been responsible for around five percentage points of the increase in lone parent employment.⁹²

13. There is, however, still more that could be done. In particular the working tax credit (including the childcare element) currently requires parents to work a minimum of 16 hours a week before they are able to claim it, this means that many parents find that they are unable to work at all unless they can work at least 16 hours, since they don’t qualify for any help with childcare costs. While we understand that the government is primarily interested in moving parents into work of more than 16 hours a week there are number times when this may not be possible—for example parents caring for a disabled child where the caring needs are so great as to make longer working hours too difficult, or where a parent previously working in excess of 16 hours has had their hours cut. This can be a particular issue for lone parents and was highlighted in case studies cited in Barnardo’s recent report “It Doesn’t Happen Here”.⁹³

Michelle is a single mother with four children. She has recently left her job as a youth worker because her hours were cut from 16 to seven. This meant she couldn’t claim working tax credit and it no longer paid Michelle to stay in work. There are not many other opportunities for you work in the area, and those there are tend to be unstable (due to funding) so the chances of Michelle having her hours cut again are high.

However, Michelle wants to work and feel that it benefits her children who are proud to have a mum who works:

“Cos sometimes at school ‘what does your mam do?’ and he was saying ‘oh my mam works. My man’s a youth worker you know’.”

14. We believe the government should introduce more flexibility in this area to enable parents to use the tax credit system to get help with childcare even when they work relatively short hours. This would help make even small amounts of paid employment viable for some of the most vulnerable parents.

15. Paragraphs 8–14 detailed common issues which many parents face when looking to enter paid work. There are also specific issues of how targeted government policy is working for particular groups of parents and these are set out in paragraphs 16–32 below.

LONE PARENTS

16. The government has made substantial progress in helping lone parent families in recent years. Evaluation of the new deal for lone parents concluded that the programme had doubled the chances of lone parents moving into paid work. However, despite this progress the risk of poverty for children in lone-parent families remains too high and in lone parent households, 50% of children are living below the poverty line compared with 23% of children in two-parent families.⁹⁴ Many of the reasons for this have been cited above, and relate to lack of work incentives—for example research by the Institute of Fiscal Studies found that lone parents still face the weakest work incentives of any group.⁹⁵ The lack of financial incentives for work of less than 16 hours a week is a particular problem for this group—about half of the difference in employment rates between lone and coupled mothers can be explained by the greater proportion of the latter working in jobs of fewer than 16 hours.⁹⁶

17. There are, however, a number of issues which are specific to lone parents. Research continues to show that the rate of exit of lone parents from jobs is considerably higher than for other groups even after personal and job characteristics are controlled for. The authors of one Department of Work and Pensions (DWP) report predict that “if lone parents had the same job exit rates as the rest of the population, then the target of 70% employment of lone parents could be met without raising job entry rates further”.⁹⁷ Initiatives aimed at helping lone parents must therefore put an emphasis on helping lone parents to stay in work.

⁹² Brewer M and Brown J (2006)

⁹³ *op cit* note 3.

⁹⁴ Department for Work and Pensions (2006) *Households Below Average Income 1994/1995–2005/06*, Corporate Document Services, Leeds.

⁹⁵ Adam S, Brewer M and Shephard A (2006) *The poverty trade off: work incentives and redistribution in Britain* IFS.

⁹⁶ according to the families and children study 2005 around 12% of couple mothers worked in jobs offer less than 16 hours, compared to 5% of lone mothers. 55% of lone mothers are employed compared to 68% of mothers in couples.

⁹⁷ Evans, M, Harkness, S and Arigoni Ortiz, R (2004) Lone parents cycling between work and benefits, Research Report 217, Department for Work and Pensions.

18. Barnardo's would suggest looking at implementation of government policy in two key areas as a way of ensuring greater employment retention amongst lone parents. Firstly to ensure that Jobcentre Plus advisers are rewarded for getting parents into sustained work rather than any work. The government committed to do this in principle in "Working for Children"⁹⁸ which stated the intention to change the Jobcentre Plus target structure "to reward sustained employment and progression", but no further detail on how and when this will be done has been provided. Secondly to provide all lone parents with help with some of the costs which can make the move into employment difficult, eg up front childcare costs, and the difficulties of moving from fortnightly benefits to a monthly salary. The New Deal Plus for Lone Parents—a pilot scheme introduced in April 2005—provides a model for doing this by paying lone parents moving into work with an "In-Work Credit" (IWC)—an extra £40 a week for the first year (£60 a week in London). This has been judged a success with the evaluation finding that "IWC was overwhelmingly welcomed by staff, who felt that it was a powerful work incentive. Lone parents were unanimously positive about the payments . . ."⁹⁹ Barnardo's welcomes Gordon Brown's recent commitment to roll this programme out across the country and look forward to hearing further details on when and how this will be achieved since we believe it will be an important part of delivering an effective strategy for improving work incentives for lone parents.¹⁰⁰

19. Finally we would emphasise that while we support the idea of helping lone parents into work we believe that the sanctions based approach detailed in the Green Paper¹⁰¹ would not be helpful. As detailed above the primary reasons why lone parents are not working is that they continue to face significant barriers to work and we believe that government resources would be best spent on looking at ways to remove these barriers. The approach proposed in the Green Paper which would involve moving lone parents from an income support regime to a Job Seekers Allowance (JSA) with a greater use of sanctions for failure to take up work would be costly. The government's own estimates reveal it will cost between £6 and £10 million¹⁰² due to the increased administration required—and would therefore divert much needed funds away from initiatives aimed at removing the structural barriers to work identified above. We also believe this approach could cause significant hardship to lone parents who find themselves subject to sanctions for failure to comply with the stricter elements of the JSA regime with serious knock on effects for their children. Evidence from the United States which has a much stricter sanction based regime, shows significantly worse health outcomes for children whose parents are subject to benefit sanctions¹⁰³.

UNEMPLOYED PARTNERS

20. Many of the issues which face unemployed partners getting into work are the same for all parents and are highlighted above—the need for childcare, flexible working and ensuring that work pays (particularly when childcare is taken into account). However until recently the government has provided little in the way of targeted employment support for this group.

21. Recent proposals have sought to address this gap and have included partners of parents claiming Job Seekers Allowance (JSA) attending six-monthly work-focused interviews; and the introduction of a "New Deal for Parents" which for the first time would provide targeted support for this group. Barnardo's is sceptical that work-focused interviews can achieve very much in helping this group, unless the policy is backed up by looking at the barriers parents face to work, in particular in relation to costs of childcare. It is also important that work focused interviews for unemployed partners are conducted by people with an expertise in understanding the issues this group face. Otherwise such a proposal runs the risk of ending up with interviews becoming nothing more than a lip service discussion with no real prospect of progress.

22. A better approach would be to provide a tailored service to this group along the same line as the New Deal for Lone Parents, with advisers trained in understanding the issues and needs of parents in the workforce. Barnardo's has therefore very much welcomed the proposed New Deal for Parents outlined in "Working for Children".¹⁰⁴ This will give parenting a high priority—especially in terms of work that is flexible and finding suitable childcare for parents. However, currently the commitment is to only pilot the New Deal for Parents in London. While piloting the project will be necessary to ensure that lessons are learnt on the best way forward Barnardo's would like to see a commitment now from the government that it will seek to roll out a project similar to this across the whole country in time, to ensure that all parents are able to benefit from it. Barnardo's also believe that participation in the New Deal for Parents should be voluntary and should help parents find work which fits in with their needs rather than using it as the first step towards a sanction based approach—as has happened with lone parents.

⁹⁸ *op cit* note 1.

⁹⁹ Ray K, Vegeris S, Brooks S, Campbell Barr V, Hoggart L, Mackinnon K and Shutes I (2007) The Lone Parent Pilots: A qualitative evaluation of Quarterly Work Focused Interviews (12+), Work Search Premium and In Work Credit DWP Research Report No 423 DWP.

¹⁰⁰ Gordon Brown, *speech to TUC*, 10 September 2007.

¹⁰¹ *Op cit* note 2.

¹⁰² Hansard, PQ/07/129576 24 April 2007.

¹⁰³ Evans, M and Millar J, (2003) "Lone Parents and Employment: international comparisons of what works", Centre for Analysis of Social Policy, paper prepared for the Department for Work and Pensions.

¹⁰⁴ *op cit* note 1.

 PARENTS OF DISABLED CHILDREN

23. The government has made significant progress in helping disabled children escape poverty in recent years, in particular increases in benefit entitlement for this group have been very helpful. In families with a disabled child, and no disabled adult where the families is in receipt of disability benefits the family has only a 9% chance of living in poverty, this rises to 34% where the family is not in receipt of disability benefits.¹⁰⁵ Given the importance of Disability Living Allowance (DLA) in helping families to escape poverty, greater efforts must be made to ensure that those who are entitled to benefits claim and receive them. Recent research revealed that work to increase the take up rate of DLA would be of most benefit to poor families¹⁰⁶—actions such as improving information provided to families and simplifying the application process would be helpful to achieve this.

24. In relation to work, many of the problems such as flexible working, and financial disincentives for working shorter hours already cited above, are particular barriers for parents of disabled children. In addition the higher cost of childcare for disabled children needs to be addressed and would benefit from particular focus by the government. One survey of 350 families with a disabled child found that 90% of families reported that the costs of childcare were a major deterrent to work and importantly 60% of families had been asked to pay a premium to cover additional support in childcare services.¹⁰⁷ Having to pay increased costs for childcare for disabled children can make affordability a problem for this group and mean that even those in receipt of the maximum weekly allowance for childcare under the working tax credit regime can face significant shortfalls.¹⁰⁸

25. The government should therefore increase the upper limit of eligible childcare costs substantially for parents of disabled children to recognise the real costs they incur. Accessibility of childcare is also a key issue for this group—while the Childcare Act 2006 contains a welcome requirements on local authorities to provide sufficient childcare for disabled children there is currently evidence of significant gaps. For example a National Audit Office report revealed that childcare settings are advertising themselves as accessible for disabled children when many only actually offer one place suitable for a disabled child.¹⁰⁹ To ensure the delivery of sufficient childcare places for disabled children the government needs to ensure that there is the supply side funding in place which can be used to improve staff skills and awareness and therefore improve accessibility of early years provision for the most vulnerable groups.

26. The government also needs to consider how to make sure work pays for this group particularly in relation to the carers' allowance which is currently lost completely when a parent earns over £48 per week. Tapering this off would enable parents to undertake some paid work without feeling that they would be worse off by doing so.

27. Helping the parents of disabled children to keep their jobs during the initial diagnosis period is also a key issue and was highlighted by families interviewed for “It Doesn’t Happen Here”.¹¹⁰

Rachel and Ben have three children. The two younger children are autistic with severe learning disabilities. Ben gave up his job when the second child was diagnosed seven years ago, since the children needed 24-hour care. The family home was subsequently repossessed and they had to move into a council house. They are now totally reliant on benefits.

“I had a really good job me. I was earning £500/600 a week, good pay, good bonus, really good pension scheme and I just had to give it all up. I had been there 21 years”.

28. During the process of initial diagnosis a family can be thrown into stress with uncertainty over what support they are entitled to, and how to go about claiming key benefits. This stress can result in parents moving out of work thinking this is the only option to care for their disabled child. Barnardo's would like every parent whose child is going through the process of diagnosis of a disability to be assigned a key worker who could discuss the family's options and entitlements and ensure that parents do not lose a job in these earlier stages when longer term this decision could prove to be unnecessary and detrimental to the family. The Department of Work and Pensions would need to work closely with both the Department of Health and the Department for Children, Schools and Families to deliver this proposal.

DISABLED PARENTS

29. While government measures have been successful in helping to move disabled children out of poverty, the situation in relation to disabled parents is not so optimistic. Non disabled children living with a disabled parent have a 42% chance of living in poverty, compared to 30% chance for children in the general population.¹¹¹ Many government initiatives miss this group since the New Deal for Lone Parents, for

¹⁰⁵ *op cit* note 15.

¹⁰⁶ Preston and Robinson (2006).

¹⁰⁷ Beresford, B 1995, *Expert opinions: a national survey of parents caring for a disabled child*.

¹⁰⁸ worked examples provided in: Every Disabled Child Matters (2006) *Between a Rock and Hard Place*, available on line from www.edcm.org.uk/pdfs/edcm_briefing_rock.pdf

¹⁰⁹ National Audit Office (2004) *Early years progress in developing high quality childcare and early years education accessible for all*, London, The Stationery Office.

¹¹⁰ *op cit* note 3.

¹¹¹ *op cit* note 15.

example, does not offer anything in the way of condition management. Also only around 200,000 children in poverty whose parents have a disability or long standing health condition will have a parent who is eligible for Pathways to Work.¹¹² The government therefore needs to ensure that the needs of such parents are not missed in a benefit system which does not recognise disabled people as parents, or parents as having disabilities. Training of Jobcentre Plus officials is needed to address these issues including ensuring that all new claimants for employment allowance are asked if they are also parents so that these needs can be taken into account. Introducing additional condition management support into the New Deal for Lone Parents and making it an integral part of the new New Deal for Parents would also be helpful.

30. If the government is to stand a realistic chance of moving disabled people (including disabled parents) into work, then it also needs to consider seriously the provision of adequate funding to train disabled young people, to ensure they have the necessary skills when they leave education to find suitable employment which will help avoid benefit dependency in the long term. We see this as part of the need by the government to provide a joined up approach to tackling child poverty with long term thinking about the necessary contributions from different government departments. We provide more detail on this issue in our evidence on co-operation of government departments below—see paragraph 26.

PARENTS FROM BLACK AND MINORITY ETHNIC (BME) GROUPS

31. While this group is not specifically highlighted as a focal group within the terms of reference of the committee, we believe it is an area where the government needs to focus particular attention if the 2010 target is likely to be met. Children from certain ethnic groups have a significantly greater risk of poverty than other children—67% of children in Pakistani and Bangladeshi families, 51% of black and black British children and 48% of children in Chinese or other ethnic groups live in poverty compared with 27% of white children.¹¹³ Modelling by the Institute for Fiscal Studies (IFS) for “It Doesn’t Happen Here”¹¹⁴ also revealed that on current policies poverty rates amongst these groups are likely to rise significantly with 40,000 more poor Pakistani and Bangladeshi children in 2010 compared to 2004–05 and 10,000 more black or black British children in 2010 compared to 2004–05. Investment of the £3.8 billion in tax credits outlined in paragraph seven above would reverse this trend.

32. Access to work remains a key problem for this group and estimates show that on current policies the gap between white and ethnic minority employment will take up to 100 years to close.¹¹⁵ While there have been a number of initiatives aimed at looking at the issue of BME groups, poverty and employment (including the Ethnic Minority Taskforce, Fair Cities, Partner Outreach and New City pilots) more needs to be done at a national level to tackle the structural problems which are hindering BME access to mainstream programmes—eg only 1.3% of participants on new deal for disabled people are Pakistani and Bangladeshi¹¹⁶. Barnardo’s believe the Department for Work and Pensions (DWP) must urgently review why welfare to work programmes are failing many BME parents and publish an action plan to address this. This should include a measurable target for Jobcentre Plus staff to increase participation in the New Deals.

Question 2 *The effectiveness of cross-government co-ordination to address child poverty, and its treatment in the Comprehensive Spending Review*

33. There is still evidence of a lack of joined up thinking across government on how to tackle child poverty. If we are to tackle child poverty then policies from all government departments (not just the Department for Work and Pensions) need to be proofed for their child poverty impact. The decision to share the child poverty target between the DWP, the Department for Children, Schools and Families (DCSF) and the Treasury means there is uncertainty over who currently has ownership of it. Some examples of areas of government policies where a cross government approach to child poverty could help deliver a better outcome for children have already been highlighted in this evidence and include the Department for Business, Enterprise and Regulatory reform looking to expand the right to request flexible working to make it easier for parents with older children to enter the job market; and the cooperation of the DCSF to ensure the necessary childcare structures are in place to support parents in finding work.

34. There are many other examples where actions from across government departments could help to tackle child poverty. One particular area where a lack of joined up thinking is prevalent is asylum policy. Current policy in this area has been devised to see asylum seeking families as “asylum seekers” in the first instance with no recognition of the children of such families as “children”, and as is frequently also the case as “children living in poverty”. Government policies such as refusing asylum seekers the right to work in the first 12 months, requiring them to live on only 70% of income support levels and piloting the use of section 9 of the Asylum and Immigration Act 2004 (which involves the complete removal of all support for asylum

¹¹² *op cit* note 6.

¹¹³ *op cit* note 15.

¹¹⁴ *op cit* note 3.

¹¹⁵ Department for Work and Pensions (2006) *Opportunity for all: eighth annual report* DWP, London.

¹¹⁶ *op cit* note 6.

seeking families whose application has failed) have all acted as policies working in direct contradiction of the aim of alleviating child poverty in the UK. An urgent repeal of such measures should therefore be undertaken as part of the joined up Government strategy on child poverty.

35. Another example of an area which would benefit from more joined up thinking is investing greater funds in the training for disabled young people. This is something which Barnardo's called for in our submission to the Comprehensive Spending Review¹¹⁷ and something which we believe is essential as part of the long term strategy to tackle child poverty. The disabled young people of today will become the disabled parents of tomorrow and investing in training should prevent movement onto benefits in the first instance. Barnardo's has two projects, Palmersville¹¹⁸ in the North-East and Dr B's Kitchen in Harrogate, which provide work-based learning funded by the local Learning and Skills Council (LSC). At Palmersville the total cost of training an apprentice is £9,000 and an Entry 2 Employment (E2E) student £3,000—with 58% of those who complete the training moving into work, and 88% of those who progress into work still being in employment three months later. Government investment in similar schemes would prove very cost effective in the longer terms since costs compare well to the alternative of long term dependency on benefits. The long term incapacity benefit for someone under 45 is currently £95 a week or a total of £133,380 from the age of 18–45.

36. To achieve a better joined up approach we believe that it is essential that all key stakeholders are involved in coming together to draft an effective strategy on tackling child poverty in the UK. For this reason we believe it would be beneficial to set up a UK Commission on child poverty, chaired by the Prime Minister or Chancellor. This would include representatives from across government, as well as academics, NGOs, local government and the devolved administrations. This commission would have responsibility for setting out a road map detailing the investment and policies needed to end child poverty by 2020.

Question 3 *How to alleviate symptoms of deprivation other than income:*

- *The impact of poverty on the emotional well-being and social mobility of children.*
- *Assessing DWP's contribution to progress against PSA targets currently held jointly with the Department for Children, Schools and Families: to increase the stock of Ofsted-registered childcare by 10%; and increase the number of children in lower-income working families using formal childcare by 120,000 from a 2005 baseline of 614,000.*
- *The success of the DWP's Local Housing Allowance policy and its contribution to alleviating deprivation and eradicating child poverty.*

37. Barnardo's remains concerned that social mobility remains a key issue for children living in poverty. Evidence suggests that social mobility in the UK has actually decreased meaning that the probability of a boy born into a poor family remaining a poor adult was significantly higher if that boy was born in 1970 than if he had been born in 1958 (38% compared to 31%).¹¹⁹

38. Also while there is an obvious delay in knowing whether the policies of the current labour government have reversed this trend and improved the social mobility of poor children growing up in the 1990s–2000s, there are some unpromising signs. Education is critical to ensuring that children who grow up in poverty are able to break out; the evidence is clear that educational attainment at school has a significant effect on earnings in later life. Yet in the UK, poverty predicts educational outcomes more strongly than in any other OECD country.¹²⁰ Inequalities in educational outcomes can be seen in children as young as aged two¹²¹ and continue to grow throughout their school careers. Only a quarter of students receiving free school meals gain five good GCSEs or equivalent, compared to over half of the overall population.¹²²

39. Government action is needed to reverse this trend. This means more than simply putting money into schools although this will be important—recent research revealed that 14% of variation in individual achievement was accounted for by school quality.¹²³ However, it is also about ensuring that poor children do not miss out on the ability to develop social skills and communication through participation in extra curricular activities such as music lessons, sports clubs, family outings and holidays. Partly this will involve working directly to improve the income levels of the poorest families through improvements in tax credits highlighted above. It will, however, also include ensuring that initiatives such as Sure Start and extended schools have the necessary supply side funding in place to ensure that providers are able to offer subsidised

¹¹⁷ available on line at www.hm-treasury.gov.uk/media/E/F/cypreview2006_barnados1.pdf

¹¹⁸ Barnardo's Palmersville Training, which began in 1983, offers off-the-job training and work placements to young people who have social, emotional and academic barriers to learning. They work with approximately 400 young people each year and about 90% of these have some form of learning disability. Learners are trained for work in a wide range of occupations, including catering and hospitality, landscape gardening, retail, painting and decorating and office work.

¹¹⁹ The Equalities Review (2007) *Fairness and Freedom: The Final Report of the Equalities Review* available on line at www.archive.cabinetoffice.gov.uk/equalitiesreview/upload/assets/www.theequalitiesreview.org.uk/equality_review.pdf

¹²⁰ OECS (2001) *Knowledge and Skills for Life*, first results from PISA 1000, Paris OECD.

¹²¹ Feinstein L (2003) "Inequality in the early Cognitive development of children in the 1970 cohort" *Economica* Vol 70, no 277.

¹²² DfES (2006) *Social mobility: Narrowing social class educational attainment gaps* (page 14, www.dfes.gov.uk/rsgateway/DB/STA/t000657/SocialMobility26Apr06.pdf)

¹²³ Hirsch D (2007) *Experiences of poverty and educational disadvantage*, Joseph Rowntree Foundation, York available on line at www.jrf.org.uk/knowledge/findings/socialpolicy/pdf/2123.pdf

places to the poorest families so that disadvantages children do not miss out on the activities they offer. Finally we would also recommend that as part of the roll out of the personalised learning agenda, the government looks to establish a personal learning entitlement which includes learning away from school such as outdoor activities and visits to museums and galleries which poor families can often not afford.

40. We have provided our response on childcare primarily elsewhere in this evidence—particularly in paragraphs eight and nine on how this generally acts as barrier to work for low income parents, and paragraphs 24 and 23 which highlights some of the specific problems faced by parents of disabled children. To reiterate we believe that the key issue is for the Department of Work and Pensions (DWP) to work with the Department for Children, Schools, and Families (DCSF) to look at how to increase the use of formal childcare amongst low income groups. There are two important measures needed to achieve this. Firstly the DWP needs to work with DCFS to look at what can be done to support providers primarily working with disadvantaged families so they can continue to offer subsidised places to low income parents. Secondly the DWP should reform the tax credit system to help more parents meet the cost of child care by relaxing the rules on the need to work 16 hours to qualify for working tax credit, and increasing the maximum amount that parents of disabled children can claim for childcare.

41. We believe that housing policy is a key area which needs to be looked at if the Government is going to tackle the long term effects of growing up in poverty. Poor housing continues to blight the lives of many of Britain's poorest families. Case studies in "It Doesn't Happen Here"¹²⁴ and our report into families living in temporary accommodation "Do my kids have to live like this forever?"¹²⁵ highlight the real life stories of some of these children. Statistics show that children who live in bad housing are more likely to suffer from poor health, to dislike the area in which they live, to have run away from home, to have been excluded from school and to have left school with no GCSEs.

42. For this reason we welcome the recognition in the terms of reference for this inquiry of the important role housing policy should play in alleviating some of the worst effects of child poverty. Barnardo's knows from our experience of working with vulnerable families that there remains a chronic shortage of affordable housing and particularly social housing. Lack of investment in social housing means that payment of housing benefit is taking up an ever-increasing proportion of the Government's spending on housing. We believe this money spent on subsidising rents in the private sector has little long term benefit, particularly since longer term it is likely to simply act as a catalyst to push up property values and exclude a greater proportion of the population from home ownership. While we welcome the government's targets to improve the situation in relation to social housing we believe that the current targets are woefully inadequate to meet the need.

43. Barnardo's believes that instead of simply addressing the progress of current strategies on housing, the committee should recommend that these be re-written. The government is committed to building 3,000,000 new homes by 2020 with 70,000 affordable homes by 2010 and 45,000 of those being "social homes" ie secure affordable rented social housing. Shelter estimates that 50,000 new social homes are needed every year and the National Housing Federation estimates that 70,000 a year are needed. We recommend that the government therefore substantially increases its commitment to deliver more social housing. We also believe that the government should encourage developers of social rented houses to provide the type of housing needed by families by placing sanctions on developers who do not include social housing in their developments and include greater incentives on developers to include three and four bedroom properties in developments which are currently in acutely short supply.

September 2007

Memorandum submitted by Joseph Rowntree Foundation

SUMMARY

- The Joseph Rowntree Foundation's work on ending child poverty has shown that government targets can only be met with a combined strategy of (a) raising the level of income transfers to families on low incomes, (b) pursuing the welfare to work agenda (c) improving incomes in work and (d) raising the educational qualifications of those who grow up in poor households so that poverty is not passed down through the generations.
- Recent JRF findings on poverty and educational disadvantage shows that children growing up in poverty have negative experiences both inside and outside school, and that policy needs to devote more attention to improving these experiences. Education policy cannot just be about the delivery of the school curriculum.

¹²⁴ *Op cit* note 3.

¹²⁵ Reacroft J (2005) *Do my Kids have to live like this forever?*, Barnardo's, London available one line at www.barnardos.org.uk/homelessness_report.pdf

- A big gap in the Government’s approach to ending child poverty has been the lack of any clear-cut approach to ensuring that the incomes of families not in paid work are improved relative to the average. Over time, the normal uprating system for tax credits and benefits produces the reverse result. Occasional *ad hoc* additional rises do not add up to a planned approach.
- The machinery of government reinforces the disjuncture between a planned long-term approach to welfare to work and an *ad hoc* system of raising benefits and tax credits. The former are planned as part of the long-term public spending cycle and the latter as part of the annual budgetary process. The Treasury is understandably cautious about making advance commitments on tax and benefits, but unless its ambitions on income transfers are brought into a longer-term planning process, it cannot claim to have a coherent strategy for ending child poverty.

INTRODUCTION

1. The Joseph Rowntree Foundation has carried out a wide range of work related to the questions posed by the Inquiry. It is not on this occasion able to make a submission covering all of these details. Rather, it refers to JRF’s roundup of its work on child poverty published last year and makes some straightforward points about the need for a more coherent strategy from government.

2. The Foundation’s 2006 report, *What will it take to end child poverty? Firing on all cylinders* covers much of the ground being considered by the Committee and draws in a range of evidence including a set of papers commissioned for the Foundation exploring similar issues to those of the Committee. The full report is available online at: <http://www.jrf.org.uk/bookshop/eBooks/9781859355008.pdf>

3. Further papers are available at: <http://www.jrf.org.uk/child%2Dpoverty/publications.asp>

4. The projections made in the 2006 report were updated following the 2007 Budget; this is explained at: <http://tinyurl.com/277lh8>

5. The above evidence shows that while the Government has made significant progress in reducing child poverty, it does not yet have a full strategy in place that is capable of wiping it out as intended.

6. On the one hand, there is no coherent plan for raising benefits at a rate that ensures that non-working families keep up with rising living standards. Under present plans, such families are more likely to sink deeper into relative poverty than to escape it.

7. The Foundation has commissioned work on uprating benefits which will be highly relevant to the Committee’s work and will be published in spring 2008. The Work and Pensions Committee has already recommended that, following the publication of this report, “the Government undertakes an assessment of the impact on claimants of different uprating measures and the consequences for poverty eradication” (Seventh Report para 298). See also: <http://www.jrf.org.uk/knowledge/wip/record.asp?ID=804814>

8. On the other hand, income from work can make a large contribution towards alleviating child poverty, so the range of “welfare to work”, initiatives past and future, can play an important part of a strategy. But in the long term, what is needed is not just a helping hand into work for parents with low skills (which does not in itself resolve their overall position of weakness in the labour market), but a turnaround in the educational and skill profile of parents. An important element will be improving educational qualifications, particularly among young people growing up in poor families. These children do worse at school than average, and this helps to pass on poverty from one generation to the next. In 2007, the main JRF follow-up to its poverty work has been to look at factors contributing to the poverty gap in education. Its first wave of findings showed that this divide started at a young age, and needs to be tackled by measures both inside and outside school. Details can be found at: <http://www.jrf.org.uk/pressroom/releases/070907.asp#research>

9. In addition, while the remits of the DWP and Treasury extend across the United Kingdom, it is important that a UK-wide strategy against child poverty should be co-ordinated with the considerable efforts now being made by the devolved administrations to pursue the same goal.

10. The remainder of this submission focuses on one particular point, related to the “machinery of government”:

Why does the Government have no integrated strategy for ending child poverty?

11. There is a fundamental weakness in the structure of the Government’s strategy to end child poverty.

12. The Joseph Rowntree Foundation has used modelling and research to suggest what would need to be done to meet government targets.

13. This has not been replicated by Government in any public document.

14. The Department for Work and Pensions published its contribution to the strategy against child poverty in March 2007, *Working for children*. This document does not address the central issue of what will happen to tax credits and benefits. Indeed, it states:

This document does not set out the Government's overall strategy on child poverty—that was set out in the child poverty review which was published alongside the 2004 Spending Review. Instead it focuses on one key, central element in that strategy—the role of parental employment, and what Government can do to help parents, through their own efforts, to lift themselves and their children out of poverty.

15. Thus, the Child Poverty Review published by the Treasury in July 2004 is the closest to an overall strategy document for meeting the child poverty targets. This document makes some references (in Chapter 3) to the need to improve incomes for low income families in and out of work, and in particular states that “the government has a long term aspiration to improve the financial support available to large families” (p36). Yet it does not produce any plans for this, and does not address the crucial issue of how the system governing rises in benefits and tax credits might be designed to ensure that children in out-of-work families are eventually lifted out of poverty.

16. The only clear Treasury commitment, beyond the time horizon of individual Budgets, has been the commitment for the life of a Parliament to uprate the child element of Child Tax Credit in line with earnings. While this makes a start in containing the rise of poverty for families depending on this element, it does not in itself help to make inroads into relative poverty. It helps preserve the relative value of part of the income of low-income families, but for families on benefits, other parts (the Income Support and Child Benefit elements) systematically fall due to upratings only being in line with prices rather than earnings. *Ad hoc* additional rises in Child Benefit or Child Tax Credit can help mitigate this effect, but do not add up to a long-term strategy.

17. The governmental approach to these different aspects of the child poverty strategy can thus be characterised as the following:

- (a) The role of parental employment is principally the responsibility of the DWP. This is subject to the long-term planning arrangements of normal spending departments through the spending reviews on a rolling three-year cycle. It involves the rolling out of a series of planned welfare to work measures with specified target outcomes in terms of rising employment rates.
- (b) The role of income transfers (benefits and tax credits) is entirely governed by decisions made by the Treasury in budget announcements on a rolling one-year cycle. Apart from a commitment to uprate the child element of CTC with earnings, there are no commitments beyond this cycle.

18. It is understandable that governments are cautious of making commitments about tax and benefit levels a long way in advance. Yet as the commitments on the CTC, the Pension Credit and from 2012 the state pension illustrate, there is no absolute principle of only planning year by year what level these should be. And even without firm commitments, it would be desirable for the government to set out some kind of vision about how exactly it hopes to develop a benefit system capable of ending child poverty, given that it has inherited a system in which out-of-work families' relative income is systematically eroded over time.

19. Such a vision would be clearer if set out in conjunction with plans affecting parental employment. These features interact. Better qualifications and better jobs for parents would make it easier to raise benefit rates without eroding work incentives. More parents in work would make such rises less costly. In terms of the Government's mantra, “work for those who can” makes “security for those who cannot” more affordable. To some extent this link has been made for people on disability benefits, with a vision of a smaller, well provided-for group of people with the lowest chance of working. Yet for parents who are not working, there has never been an account of how “security” might involve escape from poverty (or whether it only means security in poverty).

20. The logical way forward would be for the imminent Spending Review to bring together the two strands into something that looks more like a single strategy. The Treasury is co-ordinating the development of a cross-government Child Poverty Delivery Agreement. There have not however been any clear signs that this will involve any fundamental change in the disjuncture between the setting of benefits/ tax credits and the other aspects of the child poverty strategy. It will at least bring the various relevant departments into a closer dialogue. It is to be hoped that in the long term this will create more coherent government plans for using parental employment and government transfers as twin tools for ending child poverty.

September 2007

Memorandum submitted by the National Childminding Association

The National Childminding Association (NCMA) is the only national charity and membership organisation that speaks on behalf of registered childminders and nannies in England and Wales, with approximately 47,000 members. We promote quality home-based childcare so that children, families and communities can benefit from the best in childcare and education.

Working in partnership with Government, Ofsted, local authorities, children's centres, extended schools and other childcare organisations, we aim to ensure that every registered childminder has access to services, training, information and support to enable them to provide a professional service. NCMA offers to work with all local authorities across England and Wales.

We also aim to ensure that everyone who supports registered childminding has access to the information, training and support they need.

The following sets out responses to the consultation by the Work and Pensions Committee on alleviating deprivation, improving social mobility and eradicating child poverty.

1. OVERALL EFFECT OF QUALITY CHILDCARE ON CHILDREN

1.1 The provision of high-quality childcare can help reduce social exclusion, poverty and disadvantage. Social exclusion is inherited: not genetically, but through embedded environmental and behavioural cycles that lock children from less privileged backgrounds into conditions of low expectation and low achievement. Studies such as the Effective Provision of Pre-school Education (EPPE) Project commissioned by the Department for Education and Skills (DfES) have shown that "Disadvantaged children benefit significantly from good quality pre-school experiences . . . High quality pre-schooling is related to better intellectual and social/behavioural development for children [and] can help ameliorate the effects of social disadvantage . . ." ¹²⁶

1.2 There are two distinct paths through which quality childcare improves the life chances and outcomes of children. The first is that affordable, reliable childcare enables parents to return to work. This is particularly significant among single parents. The links between single parenthood, unemployment and poor outcomes for children are well documented. Where parents are able to place their children in safe, reliable childcare, they are able to return to work and/or seek employment. This results in both raised family income and the creation of an environment where children become familiar with employment as a norm. The alternative—whereby unemployment and benefit dependency is considered to be normal—can lead to inter-generational dependency.

1.3 The second path through which quality childcare improves the life chances and outcomes of children is the impact that it has upon the children themselves. Children from less advantaged backgrounds typically start school already at a developmental and cognitive disadvantage, which tends to be compounded over time. Providing a quality childcare environment can have a powerful remedial effect, reducing that relative disadvantage substantially. Children from poor households that have attended a quality childcare setting (be it a childminder, a nursery or a pre-school) during the first few years of life will on average perform almost as well as children from more privileged backgrounds and far better than those that did not attend childcare settings or attended poor-quality settings. Thus childcare in the early years has a powerful effect in undermining inter-generational cycles of social deprivation.

1.4 In addition, quality childcare has been proven to have positive emotional and developmental outcomes. Children who have spent time in a home-based childcare setting (with nannies and/or registered childminders) are more emotionally mature than those that have not.

2. PROGRESS TOWARDS MEETING DWP/DCSF PSA TARGETS

2.1 NCMA is concerned about progress towards meeting the target of 120,000 more lower-income working families accessing childcare. The numbers of children being looked after by registered childminders has declined since 2000, though the decline has levelled off in the past couple of years. This represents a decline in the number of registered childminders. Increases in childcare provision have been largely in the public sector, with a marked increase in the availability of maintained childcare places (for example, via children's centres). These often compete directly (but not on a level playing field) with local private, voluntary and independent (PVI) providers. NCMA would urge national and local government to consider existing PVI providers when establishing new childcare provision. In addition, consideration must be given to fair and equal subsidy to ensure a level playing field among providers.

2.2 Childminders are particularly well placed to help hard to reach groups, providing childcare while the parents look for or undertake employment, return to study or just in their roles as parents. Appendix 1 includes examples of NCMA's work with hard to reach groups.

3. COMPREHENSIVE SPENDING REVIEW 2007

3.1 NCMA recommended that HM Treasury focused resources on three priority areas.

- Building capacity within the sector—ensuring that existing provision is developed, that new places are created where required and that, crucially, they are sustainable in the long term.

¹²⁶ Effective Provision of Pre-school Education (EPPE) Project, Institute of Education, University of London, on behalf of the Department for Education and Skills, 2004.

- Raising quality in service provision—ensuring that practitioners offer the best practice possible to ensure quality outcomes for children.
- Making childcare affordable and available to parents, particular those from hard to reach groups—ensuring that parents can choose between affordable local childcare providers.

NCMA argued that Government could achieve this by investing in early years and childcare through the Department for Education and Skills and through the Welsh Assembly Government settlement.

3.2 NCMA made the following specific recommendations:

- That in order for the Government to fulfil its plans to improve childcare across the board it is important that funding is allocated from the Comprehensive Spending Review to ensure the start up grant is maintained and improved—not only to ensure a level playing field across the childcare sector but also to sustain long term the new places that are created to offer choice and flexibility.
- That the Government remains committed to raising the quality of childcare provision by guaranteeing the Transformation Fund for a further three years and simplifying the procedure by which practitioners can access it, to ensure all practitioners are supported to achieve a minimum level 3 qualification.
- NCMA recommends that the childcare element of the Working Tax Credit be transferred to the Child Tax Credit and that the system of claiming tax credits be simplified.

4. PRIVATE, VOLUNTARY AND INDEPENDENT CHILDCARE PROVISION

4.1 As highlighted in paragraph 2.1, NCMA believes that the PVI sector has a crucial role to play in ensuring a flexible mix of childcare provision that enables parents to make informed choices about type of provider that best meets their needs and the needs of their child. It is therefore essential that the Government secure a level playing field for PVI providers to ensure that capacity within the sector is allowed to develop in a sustainable manner.

4.2 To deliver early years education (EYE) and the free childcare entitlement for three and four year olds to parents, registered childminders must be part of an accredited childminding network. As networks are funded through local authorities, opportunities for childminders to join a network are not universal. Therefore, a relatively small number can offer the free entitlement. However, NCMA agrees with the Government that the free entitlement to EYE should remain free. At the same time, it is important that providers are not undermined and that they are at least covering the costs of provision. NCMA welcomes DfES plans to consult on this matter.

5. FINANCIAL SUPPORT FOR FAMILIES

5.1 NCMA figures suggest that childminding fees remain very competitive and affordable. The average fee for provision is £3 per hour in Wales and six English regions; in the East of England and the South East the average was £3.50 per hour while in Greater London it was £4 per hour. Nonetheless some parents find the cost of childcare burdensome while others struggle to afford it. The above figures suggest that a full time place with a childminder could cost between £150 and £200 a week (assuming 10 hours a day for five days a week) per child.

5.2 The current system of tax credits provides welcome help to low income parents who require childcare to enable them to work. However, there are problems with the system. Firstly, by putting the childcare element within the Working Tax Credit (WTC) rather than the Child Tax Credit (CTC), it assumes that the primary benefit of childcare is in enabling parents to work. In fact (as set out in 1.3) a great deal of benefit accrues to the child directly, particularly for young children, who register more pronounced social and cognitive development. Thus there is a compelling case for childcare to be provided even for the children of non-working parents. Furthermore, because WTC is not paid until parents find work, it is not available to those studying or looking for work. Unemployed parents inability to afford childcare may hamper their efforts to find work. NCMA recommends that the childcare element of tax credits be transferred from WTC to CTC. This will help break the link between lone parent poverty and worklessness.

5.3 There is also concern about complexity in the tax credit system. Some parents are not aware of what they can claim and others are confronted with attempts to recover unwittingly accrued over-payments. There is also evidence that in some cases tax credits claimed do not reach the provider. The tax credit system needs to be streamlined and made easier for parents and clearer to providers.

5.4 While payments to parents are very useful in promoting use, affordability and choice, if the sector is to expand while at the same time improving both quality and the degree of regulation (of, for example, child protection) there is a need to support childcare providers to remain sustainable. NCMA welcomed the creation of the Transformation Fund to improve qualification levels among childcare professionals. However, local authority implementation and use of the fund has been patchy, with the fund under spent in some areas. NCMA would encourage the use of this money to promote childminders training for a level 3 qualification, which NCMA members believe is the minimum level to which childminders should be qualified (see 7.2, below).

6. EMPLOYERS AND WORKERS

6.1 NCMA welcomes the childcare voucher scheme that enables parents to receive up to £55 a week of childcare expenditure gross of tax. At present, a standard rate taxpayer will save 22% income tax and 11% national insurance. Consequently, the maximum benefit is less than £18.50. This may be as little as a tenth of the parents' childcare bill (less if more expensive forms of provision are employed). NCMA would urge government to increase the size of the tax-free childcare vouchers.

6.2 A further concern with the voucher scheme is that, at present, there is no way that voucher providers or childcarers know if parents cease to be eligible for childcare vouchers. This can lead to overpayment and then the problem that HM Revenue and Customs (HMRC) will seek to recover this overpayment, causing stress and hardship for those from whom the overpayment is recovered. A better system needs to be put in place to join up Ofsted, HMRC, voucher providers and childcare providers to ensure that overpayments are avoided.

7. THE CHILDCARE WORKFORCE AND QUALITY

7.1 NCMA believes that qualified childminders deliver the best care for young children, ensuring that they develop and grow in a safe, nurturing environment. NCMA has noted that childminders continue to rate favourably with regard to the outcome of Ofsted inspections, with high numbers rated as Outstanding and Good.

7.2 NCMA members believe that by 2015, the minimum training requirement for all home-based childcarers should be a level 3 qualification, achieved within five years of registration or approval. This is higher than the requirement for nursery staff because childminders work without managerial supervision, run a small business and make important decisions about children's safety and well-being. This is reflected in the National Occupational Standards. NCMA recognises that training is not always easily accessible, that it can take time, and encourages government to recognise and offer a number of different training routes, including accreditation of prior learning.

7.3 NCMA is pleased with plans to introduce an Early Years Professional (EYP) role similar to the pedagogue model in Scandinavian countries. NCMA believes that in the context of childminding, the EYP role is ideally suited to that of network co-ordinators and other staff supporting groups of childminders. They will be able to provide graduate-level leadership and knowledge of child development.

7.4 NCMA welcomes the introduction of the Transformation Fund. However, as outlined in paragraph 5.4, the potential of the Fund to raise qualification levels across all childcare practitioners has not been realised. NCMA believes that this is a missed opportunity and urges government to invest in training and qualifications for all practitioners, rather than focusing on increasing the number of graduates in the workforce.

APPENDIX 1

- Teen parents—as part of the Teen Parent Project, registered childminders work with young parents, usually on a short-term basis, to care for their children through a funded place which allows the young person to continue with their education, start an apprenticeship or find work. Childminders on an NCMA Children Come First quality assured network work with agencies such as Connexions, Care to Learn and other social services. Childminders work hard with younger parents to gain their trust, often becoming a mentor to them, helping them with any worries they may have about caring for their child. Once trust has been gained, young parents often seek advice about child development and how to play with their child to help them to progress with their milestones.
- Inclusive childminding—some NCMA Children Come First networks are labelled “Community Childminding Networks”. Childminders on these networks are specially trained to look after children in need. Services are provided to families with children with impairments or not reaching their full potential due to social, emotional and environmental issues; the childminders develop skills appropriate to individual children's needs. Childminders work individually on networks bringing together services to help them care for a disabled child. Additional funding may be required when a childminder looks after a disabled child with complex needs that requires one-to-one attention, thereby reducing the number of children they may care for and their income accordingly.
- Excluded children—NCMA networks work in partnership with parents and other agencies to place children in home-based environments when they are not coping well with group-based care. Childminders will work closely with the group from which a child is excluded to ensure that they can find ways to integrate a child back in to a group setting if and when appropriate.
- Traveller communities—Community childminding networks work with different agencies to provide childminding services for excluded groups, including the Traveller community. The networks build links with these groups via other agencies that are already connected with them. The intention is that through this the parents will start to trust and use childminders as a childcare facility.

- Support childminding—the Support Childminding Project began as a two-year pilot to help encourage more people to register and to support newly registered childminders in their first year as a home-based childcare. The nature of home-based childcare can often leave new childminders feeling isolated and nervous about their abilities. Support childminders mentor from the registration process through to accessing training. They offer support in joining a network and support over the telephone if the childminder is unsure of anything. Many childminders find this service invaluable. Support childminders are very experienced and well trained and are able to offer the advice and guidance necessary to see a new childminder through their first year. They also help to build confidence and contacts and work to encourage new childminders from black and minority ethnic groups to register, as well as supporting childminders to improve their language skills.

September 2007

Memorandum submitted by Save the Children

SUMMARY RECOMMENDATIONS

Save the Children welcomes the opportunity to give evidence to the Work and Pensions committee on this critical subject. We believe that in order to meet the Government's critical targets in this area the following steps are essential:

- The Government to track progress against a measure of severe child poverty as part of its reporting of Households Below Average Income or Opportunity for All.
- The Government to raise levels of financial support for low income families ensuring that those out of work are not subsisting on incomes well below the poverty line.
- Build on the strategy of welfare to work by increasing support for those going into work, with effective training and job search.
- Place greater emphasis on supporting those in work to tackle the “low pay, no pay” cycle.
- DWP/Treasury to publish a strategy on how they intend to raise significantly take up of benefits and tax credits.
- Improving Outreach—Outreach is expensive and time consuming, but if we are interested in helping the most disadvantaged we need to adapt our services to individuals' circumstances, improving outreach provision and building trust with those who customers.
- Poverty proofing—embedding poverty proofing in the ways that services and policies are initiated and developed will help improve the sensitivity of policy to the needs of the most disadvantaged.
- Serious reform of the social fund including expansion of current provision, and the consideration of a low cost loan alternative to address the credit needs of those on low incomes.
- Establishment of a joint ministerial committee on child poverty to ensure a coherent strategy across Government, and to monitor its effectiveness in delivering against the 2010, 2020 and intervening goal.
- In relation to the devolved nations, create a Joint Ministerial Committee with representatives from Westminster and the devolved nations to ensure a joined up approach is taken to meeting the long term strategies around child poverty.
- In relation to Local Government (a) set mandatory targets for child poverty and include this in the national targets that measure the performance of local authorities; review funding arrangements and consider new funding mechanisms to ensure that effective local initiatives can be scaled up and secured over the long term; together with the LGA, review the Child Poverty Accord and set out the action necessary to make this a reality at a local level.
- Put children's voices at the heart of the policy process.
 “I don't know what the Government plans are . . . but I can't honestly see it happening”—16 year old.

1. Save the Children welcomes the opportunity to give evidence to the Work and Pensions committee. We recognise that much has been done to date to tackle child poverty, and yet as the quotation above from a young person bears out, so much more remains to be done, to truly change the lives and life chances of millions of children in the UK.

SEVERE POVERTY

2. Save the Children is mainly focussed on the situation those children in severe and persistent poverty. Whilst fully supportive of the 60% median poverty threshold as the benchmark for assessing progress towards ending child poverty, we are concerned about a singular focus on this threshold and the potential impact this could have on the most disadvantaged children. Three reports in recent years by the Centre for Research in Social Policy at Loughborough University have highlighted the issue of severe and persistent poverty.¹²⁷ The most recent report (Middleton and Magadi, 2007) identified 1.3 million or 10.2% of children to be living in severe poverty, based on a household income of below 50% median and lacking at least three basic necessities (at least one adult and one child necessity).¹²⁸ This mirrors the numbers of children in households with incomes below 40% median according to the Institute for Fiscal Studies.¹²⁹

3. It is vital to maintain some focus on severe poverty to ensure that the most disadvantaged are not left behind. The reality is that severe child poverty is proving particularly intractable and there are maybe particular characteristics of this group which may make it harder to lift these children out of poverty. According to the Institute for Fiscal Studies, in 1996–97, 11% of children were in severe poverty; in 2005–06 10.4% of children were in this situation.

4. In the past there have been suggestions that the Government was focussing on those closest to the poverty line. With a high concentration of households around the 60% median figure and with the salient moment of the 2010 target to halve child poverty fast approaching, there could be a temptation to do just that. Yet even without any deliberate attempt to focus policy at those just below the poverty line, those in the most severe poverty could be left behind, without a clear focus on this group. If they are less likely to take up entitlements—both financial and services—and there is insufficient outreach and a gearing of policy towards their needs, their disadvantage may remain entrenched. The Work and Pensions Committee recommended in its previous enquiry on child poverty that: “that the national strategy on child poverty develops immediate policy initiatives to assist children in severe and persistent poverty and creates an explicit indicator against which progress can be measured”. We strongly urge the Government to do this as a matter of urgency.

5. RECOMMENDATION

The Government track progress against a measure of severe child poverty As part of its reporting of Households Below Average Income or Opportunity for All.

Welfare and work

6. Whilst the numbers of children in workless households have fallen substantially there remain 1.8 million children living in this situation. Living in a workless household is the most significant predictor of severe poverty. At the same time, out of work benefits for adults have stagnated and their value has fallen in real terms. Whilst parents out of work have benefited from increases in the child tax credit and child benefit, the relative fall in adult benefits has ensured their incomes remain substantially below the poverty line. This is particularly so for two parent households. For example, a single parent with two children has an out of work income equivalent to 45% of the median and for a couple with two children just 40% of median (or 75% and 67% respectively of the poverty line).¹³⁰

7. The vast majority of the fall in children in workless households has been among two parent households. It is now the case that two thirds of children in workless households are in lone parent households. Whilst there has been significant progress in raising the employment rate among lone parent households—driven by increased support, better affordable childcare provision, the minimum wage and tax credits—many lone parents will remain out of work and clearly in need of greater financial support, than what is available at present, particularly while they have young children. A major JRF research project assessing minimum income standards and due to be published in 2008 will be instructive in helping understanding the basic level at which incomes should be set.

8. We share the Government’s desire, to help lone parents who want to, to enter the labour market, ensuring a sustainable permanent route out of poverty. The policy apparatus which has been in place since New Labour came to power has combined greater compulsion to engage whilst improving the conditions for going to work through enhanced support, better pay, greater flexibility and more access to affordable childcare. We believe that a continuation of this approach will reap dividends, but it must go hand in hand with greater support. Lone Parents need greater support to help them get into work with critical issues such

¹²⁷ Middleton & Magadi (2007) Severe Child Poverty in the UK, SCUK; Adelman, Middleton & Ashworth (2002) Britain’s Poorest Children, SCUK; Magadi & Middleton (2005) Britain’s Poorest Children 2, SCUK.

¹²⁸ Based on the 20 item list in the Family Resources Survey which the Government use to analyse material deprivation. Items include “adult necessities” such as being able to “replace or repair electrical goods such as a refrigerator or washing machine when broken” and “child necessities such as” enough bedrooms for each child of 10 or over of a different sex to have a bedroom of their own.

¹²⁹ L Sibietta (2007) Recent trends in poverty; On an after housing costs basis.

¹³⁰ Own calculations based on DWP (2007) Households Below Average Income 1994/5–2005/6, DWP—After Housing Costs—this amount consists of income support, child benefit and child tax credit.

as increased flexibility from employers recognising the care responsibility of lone parents both permanently and in responding to short term crises, improvements to the availability of appropriate childcare, increased levels of financial support and assistance with the transition to work with a particular focus on those taking on part-time jobs at fewer than 16 hours per week as stepping stone back into work, and the issue of housing benefit tapers. Marginal deduction rates are a particular issue in London where high costs have hindered efforts to get more lone parent into work.

9. 57% of children in poverty are in households where someone is in work. In addition to this a significant number of children are in households subject to the “no pay, low pay cycle” ie the proportion of children in households actively engaged in the labour market is much higher. The conclusion must be that greater support of household incomes is critical, alongside the flexibility and conditions that make it possible for people to stay in work, and build their careers. We are concerned that moves to places lone parents on to the Job Seekers Allowance regime, is addressing the wrong issue, with the wrong tool. Increasingly the department needs to focus on helping people into sustainable long term employment, and then supporting them once they are in those jobs, rather than a “work first” strategy at any cost.

10. RECOMMENDATION

- The Government to raise levels of financial support for low income families ensuring that those out of work are not subsisting on incomes well below the poverty line.
- Build on the strategy of welfare to work by increasing support for those going into work, with effective training and job search.
- Place greater emphasis on supporting those in work to tackle the “low pay, no pay” cycle.

Taking up entitlements

Benefits and Tax Credits

11. Evidence from *Severe Poverty in the UK*¹³¹ shows that large number of families are not taking up their full benefit and tax credit entitlements. Only 44% of children in severe poverty are in families that report claiming the child tax credit. Modelling by the Institute for Fiscal Studies has shown that increases in take-up could be one important element of a child poverty strategy, having a significant impact on the numbers of children in poverty.¹³² Evidence from the DWP’s 2007 Families and Children Study showed a lack of knowledge among many on low incomes of their entitlements to support.¹³³ As well as many steps that local authorities can take to boost take up, central government can use a range of tools to promote benefits and tax credits.

12. The DWP’s own research has highlighted the limited knowledge of in work entitlements to housing benefit and council tax credit. This not only keeps families in poverty but is a major barrier to achieving the welfare to work agenda, as people do not fully understand how better off they may be upon entering employment.¹³⁴ It is vital that the Government takes the necessary steps to ensure full take up of benefits and tax credits. Achieving this is about action on a range of fronts, including:

- Benefit and tax credit simplification: any steps to simply the extraordinarily complex system would be welcome. A system intended to help the most disadvantaged, yet designed in such a way as to hinder application is clearly not appropriate. We support the conclusions of the Work and Pensions Committee report into Benefits Simplification from earlier this year.
- Mainstreaming income maximisation advice: while formal income maximisation advice is the responsibility of local government, greater effort can be made by departments responsible for significant amount of customer contact to widen the availability of such advice.
- Public campaigns: The DWP needs to make more effort to increase knowledge and awareness of entitlements through publicity campaigns. In 2006–07 while the Department spent £6.8 million on campaigning to target benefit fraud, there was no significant campaign (defined as costing more than £500,000) focussed on promoting take up and entitlements.¹³⁵

Article 26 of the United Nations Convention on the Rights of the Child states that: “States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.” This is an area that will feature in the forthcoming UNCRC reporting process.

¹³¹ Middleton and Magadi (2007)) *Severe Child Poverty in the UK*, SCUK.

¹³² M Brewer, J Browne, H Sutherland (2006) *Micro-simulating child poverty in Great Britain in 2010 and 2020*, Joesph Rowntree Foundation.

¹³³ Lorenc Hoxhallari, Anne Conolly and Nick Lyon (2007) *Families with children in Britain: findings from the 2005 Families and Children Study (FACS)*, Department for Work and Pensions Research Report No 424.

¹³⁴ Caroline Turley and Andrew Thomas (2006) *Housing Benefit and Council Tax Benefit as in-work benefits: claimants’ and advisors’ knowledge, attitudes and experiences*, Research Report No 383.

¹³⁵ DWP (2007) *DWP Departmental report 2006–06*.

13. RECOMMENDATION

- DWP/Treasury to publish a strategy on how they intend to raise significantly take up of benefits and tax credits.

Accessing Services

14. Take up of benefits is just one aspect of the way in the most disadvantaged are unable to maximise their opportunities. Lack of knowledge or understanding of their rights and entitlements and the services available to them, the complexity of access, actual or related costs and at times the perceptions or experience of threats and discrimination posed by statutory services all create barriers for people. The most disadvantaged are the least likely to access the services available, clearly a problem as they are the ones in greatest need.

15. Quantifying the extent, nature and impact of this problem is very difficult; yet it appears pervasive. From pregnancy, mothers from disadvantaged backgrounds are less likely to access antenatal care, resulting in a range of poor health outcomes for children and themselves.¹³⁶ In early childhood, those from disadvantaged backgrounds often do not access the high quality children's services available to them, a point emphasised in Sure Start evaluations which have shown that many of the most disadvantaged have not accessed the services.¹³⁷ Those in poverty are likely to have less access to financial and legal advice to help them navigate the range of issues they face. In a service paradigm increasingly focussed on providing choice, those from disadvantage backgrounds are least likely to exercise that choice.¹³⁸

16. The grassroots organisation ATD 4th World articulates it well:

17. *“The most disadvantaged families—those who face the greatest difficulties—are often the very families who find it hardest to get the support they need. Reaching and involving those who are the most disadvantaged and vulnerable is the most vital, and also the most challenging, task facing all programmes to improve the wellbeing of children and families. Many services are created for disadvantaged families. Nevertheless, these families often struggle on their own to overcome the effects of poverty and social exclusion because service-providers find it so hard to reach them.*

- *Disadvantaged families are likely to:*
- *feel isolated, unsafe and discriminated against,*
- *suffer from poor physical or emotional health,*
- *have low educational attainment,*
- *have had discouraging experiences of statutory services,*
- *live in poverty, with very limited financial resources, poor housing and restricted access to transport.”*

18. In the particular context of the Department for Work and Pensions, and the services they offer, the questions is how they can reach out to customers as much as possible, offering them positive options, transparent choices and with a sensitivity to individuals' personal circumstances.

19. RECOMMENDATION

- Improving Outreach—Outreach is expensive and time consuming, but if we are interested in helping the most disadvantaged we need to adapt our services to individuals' circumstances, improving outreach provision and building trust with those who customers.
- Poverty proofing—embedding poverty proofing in the ways that services and policies are initiated and developed will help improve the sensitivity of policy to the needs of the most disadvantaged.

The Poverty Premium—Affordable Credit

20. We believe the social fund is being neglected as a tool for combating poverty. In its current guise, it is not as effective as it could be, short of funds, and patchy in provision. Whilst reform is necessary we think the time is right for a serious assessment of how the social fund could be adapted to help low income households obtain affordable credit. One potential option is to expand the current system, and augment it with a some form of low interest loans.

21. The credit options for people on low incomes that do not have bank accounts and who have poor credit ratings are very limited. Home credit or doorstep lenders remain popular with many people on low incomes. The Competition Commission investigation of the home credit market found the value of the market to be £1.3 billion to 2.3 million customers in 2005. APRs were generally in excess of 100% and often above 300%. The total cost of loans varies from £30 per £100 to £100 per £100 borrowed, depending on the length of the loan.

¹³⁶ Health Select committee (2003) Inequalities in Access to Maternity Services; www.poverty.org.uk.

¹³⁷ National Evaluation of Sure Start (2005) Early Impacts of Sure Start Local Programmes on Children and Families.

¹³⁸ National Consumer Council (2004) Choice in Public Services, Speech to the Local Government association.

22. Reform of the social fund would aide the anti-poverty drive alongside welfare to work, financial inclusion, social inclusion and over-indebtedness policies through greater availability and access to existing and new products. Reforms could link with other initiatives such as the Savings Gateway and to credit unions and community development finance institutions to help people on low incomes improve their credit ratings as well as increase saving and build assets; and to the provision of financial education and advice on income entitlements. We believe that:

- There remains a vital role for interest-free credit for low income borrowers to help meet the costs of essential items—the existing system of Budgeting Loans and Crisis Loans must be protected, ideally with expanded funding and access.
- There is a clear role for low-interest credit to supplement this, which could be provided by a range of appropriately regulated lenders.
- Any provision of low-cost or no-cost credit should be non-stigmatising, and application processes should protect dignity, privacy and be simple to use, offering a variety of application routes (written, phone, face-to-face). These should be supported by access to good quality financial advice.
- Provision should facilitate independence and modest asset building to assist both with immediate need and with ironing out future emergency challenges through further access to low-cost financial help.

23. RECOMMENDATION

- Serious reform of the social fund including expansion of current provision, and the consideration of a low cost loan alternative to address the credit needs of those on low incomes

Cross-Governmental working

Central Government

24. With a view particularly to the long term target of eradicating child poverty it is vital that there is a high level of strategic coordination between Government departments. Without such coordination, at best individual departments will implement sound policies which fail to synergise with others; at worst policies will fail, focussing on conflicting objectives. The Departments which will be critical to eradicating child poverty include the Departments of Work and Pensions, Children, Schools and Families and the Treasury as the core departments, while the roles of the Departments of Innovation, Universities and Skills, Communities and Local Government and Health will also be central. Other departments also have an important role to play such the Departments of Business, Enterprise and Regulation and Constitutional Affairs. Certain issues will be particularly critical moving forward.

25. One example of the need for high level coordination is around the welfare to work agenda. On their own the DWP may be able to engineer a narrow “work first strategy”, but to ensure that people move into stable, sustainable work that is good for their career development and family life, other departments will have to be heavily involved: DWP will need to coordinate effectively with DCSF (over childcare provision), DIUS (over skills training, implementation of Leitch recommendations for those both in and outside the labour market), DBER (over the rights (and realities) of flexible working) and the Treasury ensuring that a strategic view is taken of policy effectiveness with sufficient resources geared towards prevention and early intervention predicated on future cost savings. At their own admission the level of cross-governmental working is insufficient to be able to deliver effectively on these goals, let alone others which maybe equally important but lack the profile. A high level committee comprised of the relevant Secretaries of State would ensure that this kind of a strategic approach is taken to delivering a long term strategy.

26. It remains unclear where lines of accountability lie with respect top the new Public Service Agreements.

Devolved Governments

27. While the Scottish Government has signed up to the 2020 aim of ending child poverty, it has not committed to the 2010 target of halving child poverty. The 2010 target is a UK wide target but it requires Scottish Government commitment to be achievable. For example, rising employment levels are primarily promoted by UK policy but are supported by devolved employability and childcare related policy and means-tested tax credits aimed at families both in and out of work is again reserved policy but supported by devolved policy to improve advice provision.

28. The impact of devolution and increasingly diverging policy decisions cannot be ignored—particularly now, given different political parties are in power North and South. Given this distribution of power within the UK (and the fact that the priority given to ending child poverty in Scotland is not yet clear under the new administration) there is a need for co-ordination at UK, Scottish levels, to ensure consistent and complementary policies to eradicate child poverty. Momentum in achieving the goal must be continued. A

formal mechanism is required—Joint Ministerial Committee on Child Poverty—to ensure policy is joined-up and complementary, devolved administrations are consulted on UK policy and new policy ideas can be discussed. There is also an argument for joint Parliamentary scrutiny of the targets.

29. The Welsh Assembly Government is signed up to 2020 and 2010 targets and has set itself a whole range of “sub” targets relating to Income & Work, Education, Housing and Health as part of its Child Poverty Implementation Plan. This also includes a 2030 target around well-being. Progress at a political level has stalled in recent months as politicians have been trying to form a government. A coalition government (Plaid and Labour) is now in place and the Assembly has just returned after its summer recess. The Government programme features action on child poverty including the setting up of an Ministerial “expert group”. Experts will be drawn from over the UK.

30. The Assembly in Wales has to date had secondary legislation powers in relation to health, education, transport, economic development, housing, regeneration etc. it has been reliant on Westminster for primary legislation. Since May it has new powers and can now ask parliament to grant it legislative competence in certain fields of government (those it has had secondary legislation powers in) and then it can pass its own laws in that area defined by the Legislative Competence Order (LCO).

31. One of the first LCO’s coming forward from the WAG will focus on child poverty. It is likely to require local authorities and public bodies to do specific things to tackle child poverty eg proof all their policies etc. There is a need for co-ordination in relation to DWP—supporting people back into and maintaining employment. The Valleys are one of the poorest parts of the UK. Efforts to regenerate this area have been unsuccessful to date. The area is now one of the DWP’s city strategies.

32. At present Northern Ireland is without a Strategy to tackle child poverty—or poverty in general. On 13 November 2006, under Direct Rule *Lifetime Opportunities*, a Northern Ireland Anti-Poverty Strategy, was published. However, this strategy has not yet been adopted by the new administration, and it will not be considered before the Programme for Government or draft 2008–11 Budget are released.

33. At present there is no stated commitment from the devolved administration to the 2010 or 2020 targets. We are concerned that without commitment to these two overarching targets, there will be little action to tackle child poverty in Northern Ireland from the devolved administration.

34. Releasing Northern Ireland data for the Family Resources Survey prior to release of the UK HBAI will allow the NI report to be released earlier. Currently the NI report is released during the summer months which does not maximise public attention on the issue of child poverty figures. The debate on HBAI statistics in Northern Ireland is at a very low level, compared to England, Wales or Scotland.

Local Government

35. Local authorities have the powers and responsibilities to tackle the structural causes of poverty and reduce the impact of poverty on individuals and communities.

36. Their key role is formalised in the 2002 Child Poverty Accord which brought central government departments and the LGA together to ensure co-ordination of national and local efforts to tackle child poverty.

37. Yet despite this commitment, most local authorities have still not prioritised child poverty at a strategic level; few authorities have identified a lead member with responsibility for driving forward action on child poverty, or a lead officer to design and implement a strategy for tackling child poverty. Even where a strategy has been developed, the systems are not generally in place to effectively monitor and track progress and the commissioning of services is not generally tailored to meet the needs of the poorest children and young people.

38. On the positive side, all authorities are undertaking initiatives to tackle elements of child poverty. But local efforts are not resulting in the scale of change that is necessary.

39. In order to meet the central government target of halving child poverty by 2010 and ending it by 2020, it is imperative that child poverty is a strategic priority in all local authorities, that services are designed and implemented to meet the needs of the poorest families and that systems are in place to track progress on a regular basis. Five years on from the Accord, central government has a key role to play in ensuring that there is a realistic plan of action to ensure that child poverty is effectively tackled at a local level.

- Ensure child poverty targets are a priority in Local Area Agreements, Children and Young People’s Plans and Community Plans.
- Identify a lead officer for child poverty within the authority, to act as a single point of contact and ensure that child poverty is a strategic priority across the borough, with a plan of agreed action, and indicators to monitor progress on a regular basis.
- Identify a lead member to act as child poverty “champion” and track progress.
- Ensure that a system is in place to analyse the nature and extent of child poverty in the borough, including the impact on different communities.

40. RECOMMENDATION

In relation to Central Government:

- Establishment of a joint ministerial committee on child poverty to ensure a coherent strategy across Government, and to monitor its effectiveness in delivering against the 2010, 2020 and intervening goals.

In relation to the devolved nations:

- A Joint Ministerial Committee with representatives from Westminster and the devolved nations to ensure a joined up approach is taken to meeting the long term strategies around child poverty.

In relation to Local Government:

- Set mandatory targets for child poverty and include this in the national targets that measure the performance of local authorities.
- Review funding arrangements and consider new funding mechanisms to ensure that effective local initiatives can be scaled up and secured over the long term.
- Together with the LGA, review the Child Poverty Accord and set out the action necessary to make this a reality at a local level.

Putting children's voices at the heart of the policy process

40. Article 12 of the UN Convention on the Rights of the Child, which the UK ratified in 1991, gives all children the right to have their views heard and taken into account in all decisions that affect them. We welcome the increasing participation of, and consultation with, children in other Government departments, most notably the Department for Children, Schools and Families and urge the DWP to promote, facilitate and monitor systematic and meaningful participation of children living in poverty and to work with them to find long-term solutions to the problems they face.

“A lot of things that the Government are involved in, they don't tell the people. They just keep it to themselves until they've done it. Then they don't tell us how they done it; they just say 'right its done'. I think that we should know what's going on and how they have achieved it. It can be helped by teamwork”—15 year old.

September 2007

Evidence submitted by the Poor Relations Project

1. SUMMARY

- Based on the evidence presented here, we believe that unless the government understands and addresses the links between women's poverty and children's poverty, it will continue to miss its child poverty targets.
- The reductions in child poverty which have so far been achieved are largely a result of increases in tax credits.¹³⁹ In the long term, the government “buying its way” out of poverty in this manner is neither sustainable nor desirable.¹⁴⁰
- It is therefore necessary for the government to investigate and tackle the structural drivers of child poverty, foremost amongst which is mothers' poverty, if the 2020 target is to be reached.
- We lay out below the significant evidence of the connections between women's and children's poverty:
 - Women are more vulnerable to poverty.
 - The well-being of children cannot be divorced from that of their mothers, who in most cases are their main carers.
 - Women are the main managers of family poverty, and often act as “shock absorbers” to shield their children from the impacts of poverty.
 - This role impacts on women's health, which in turn affects their children's well-being, and exacerbates their poverty.
- In the current UK context, mothers' pathways into poverty are often triggered by events such as childbirth, domestic violence and separation.

¹³⁹ Brewer M, Goodman A, Shaw J and Sibieta L, *Poverty and inequality in Britain*, 2006 Institute for Fiscal Studies.

¹⁴⁰ Hirsch D, *What would it take to end child poverty? Firing on all cylinders* 2006 JRF.

- Policymakers must work to create an environment where women are able to negotiate the transitions between motherhood and paid work without being exposed to risks of poverty, by having the opportunity to access flexible work, benefits, childcare, and quality educational opportunities.

2. POOR RELATIONS PROJECT: THE FAWCETT SOCIETY, OXFAM, CPAG

The poor relations project is run by a coalition of organisations: The Fawcett Society, Oxfam and Child Poverty Action Group. These organisations are working together to highlight the links between women's and children's poverty. The Fawcett Society is the UK's leading campaign for equality between women and men. Child Poverty Action Group is the leading charity campaigning for the abolition of child poverty in the UK and for a better deal for low-income families and children. Oxfam is an international relief and development agency that works to overcome poverty all over the world, including Britain, developing projects with people living in poverty to improve their lives, raising public awareness of poverty, and working with policymakers to tackle the causes of poverty.

EVIDENCE OF THE LINKS BETWEEN WOMEN'S AND CHILDREN'S POVERTY

3. THE GENDER PAY GAP

The poverty of mothers is related to the fact that women overall are paid less than men, and are more likely to be poor:

- Women working full-time are paid on average 17% less per hour than men working full-time; for women working part-time, the gap is 40%.¹⁴¹
- On average, women earn 45% less than men per week.¹⁴²
- Around 30% of women have total, net and disposable incomes of less than £100 per week, more than twice the total proportion of men.¹⁴³
- 25% of women live in poverty.¹⁴⁴
- The ongoing prevalence of occupational segregation, and undervaluing of “women's work”, means that the jobs women hold are often poorly paid.
- As women are over-represented amongst the poorly paid, they are disproportionately negatively affected by the inadequacy of the minimum wage. The average couple family, or lone parent working part-time, would need 1.5 times the minimum wage to clear government poverty targets.¹⁴⁵

4. MOTHERHOOD

If women are already in a disadvantaged labour market position prior to having children, becoming a mother in the current UK context further diminishes women's economic security.

- Women are seven times more likely than men to be out of work as a result of family responsibilities.¹⁴⁶
- Women's average income peaks between the ages of 25 and 29, at £250 per week, and never rises above this point again. By contrast, men's average income grows to over £400 per week in their early thirties, and remains at almost £450 per week into their fifties.¹⁴⁷
- In the average couple with children, the woman's individual weekly income is 60% less than the man's.¹⁴⁸
- Families in which the father is working but the mother is not constitute 34% of in-work families in poverty.¹⁴⁹

¹⁴¹ ONS 2006.

¹⁴² p 7 *Individual incomes of men and women 1996–97—2004–05* May 2006 Women & Equality Unit DWP.

¹⁴³ p 7 *Individual incomes of men and women 1996–97—2004–05* May 2006 Women & Equality Unit DWP.

¹⁴⁴ Bradshaw et al *Gender and Poverty* 2003 EOC: London.

¹⁴⁵ Evans M and Scarborough J *Can current policy end child poverty in Britain by 2020?* 2007 JRF.

¹⁴⁶ Bellamy K and Rake K, *Money, Money, Money: Is it still a rich man's world? An audit of women's economic welfare in Britain today*, 2005 The Fawcett Society.

¹⁴⁷ *Individual incomes of men and women 1996/7–2004/5* May 2006 Women & Equality Unit DWP.

¹⁴⁸ p 8 *Individual incomes of men and women 1996/7–2004/5* May 2006 Women & Equality Unit DWP.

¹⁴⁹ Derived from: Chung R et al *Family Resources Survey 2004/05* 2006 ONS; p47 Harker, L *Delivering on Child Poverty: what would it take?* 2006 DWP.

- The potential for increased employment among mothers in couples to lift families out of poverty is evident in the impact which second earners already have on reducing child poverty. Couples in which one partner is in full-time work and the other is not working are at a 21% risk of being in poverty. By contrast, couples where one partner is in full-time work and the other is in part-time work are at only a 6% risk of being in poverty.¹⁵⁰
- Lack of availability of flexible working seriously disadvantages mothers. For example, 71% of unemployed single parents cite lack of work at suitable hours as the reason they cannot find work.¹⁵¹
- The UK has one of the highest rates of precarious employment in Europe, and 27.6% of women with children in employment in the UK do not have permanent regular contracts.¹⁵²

5. INTRA-HOUSEHOLD POVERTY

- Within many low-income couple households, women experience intra-household poverty. This means that where female partners earn less, and/or where they exercise less control over household finances, resources are not shared equally within a household and women are more deprived than men.¹⁵³
- The fact that poverty statistics are often based on the household unit means that intra-household poverty remains hidden and largely unaddressed.
- Women who have very low labour market participation, including partnered women, are, in general, at a greater risk of poverty. When divorce or separation happens, and these women and their children appear in official poverty statistics, the problem of intra-household poverty is exposed.
- Women's poverty has a greater impact upon children because women are more often the main carers for children either within couples,¹⁵⁴ or as single mothers, and in many cases take greater financial responsibility for children's welfare.
- Women in low-income households go without necessities more often than men in order to shield children from the impacts of poverty.¹⁵⁵ A recent survey of parents with young families found that 70% of women said their family was their biggest financial priority compared with 49% of men.¹⁵⁶
- Despite the fact that men are more likely to control the household finances, women are more often responsible for paying bills and managing the household budget,¹⁵⁷ and once debt is accrued in a household, women more often act as the principal managers of debt.¹⁵⁸
- The differential effect which poverty has on women, and the relative limitations on their power to control household spending, mean that their capacity to care for children financially is inhibited.

6. DISADVANTAGE FOLLOWING PREGNANCY

- For many women, the event of childbirth itself leads to both immediate financial penalties and ongoing downward mobility in their career.
- 30,000 women lose their jobs every year as a result of becoming pregnant or taking maternity leave.¹⁵⁹
- Women who lose their jobs miss out on £12 million in Statutory Maternity Pay each year.¹⁶⁰

¹⁵⁰ *Households Below Average Income: An analysis of the income distribution 1994–95—2005–06*.

¹⁵¹ One parent families survey of 1060 parents funded by Jobcentre Plus.

¹⁵² These women either have no contract, a fixed term contract, are on call, work with a temporary work agency, work on a fee only basis, are on a work experience project, or are self-employed. p 383 Boje, T *Welfare and work. The gendered organisation of work and care in different European Countries* 2007 European Review, Vol 15, No 3.

¹⁵³ Adelman L, Middleton S, and Ashworth K *Management of Household Finances and Intra Household Poverty* 2002 Working Paper 23, Loughborough: Centre for Research in Social Policy; Goode J, Callender C and Lister R *Purse or Wallet? Gender Inequalities within Families on Benefits* 1998 London: Policy Studies Institute.

¹⁵⁴ For example, research shows that women in full-time employment spend nearly 30% more time on childcare every day than men in full-time employment Bellamy K, Rake K, *Money, Money, Money: Is it still a rich man's world? An audit of women's economic welfare in Britain today*, 2005 The Fawcett Society.

¹⁵⁵ Farrell, C and O'Connor W, *Low Income Families and Household Spending* DWP Research Report 2003 No.192; Goode J, Callender C and Lister R *Purse or Wallet? Gender Inequalities within Families on Benefits* 1998 London: Policy Studies Institute.

¹⁵⁶ *Women and Pensions Report* Scottish Widows 2005.

¹⁵⁷ Phal J, *Money and Marriage* 1989 London: Macmillan; Darian L *No Frills: young women and poverty* 2007 YWCA For example, Darian notes that women are more likely to have their name on utility bills..

¹⁵⁸ Lister R *Women's and children's poverty: making the links* 2005 Women's Budget Group; Parker G, "Making ends meet: women, credit and debt" in C.Glendinginning and J.Millar (eds.) *Women and Poverty in Britain. The 1990s*, 1992 Hemel Hempstead: Harvester Wheatsheaf; Ford J *Consuming Credit: Debt & Poverty in the UK* 1991 London: Child Poverty Action Group.

¹⁵⁹ EOC *Greater expectations: EOC's investigation into pregnancy discrimination* 2005.

¹⁶⁰ EOC *Greater expectations: EOC's investigation into pregnancy discrimination* 2005.

- After leaving the workforce for one year, women face an average 16% drop in pay, whereas men face only an 8% drop.¹⁶¹
- Women who move to full-time work after only one year of part-time work have been found to earn up to 10% less per hour 15 years later.¹⁶²
- 40% of women are in work in the year following the birth of their first child, compared to 90% in the years preceding the birth. The proportion working rises to 55% in the following year, but only surpasses 60% some eight years after the first birth.¹⁶³
- Over 60% of female workers are in part-time work throughout the ten years following the birth of their first child, whereas less than 10% of female workers are part-time in the years immediately prior to this.¹⁶⁴
- There is also a general movement towards non-permanent and non-supervisory roles for women following childbirth.¹⁶⁵
- 85% of mothers make at least one transition between working and not working during the first 20 years of their child's life, and nearly 50% make three or more transitions.¹⁶⁶
- Research shows that the transition back into work, particularly for mothers in poverty, can be expensive, and some mothers get into debt at this time.¹⁶⁷

7. CHILDCARE

- The continuing lack of affordable, accessible and high quality childcare acts as a further barrier to women's participation in the labour market.
- The rigidity of available childcare provision in terms of the hours and locations it is available in, and the way in which funding for childcare is administered, creates barriers to many women in accessing childcare.
- 18% of lone parents report that they are not working because they cannot afford childcare.¹⁶⁸
- 41% of parents say that there are not enough childcare places available in their area.¹⁶⁹
- There is only one registered childcare place for every three children under eight.¹⁷⁰
- Parents in the UK contribute to around 75% of childcare costs compared to just 11% in Sweden and around 30% across Europe.¹⁷¹

8. SEPARATION AND LONE MOTHERS

- The event of separation often leads to mothers exiting work, and has long-term consequences for their financial well-being.
- 38% of children in poverty are living in single mother families.¹⁷²
- 35% of mothers undergo a transition between being partnered and being a lone mother at some point during the twenty years following the birth of their first child.¹⁷³
- When mothers separate from their partners, they are more likely to exit work.¹⁷⁴
- When mothers separate, they are also more likely to change occupation in order to work in a more convenient location and/or at more convenient hours.¹⁷⁵

¹⁶¹ Gregg, P. "The Impact of Unemployment and Job Loss on Future Earnings", in *Persistent Poverty and Lifetime Inequality: The Evidence*, 1998 CASE Report 5, CASE, London School of Economics..

¹⁶² Manning, A. and Petrongelo, B. *The Part-Time Pay Penalty* 2005 Women and Equality Unit, DTI available at http://www.womenandequalityunit.gov.uk/research/part_time_paypenalty.pdf.

¹⁶³ Brewer M, Paull G, *Newborns and new schools: critical times in women's employment* 2006 DWP.

¹⁶⁴ Brewer M, Paull G, *Newborns and new schools: critical times in women's employment* 2006 DWP.

¹⁶⁵ Brewer M, Paull G, *Newborns and new schools: critical times in women's employment* 2006 DWP.

¹⁶⁶ Paull G, *Partnership transitions and mothers' employment* 2007 DWP Report No 452.

¹⁶⁷ p20–21 Women's Budget Group *Women's and children's poverty: making the links* 2005 WBG.

¹⁶⁸ Lyon N, Barnes M and Sweiry D *Families with children in Britain: Findings from the 2004 Families and Children Study* (FACS) 2006 DWP Research Report No.340 Leeds: Corporate Document Services.

¹⁶⁹ Bryson C, Kazimirski A and Southwood H *Childcare and Early Years Provision: a Study of Parents' Use, Views and Experience* 2006 DfES.

¹⁷⁰ Daycare Trust *Childcare Today: A progress report on the Government's ten year strategy* 2006 Daycare Trust.

¹⁷¹ OECD *Babies and Bosses—reconciling work and family life Volume 4, Canada, Finland, Sweden and the United Kingdom* 2005 OECD Publishing.

¹⁷² Derived from p57 Harker, L *Delivering on Child Poverty: what would it take?* 2006 DWP and *Living Arrangements: 9 in 10 lone parents are women* National Statistics Online <http://www.statistics.gov.uk/CCI/nugget.asp?ID=432&Pos=1&ColRank=2&Rank=576>

¹⁷³ Paull G, *Partnership transitions and mothers' employment* 2007 DWP Report No 452.

¹⁷⁴ Paull G, *Partnership transitions and mothers' employment* 2007 DWP Report No 452.

¹⁷⁵ Paull G, *Partnership transitions and mothers' employment* 2007 DWP Report No 452.

- The average income of a female single parent is 23% less per week than that of a male single parent.¹⁷⁶
- Only 50% of lone mothers feel they are better off financially shortly after a move into work.¹⁷⁷
- Entering work which is unsustainable can have extremely negative long-term financial consequences for women and their children.¹⁷⁸
- A significant proportion of non-working lone parents with children over twelve are likely to face barriers to work. Compared to lone parents in general, lone parents whose youngest child is 11 or over who are claiming income support are more than twice as likely to have a health problem or disability, and four times as likely to have no qualifications.¹⁷⁹

9. EDUCATION AND SKILLS

- There is currently a skills gap between men and women. 24% of men aged 30–39 have qualifications up to A Level or equivalent, whereas this is only the case for 17% of women in this age group.¹⁸⁰
- For younger men and women, the gap is smaller but still significant: 38% of men aged 20–24 have qualifications up to A Level or equivalent, whereas this is only the cases for 34% of women in this group.¹⁸¹
- Two fifths of lone mothers in the UK have no academic qualifications.¹⁸²
- 72% of lone parents left school at or before the age of 16.¹⁸³
- A quarter of mothers in couple families in the UK have no academic qualifications.¹⁸⁴
- Women who have no academic qualifications face a greater employment penalty than men. 54% of men with no qualifications are in employment compared with only 40% of women with no qualifications.¹⁸⁵
- Mothers with low educational attainment are at a much greater risk of poverty than mothers who are better educated and able to maintain better links with the labour market.¹⁸⁶
- 22.1% of UK Men with children have regularly done voluntary work for a non-profit organisation, whereas only 17.2% of women with children have done this.¹⁸⁷ The opportunity to do voluntary work is key to developing skills for work.¹⁸⁸

10. SAVINGS, DEBT AND FINANCIAL EXCLUSION

- On average, women’s savings and investments are worth 40% less than those of men.¹⁸⁹
- Women’s saving rates drop by 11% in the year after the birth of their first child, whereas men’s only fall by 4%.¹⁹⁰
- Only 24% of lone mothers save from their income, compared to 36% of lone fathers, 38% of mothers in couples and 43% of fathers in couples.¹⁹¹
- In couples with debt, the debt cost to women of events such as divorce and birth of a first child are greater than they are for men. For women, divorce increases debt by a factor of 6.6, whereas for men it increases debt by a factor of 2.1. For women in debt, the birth of a child increases debt by a factor of 3.75, whereas for men the figure is 2.5.¹⁹²
- A CAB report found that women were among those “most likely to have debts associated with poverty, such as catalogue debts and loans to home-collected credit providers”.¹⁹³ Women are also more likely than men to resort to illegal borrowing.¹⁹⁴

¹⁷⁶ Derived from p8 *Individual incomes of men and women 1996/7–2004/5* May 2006 Women & Equality Unit DWP.

¹⁷⁷ Millar J “Better off in work? Work, security and welfare for lone mothers” in Glendinning C and Kemp P *Cash and Care, Policy challenges in the welfare state* 2006 Policy Press.

¹⁷⁸ Women’s Budget Group *Women’s and children’s poverty: making the links* 2005 WBG.

¹⁷⁹ Haux T 2007 op cit note 10.

¹⁸⁰ ONS Self A, Zealey L (Eds) *Social Trends No. 37 2007 edition* 2007 Palgrave Macmillan.

¹⁸¹ ONS Self A, Zealey L (Eds) *Social Trends No. 37 2007 edition* 2007 Palgrave Macmillan.

¹⁸² Gregg P, Harkness S and Macmillan L *Welfare to work policies and child poverty* 2006 JRF.

¹⁸³ p 27 Bellamy K and Rake K, *Money Money Money: Is it still a rich man’s world?* 2005 Fawcett Society.

¹⁸⁴ Gregg P, Harkness S and Macmillan L *Welfare to work policies and child poverty* 2006 JRF.

¹⁸⁵ ONS Self A, Zealey L (Eds) *Social Trends No. 37 2007 edition* 2007 Palgrave Macmillan.

¹⁸⁶ Bellamy K and Rake K, *Money Money Money: Is it still a rich man’s world?* 2005 Fawcett Society.

¹⁸⁷ p 388 Boje T *Welfare and work. The gendered organisation of work and care in different European Countries* 2007 European Review, Vol 15, No 3 2007.

¹⁸⁸ Payne, L *Unequal Choices: Voices of experience exposing challenges and suggesting solutions to ending child poverty in the UK* 2006 End Child Poverty/ JRF.

¹⁸⁹ McKay S & Westaway J, *Saving Lives: Women’s lifetime saving patterns* June 2007 Fawcett Society.

¹⁹⁰ McKay S and Westaway J forthcoming report of *The Women’s Financial Assets Project* 2007 Fawcett Society.

¹⁹¹ McKay S and Westaway J forthcoming report of *The Women’s Financial Assets Project* Forthcoming 2007 Fawcett Society.

¹⁹² McKay S and Westaway J forthcoming report of *The Women’s Financial Assets Project* Forthcoming 2007 Fawcett Society.

¹⁹³ p 2 Edwards S *In too Deep: CAB clients’ experience of debt* 2003 London: Citizens Advice.

¹⁹⁴ DTi *Illegal Lending in the UK* 2006.

- Women are more likely to be in arrears and multiple arrears; 9% of women are in arrears compared to 7% of men.¹⁹⁵
- Women are more often affected by debt than men, and for many it is a significant cause of poor mental health.¹⁹⁶

11. VIOLENCE

- Violence against women diminishes women's ability to participate in education and work, both because of the effects of abuse, which lead to reduced incomes, and the fact that controlling partners often directly prevent women from working or studying.¹⁹⁷
- 4 out of 10 single mothers who previously lived with their child's father experienced domestic violence.¹⁹⁸
- 20% of women in domestic violence refuges have lost their job as a result of domestic violence.¹⁹⁹
- A large proportion of women who experience domestic violence accrue debt as a result of financial abuse. This includes, for example, violent partners using coercion to take out loans in a victim's name.²⁰⁰

12. MENTAL ILL-HEALTH

- Mothers' role as managers of poverty leads to increased incidences of mental ill-health²⁰¹ and consequent negative impacts on the emotional well-being and social mobility of mothers and children.
- Across the population, levels of depression are highest among mothers of young children, lone parents and the economically inactive; financial difficulties are the most frequently cited cause of depression across all groups.²⁰²
- 28% of lone parents have common mental health problems.²⁰³
- People with mental health problems are nearly three times as likely to be in debt, and more than twice as likely to have problems managing money as the general population.²⁰⁴ This correlation is particularly strong among lone mothers.²⁰⁵

High risk groups

There are specific groups of mothers and children who are particularly vulnerable to poverty: women and children in large families, households headed by young mothers and ethnic minority women and children.

13. LARGE FAMILIES

- Two fifths of all children in poverty live in families of three or more children.²⁰⁶
- Mothers with more than three children are more likely to exit work during a separation.²⁰⁷
- In larger families, ten years after the birth of second and third children, fathers are 11% more likely than mothers to be saving (mothers are 7% less likely to save than fathers overall).

14. YOUNG MOTHERS

- Young mothers are at a greater risk of experiencing poverty.
- Teenage mothers have been found to be over three times more likely to be poor than mothers in their thirties.²⁰⁸

¹⁹⁵ McKay S and Westaway J forthcoming report of *The Women's Financial Assets Project* Forthcoming 2007 Fawcett Society.

¹⁹⁶ Lister R *Women's and children's poverty: making the links* 2005 Women's Budget Group.

¹⁹⁷ Tolman, R, and Raphael J, *A Review of Research on Welfare and Domestic Violence*. Ann Arbor, Mich.: Project for Research on Welfare, Work, and Domestic Violence, 2000.

¹⁹⁸ *Lone Parents, Work and Benefits: the first effects of the CSA to 1994*, 1997 Report No 61, HMSO.

¹⁹⁹ Women's Aid Federation of England *2005 Survey of Domestic Violence Services Findings* 2005 Women's Aid.

²⁰⁰ McKay S and Westaway J forthcoming report of *The Women's Financial Assets Project* Forthcoming 2007 Fawcett Society.

²⁰¹ Lister R *Women's and children's poverty: making the links* 2005 Women's Budget Group.

²⁰² SEU *Mental Health and Social Exclusion* 2004 London: Social Exclusion Unit/ODPM.

²⁰³ SEU *Mental Health and Social Exclusion* 2004 London: Social Exclusion Unit/ODPM.

²⁰⁴ SEU *Mental Health and Social Exclusion* 2004 London: Social Exclusion Unit/ODPM.

²⁰⁵ Oxfam *When Ends Don't Meet* 2006.

²⁰⁶ Bradshaw J, *Gender and Poverty in Britain* 2003 EOC.

²⁰⁷ Paull G, *Partnership transitions and mothers' employment* 2007 DWP Report No 452.

²⁰⁸ Mayhew E and Bradshaw J *Mothers, babies and the risks of Poverty* 2005 Poverty, 121, 13–16.

- 48% of young mothers and their dependent children are living in poverty.²⁰⁹
- Despite this, people under 16, including pregnant women or mothers, are not entitled to any benefit of their own. Mothers under 18 and 25 are also entitled to reduced rates of benefit. This can result in severe poverty and family conflict in cases where the parent of a pregnant woman claims benefit on their behalf.²¹⁰
- Young mothers are also particularly disadvantaged by the lower national minimum wage rates for younger people aged 16–21.

15. ETHNIC MINORITY WOMEN AND CHILDREN

- 64% of Pakistani and Bangladeshi women live in poverty, compared with two fifths of black women, and less than a quarter of white women.²¹¹
- 56% of Black African children, 60% of Pakistani children and 72% of Bangladeshi children are in poverty, compared with 25% of white children.²¹²
- 16% of Bangladeshi women, 28% of Pakistani women and 65% of Caribbean women are in employment, compared with 71% of white women.²¹³
- While 48% of white women hold less than £1,500 in savings, this is the case for 55% of Asian women, and 72% of Black women.
- Just under half of Black Caribbean families are headed by a lone parent.²¹⁴
- 33% of Asian Lone parents are unemployed, by comparison to 58% of white lone parents.²¹⁵

16. IMPLICATIONS FOR POLICY

The gendered nature of poverty evidenced above is not sufficiently acknowledged in *Working for Children*. Consequently, the strategies set out in *Working for Children* will be limited in their ability to address one of the fundamental causes of child poverty—the poverty of mothers.

The government's anti-poverty strategy must be based on a better understanding of the life courses of women at risk of poverty, and the triggers which send them into poverty, such as domestic violence, separation and periods of part-time work following the birth of children. Following such triggers, mothers in poverty often experience a vicious cycle in which their experiences of poverty and attempts to shield their children from its worst effects damage their own mental and physical health. This inhibits their ability to seek and find paid work, and to parent effectively, which in turn leads to negative impacts on children's material and emotional well-being.

Policymakers must work to create an environment where women are able to negotiate parenting, partnership and work transitions without being exposed to risks of poverty. To this end, mothers must be afforded the opportunity to access flexible work, benefits, childcare, and quality educational opportunities.

17. THE LABOUR MARKET

While supporting women into work is clearly an important element of the child poverty strategy, it is essential to understand that for a woman getting a job in itself is not a guarantee that she will be lifted out of poverty—because the gender pay gap means that many women are paid so little, and unaffordable childcare keeps many women out of the labour market entirely as they simply cannot make ends meet.

The Government must make tackling women's disadvantaged position in the labour market a priority issue if it is to address child poverty. The Government must set a target to end the gender pay gap, which continues to undervalue the contribution made by women to the UK economy. Fawcett has recently set 2028 as a realistic target if action is stepped up.

Behind this target there would need to be a range of practical action taken by the Government, including:

- Addressing the unequal division of unpaid domestic work by encouraging men to work flexibly, making fathers' parental leave earnings-related and ensuring services support men's caring roles.
- Extending the right to request flexible working to all parents with children under eighteen, and giving women the right to request flexible working from day one, rather than after six weeks employment.

²⁰⁹ Pantazis C, Gordon D and Levitas R (eds.) *Poverty and Social Exclusion in Britain, the Millennium Survey 2006* Bristol, The Policy Press.

²¹⁰ Darian L *No Frills: young women and poverty 2007* YWCA.

²¹¹ Bellamy K and Rake K, *Money Money Money: Is it still a rich man's world?* 2005 Fawcett Society.

²¹² Platt L *Ethnicity and child poverty*, 2006 Ethnic Minority Employment task Force.

²¹³ Brittain et al *Black and Minority Ethnic Women in the UK 2005* Fawcett Society.

²¹⁴ One Parent Families & Gingerbread *One Parent Families Today: The Facts 2007* OPF.

²¹⁵ One Parent Families & Gingerbread *One Parent Families Today: The Facts 2007* OPF.

- Increasing the national minimum wage. This would especially benefit women in part-time work, many of whom are mothers, as this group are over-represented amongst the poorly paid. This is particularly pressing in London, where such a large proportion of part-time jobs pay less than the living wage,²¹⁶ and mothers are significantly more likely to be out of work.²¹⁷
- Introducing compulsory gender pay audits.
- Reforming equal pay law so that cases can be brought more easily.

18. THE BENEFITS SYSTEM

The government must recognise and address the gendered impacts of the welfare state. This system continues, in some ways, to reinforce the gender stereotypes which underpin the gap between women's and men's incomes.

The social security system was founded on the male breadwinner/female caregiver model, and this is reflected in ongoing disincentives for women to participate in the labour market. For example, Tax Credits have reduced the incentive to employment for mothers in couples who are potential second earners, particularly as they are not paid for part-time work under 16 hours a week.

The benefits system must recognise that there is a need for flexibility to effectively support mothers through the multiple transitions and constraints which characterise their labour market participation, and support their survival strategies. A system which removes support as soon as mothers enter work and involves long processing times for accessing benefits after exiting work creates financial cliff-edges around mother's life transitions, which can trigger descents into poverty.

Benefits which can protect mothers and children from entering into poverty during life transitions should be integral to the child poverty strategy.

- Child benefit can be a key element of the alleviation of poverty following a separation; linking increases in child benefit to earnings would therefore have a positive impact in this area.
- Reducing waiting times for benefits, particularly Income Support and Housing Benefit, would lower the risk of poverty for mothers and children following mothers exiting work.
- Benefits which continue following entry into work, such as the In-Work Credit and In-Work Emergency Fund, can alleviate the financial difficulties associated with starting work. These measures, which have been successfully piloted locally, should be extended nationally.
- Benefits should be allocated to enable childcare provision to begin while a mother is looking for work, several weeks before she starts a job.
- There is a need for collection of statistical data on intra-household poverty, investigation of the impact this has on mothers and children and analysis of the role which social security can play in addressing this issue.

19. CHILDCARE

A more flexible and tailored approach to childcare should be adopted, which would meet the specific needs of women who are, for example, working outside office hours or caring for disabled children.

- Maximum Tax credits payments should meet full childcare costs. The 20% which parents must pay is a significant barrier to many poor mothers entering work.
- Consideration should be given to how childcare provision will be made available for the many women working outside the hours of 8 am–6 pm.
- The government should consider enabling mothers to use their Tax Credits for Childcare to pay relatives to care for children.
- The government's long-term goal of providing 20 hours of free childcare for 38 weeks of the year is not sufficient. For example, it will not enable single mothers in poverty to work part-time and study part-time, in order to up-skill and improve their life chances. The adequacy of this goal should, therefore, be reconsidered.

20. EDUCATION AND TRAINING

The government must make it a priority to tackle the gender skills gap. This will involve making a commitment to improving the quality, and not just the quantity, of women's employment. Where necessary, mothers should be given the opportunity to gain appropriate qualifications before entering the labour market.

²¹⁶ The GLA recently found that to avoid poverty, Londoners would need a living wage of £7.20. It also found that half of part-time workers in London are paid less than this living wage. GLA Economics Living Wage Unit *A Fairer London: The Living Wage in London* March 2007 GLA.

²¹⁷ p 44 Harker, L *Delivering on Child Poverty: what would it take?* 2006 DWP.

- The New Deal for Lone Parents, the one New Deal scheme aimed almost exclusively at women, spends less on each participant than other schemes targeted primarily at men, such as the New Deal for Young People, primarily because it does not contain a strong training element.²¹⁸ This is a missed opportunity for the government to tackle the gender skills gap evidenced above which keeps many mothers in poverty.
- Age restrictions should be removed on benefits such as the Educational Maintenance Allowance and Care to Learn. These benefits are only available to those who started a course before their nineteenth birthday, and therefore disadvantage young mothers who discontinued education before they reached nineteen.
- There should be increased financial support for mothers to study part-time. For example, Adult Learning Grants are only available to those studying full-time. This has negative impacts on mothers who wish to balance studying and childcare responsibilities.

21. HIGH RISK GROUPS

The government should consider the needs of groups of mothers who are at greater risk of poverty when formulating policies.

- The risk of poverty to large families could be reduced by extending Childcare Tax Credit to third and subsequent children, and increasing the Child Benefit rate for second and subsequent children to equal that allocated for the first child. Extending Child Benefit in this way would lift 250,000 children out of poverty.²¹⁹
- The risk of poverty for young mothers would be reduced by raising the benefits rates for mothers under 25, including those under 16, to equal that of mothers over 25.

September 2007

Memorandum submitted by I CAN

SUMMARY

I CAN is the children's communication charity. It works to foster the development of speech and language skills in all children, including those children with impoverished language and with a special focus on those who find this hard: children with a communication disability.

I CAN is very aware of the link between poor communication and social exclusion; communication skills are key foundation life skills for everyone. As such it is pleased to be able to respond to this inquiry.

In this response, I CAN comments on the inquiry's three main areas:

Is the government doing enough to support parents of (communication) disabled children?

Despite a range of government initiatives to support parents of children with disabilities, parents of communication disabled children continue to express concern around:

- identification of their children's needs;
- knowledge and expertise of practitioners working with their children;
- lack of speech and language therapy;
- lack of involvement;
- difficulties with professionals having time to collaborate effectively; and
- funding issues.

Supporting families of children with communication difficulties through information, advice and training is effective in developing children's language.

Breaking cycles of intergenerational worklessness—could developing communication skills be a way out?

There has been a massive shift over recent years in the skills needed by the workforce.

- Communication skills are regarded by many employers as fundamental to their workforce.
- Children and young people with language delay and communication difficulties are at a huge disadvantage compared to their peers.

²¹⁸ Bellamy K and Rake K, *Money, Money, Money: Is it still a rich man's world? An audit of women's economic welfare in Britain today*, 2005 The Fawcett Society.

²¹⁹ p 53 Harker L *Delivering on Child Poverty: what would it take?* 2006 DWP.

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- There is a clear link between social disadvantage and limited language development.

Developing good communication skills in young people will support their learning and future employment.

The impact of poverty on the emotional well being and social mobility of children—do language skills play a role?

- There are clear links between communication difficulties and subsequent emotional well being.
- There is also evidence that children and young people with identified emotional and behavioural difficulties have hidden and unidentified communication difficulties.
- Poverty of interaction, due to communication difficulties impact on children's social skills and potential range of life experiences.

Communication-supportive Early Years settings and schools will encourage language development.

Training and information for educators in speech, language and communication supports them in identification and effective support.

1. Introduction

Effective speaking and listening skills are the foundation for children's learning. They are the building blocks on which subsequent literacy and numeracy development is based. Without solid foundations in language and communication skills, children run the risk of school failure, low self esteem and poor social skills.

Despite the undisputed importance of these skills and the massive impact of ongoing difficulties on the child, their family and society as a whole²²⁰ there are large numbers of children across the UK that do not possess the necessary speech, language and communication skills to learn and socialize effectively in school.

There is a clear link between communication and social disadvantage.

In some areas of social disadvantage, over half nursery aged children are assessed as having language delay,²²¹ and foundation stage profile assessment results identify communication, language and literacy as the lowest scoring skills areas for children in the early years.²²² Unfortunately the picture does not change in schools, with school staff expressing concerns that around 50% of children start school lacking in the skills necessary to give them an effective start to learning.²²³ This figure can rise to as high as 84% in areas of social disadvantage.

These children can develop their speech, language and communication skills, though need the right support to do so, giving them a much better start in life.

I CAN provides a combination of specialist therapy and education for children with the most severe and complex disabilities. It provides information for parents and training and advice for teachers and other professionals. I CAN also works to ensure that the needs of all children with communication difficulties are taken into account in children's policy and carries out research to find the best ways to support these children.

General Issues

I CAN strongly supports, and actively works to promote the 2020 vision of a society in which:

- a child's chances of success are not linked to socio-economic background, gender or ethnicity;
- education services are designed around the needs of each child;
- all children and young people leave school with functional skills in English and mathematics;
- teachers use their skills and knowledge to engage children and young people as partners in learning, acting quickly to adjust their teaching in response to pupils' learning; and
- schools draw in parents as their child's co-educators.

and can evidence examples of this in its work with early years centres, in its own and partner schools and in its communication centres.

²²⁰ Hartshorne, M (2006) Cost to the Nation I CAN talk series.

²²¹ Locke A., Ginsborg, J and Peers I. (2002) Development and Disadvantage: Implications for Early Years IJCLD Vol 27 No 1.

²²² DfES(2005) Foundation Stage Profile 2005 National Results (Provisional) National Statistics Office.

²²³ Basic skills agency (2002) Summary Report of Survey into Young Children's Skills on Entry to education.

2. *Is the government doing enough to support parents of (communication) disabled children?*

The Social Exclusion task force has recently highlighted the importance of families and encourages services to view the family in context, given the 2% of families across Britain facing exclusion. It also identifies that current systems are often fragmented and highly complex.

The Treasury report “Aiming High for Children—Supporting Families” details additional funding to secure whole family support for children with severe and complex needs. I CAN supports this, emphasising the need to focus on families of children with communication disability; providing clear and accessible information for families and children. Parents of such children continue to have difficulties when trying to ensure appropriate support and provision.

2.1 Education

Many parents feel that they are not included in the educational process, despite the fact that they have a significant role to play in this.²²⁴ Parents have expressed strong feelings that the education provided for their children depends not so much on “need” as on luck and how hard they are able to fight for their children. They report that speech and language therapy provision is often scarce and teachers do not always understand the needs of children with speech and language difficulties.²²⁵

Continuity of provision for children with communication disability is seen as an issue, as is collaboration between professionals and organizations, with parents having concerns around time constraints of professionals involved with their children.²²⁶

Parents have also raised the issue of how to identify and access resources for their children. Finance is perceived as a constraint to the availability of the right provision.²²⁷ Parents also identify a lack of knowledge and understanding of practitioners working with their children. Provision being about luck rather than need has also been reported in previous studies.²²⁸

2.2 Support

For children with complex needs, research suggests a need for the opportunity to share and receive support from other parents who are in a similar position of caring for a child with complex needs.²²⁹ There is an argument that suggests that parents of children with special needs are uniquely qualified to help each other. The challenge is to ensure that professionals are aware of the potential benefits of parent-to-parent support and provide parents with information about appropriate local organizations and contacts.²³⁰

I CAN feels strongly that parents of children with communication disability should be supported through information, advice and training. It draws on evidence of the effectiveness of parental involvement²³¹ and offers resources²³² and information.²³³

3. *Breaking cycles of intergenerational worklessness—could developing communication skills be a way out?*

3.1 Skills for working

The last 50 years has seen a shift in employment patterns, with a move away from jobs with a high manual skill requirement to service industries which require sophisticated communication skills. These different kinds of occupation require higher levels of language, literacy and numeracy.

There is evidence from employers about the “skills gap” they see as regards communication skills in young people.²³⁴ In comparison to other developed countries the UK population does not have a “world class skills base”;²³⁵ one in six people do not have the literacy skills expected of an 11 year old.

²²⁴ Paradise, R And Adewusi, A (2001) {“It’s A Continuous Fight Isn’t It?”: Parents’ Views Of The Educational Provision For Children With Speech And Language Difficulties I Can, London, UK 2001 .

²²⁵ *ibid.*

²²⁶ Law, J, Lindsay, G, Peacey, N, Gascoigne, M, Soloff, N, Radford, J, Band, S and Fitzgerald, L 2000: Provision for children with speech and language needs in England and Wales. Facilitating communication between education and health services. Nottingham: Department for Education and Employment = Department for Health in association with the Welsh Assembly.

²²⁷ Lindsay, G and Dockrell, J, (2004) Whose job is it? Parents’ concerns about the needs of their children with language problems. *Journal of Special Education*.

²²⁸ Ripley, K, Barrett, P and Fleming, P 2001: Inclusion for children with SLI: Accessing the curriculum and promoting personal and social development. London: David Fulton.

²²⁹ Carter, B Cummings, J Cooper, L BSc (2007) An exploration of best practice in multi-agency working and the experiences of families of children with complex health needs. What works well and what needs to be done to improve practice for the future? *Journal of Clinical Nursing* 16 (3), 527–539.

²³⁰ S M Kerr, J B McIntosh (2000) Coping when a child has a disability: exploring the impact of parent-to-parent support Care, *Health and Development* 26 (4), 309–322.

²³¹ Girolmetto L (2004) *Services and programs Supporting Young Children’s Language Development* Encyclopedia on Early Childhood Development.

²³² I CAN (2007) Chatter Matters DVD www.ican.org.uk

²³³ www.talkingpoint.org.uk

²³⁴ Future Skills Wales 2003 Generic Skills Survey Summary Report—see www.futureskillswales.com

²³⁵ Leitch review of skills in the UK: The long-term challenge Interim Report 2005 www.hm-treasury.gov.uk/leitch

Lower income, poorer health, low self confidence and low motivation have all been linked with poor literacy and numeracy ability.²³⁶ A powerful study into the impact of poor basic skills estimated that people with inadequate literacy skills earn on average 11% less than their skilled colleagues.²³⁷ The link between poor literacy and communication ability is unequivocal. Children with poor speech and language skills are at high risk of literacy difficulties.

A similar picture is painted for young people with a communication disability who are more likely to be in manual or partly skilled jobs.²³⁸ A longitudinal study found that compared to their siblings, young people with language difficulties have unsatisfactory employment histories including more breaks in employment, interpersonal difficulties at work, more instances of redundancy and unemployment.²³⁹

Functional skills will need to have a strong communication component (communication, interaction, organisational skills) if they are to meet the requirements of the workforce. The top five requirements cited by employers of: planning and organising, customer handling, problem solving, team working and oral communication²⁴⁰ need continuing development. As the Confederation of British Industry says, “Skills for life are skills for work”.^{241, 242}

3.2 The link between social disadvantage and communication skills

A child’s background is very influential in their language development and there is still a strong association between parents’ background and their disabled children’s income, education and occupational outcomes.^{243, 244}

There is evidence that the social class distinction for communication skills identified at pre-school can continue into adult life: those in areas of social deprivation are four times less likely to achieve beyond basic literacy and numeracy levels.²⁴⁵

One of the most concerning findings is that not only do many children in deprived areas have delayed language development but that this delay seems to persist²⁴⁶ and for some children, get worse.²⁴⁷ Adolescents in mainstream secondary school, in an area of social disadvantage have also been found to have language disability and poor educational attainment.²⁴⁸ A survey of two hundred young people in an inner city secondary school found that 75% of them had communication difficulties that hampered relationships, behaviour and learning and literacy.^{249, 250}

I CAN feels that in order to break this pattern young people from low-income or disadvantaged households should be supported in developing good communication skills to support their learning and future employment. In England, the children from a disadvantaged background are, on average, one whole year behind the child of professional parents by the time they don their first uniform.²⁵¹

3.3 A communication legacy?

Those parents who have not themselves experienced a responsive, language rich environment, who didn’t achieve at school and who perhaps have poor literacy, are not in a good position to provide positive communication opportunities for their children. Their experiences may also lead to them having low self

²³⁶ DfES (2003) Skills For Life: The national Strategy for Improving Adult Literacy and Numeracy Skills: Focus on Delivery to 2007.

²³⁷ Bynner J and Parsons S (1997) It Doesn’t Get Any Better The Impact of Poor basic Skills on the Lives of 37 year olds Basic Skills Agency.

²³⁸ Haynes C (1992) *ibid.*

²³⁹ Clegg J, Hollis C and Rutter M (1999) *ibid.*

²⁴⁰ Future skills Scotland employer survey 2004.

²⁴¹ CBI (2001) Response to the Howard Davies Review of enterprise and the Economy in Education.

²⁴² CBI (2006) Employer’s Priorities for Functional Skills in Maths and English.

²⁴³ Burchardt T (2005) The education and employment of disabled young people. Frustrated ambition Published for the Joseph Rowntree Foundation by The Policy Press <http://www.jrf.org.uk/bookshop/eBooks/1861348363.pdf>

²⁴⁴ Law J Schoon I, Parsons, S, Rush R. The mediating effect of language and literacy skills on the cycle of disadvantage—following five year olds into adulthood, ESRC.

²⁴⁵ DfES (2003) The Skills for Life Survey: A National needs and impact survey of literacy, Numeracy and ICT skills.

²⁴⁶ Leyden, J Language and Social disadvantage Presentation at Afasic Fourth International Symposium 2007.

²⁴⁷ Locke A and Ginsbourg J (2003) Spoken language in the early years: the cognitive and linguistic devilm of three to five year old children from socio-economically deprived backgrounds. Educational and Child Psychology 20 68–79.

²⁴⁸ Spencer S, Clegg J, Stackhouse J, Leicester S (2006) Language and social disadvantage: a preliminary study of the impact of social disadvantage at secondary school age. Proceedings of the Royal College of Speech and Language Therapists Conference May 2006.

²⁴⁹ Sage, R (2005) Communicating with Students Who Have Learning and Behaviour Difficulties: A Continuing Professional Development Programme Emotional and Behavioural Difficulties, 10, 4, 281–297.

²⁵⁰ Chall J S, Jacobs Vi A, Baldwin L E (1990) The Reading Crisis: Why Poor Children Fall Behind Harvard University Press, Cambridge, Massachusetts.

²⁵¹ <http://education.guardian.co.uk/egweekly/story/0,,2161526,00.html>

esteem and low expectations of themselves and their children. There is evidence that parents from lower socio economic groups have lower aspirations for their children,²⁵² do not necessarily know about communication development²⁵³ and are less skilled at encouraging interaction.²⁵⁴

I CAN suggests that a focus on developing functional skills in young people will support their learning and future employment. These skills will need to have a strong communication component (communication, interaction, organisational skills) if they are to meet the requirements of the workforce.

4. *The impact of poverty on the emotional well being and social mobility of children—do language skills play a role?*

4.1 The importance of early interactions

Lack of early interaction can hinder the development of children. Babies and children need to have their emotions and attempts to communicate responded to in a positive way in order to help them learn.²⁵⁵ These kinds of responsive early interactions, or healthy “attachment” are important for the development of thinking, language and emotional literacy skills.²⁵⁶

Co operative interactions and conversations about how people feel and how that affects what they do are important in learning social communication skills.²⁵⁷ Children in lower socio economic groups experience less interaction and are much less likely to get positive feedback and more likely to be told “no” than the children of professional families.²⁵⁸

Positive interaction leads to better outcomes as regards behaviour as well as communication.

“The more we create the right kind of environment for our children with good relationships and appropriate stimulation, the more angels we create and the fewer rogues”.²⁵⁹

4.2 The impact of poor communication on emotional well-being

Poor communication is a risk factor for mental health difficulties²⁶⁰ and problem behaviour²⁶¹ which increases as children get older. Children with delayed language are less likely to talk about their thoughts and feelings than their peers.²⁶² They also find it harder to make up personal stories, which help them develop a sense of self and it is harder for them to engage with others in order to develop these skills.²⁶³

A child’s language development at two is a good predictor of their social and emotional skills at seven,²⁶⁴ so there seem to be links between language skills and emotional literacy. Children with communication disability also experience higher levels of loneliness than their peers.²⁶⁵ Self esteem and good relationships as children are seen as protective factors against adult depression and teenage motherhood.²⁶⁶

²⁵² Feinstein and Sabates, (2006) Predicting adult life outcomes from earlier signals: identifying those at risk, Cabinet Office.

²⁵³ <http://www.stokespeaksout.org/aboutus.html>

²⁵⁴ Torr (2004) Talking about picture books: the influence of maternal education on four-year-olds talk with mothers and pre school teachers. *Journal of Early Childhood Literacy* 4 2 181–207.

²⁵⁵ Murray L, Andrews L (2000) *The Social Baby: Understanding Babies’ Communication from Birth* The children’s project.

²⁵⁶ Gesten, M, Coster, W, Schneider-Rosen, K, Carlson, V and Cicchetti, D (1986): “The socio-economic bases of communication functioning: Quality of attachment, language development and early maltreatment”: In M E Lamb, A L Brown and B Rogoff (eds) *Advances in Development Psychology* 4, Hillsdale NJ: Erlbaum.

²⁵⁷ Carpendale J I M and Lewis C (2004) Constructing an understanding of mind: the development of children’s social understanding within social interaction *Behavioural and Brain Sciences* 27 1 79+.

²⁵⁸ Hart, B and Risley, T R (1995). *Meaningful differences in the everyday experience of young American children*. Baltimore: Paul H.

²⁵⁹ Professor Perry B, *Maltreatment and the Developing Child: How Childhood Experiences Shapes Child and Culture*, Margaret McCain Lecture, 2004.

²⁶⁰ Botting N, Nuffield Foundation Seminar—21st February 2006 Social and Emotional health in young people with SLI—what are the clinical and educational implications.

²⁶¹ Huaqing Qi and Kaiser A P (2004) Problem behaviour of low income children with language delays: an observation study. *Journal of Speech Language and Hearing Research* 47 3 595–609.

²⁶² Lee EC and Rescorla (2002) The use of psychological state terms by late talkers at age 3. *Applied Psycholinguistics* 23 (4) 623–641.

²⁶³ Yont KM Hewitt L E and Miccio A W (2002) “What did you say?”; understanding conversational breakdowns in children with speech and language impairment. *Clinical Linguistics and Phonetics* 16 4 265–285.

²⁶⁴ Carneiro, Crawford and Goodman (2006) *Which Skills Matter?*, London.

²⁶⁵ Fujiki M Brinton B Morgan M and Hart CH (1996b) Social skills of children with specific language impairment. *Language Speech and Hearing Services in Schools* 27 3 195–202.

²⁶⁶ Feinstein and Bynner, (2003) The benefits of assets in childhood as protection against adult social exclusion: the relative effects of financial, human, social and psychological assets.

²⁶⁷ Stringer H Lozano S and Dodd B (2004) The link between language disorders and behavioural difficulties in adolescents *Afasic News* Winter 12–13.

Many children with social emotional and behavioural difficulties have undetected communication problems²⁶⁷ so they do not receive the services they need and suffer all the consequences of communication disability, without anyone understanding why.²⁶⁸ Some children with communication disability are at risk of developing antisocial and even criminal behaviour in the long term.²⁶⁹

4.3 A communication-supportive environment at school

As indicated above, large numbers of children in areas of social deprivation have poor communication skills. Support for parents is essential, but even within some Sure Start settings there are families who are hard to reach and whose children will only come into view when they start school.²⁷⁰ A positive environment at school which continues to support children's communication is therefore vital.

Preschool education has been found to be particularly effective for children from disadvantaged backgrounds.²⁷¹ Attending a good preschool is an important factor in developing language skills and preventing social exclusion²⁷² but some socially excluded groups, for example looked after children, rarely access preschool education.²⁷³

4.4 Knowledgeable and confident educators

Teachers are reported to be under-confident in identifying children with communication disability. Their most commonly used strategy is comparison with peers, which, if many children in the class have limited language, can lead lower expectations.²⁷⁴ Although the early years curriculum highlights the importance of communication development, it does not give information about stages of typical development. Although the recently introduced foundation stage profile allows for the tracking of children's progress, there are no specific guidelines about indications of difficulty or when to refer on for support.

In primary schools, education staff have also been shown to be under-confident in supporting language development²⁷⁵ even when they know it is necessary. Children need a real dialogue with teachers—mirroring early interaction—to help them think and learn language, but this isn't always available.²⁷⁶ It has been shown that with training and ongoing support teachers can effectively support children's communication development.²⁷⁷

For children with communication disability, there is a lack of specialist support for children and young people, particularly at secondary school.²⁷⁸ As this difficulty is often “hidden”, problems can be mis-identified as social, emotional or behavioural difficulties. 64% of permanently excluded pupils have special educational needs²⁷⁹ and many of these young people also have communication disabilities.²⁸⁰ Pupil referral units (PRU's) are ill equipped to help children who have special needs²⁸¹ despite the fact that many children in PRU's have communication difficulties.²⁸²

²⁶⁷ Stringer H Lozano S and Dodd B (2004) The link between language disorders and behavioural difficulties in adolescents Afasic News Winter 12–13.

²⁶⁸ McCarthy P, Laing K and Walker J, Offenders of the Future? Assessing the Risk of Children and Young People Becoming Involved in Criminal or Antisocial Behaviour Research Report No 545 <http://www.dfes.gov.uk/research/data/uploadfiles/RR545.pdf>

²⁶⁹ Brownlie E B, Beitchman J H, Escobar M, Young A, Atkinson L, Johnson C, Wilson B and Douglas L (2004) Early language impairment and young adult delinquent and aggressive behaviour. *Journal of Abnormal Child Psychology* 32 453–467.

²⁷⁰ Pickstone C Participation in Sue Start: Lessons from Language Screening In J Clegg and Ginsbourg J (Eds) (2006) *Language and social disadvantage Theory into Practise* Wiley.

²⁷¹ Siraj-Baltchford I Sylva k Mutton S Gillon R and Bell D (2002) *Effective pedagogy in the early years*. Research report RR356 London DfES.

²⁷² Sammons, P, Elliot, K, Sylva, K, Melhuish, E, Siraj-Blatchford, I, Taggart, B (2004) The Impact of Pre-School on Young Children's Cognitive Attainments at Entry to Reception *British Educational Research Journal*, v30 n5 p691–712.

²⁷³ Collarbone P Improving Education presentation at Conference; *Care Matters: The next steps* (26/2/07).

²⁷⁴ Mroz (2006) (find ref).

²⁷⁵ Sadler J (2005) Knowledge, attitudes and beliefs of the mainstream teachers of children with a preschool diagnosis of speech/language impairment. *Child language Teaching and Therapy* 21,2 147–163 .

²⁷⁶ Alexander R, (2004) Towards dialogic teaching, Rethinking classroom talk. *Dialogos*.

²⁷⁷ Dockerell J E, Stuart M and King D, Implementing Effective Oral Language Interventions in Preschool settings. In J Clegg and Ginsbourg J (Eds) (2006) *Language and social disadvantage Theory into Practise* Wiley.

²⁷⁸ Lindsay G, Soloff N, Law J, Band S, Peacey N, Gascoigne M and Radford J (2002) Speech and language therapy services to education in England and Wales *International Journal of Language and Communication Disorders* 37 3 273–288.

²⁷⁹ Parliamentary Questions, David Wilets MP; 1.

²⁸⁰ Ripley, K, Yuill, N, (2005) Patterns of language impairment and behaviour in boys excluded from school. *British Journal of Educational Psychology*. 75(1):37–50.

²⁸¹ OFSTED Annual Report 2005–06 p 64.

²⁸² Heneker, S. (2005) Speech and language therapy support for pupils with behavioural, emotional and social difficulties (BESD)—a pilot project *British Journal of Special Education* 32 2 p 86.

I CAN emphasises the importance of early interactions with very young children in developing effective communication and emotional skills.

I CAN highlights the impact of communication difficulties on emotional well-being. This can result in difficulties being missed. Early Years settings and schools need to be developed as communication-supportive environments.

Training and information for educators in identification and supporting speech, language and communication is essential.

September 2007

Memorandum submitted by Family Fund

SUMMARY

- The Family Fund is the country's largest charitable provider of grants to disabled children and a leading player in the fight against poverty among disabled children.
- The Family Fund distributes £28 million to 50,000 of the poorest families of severely disabled children a year. We have a key role in reducing child poverty by getting extra financial assistance directly into families' pockets for the things they need. Of Fund families, 44% live below the poverty line and 83% have an income below the UK median.
- We are funded by the four UK governments. Our income has not increased since 2003. This means that although more families apply to us for help each year, we have had to reduce the value of our grants in England and cannot afford to help families once their children become 16 or their income exceeds £23,000 (£25,500 in Wales).
- When help from the Fund stops, most parents tell us they go into debt to afford the things they need. The relationship between debt and poverty is well established.
- We are concerned that the government will not hit its target of 2010 for halving child poverty unless it provides direct financial assistance now to the hardest-to-reach families living in poverty, which disproportionately include disabled children.
- *Aiming High for Disabled Children* and related measures (particularly those aimed at increasing childcare for disabled children's families) should make a sustained difference over time in enabling disabled children's parents to get paid work and increase their incomes. But it is far from clear that they will make a difference in time to help hit the 2010 interim target.
- With an increase of £34 million in its income, the Family Fund could help lift many thousands more families of disabled children out of poverty by 2010. We have requested this sum from the DCSF in allocating its early CSR settlement.
- Also with a view to the 2010 target and beyond, we share the view of the Every Disabled Child Matters campaign that the following are necessary for families of disabled children:
 - A well-funded government campaign to encourage take-up of the Disability Living Allowance (DLA);
 - An increase in the DLA; and
 - An increase to £300 pw in the childcare element of the working tax credit.
- Although poverty is a major problem for disabled children, "intergenerational worklessness" is not a particular cause. Measures to help parents of severely disabled children into work need to take account of other, external factors.
- To help parents of disabled children obtain and retain paid employment, we propose the following:
 - Carers of disabled children be categorised as a separate group and provided with employment-related support on the same lines as lone parents; and
 - Employers receive financial incentives to support carers of disabled children.
- While work is the best long-term solution for increasing parental income, disabled children's parents should not be penalised where their children are so dependent that the parents cannot work.

- Having to meet exceptional expenses can be a cause of family poverty. The following would further alleviate the current situation:
 - Linking the additional costs of caring for disabled children to a material deprivation index;
 - A review of the DLA rules to prevent removal of the DLA where disabled children endure long periods of hospitalisation;
 - Improved decision-making for the DLA to ensure that children are assessed correctly at the outset.
 - Financial assistance at crisis points in the child’s condition; and
 - A review of housing allowance payments to enable disabled children to have their own room as a right.

INTRODUCTION

1. The Family Fund is the country’s largest charitable provider of grants to disabled children and a leading player in the fight against poverty among disabled children.

2. We are delighted that the Committee has included disabled children in its focus and we very much welcome the chance to make this submission. We would also value the opportunity to provide oral evidence to the Committee.

3. Of the four groups indicated in the inquiry announcement, this submission focuses on the parents and carers of severely disabled children. These may, of course, also be lone parents, unemployed and/or themselves disabled. Indeed, 26% of lone parents are caring for a disabled child (source: Daycare Trust).

4. Please note that throughout this submission, “parents” and “carers” are used interchangeably. The submission follows the order of the particular areas of interest set out in the Committee’s announcement of its inquiry.

BACKGROUND TO THE FAMILY FUND

5. The Family Fund was set up as a charity in the 1970s and is funded by the national government and devolved administrations of England, Scotland, Wales and Northern Ireland.

6. We provide grants to low income families with severely disabled children for the things they require, including washing machines and driers, driving lessons, much-needed family holidays, computers, bed linen and clothes.

7. Last year, we distributed £28 million to 50,000 families across the UK. In England alone, we helped 39,000 families with £21 million.

8. What we do is unique. For example, the Social Fund Community Care Grant is not open to working families and mostly offers loans that lead to applicants buying cheaply made or second-hand products. The Family Fund is open to disabled children’s families whether the parents are in work or not; we give grants, not loans; and our awards have extra value in that we negotiate with suppliers to get high quality goods at lower prices and with longer guarantees.

9. All our satisfaction surveys show that families find the Fund exceptionally approachable, respectful, sensitive, understanding, professional and timely.

10. Even if money could somehow be ring-fenced for local distribution by local authorities and the Social Fund, these agencies do not provide the Fund’s type of help and they lack its economies of scale and UK-wide consistency.

11. We are speedy and responsive. Last spring, the Fund distributed £200,000 in only three months to more than 320 families of disabled 16-year-olds, in one-off projects funded by the Scottish and Welsh administrations. Last Christmas, following approaches by Fund families, we established the Farepak Response Fund and distributed £8 million to 25,000 former Farepak agents in just six weeks.

12. The Fund is also the only agency helping disabled children’s families that can access and provide data at postcode, ward, parliamentary constituency, country and UK levels.

The Family Fund and child poverty

13. On all indicators of poverty and debt, the UK’s 770,000 disabled children are at the bottom. Of Fund families, 44% live below the poverty line, while 83% have an income below the UK median. Some 8% of Fund families come from a black or ethnic minority background.

14. The Family Fund has a key role in reducing child poverty. This is explored in greater detail below. Our families leave us no doubt that the Fund is often what stands between them and sinking further below the poverty line. As one told us, losing the Family Fund grant has caused “serious financial difficulties” and has meant “not being able to get the breaks that we needed to cope with every day living”.

Our funding challenge

15. Although more families apply to us each year, the Fund's government grant in England has not been increased since April 2003. We have made major efficiencies and we distribute 90p of every pound we receive but we have had to reduce average grant levels and tighten our eligibility criteria.

16. The Fund cannot afford to help young people once they reach 16 and make the difficult and costly transition to adulthood. We also cannot afford to help parents once they earn over £23,000 (£25,000 in Wales thanks to an increase from the Welsh Assembly).

17. Each year some 4,600 Fund children stop being eligible for our grants because they are over age. This hits families hard.

- One mother whose son had turned 16 told us, "Just when Peter starts to cost more—starts college, needs clothing, specialist footwear, transport, food money and generally has 'teenager handout' syndrome—the valuable resource of the Fund has been lost."
- A further mother whose family's income has risen just above £23,000 told us, "I feel very strongly that it's wrong to have a cut-off point like this. It takes no account of a family's outgoings, which, in our case, leave us very little to live on. We can't afford everything we'd like to get for our two other children. It breaks my heart to see their lives made miserable through lack of money."

18. Together with Contact a Family, the Fund is currently undertaking research into disabled children in transition. This reveals that once the Family Fund withdraws its support to families when their child reaches 16, most go into debt, using credit cards or loan sharks to buy what their children need. They enter the poverty trap.

19. One family told us that loss of the Family Fund grant was "terrible as we could not care for John in the manner that was needed". They added that they had tried to replace the lost support with "loans from doorstep companies, putting us in a great amount of debt, also catalogues or missing bill payments to fund outings or clothes or equipment, etc."

20. We would be delighted to share detailed findings from the research with the Committee.

BREAKING CYCLES OF INTERGENERATIONAL WORKLESSNESS

21. The families the Fund helps have in common low income and severely disabled children but there are many differences between them, especially in terms of their skills, abilities and capacity for entering the workforce. Although poverty is a major problem for them, "intergenerational worklessness" is not necessarily a particular cause. Measures to encourage carers of severely disabled children into work need to take account of the other, external factors which have caused worklessness.

22. Almost two out of ten families caring for a disabled child receive the high rate care or mobility component of the Disability Living Allowance (DLA). Severely disabled children have extremely high care needs and their parents have huge demands placed upon them. The support such parents need to seek and retain paid work is different to other groups.

23. We support the recommendations made in the Department of Work and Pension's (DWP's) March 2007 report *Working for Children* that the additional costs of caring for disabled children should be linked to a material deprivation index and that efforts should be made to increase DLA take-up. This is in line with the recommendations of the report of the Parliamentary Hearings on Disabled Children and includes a key demand of the Every Disabled Child Matters campaign (EDCM).

24. There also needs to be greater acceptance of the fact that paid work may not always be possible as a way of lifting those caring for disabled children out of poverty.

25. For some carers, work may be a real option; and if it is, they should be supported to become economically active. Parents need the right support package to seek paid work, with adequate childcare, flexible working, sufficient financial reward and practical support with day-to-day management of the household.

26. However, some children are so ill and dependent on their carers that working is not feasible. Disabled children's parents who do not work should still receive support and guidance about the best options for them, with a view to retaining skills for the future or enabling them to cope better with the pressures of caring for a disabled child.

27. The Freud report indicates some awareness of this when it states, "The Government would need to ensure that the new system [for income support] took account of the particular challenges faced by lone parents in accommodating full time work and caring for disabled children"²⁸³. However, it does not take this statement on to its conclusion and accept that the challenge may for some be insurmountable.

²⁸³ *Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work*, An independent report to the Department for Work and Pensions by David Freud, March 2007, page 92.

28. Parents who are unable to work should still receive the support they need. They should not be penalised financially and miss out on benefits. For example, the Employment Retention and Advancement pilot (ERA) offers financial incentives for working 30+ hours for 13 out of 17 weeks. Yet for families caring for severely disabled children, hospital admissions and treatment may make such goals unachievable. This exclusion from the incentives on offer may itself become a disincentive to work.

29. The following quote from a Family Fund parent of an 11-year-old boy with high functioning autism illustrates how stress, exhaustion and the level of support that some children require may not be compatible with holding down a paid job.

“Life’s tough at the moment. Struggling financially, can’t go back to work, who would have John? Jennifer’s only two and Julie is being home educated due to bullying at school. I won’t even consider another school! Done it before and by the time I’ve paid for childcare I’d be working for an extra £20 per month—crazy!”

“John off ill. Got another doctors appointment tomorrow, now they’re not so sure if he has asthma but he’s so ill! Constant medical problems, its exhausting. Got another ear specialist appointment in a couple of weeks, waiting for speech and language therapy and occupational therapy. No wonder I’m exhausted.”

“How could I work as well as all this, yet I have done many times and it nearly killed me and I had no patience with the children.”

“Fighting the LEA for help to school, a small school two miles away, car keeps letting me down. I can’t afford another car, I can’t cycle all three kids to school, it’s a main road with a very narrow footpath, John would kill himself! Also it’s a problem with his asthma on cold mornings. Why can’t they help? Do they have any idea how tough life is? Obviously not! I feel like not sending him until they help me.”

30. We set out at the Appendix some examples of a whole day in the life of Family Fund parents whose caring responsibilities for their severely disabled children prevent them from seeking paid work.

31. We recommend that carers of disabled children be categorised as a separate group and provided with a support package along the same lines as for lone parents. This package should include the option of not entering the workforce and at the same time offer support to carers to alleviate poverty.

32. This will require improvements in terms of childcare, flexible working, financial reward and practical support. We explore these in turn below.

Childcare

33. To work, parents require suitable childcare. We welcome the emphasis placed on providing appropriate, accessible childcare in *Aiming High for Disabled Children*²⁸⁴, including the government’s commitment to spending £35 million to pilot such childcare.

34. The Family Fund supports all the recommendations of the Daycare Trust’s recent paper *Listening to Parents of Disabled Children about Childcare*, which itself echoes an earlier EDCM briefing, *Between a Rock and a Hard Place*²⁸⁵.

35. In particular, we support making services more accessible and appropriate to the child’s needs, increasing the number of suitable places available, upskilling the childcare workforce and increasing funding for parents to access such childcare.

Flexible working

36. The Harker report states that the best route out of poverty is to “enable more parents to move into jobs that fit with their family commitments and help them to better progress in work”²⁸⁶. We agree that work should be flexible and fit in with family commitments. Such flexibility is particularly important for carers of severely disabled children.

37. However, although it identifies incentives for employees to access and remain in work, *Working for Children* in our view places too little emphasis on the need to provide incentives to employers to support carers of disabled children who want to work but may frequently need time off, whether for planned treatment or at short notice for emergencies.

38. Employers need to be helped to understand that carers may be dealing with extremely stressful situations and getting very little sleep. Some employers, especially small businesses, may have difficulties supporting such employees and may need financial support from government to assist with this.

²⁸⁴ *Aiming High for Disabled Children: Better Support for Families*, HM Treasury and DfES, May 2007, http://www.hm-treasury.gov.uk/media/C/2/cyp_disabledchildren180507.pdf

²⁸⁵ *Listening to Parents of Disabled Children About Childcare*, Daycare Trust, September 2007; *Between a Rock and a Hard Place*, EDCM, September 2006, http://www.edcm.org.uk/pdfs/edcm_briefing_rock.pdf

²⁸⁶ *Delivering on Child Poverty: What Would it Take?*, Lisa Harker for the Department for Work and Pensions, November 2006, page 9; <http://www.dwp.gov.uk/publications/dwp/2006/harker/harker-full.pdf>

Financial reward

39. It is important that carers of disabled children have an opportunity to earn a decent wage and not be forced into low-paid jobs because of the difficulties they may have with attendance and availability.

40. As parents' experiences at the Appendix demonstrate, the effort involved in getting severely disabled children ready for school or into childcare is far greater than for a non-disabled child, and to do this and then receive the same disposable income or one that is not much higher is unlikely to be attractive to parents.

41. Using an "entitled to" benefit calculator²⁸⁷, the Fund has compared the disposable incomes of families caring for disabled children in the same situations, based on current benefit levels for those in and out of work.

42. Our main finding is that for those on low wages of £10,000 pa or less, working is likely to make them less well off than staying at home. Families in this group are likely to work part time and have smaller incomes. While there are other positive benefits to working than money, there needs to be a sufficient difference in income for parents of severely disabled children to make it worthwhile.

Practical support

43. Many carers of severely disabled children spend a lot of time on household chores, especially laundry, and in dealing with different agencies. Providing them with support with these vital tasks could free them up to enter employment and use the skills they may have developed before the birth or diagnosis of their disabled child.

44. We urge the government to provide support with home care for laundry and household duties and to provide a key worker or advocate to represent the family to ensure the child gets the right services.

45. As *Aiming High* points out, key workers "improve the overall quality of life of families with disabled children. Specifically, they can reduce parental stress and enable families to make better use of other services"²⁸⁸. We commend the government for building on the success of key working in the Early Support Programme in the forthcoming Transition Support Programme.

ASSISTING OUT OF POVERTY FAMILIES WITH DISABLED CHILDREN WHO CANNOT WORK

46. As is widely evidenced elsewhere, particularly by EDCM, poverty is a major problem for families caring for disabled children²⁸⁹. We address below the following three areas where intervention could alleviate poverty and debt for those parents in the short or long term:

- Increasing the Family Fund's grant;
- Improving benefits and tax credits; and
- Financial assistance at crisis points.

Increasing the Family Fund's grant

47. An extra £34 million would enable the Family Fund tackle poverty among thousands more disabled children by 2010. As noted, the Fund already distributes £28 million of public money directly and swiftly to 50,000 families a year but cash constraints prevent it helping further.

48. We have thus asked our funding department, the Department for Children, Schools and Families (DCSF), for a further £34 million when they allocate their CSR settlement. We are grateful for the support of The Every Disabled Child Matters campaign with this request.

49. Although the Family Fund strongly welcomes *Aiming High*, we do not believe that it will have a leading role in helping the government hit its interim target of halving child poverty by 2010.

50. *Aiming High* is not about providing direct financial support for disabled children's families but about improving services. Over time, it should, for example, lead to greater provision of appropriate, accessible childcare so that more disabled children's parents can seek paid work. But it will take some years to make a full impact.

51. To hit the 2010 target date, we believe the government will need to make substantially greater direct financial support available now to the hardest-to-reach families living in poverty. Families with disabled children are a key such group (other groups are black and ethnic minority families, large families and London families, all of which, of course, overlap).

52. More money needs to go directly into these families' pockets to buy the things they require for their children. This is the Family Fund's core activity and gives us a central role in the battle to end child poverty.

²⁸⁷ See www.entitledto.co.uk. We have used this benefit calculator only to estimate potential benefit entitlements for families in particular circumstances, i.e likely differences in disposable income.

²⁸⁸ *Aiming High*, para. 3.41, page 37.

²⁸⁹ See for example "Disabled children and child poverty", Every Disabled Child Matters, August 2007, http://www.edcm.org.uk/pdfs/disabled_children_and_child_poverty.pdf

53. We much regret that the Fund's government income in England has not been increased since April 2003. As a result, in the face of ever-increasing calls on our support, we are having to reduce the average size of our grants in England and are unable to help children once they become 16 or families earning over £23,000 (£25,500 in Wales).

54. We ask the Committee to support the Family Fund's request to the government for an extra £34 million. This would enable the Fund to extend its direct financial support to a far greater number of low-income families of severely disabled children, including those families with children over 16 and those earning above £23,000. This extra funding, which is unrelated to Aiming High, would help thousands more disabled children escape the poverty trap.

Improving benefits and tax credits

55. We support EDCM's recommendation that benefits and child tax credits be increased substantially with the aim of taking many thousands of disabled children out of poverty by 2010. As mentioned, some 44% of the families the Family Fund helps are in receipt of Income Support and thus below the poverty line. The severity of their child's disability makes regular employment more difficult to sustain.

56. The Family Fund also supports EDCM's recommendation to promote take-up of DLA, with the DWP investing in a major advertising campaign, based on the model used for tax credits.

57. The Family Fund uses high rate DLA as one indicator of severe disability. On its own, however, this is insufficient, in that only one-third of families whom the Fund considers to be severely disabled receive the DLA high rate care or mobility component.

58. We recommend that the DWP provides more resources for improving decision-making to ensure that children are assessed correctly at the outset, with longer periods between reviews. As highlighted by Contact a Family and the Child Poverty Action Group²⁹⁰, fluctuating incomes due to changes in DLA cause real problems for families and should be minimised if DLA is to become a leading tool to alleviate child poverty.

59. The Family Fund also recommends a review of the rules about removal of DLA where long periods of hospitalisation occur. Removal of this benefit from children at 84 days and from young people over the age of 16 at 28 days cause families major problems. The families we support care for children who have frequent and sometimes long hospital admissions. These give rise to additional cost pressures around transport to hospital, parking, hospital food, childcare for siblings, loss of employment or long periods of unpaid leave. The loss of up to £280 per month for a child on high rate care and up to £475 if a child also receives high rate mobility can lead families into debt that takes years to repay.

Financial assistance at crisis points in the child's condition

60. Parents and carers may face additional stresses and costs when a baby's or child's disability worsens. This is so even if they are already receiving benefits such as DLA or child tax credits. Most agencies are too slow and inflexible to respond to additional needs.

61. It is vital that parents in employment are helped at such times of crisis and additional costs. If they are not able to meet these costs, they fall out of the job market and into debt and their children experience dramatic hardship and poverty. Even where the immediate problem is dealt with and the episode has a positive outcome, the impact of the stress on the family, worsened by financial worries, may destabilise them further as a unit.

62. For example, a working parent may need to take unpaid leave to look after their other children while their partner is with the disabled, seriously ill or terminally ill child in hospital. The additional costs of transport, food and lodging are significant, and DLA ceases six weeks into the child's hospital stay.

63. In such circumstances, the Family Fund can help low income families where they meet our criteria.

64. We recommend that an emergency financial support package be made available to families whose children become seriously ill and have life-limiting conditions.

65. This might be when a child is born prematurely and has chronic health problems, when a life-limiting illness such as childhood leukaemia is diagnosed or if a child has an accident which may be life limiting.

66. Such support could take the form of a grant or interest-free loan which could be used to offset loss of earnings while other benefits such as DLA/child tax credits are calculated. This would help prevent families falling into arrears with rent and mortgages and other priority expenses.

67. Such payments could be administered by the Family Fund as an extension of the help it already provides to disabled children's families.

68. Families with life-limited children also require practical and emotional support from specialist children's palliative care (CPC) services. These can make a real difference to parents' ability to cope and to retain employment.

²⁹⁰ See "Out of Reach", Preston G & Robertson M, CPAG and CaF, 2006.

69. Yet statutory CPC services are closing down or are under threat across the country and children's hospices face an uncertain future²⁹¹.

70. Following an independent review of current CPC services²⁹², the Department of Health is developing a new national strategy for children's palliative care.

71. We trust that the new children's palliative care strategy will provide greatly increased long-term resources to ensure that the full range of palliative care services is in place to meet the needs of life-limited children and their families across the country.

Case studies

72. Below we set out three case studies of families helped by the Family Fund. The families' expenditure, especially on housing, has relied on both parents having paid work. The diagnosis of their child's condition has clearly affected their ability to work in the short term and possibly into the future. The issue here is not one of personal skills or ability to hold down a job but the extreme circumstances that families find themselves in due to their children's illness.

The Smith Family

Child aged nine diagnosed with Myeloid Leukaemia, requiring bone marrow transplant. Mrs Smith has gone from full pay to half pay, and will shortly go onto unpaid leave. She is unlikely to return to work during the term of child's treatment (three years). Mr Smith earns £24,314 gross per annum. At present he is being paid when he has time off, but is not sure his employers will continue to do this long term.

The family has a mortgage and the loss of Mrs Smith's income has had a significant impact on their ability to cope financially. They are very uncertain about the future.

The child is in receipt of the high rate component of the DAL and the family is awaiting a decision on the mobility component. The family is not eligible at present for Carer's Allowance. The parents are not claiming Child Tax Credits.

The Jones Family

Child aged eight, diagnosed with an inoperable brain tumour. Pre-diagnosis, both parents worked. Mrs Jones earned £10,000 per annum, and Mr Jones £31,000 per annum. Neither parent is able to return to work.

The family has a mortgage and moved home prior to diagnosis into a larger home to make room for a new baby. They are now having to reduce their savings to meet their day-to-day costs.

At the time of diagnosis the parents were unable to apply for income support as their savings were over the eligible applicable limit. Their DLA application is still being considered. They will have to use their savings for living costs until they have reduced enough so that they can claim income support.

The Murphy family

Baby daughter aged six months born with a severe congenital heart disease and awaiting major open-heart surgery. Her long-term prognosis is unknown.

Both parents were working full-time before baby's birth. They own their own home and have a mortgage. Mrs Murphy is now on unpaid maternity leave. Mr Murphy is self-employed and usually earns between £25,000 and £30,000 per annum. Not only is Mrs Murphy unable to return to work as planned, but Mr Murphy cannot work regular hours. He tries to be at the hospital as much as possible, but needs to keep working to help pay the bills. The family income has reduced drastically.

Over the long term, it is unlikely due to the level of their child's disability that Mrs Murphy will be unable to return to work. They are waiting to hear about DLA, and are not yet eligible for Carer's Allowance. They have not claimed Child Tax Credits.

THE EFFECTIVENESS OF CROSS-GOVERNMENT CO-ORDINATION TO ADDRESS CHILD POVERTY, AND ITS TREATMENT IN THE COMPREHENSIVE SPENDING REVIEW 2007

73. We set out here three examples of cross-government coordination that could potentially make a significant difference to the incomes of the families of disabled children.

²⁹¹ See press release issued by the Association of Children's Hospices (ACH) and the Association for Children's Palliative Care (ACT), "Government review gives hope to life-limited children—but where's the cash?", 17 May 2007, <http://www.childhospice.org.uk/sections/media/documents/FINALACTACHPRRelease15May2007.doc>

²⁹² *Palliative Care Services for Children and Young People in England: an Independent Review for the Secretary of State for Health*, Professor Sir Alan Craft and Sue Killen, Department of Health, 17 May 2007, http://www.dh.gov.uk/prod_consum_dh/idcplg?IdcService=GET_FILE&dID=140062&Rendition=Web

Disabled children's services: DCSF-HMT

74. The Fund congratulates HM Treasury and the DCSF on their successful joint working in producing the excellent *Aiming High* report, and we look forward to this successful collaboration continuing with the change of ministers. We trust the government will be setting out shortly how it plans to ensure the effective distribution of the £340 million allocated in *Aiming High*.

Children's palliative care: DCSF-DH

75. We fully support the joined-up approach being taken by the new DCSF to all issues relating to children. For example, we welcome the fact that the Department of Health (DH) is now working closely with the DCSF on delivering the children's palliative care strategy. The better that social care and health services can work together, the more that disabled children and their families will benefit.

76. Health ministers have also indicated that the DH will match the very welcome £280 million allocated by the DCSF for short breaks provision and we hope this will indeed prove to be the case in the Comprehensive Spending Review.

Child poverty: DCSF-HMT-DWP

77. We are delighted that the Prime Minister has restated the government's commitment both to ending child poverty and to supporting disabled children²⁹³. We understand that the responsibility of meeting the target of halving child poverty by 2010 and of ending it by 2020 is jointly shared between HMT Treasury, the Department for Work & Pensions (DWP) and the Department for Children, School and Families (DCSF), and we trust that all departments will benefit from each other's knowledge and experience.

78. For example, in reaching an appropriate definition of poverty for families with disabled children, the three-times greater cost of raising such children needs to be taken into account. The Family Fund's cut-off limit for family income has remained fixed at £23,000 since 2003 (now £25,500 in Wales). Clearly, disabled children's parents may earn that amount or considerably more and still live in effective poverty.

79. To illustrate this point from our own experience, Mr and Mrs J have three children aged six, four and one. Lauren, six, is profoundly deaf, with speech and language delay, and had a stroke with resultant left-sided weakness. Until recently both parents were working but Mrs J has now become a full-time carer for her children. The family is reliant on the father's income of £23,545 gross per annum, which is only £500 over the Fund's limit. Although they needed help buying a computer and a tumble dryer, we had to turn them down.

HOW TO ALLEVIATE SYMPTOMS OF DEPRIVATION OTHER THAN INCOME

The impact of poverty on the emotional well-being and social mobility of children

80. As mentioned, we welcome the £280 million allocated in *Aiming High* for improving the opportunity for the families of disabled children to enjoy short breaks from each other. This will be of proven benefit in improving the quality of life and emotional well-being of disabled children, their non-disabled siblings and their parents alike. Parents will also have greater space in which to develop their skills and capabilities. In addition, the commitment in *Aiming High* to make universal services more accessible for disabled children will be of great value.

81. Being able to lead ordinary lives is something that all families want. Providing poor families with the financial means to experience new things is crucial to their emotional well being. The Family Fund provides grants of benefit to the whole family, with holidays being among the most sought-after items.

82. Holidays are different from short breaks, in that they are shared experiences for the whole family. Time together, a family holiday or outing and the ability to participate in recreational activities all contribute to alleviating social deprivation.

83. Together with other charities that provide holidays to disadvantaged families, the Family Fund is currently undertaking research into the benefit of holidays to disabled children's families. Fund families overwhelmingly say that spending quality time together away from difficult and stressful situations is vital to their well being:

- As one family explained: "It gave me a break from the daily stress of caring for my disabled daughter. I felt I could cope better after a break. It was good to spend time together in a relaxing place. We all felt so much better on holiday. It made us all very happy".

²⁹³ See speech to Labour Party conference by Rt Hon Gordon Brown MP on 24 September 2007, http://www.labour.org.uk/conference/brown_speech

- The mother of a son with cerebral palsy told us: “We’re so grateful [to the Fund] because we would never have been able to afford a holiday ourselves. Finding money from week to week is a real struggle. It’s so valuable to us to be able to get away as getting out for days can be awkward.”

84. We would be delighted to share further findings from our research with the Committee.

DWP progress on childcare targets

85. The Family Fund does not currently have evidence in this area. However the Daycare Trust report referred to earlier provides detailed information with regard to childcare for disabled children.

DWP Local Housing Allowance policy

86. The Family Fund is concerned about the housing allowance rates payable when having a disabled person necessitates an additional room for a carer to stay in, when a disabled child is unable to share a room with a sibling because they are technology-dependent and have significant amounts of equipment, or when a child has extreme behaviour problems and it is inappropriate for them to share a room with a sibling.

87. Whilst financial support is available on a discretionary basis to enable severely disabled children to have their own bedroom, we believe that such payments should be incorporated into the regulations as a right. This would help reduce stress within families and improve their emotional and social well-being.

APPENDIX

We asked Fund families to write about their lives over one day. The stories below are all from parents whose caring responsibilities mean they cannot seek paid work and who either have a partner in work or no income other than benefits.

FAMILY 1

In my house there are five of us, my husband and I and three children. Dominic is seven, Katrina aged three and Laurel who is 22 months old. Dominic is severely disabled due to a premature birth. Our day begins at 7am, well is supposed to if you don’t count the two or three times a night we are up with one of the children, usually Dominic.

Welcome to my world for one day!

7am	My husband gets Dominic cleaned up and showered for school whilst I get the two ready and make breakfast and a cup of tea. One of us needs to get ready to take Katrina to nursery.
8.15am	Need to get Dominic’s splints, boots, back brace and whatever he needs for school that day done, and brush his teeth.
8.30am	Hope the taxi remembers to pick Dominic up for school. Then we need Katrina’s coat on for nursery
8.40am	Take Katrina to school.
9.10am	Get back from nursery. The person who hasn’t got ready yet manages to get some clothes on!
9.30am	Sit down for a cuppa because the one I made earlier has gone cold.
10am	Put first load of washing in starting with Dominic’s bed sheets because the nappies he gets from hospital leak and there is no other kind available. I usually do five loads of washing and two loads of ironing each day. If I don’t do it I know it will be a pain trying to catch up tomorrow.
11am	Put more washing in before I have to pick Katrina up from nursery, then one of us tidies up whilst the other plays with the girls for a bit because we know we won’t have time later.
12 noon	Make everyone some dinner, then start to prepare tea if possible.

We usually have three or four hospital appointments a week. We try to get these on an afternoon so he can go school on the morning. After picking him up from school we have to sit in a waiting room with three bored children and two tired parents until it is our turn to be seen. If we don’t have an appointment in the afternoon I usually do a big food shop so I haven’t got to take Dominic at the weekend or after school. This also means that if he’s ill I haven’t got to take him out. If there’s no appointment and the shopping is done then I’ll do more ironing, it seems to come from nowhere!

3.45pm	Dominic is in from school. Start to make tea whilst the kids watch the television. Got to make sure tea is finished by about 5 o’clock. Have a cuppa whilst the tea settles.
5.30pm	Dominic’s washout needs to be started which takes about 90 minutes at least.

If you are wondering what a washout is, it is a hole in your lower stomach that you catheterise whilst sitting on a commode, then you put water and medicine directly into the bowel and, in theory, it comes out the usual way. This is the only way to get rid of bodily wastes.

Whilst the washout is happening one of us gets the girls bathed and ready for bed. We read them a bedtime story and then start washing up the pots from tea. I'm putting yet more washing in because Katrina usually paints at nursery and Dominic's school uniform needs to be done.

- 7pm Put the girls to bed, they are usually no bother because they know we will both be busy with Dominic's and they have got into a routine. One of us gets Dominic cleaned up for bed whilst the other one washes his shower and his commode out. We both have half an hour to tidy up and finish the kitchen.
- 8pm Get a couple of hours peace unless Dominic's washout is delayed, sometimes an hour after he's been lifted off his commode he dirties himself.
- 10.30pm We both have a bath before bed and at 11.30 go to bed, to start off all over again!

We have regular appointments with the following people: neurosurgeon, eye specialist, spine specialist, audiologist, physiotherapist, occupational therapist, speech and language therapist, orthodontist, learning disability team, paediatrician, dietician, community nurses, dentist (Dominic vomits a lot and it rots his teeth), bowel and urine specialist, and Social Services who stick their noses in to make sure we are coping and don't give a jot if we are not.

Our bungalow isn't wheelchair accessible. We have been fighting for years with Social Services to get adaptations done. All the professionals we have anything to do with have fought our corner and it has got us nowhere. We haven't got any of the equipment Dominic needs because the biggest bedroom, which is his, is 11 foot by 14 foot and in that space he's meant to have an electric bed and a shower chair, which he has, and several things he needs that he cannot have due to lack of space such as a standing frame, sleep system and a comfortable chair to sit in rather than the wheelchair he sits in at present. We haven't got any hoists because there is no space so we have to lift him from A to B.

Dominic's commode won't go over the toilet so he has to use the potty underneath whilst sitting in the shower. We have to brush his teeth in the sitting room because his bedroom stinks of faeces and we can't spray air freshener because it will get on his chest.

Nobody in the family will give us any help whatsoever.

It gets me really angry when I tell people I look after my disabled son and they think I have it easy because I'm at home. I don't clock off at 5 every day, I do it 24/7 for the measly amount of £56.85 per week that you get to care for someone.

My mates keep me sane and tell me that its only as difficult as it is because the girls are so young. But Dominic will grow up and how hard will that be! It was good to have a rant because as a parent carer we sometimes feel as though we don't count.

FAMILY 2

Get up at 6.30am. Make breakfast for myself, husband and three disabled children. 7pm get all children up. My husband is a "lolly-pop man" and janitor so he gets himself and our three dogs attended to as he has to leave for work at 7.45am to start work. As two of our children are doubly incontinent they have to be bathed every morning after breakfast, our other child has to be fed so I do that as well.

Our eldest, Darren, gets a bus to a "day centre" for adults with learning difficulties as he has Down Syndrome. I have to make sure he's dressed, breakfast eaten, packed lunch (which I make the night before) remembered as he is picked up at 8am. Our second child, Lorraine, is also Down Syndrome, she gets a taxi to school at 8.15am, I have to make sure she has all her needs met too!

My third child, Carla-Louise, who has severe and complex needs and is a wheelchair user, is the one who takes up the most time as she is unable to do anything for herself. I take her to school myself at 8.30am by car. If I come straight home I get back about 9.30 but three or four times a week I get the shopping, so it can be 10.30 when I arrive home, and everything's just as I left it. I start by getting the washing on, usually beds to strip as they are wet. I Hoover and clean etc which takes me all morning. My husband has two hours off during the day so we have something to eat and take the dogs out before he goes back to work until 4pm.

I prepare lunch and do any paperwork or make phone calls that have to be done as I can't do these when the children are at home. At about 2.30pm I have to leave to collect Carla-Louise from school and then Lorraine is home by 3.45. I organise their school bags etc for the next day and get the children changed again. I prepare dinner, as we all have a meal together at night. Darren gets home by 4.45. After dinner we help the children with their reading or with their homework, and then help them get ready for bed in turn. The two youngest are in bed between 8.30 and 8.45 and then I start ironing. I try and get sat down by 9.00pm, but that's very rare, usually exhausted. Darren goes to bed at 10.00 but I have managed to spend some time with him for the last hour.

That's a typical "NORMAL DAY". Each of them have regular hospital appointments, school meetings, social work meetings etc. As my hubby works I do them all and I have to keep everything else going too as my husband has heart problems and is diabetic so isn't in good health.

FAMILY 3

6.30am, another night without sleep, she just wanted to play. Well have a shower, wake myself up then find something that will fit her round the waist, she is 12 and her clothes have to be sized for a 15–16 year old, if they aren't elasticated they won't fit. Well, it took 2½ hours to get her ready; screaming more than usual today.

12.15. Fine getting in the car, watching her DVD keeps her quiet. Arrived at ASDA and she's not wanting to go in so we walk around outside looking at the shops, try to get her in again, nope, she screaming, forget it. We go home holding her hand tight so she doesn't drop to the floor which happens regularly when we go out and it takes two people to pick her up. Back in the car we travel home down the usual route, Louise points out another way. When we arrive home she is screaming, not wanting to get out of the car so I stand on the doorstep waiting for her to calm down.

It's now 2.20pm, my new TV arrives at 3pm, Louise broke the last one, she just keeps hitting out and eventually breaks things, still got to replace the living room doors. Oh well. Turn on the computer and shop online again, when my neighbour comes home I will ask her to get some milk and toilet roll from the shop for me, she won't have Louise, there aren't a lot of people that can cope with her.

We get some puzzles out, she pushes them away, she goes for her crayons and books and starts to scribble in them. The TV has arrived and I leave it in the box until my other daughter comes home from work. Louise tries to rip the box open but it is tight shut. When I tell her she can't open it she shouts and screams and starts to hit out in a temper so I take her hand and put her in the time out area until she has calmed down. She comes back saying sorry but still tries to open the box. When she has calmed down she returns to her crayons and colours whilst watching her DVD, her favourites are Lion King and Shrek.

Now we start the tea. As I peel the potato's Louise comes over to me and catches the skin, good, we can make this into a game, as I peel she catches it and puts it in the bin. She starts to laugh, it's great as she doesn't laugh very often. Had tea, she ate it all up as per usual and I give her the medications. Now for a shower, but will she get in? No, she heads off, she doesn't want to climb over the bath edge to get a shower so I have to lift her again, she screaming whilst I give her a shower, it's a good job I have understanding neighbours. Louise helps whilst I put her pyjamas and nappy on then she chills on the couch whilst I clean up. Hopefully she will fall asleep.

8.50pm and Louise asks for bed so I go up with her helping her up the stairs, she won't go into her bed because she is so used to getting into mine so we get in mine together, when she goes to sleep I will go downstairs and chill myself. I come downstairs at 10.10 and make a brew then chill out on the couch.

11.30pm, she is awake, shouting for me. I try to put her to bed but she keeps screaming so she comes downstairs with me.

FAMILY 4

I wake every day at 7am even though Graham's bus only gets here at 8.20am. I have so much to cram into the mornings. I'm exhausted as usual as Graham doesn't sleep continuously but periodically, waking the whole household up every night. He rarely sleeps beyond 4am no matter how late he retires.

Every morning is like groundhog day to us. I get up dreading walking downstairs to see what destruction Graham has reigned upon the lounge, kitchen and bathroom, or even worse finding him dead (this is a very real prospect!!!!). After 14 years of getting up at 4am I can no longer mentally or physically do it. In the lounge I find three or four bowls of semi-eaten Weetabix, half a loaf's worth of crusts, and numerous Wotsits packets. In the kitchen are big knives (used) and a tin of corned beef which he has tried to microwave again! (we've gone through four microwave ovens this year).

Graham's chest physio session is first, all I can say is he anticipates this and hates it!! The fuss gets his sisters up. The normal everyday family fight ensues.

It's Graham's bath:

- flooded bathroom
- have to finish washing his hair as he only washes the top bit and doesn't rinse it
- half pull half lift him out
- outcry from my 11 year old as my 14 year old wanders around naked
- eczema creams on

I have to clean his uniform every day and do his lunchbox.

Ahhhhhh-the bus!!!!!!!

I strip Graham's bed and do about three or four more washes. Peace 'til 3 o'clock now hopefully.

Graham never plays out as he has no sense of danger and would wander off so he's with me 24/7 when not at school. He has a very short attention span so all he has in his life is TV. We never go out at night as a couple as babysitters have always been impossible to get even if he would stay with anyone else. He has his meals blended as he cannot swallow very well so mealtimes are difficult as I have to make several alternative meals.

At night it's physio and bed around 7pm, Sara gets some attention for the first time all day. We are exhausted so we are in bed by 10pm. Most things I can deal with but a lack of sleep is the most debilitating.

Its 4am, groundhog day starts again.

I sacrificed my career when Graham was born as he was in hospital for five years and now Graham is sent home from school ill very often. We have struggled on one wage for 15 years now.

FAMILY 5

A difficult start to the day. Our adopted son (aged nine) who has ASD, physical and behavioural problems is not keen to go to school. He lashes and kicks out, screaming and shouting. In all the commotion he wets himself which is easy to do given his bladder disorder. A stressful and upsetting start to the day. Although a typical start to the day off to school he went and I went on to my half a day voluntary job (working with special needs children) after dropping my three year old daughter at nursery. I have a more restful time at work!

Collected my daughter at lunchtime. Back home, three loads of washing went on. Housework, lunch for daughter (I didn't have time to eat breakfast or lunch). You would have thought I'd be skinny by now! Made lots of phone calls, to my sons school (to advise them of feedback from the hospital and to discuss the review of his statement). Rang another two schools to discuss new school places. Rang the parent support group to enquire about my options and rights as a parent (it is agreed that the current school is not appropriate for my son as his needs are too complex, but there is no other appropriate or available provision in the borough). We are interested in another school but the LEA won't fund it. I updated my case file re the outcomes of these latest phone calls. It is so stressful and upsetting to think that we have adopted a child with such difficulties and are not only having to cope with this, but in addition we have to spend so much time and effort battling with education and support services. I am exhausted! Worn out!

Son returns from school with another bad report. He was screaming and lashing out, no concentration and outbursts throughout the day. St Thomas's hospital have him on medication but its not helping. I am worried about the future, how will he cope, how will he survive when we are not around? Try not to panic, take each day as it comes.

Homework time-lots of coaxing but he did three spellings on his own, a very good achievement, I'm really pleased. Dinner time and the children eat whilst I put the washing away. A bit of playtime with the kids. Daughter enjoys it, son gets frustrated as he doesn't understand the game.

Bath time and pyjamas then to bed for the kids. I quickly have dinner, hooray, a little respite for me. He doesn't sleep until 10.30pm and then he's up through the night shouting for me.

Boy, am I tired!

FAMILY 6

7am	Time to get up to get Ian and the girls ready. I get up first and do a few things before Ian gets up. He has his usual winter cold and cough.
7.30	Get the girls and Ian up and give them breakfast.
8.00	Wash and dress Ian and change his nappy, I give him his medicine and inhaler
8.20	Ian fetches up phlegm after having his inhaler so I have to wash and dress him again.
8.40	Take the children to school and drop Ian at nursery. Go home and do the housework.
11.15	I go and collect Ian from nursery and take him to nana's for an hour and half while I do my lunchtime job at school. I have to take his uniform off before we go to nana's.
1.30	Collect Ian from his nana's
1.45	We get home and Ian has a nap after nappy change.
3.15	The girls come in from school, I try to sit down and do homework with them whilst Ian is asleep, it doesn't last long though.
4.00	The girls play with Ian, do some drawing and play with the cars on his road mat.
5.00	Its time to make the tea.
5.45	Sit down to have tea, we struggle a bit as Ian is a fussy eater.
6.10	I sit down to watch the news and a bit of TV.
7.30	Get the school clothes ready for morning and pyjama's ready for bedtime.
8.00	Get the children a drink and snack.
8.30	The girls go to bed, I have to wash, change and put Ian's pyjamas on for him, then give him his medication and inhaler.

- 8.45 We go up to bed. I have to lie with Ian until he goes to sleep then I go downstairs to unwind.
- 10.00 Go to bed, Ian is coughing a bit and his nose is blocked. He has a restless night but he is worth all the work.

Memorandum submitted by the Mayor of London

SUMMARY

- The Mayor of London welcomes the opportunity to submit this written response to the Work and Pensions Committee Inquiry Into Deprivation, Improving Social Mobility and Eradicating Child Poverty.
- Tackling child poverty in London is a particular priority for citywide and local government in the capital. London has by far the highest level of child poverty in the UK—41% compared with 28% for the UK—and this gap has increased in recent years. It is clear that national measures to reduce child poverty have not had the impact here as they have in the rest of the UK.
- The Mayor has already introduced a significant range of programmes and activity to help families on low incomes with the high costs of living in London. These include:
 - the establishment of the £33 million Childcare Affordability Programme;
 - a significant increase in the supply of affordable housing especially for family sized homes unveiled in the Mayor’s draft London Housing Strategy; and²⁹⁴
 - half price bus and tram fares for a quarter of a million Londoners on Income Support; free travel for young people under 18 in full-time education on London buses and trams; a 10% reduction on single bus fares at any time of the day.
- The Mayor of London and London Councils also jointly set up the London Child Poverty Commission in February 2006. The Commission set out its key issues for tackling child poverty in London in its first consultation report, published on 4 September 2007.²⁹⁵
- All levels of government must focus on London to reduce and eradicate child poverty across the country. Policies must be introduced to increase earnings to get more London parents into work and to reform the child tax credit and child benefit systems so that they make work more worthwhile and lift more families out of poverty. More flexible and affordable childcare, improved training and development opportunities, fully integrated service delivery and a focus on families in social housing are all key to tackling child poverty in London.

INTRODUCTION

1. London has the highest productivity per head in the country, and yet despite its ongoing economic success it also has the highest child poverty rate in the country. Two fifths of children—over 600,000—are growing up in poverty. In Inner London one in two children lives in poverty.

2. The Mayor welcomes the Government’s focus on child poverty with the ambitious targets of eradicating it by 2020 and the Government’s recognition of London’s unique situation with the rollout of New Deal Plus for Lone Parents, the higher rate of in-work credit and the continuing development of the two City Strategy Pathfinders in London. However, there has been no sustained improvement in child poverty in the capital since 2000.

PARENTAL EMPLOYMENT IS KEY TO TACKLING CHILD POVERTY IN LONDON

3. Low employment rates among parents in London are key to explaining child poverty rates. Excluding students, parents account for almost the entire shortfall in employment in London. London has not seen the same increase in employment rates of mothers as in the rest of the UK. In particular lone parent employment rates are significantly lower than the rest of the country—43% of lone parents are in work in London compared to 58% in the UK. Parents born outside the UK, in particular those whose first language is not English, have especially low employment rates.

4. Given this challenge, the Mayor believes that employment services in London need to be more family centred with more demanding Jobcentre Plus targets for jobs matched by appropriate resources.

²⁹⁴ Available at <http://www.london.gov.uk/mayor/housing/strategy/index.jsp>

²⁹⁵ Available at <http://www.londonchildpoverty.org.uk/publications/interim-0907.jsp>

MORE PART-TIME AND FLEXIBLE JOBS

5. London's lone parent employment rate is very low in part-time work compared to national averages, while it is actually higher for full-time working. Many lone parents express strong and very reasonable preferences for part-time working and flexible hours, but this work is often either not available or not affordable in London. For 40% of part-time service sector jobs, the London premium is less than half that for full-time jobs. Any barriers to the provision or take-up of more part-time and flexible jobs need to be addressed, at the same time as ensuring routes to earnings advancement for part-time workers.

FLEXIBLE AND AFFORDABLE CHILDCARE

6. Childcare is also a major barrier to work in London. Despite there being almost double the number of places since 1997²⁹⁶ there are still fewer childcare places in London than in England as a whole. Not only are places harder to find, they are also more expensive: figures from the Daycare Trust suggest that the price per hour for a nursery place for a child under two is 34% higher in London than the rest of the country²⁹⁷. In response to this, the Mayor has established the Childcare Affordability Programme to help parents pay for childcare costs with £22 million funding from the London Development Agency and £11 million from DCSF. But Government needs to do more to simplify support for childcare costs.

MAKING WORK PAY IN LONDON

7. Two-fifths of London children living in poverty are in families with at least one adult in work, so low pay needs to be tackled as well as barriers to employment. In London, largely because of housing costs, a person needs an hourly wage rate almost 20% above the National Minimum Wage rate of £5.35 just to take them above the poverty level. The Mayor has introduced a voluntary London Living Wage at £7.20 per hour to help tackle low pay in the capital.

INVESTMENT IN TAX AND BENEFIT CHANGES

8. Although there has been remarkably little sustained progress in reducing child poverty in London to date, some of the tax and benefit measures that would achieve further reductions in poverty at national level would have more of an impact in London. The Mayor believes that investment in these sorts of measures will be essential to reducing child poverty in London.

9. The London Child Poverty Commission's interim report outlines child tax credit and child benefit measures taken together that could reduce child poverty After Housing Costs in London to 31%, which would be a spectacular improvement and would also mean that poverty was reducing more rapidly in London than in the country as a whole.

IMPROVING TRAINING AND DEVELOPMENT OPPORTUNITIES

10. The Mayor believes that improving skills must be central to a strategic approach to poverty reduction by helping people access more sustainable jobs and progress at work. This is a key priority for the London Skills and Employment Board, chaired by the Mayor, which will publish its first draft report in the autumn.

INTEGRATED SERVICE DELIVERY PARTICULARLY NEEDED IN LONDON

11. Parents in London are more likely to face a combination of barriers to work than elsewhere in the UK—from childcare to basic skills training to financial assistance.²⁹⁸ This is why access to employment services need to be fully integrated and personalised in the capital if they are to support parents moving into work. As a first step, the City Strategy Pathfinders in East and West London are testing new, integrated approaches to service delivery in welfare to work, with active involvement of boroughs, Jobcentre Plus, the London Development Agency, the Greater London Authority, the Learning and Skills Councils and local employers. The Pathfinders are currently in a two year pilot phase which is due to end in May 2009, but a longer term approach is needed in order to make a step change in service delivery.

²⁹⁶ "Employment opportunity for all: tackling worklessness in London"—HM Treasury (March 2007) http://www.hm-treasury.gov.uk/media/70A/50/bud07_london_1421.pdf

²⁹⁷ "Employment Opportunity for All: Analysing Labour Market Trends in London"—HM Treasury (March 2006) http://www.hm-treasury.gov.uk/media/1E1/1C/bud06_londonemployment_717.pdf

²⁹⁸ "Employment opportunity for all: tackling worklessness in London"—HM Treasury (March 2007) http://www.hm-treasury.gov.uk/media/70A/50/bud07_london_1421.pdf

 FOCUS ON FAMILIES IN SOCIAL HOUSING

12. Child poverty rates in social housing in London are extremely high, and 58% of children in poverty live in social housing. This in part reflects the limited availability of affordable housing in London, and the significant need for more social and intermediate housing in London to improve access to suitable housing for all families. The Mayor's draft Housing Strategy, published on 18 September 2007, proposes a significant increase in the supply of affordable housing especially with three + bedrooms to meet this need.

13. There is also a case for a clear focus on families in social housing, including incentives for social landlords to reduce the number of tenants on housing benefit who are not in work. The London Child Poverty Commission recommend considering options for demonstration projects based on housing estates and providing integrated access to personalised services for both adults and children to improve training and work opportunities as well as local schooling. Given the key role of local authorities in social housing, it also suggests that performance regimes for local government should take account of the contribution that authorities are making to tackle child poverty and worklessness.

CONCLUSION

14. The Mayor welcomes the Work and Pensions Committee's Inquiry into this important issue. Child poverty and worklessness are key priorities for London, and while a significant programme of activity has already been put in place to help families on low incomes with the high costs of living in London, local, regional and national government need to look at every aspect of life in London that contributes to keeping the rates in London so much higher than the rest of the UK.

15. For more information on child poverty in London, the Mayor would also encourage the Committee to consider the London Child Poverty Commission's Interim report. A hard copy is included with this submission and it is available online at: <http://www.londonchildpoverty.org.uk/publications/interim-0907.jsp>

September 2007

Memorandum submitted by One Parent Families/Gingerbread

SUMMARY

- Half of children living with a lone parent are poor. But an association between lone parenthood and child poverty is by no means inevitable. Other countries combine similar rates of lone parenthood to that of the UK with very much lower rates of child poverty.
- The Government's pledge to end child poverty, and to halve it by 2010 is vital to one parent families. But a renewed commitment is now needed, and investment vital.
- Employment provides a good route out of poverty for lone parents. But it is not a guaranteed one, and 23% of working lone parents remain poor.
- While we welcome the desire to support more lone parents into employment, the suggestion in the Green Paper that lone parents should move onto the Jobseeker's Allowance regime is likely to be counterproductive. A more constructive approach would provide more flexible and tailored support, rather than relying on sanctions.
- Government also needs to do more to make work pay. One potential area for reform is to improve the incentives for lone parents to work in jobs of less than 16 hours a week. In work benefits also need to be updated with earnings if their value is not to be eroded.
- Flexible working will be key to helping more parents into work. Government should extend the right to request flexible working to all parents, and ensure that it's new local employment partnerships open up more opportunities to work at child friendly hours.
- Childcare provision has significantly improved. But the promise of universal affordable childcare has not yet been achieved.
- Increasing the child maintenance disregard, and bringing the date of this increase forward to 2008 represents a cost effective means of tackling child poverty.
- Government must commit the £4 billion estimated by the Joseph Rowntree Foundation as necessary to meet the 2010 target. We would prefer to see this balanced between investment in universal Child Benefit and the more targeted tax credit system.
- We do not believe that the tax credit system at present favours lone parents. We also note that investing money in additional cash for couple parents is not a cost effective way of meeting child poverty targets.

- Children live in families and increases in adult means tested benefits should also form a part of the strategy to tackle child poverty.
- Lone parents are disproportionately likely to be caring for a disabled child, and we echo the calls of the Every Disabled Child Matters campaign for more investment in these families.
- The Social Fund should play a part in efforts to tackle child poverty, through supporting families to purchase “lump sum” items and encouraging financial inclusion.
- A start has been made to tackling the entrenched disadvantage faced by children in one parent families. But there is still much further to go.

1. INTRODUCTION

1.1 One Parent Families/Gingerbread (the two charities recently merged) is the leading organisation representing lone parents and their children in the UK and a member of the campaign to end child poverty. There are 3.1 million children living in one parent families in Britain, and they form one quarter of all families. Although the situation has improved for lone parents over the past 10 years, children growing up in one-parent families still face double the risk of poverty of those who live with both parents, and half of all children living with a lone parent are poor (throughout this submission we use the widely accepted definition of poverty as living below 60% of median income after housing costs).

1.2 Lone parenthood and child poverty are strongly associated in this country. But this is by no means inevitable. In Unicef’s recent assessment of the well-being of children Sweden, Norway, Finland and Denmark, occupied the four top places in terms of material well-being. These are also four of the six countries with the highest number of children brought up with a lone parent.²⁹⁹

1.3 Lone parents and their children in Britain are therefore particularly poor and the UK has the second highest child poverty rate in the EU15 (after Portugal) for lone parents.³⁰⁰ But even in Britain the linkage between child poverty and lone parenthood has not been constant: while half of all of those who live in one parent families are poor today, in 1979 just 26% of those in this family type lived below the poverty line.³⁰¹

1.4 The Government’s pledge to halve child poverty by 2010 and end it by 2020 is therefore vital to one parent families. Some good progress has been made, but this year saw the numbers of children in poverty rise again. There is an urgent need for further investment to meet the 2010 target. This is not just a symbolic staging post, but means making a difference to children growing up now. The Joseph Rowntree Foundation has estimated that it will cost £4 billion pounds for Government to meet the target. Time is rapidly running out for Government to make this commitment.

1.5 This submission first describes the situation for children in lone parent families and their risk of poverty. It then looks at how Government policy can tackle this poverty. It looks first at tackling poverty through increasing employment, where lone parents remain a focus of attention. It then looks at what else will be necessary to alleviate poverty in one parent families.

2. CHILD POVERTY AND LONE PARENTHOOD

How many children in one parent families are in poverty?

2.1 Children in one parent families in Britain face a particular risk of poverty. Fifty per cent of children in lone parent families are poor, over twice the proportion of those in couple families. This means there are a total of 1.6 million poor children who live in one parent families in Britain today.³⁰² Things have got better for lone parents and their children over the past 10 years; in 1996–97, the risk of living in poverty for children in one parent families was 62%. Yet 42% of all poor children still live in one parent families, despite only 25% of all children living in this family type. The largest single group of children in poverty remains the children of lone parents who are not in paid work who make up 33% of all poor children.³⁰³ Figure 1 shows the composition of all children, and the composition of poor children by family type.

²⁹⁹ Unicef (2007) *Child poverty in perspective: An overview of child well being in rich countries* Unicef, Innocenti Research Centre.

³⁰⁰ Bradshaw J (2006) *A review of the comparative evidence on child poverty* Joseph Rowntree Foundation.

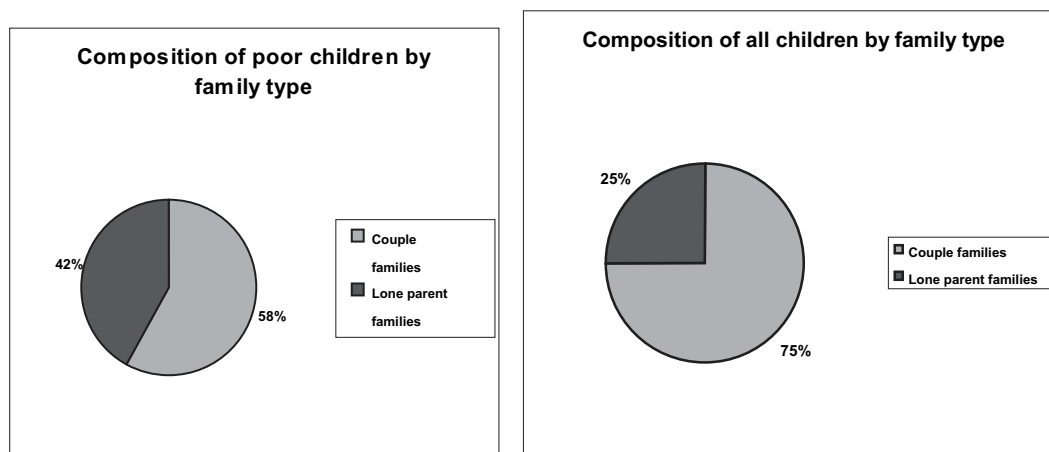
³⁰¹ DSS (1998), *Households Below Average Income 1979–1996–97*, Government Statistical Service.

³⁰² DWP (2007), *Households Below Average Income: An analysis of the income distribution 1994–95–2005–06*.

³⁰³ DWP (2007), *Households Below Average Income: An analysis of the income distribution 1994–95–2005–06*.

Figure 1

COMPOSITION OF ALL CHILDREN AND POOR CHILDREN BY FAMILY TYPE



Source: DWP (2007), *Households Below Average Income: An analysis of the income distribution 1994–95–2005–06*, Table 4.3.

2.2 Children in lone parent families are also more likely to experience “severe” poverty. Using a definition of “severe” poverty that combines living on a very low income with experiencing material deprivation (that is, not being able to afford essential items), researchers found that 48% of those children experiencing “severe” poverty lived in one parent families.³⁰⁴

What does poverty mean for families?

2.3 Living in poverty for children is not simply a case of falling on one side or another of an income line, but means not being able to afford everyday items that most people take for granted. The most recent Families and Children Study shows that in 2005:

- almost one out of ten lone parent families could not afford to eat vegetables most days;
- one-fifth of lone parent families could not afford new clothes when needed; and
- almost two-fifths of lone parents could not afford money for trips, outings or gifts to take to parties.³⁰⁵

Why are children in one parent families more likely to be poor?

2.4 As described above, there is no inevitable link between levels of lone parenthood and child poverty, with one international study finding that that “variations in the rate of lone motherhood are not considered an important reason for variations in child poverty across nations.”³⁰⁶ Lone parents living in the UK face a particular set of circumstances which increase the likelihood of their children living in poverty:

- Nine out of ten lone parents are women. There are strong links between women’s and children’s poverty, and women tend to fare badly following separation or divorce; on average their incomes fall by around 17%, while men are likely to see an increase in their incomes of around 14% a week.³⁰⁷ Women’s low and unequal pay also contributes to the fact that paid work does not always provide a route out of poverty.
- Low levels of financial support for children. Despite substantial increases in the level of support for children over the past 10 years, the children of lone parents on Income Support will still be living beneath the poverty line. For example, a lone parent with two children aged five and eleven claiming Income Support receives income up to only around 75% of the poverty line.³⁰⁸

³⁰⁴ Magadi, M. and Middleton, S. (2007), *Severe Child Poverty in the UK*, Save the Children .

³⁰⁵ Hoxhallari, L. Conolly, A. and Lyon, N. (2007) *Families with children in Britain: Findings from the 2005 Families and Children Study* (FACS) DWP Research Report no. 424, DWP.

³⁰⁶ Baker M, Pryor J, Millar J and Shirley I (2003) *Lone parenthood and outcomes for children, a review of the literature* Prepared for the Ministry of Social Development, Wellington, New Zealand.

³⁰⁷ Jarvis J and Jenkins S (1998) “Marital dissolution and income change: Evidence for Britain” in Ford R and Millar J *Private lives and public responses; lone parenthood and future policy* Policy Studies Institute.

³⁰⁸ Calculations by Child Poverty Action Group. Figures are income after housing costs have been deducted, they have been projected forward from the latest available to 2007–08. Amounts entitled to in benefits and tax credits is the sum of maximum Child Benefit, Child Tax Credit and Income Support.

- Non payment of child maintenance. Only around one third of one parent families receive any child maintenance from their child's other parent.
- Problems in combining paid work and family life. Lone parents in the UK face particular issues in combining paid work and family life, and are less likely to be in employment than parents in countries where child poverty levels are lower (such as Denmark or Sweden).

2.5 These issues, and what Government can do to improve the situation for children in one parent families are discussed further below. But it is important to restate that assumptions about links between lone parenthood and child poverty are often based more on myth than reality. Lone parents in the UK are not poor because they are unmarried teenage mothers. Only 2% of lone parents are teenagers, and only one in seven lone parents has never lived with their child's other parent—the majority have been married.³⁰⁹ The high rates of child poverty amongst lone parent families are rather symptomatic of wider failures, to ensure that both Government and parents properly support the costs of children, to enable parents to combine employment and family life, and to tackle wider inequalities between women and men.

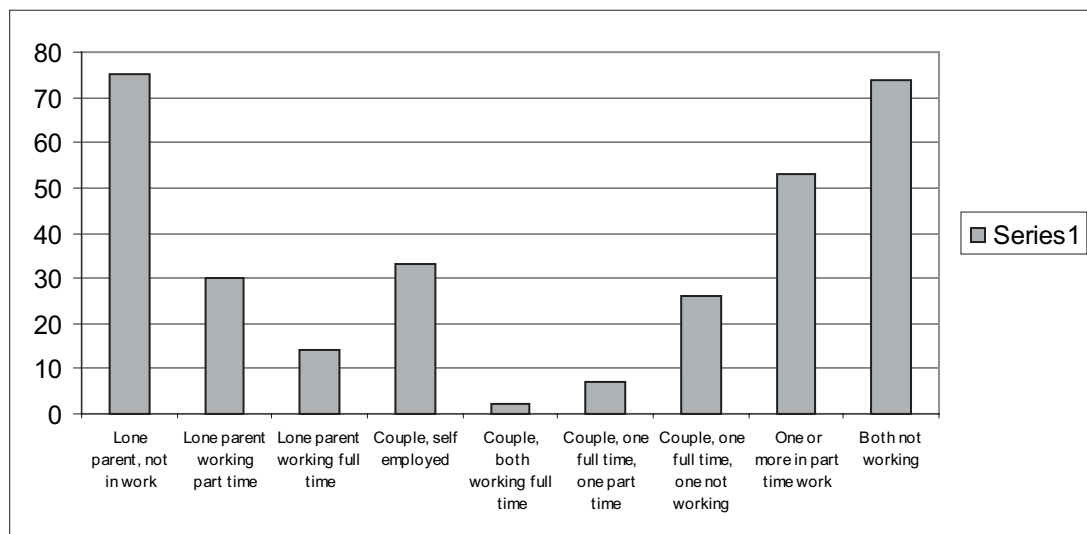
3. LONE PARENT EMPLOYMENT AND CHILD POVERTY

3.1 Increasing the employment rate of parents, and particularly lone parents has been one of the Government's principle methods of tackling child poverty. The Department for Work and Pensions' current Green Paper on welfare reform, states that "a new social contract for lone parents"—which entails asking those whose youngest child is aged seven to claim Jobseeker's Allowance and actively search for work, "will put tackling child poverty at the heart of our welfare system."³¹⁰

3.2 Employment undoubtedly provides a good route out of poverty for many one parent families. The Institute for Fiscal Studies suggests that falls in the number of workless households have been a key factor in the fall in child poverty to date, alongside falls in the risk of poverty both for those in workless families and for those with a lone parent working part time.³¹¹ As figure 2, below shows, children living with lone parents in paid work have a substantially lower risk of poverty than those with a workless parent.

Figure 2

THE RISK OF POVERTY FOR CHILDREN IN DIFFERENT FAMILY TYPES, ACCORDING TO EMPLOYMENT STATUS OF THE PARENT.



Source: Table 4.3 DWP (2007) DWP and National Statistics (2007) *Households Below Average Income An analysis of the income distribution 1994–95—2005–06* Department for Work and Pensions.

3.3 However, as the chart also shows, paid work is not a guaranteed route out of poverty. 14% of children with a lone parent working full time, 30% of those with a parent working part time, and 23% of all those with a working lone parent remain poor.³¹² It is clear that while increases in the lone parent employment

³⁰⁹ *One Parent Families (2007) One Parent Families Today: The Facts*.

³¹⁰ DWP (2007) *In work, better off, next steps to full employment* DWP.

³¹¹ Brewer M, Goodman A, Shaw J and Sibieta L (2006) *Poverty and Inequality in Britain: 2006 IFS*.

³¹² DWP (2007), *Households Below Average Income: An analysis of the income distribution 1994–95—2005–06*.

rate must be a part of the strategy, they cannot alone deliver the child poverty target. Lisa Harker suggests that to meet the 2010 target on this basis alone, the lone parent employment rate would need to rise to 86%—well above the Government’s own 70% employment target.³¹³

3.4 Lone parent employment is already one of the undoubted success stories of this Government. The rate has risen 11 percentage points since 1997, to its current level of 56.5%.³¹⁴ Researchers suggest that around 5 percentage points of this can be attributed to Government policy changes, with the remainder due to changes in the characteristics of lone parents, and to improvements in employment across the board.³¹⁵

3.5 This has also been an area of intense policy activity. Major factors in this increase are the introduction of tax credits, seen in some estimates to have alone raised lone parents’ labour market participation by five percentage points,³¹⁶ of the New Deal for Lone Parents, of the national childcare strategy and children’s centres and of improvements in parental rights at work. There have also been a large number of policies piloted for lone parents including:

- The In Work Credit offering £40 a week in work support (which it has now been announced will be rolled out across the country from next year).
- The Work Search Premium, of £20 for engaging in a Jobseeker’s Allowance like regime.
- Extended schools provision linked to more frequent Work Focused Interviews.
- “Discovery weeks” and mentoring to build lone parents’ confidence.
- The “Ambition” programme of demand led training.
- The “Employment Retention and Advancement Programme”.
- An In Work Emergency Fund.
- Childcare “tasters” and provision of childcare for the week prior to employment.
- Employment Zone provision by the private sector.
- Increasing numbers of Work Focused Interviews.

3.6 These policies have been extensively evaluated, and we now have a good body of evidence about what works to help lone parents in Britain into employment. The following sections examine this evidence.

Welfare to work policies

3.7 Government is currently consulting on a major change to benefit eligibility for lone parents, intended to increase their employment rates. The current Green Paper on welfare reform suggests that from 2008 lone parents whose youngest child is aged 12 or upwards lose eligibility for Income Support and are asked to claim Jobseeker’s Allowance, and that from 2010 this applies to those whose youngest child is aged seven or over. One Parent Families/Gingerbread is strongly opposed to this proposal. This is not because we do not think that helping more lone parents into work is a good objective for policy; nine out of ten lone parents themselves say that they want to work when the time is right for them and their children. But a simple move to the Jobseeker’s Allowance regime, is extremely unlikely to achieve this aim, and at the same time risks making the poorest families poorer. It ignores the wealth of evidence on what works for lone parents, instead relying on a crude approach based on sanctions. As the DWP itself concluded in 2005, “it would be wrong simply to move lone parents from income support onto the Jobseeker’s Allowance regime: an unrestricted requirement to search for work is inappropriate given the complex and difficult circumstances many lone parents face. We think such an approach would be expensive, unfair and ineffectual”.³¹⁷

3.8 The main differences between the Jobseeker’s Allowance (JSA) regime and Income Support (IS) are the frequency of interventions, and the risk of sanctioning. While lone parents must currently attend the Jobcentre for a Work Focused Interview twice a year, and quarterly from once their youngest child is twelve, JSA claimants must attend fortnightly. And while lone parents can be sanctioned for failure to attend a Work Focused Interview, losing 20% of their benefit, JSA claimants can lose their entire benefit for failure to attend, failure to carry out a Jobseeker’s Direction, for failing to avail themselves of employment, and for voluntarily leaving employment in the first place.

3.9 The first of these differences, the increased frequency of contact, is intended to increase the likelihood of taking up employment. But evidence for lone parents suggests that beyond a certain point, increasing contact has little impact. Trials of a JSA type regime for lone parents, whereby attendance at the Jobcentre every two weeks and engagement in work search was rewarded by a £20 “work search premium” were greeted with scepticism: “The conditionality associated with WSP [Work Search Premium] is viewed as a

³¹³ Harker L (2006) *Delivering on child poverty: what would it take?* HMSO.

³¹⁴ Labour Force Survey 2006, Spring quarter, Office for National Statistics. Available at: <http://www.statistics.gov.uk/cc/nugget.asp?id=409>

³¹⁵ Gregg P, Harkness S and Macmillan L (2006) *Welfare to work policies and child poverty* Joseph Rowntree Foundation.

³¹⁶ Brewer M and Browne J (2006) *The effect of the working families’ tax credit on labour market participation* Institute for Fiscal Studies.

³¹⁷ DWP (2005) *Opportunity and Security throughout life: Department for Work and Pensions Five Year Strategy* Corporate Document Services p 38.

deterrent for many lone parents and an administrative burden by advisers.”³¹⁸ And a recent review of all the research into the WFI regime found that: “further increasing the frequency of Lone Parent Work Focused Interviews also presents a possible risk of undermining the effective functioning of the programme as a whole by overcrowding advisers time and reducing effective caseload practice, which already appears to struggle with lone parents further from the labour market”.³¹⁹

3.10 There are also very real concerns about the risk of sanctions for parents in difficult circumstances. Around one third of lone parents currently leave employment at the time of becoming a lone parent, often in difficult circumstances such as bereavement, domestic violence or dealing with debts left by a former partner. Under current Jobseeker’s Allowance rules, it is unclear whether they will be judged as having “voluntarily” left employment, and unable to claim benefit in the first place. It is also unclear to what extent lone parents will be sanctioned for failure to take up employment when no suitable childcare is in place, or where they are caring for a disabled child. And the fact that all benefit can be removed from a parent under this regime, or topped up to only 60% of the maximum level in cases of hardship, risks making some of the poorest children yet poorer.

3.11 What would a more effective system for lone parents look like if not based on the Jobseeker’s Allowance regime? Research into the range of pilots set out above suggests some ways forward. In summary, it suggests that the mix of tailored voluntary support, financial incentives and opportunities for development provided by the NDLP and some associated pilots has proved highly effective in getting many lone parents into work, but has had less success with more disadvantaged groups. Policy has to date also been less successful at providing sustained employment outcomes.³²⁰

3.12 Dealing both with those who are further from the labour market, and ensuring that parents move into sustained employment requires an approach offering greater flexibility for advisers to tailor programmes to the needs of the particular lone parent. Advisers also need to ensure the right job match, and not just entry into any job. Ensuring that advisers deliver sustained job outcomes means asking them to do this, and not just measuring their performance on job entry alone. Providers in the private sector are measured on job outcomes at 13 weeks, but this seems fairly unambitious. If programmes are to deliver sustained employment, performance—whether by Jobcentre Plus or contracted providers, needs to be measured not only after three months, but also after six months and twelve months.

3.13 Asking employment advisers to deliver sustained job outcomes will not work unless there is suitable employment and skills development support available to which they can refer parents. The Government have announced, following the Leitch review of skills, that they intend to develop an adult careers service, and the Local Employment Partnerships announced in the Green Paper on welfare reform should provide a vehicle for asking employers to develop employment focused training. But with the continued separation of the Learning and Skills Council and Jobcentre Plus, there is not yet a joined up strategy to ensure that parents get the right training they need, both before and after they have entered work.

3.14 Government has made good progress with welfare to work programmes for lone parents, and there is evidence that it is moving towards a greater focus on sustained employment, rather than job entry alone. But a move to the Jobseeker’s Allowance regime threatens to derail this progress, expending resources on repetitive and unproductive contact with lone parents, administration, and on sanctioning many of the poorest families. It also represents a considerable divergence from the approach taken for another large group of “inactive” claimants, those of Incapacity Benefit, who under the new Employment and Support allowance regime will receive tailored help, and financial incentives for engaging in work related activity rather than the threat of sanctions for failure to do so. Increasing the support available via the welfare to work system for lone parents to enter employment can help to deliver the child poverty target, but the approach proposed in the Green Paper is highly unlikely to achieve this.

Financial incentives

3.15 While the shape and nature of welfare to work programmes has a large influence on lone parents’ chances of finding employment and helping to lift their children out of poverty, many other factors, some outside the remit of the Department for Work and Pensions, play a large factor. Perhaps the most important of these is the financial incentives for engaging in and sustaining paid work. As described above, research estimates that around five percentage points of the increase in the lone parent employment rate can be attributed to the introduction of tax credits which particularly improved the incentives for lone parents to work part time. Further measures in this area look like one of the Government’s best bets for both improving employment rates and tackling child poverty.

³¹⁸ Hosain M and Breen E (2007) *New Deal Plus for Lone Parents Qualitative Evaluation* Department for Work and Pensions research report no 426 CDS.

³¹⁹ Thomas A (2007) *Lone Parent Work Focused Interviews: Synthesis of findings* Department for Work and Pensions Research Report No 443 Leeds: CDS.

³²⁰ Evans M, Eyre J, Millar J and Sarre S (2003) *New Deal for Lone Parents: Second Synthesis Report of the National Evaluation DWP*, Yeo Alisdair (2007) *Experience of work and job retention among lone parents: an evidence review DWP Working Paper No 37* DWP, Ray K, Vegeris S, Brooks S, Campbell Barr V, Hoggart L, Mackinnon K and Shutes I (2007) *The Lone Parent Pilots: A qualitative evaluation of Quarterly Work Focused Interviews (12+)*, *Work Search Premium and In Work Credit* DWP Research Report No 423 DWP, Hosain M and Breen E (2007) *New Deal Plus for Lone Parents Qualitative Evaluation* Department for Work and Pensions research report no 426 CDS.

3.16 While tax credits, and the recent welcome announcement of the roll out of the In Work Credit have improved the gains to work, the Institute for Fiscal Studies still finds that lone parents face the weakest work incentives of any demographic group.³²¹ Housing Benefit plays a large part in this equation; lone parents also tell us that the loss of Free School Meals when they move into work, particularly for those with younger children, is a major disincentive.

3.17 One area that has not been tackled is the poor incentives for those who wish to work for less than 16 hours a week. At present, due to the earnings disregard of only £20 in means tested benefits, and the fact that tax credits are not payable until 16 hours are worked, the incentives for lone mothers to work in such “mini jobs” are extremely poor. Mothers in couples, who do not face these constraints, are much more likely to take up work of this type, helping to explain their higher employment rate: 8% of employed lone mothers work in jobs of less than 16 hours compared with 17% of mothers in couples.³²²

3.18 Yet new research by One Parent Families and the Institute for Fiscal Studies, to be published by the Joseph Rowntree Foundation, suggests that a relatively modest change in benefit rules to increase the earnings disregards in Income Support, Housing Benefit and Council Tax Benefit, could have a significant impact on the number of lone parents moving into work. The research finds that increasing these to the level of 16 times the National Minimum Wage, could lead to a 5.4 percentage point increase in the lone parent employment rate, lifting many more children out of poverty. At a cost to Government of around £790 million, the cost per job would be far lower than that for the introduction of Working Families Tax Credit.³²³ This is a policy which would also echo new provision for claimants of the Employment and Support Allowance, who will, for a 52 week period, be allowed to earn up to £86 a week whilst keeping all of their means tested benefits.

3.19 One risk to the Government’s current strategy of making work pay is the failure of in work support to increase in line with earnings. At present there is no commitment to uprating the Working Tax Credit in this way, meaning that its value will fairly rapidly erode. At present, the fact that many lone parents who are earning the National Minimum Wage will remain on the means tested Working Tax Credit means that increases in the former will not lead straight forwardly to increases in their overall income. But, particularly in the light of the need to uprate in work support in line with earnings, Government may want to ask employers to take more responsibility for maintaining the incomes of the poorest workers by using the national minimum wage.

Flexible working

3.20 Recent research for One Parent Families found that a lack of work at suitable hours was the primary reason cited for not being in paid employment, with 71% of out of work parents stating this as a problem.³²⁴ It is also an issue frequently cited by employment advisers working in both the public and the private sector. Parents need work at hours that enable them to ensure that their children are in safe and stimulating environments outside of school or childcare. They also need flexibility from their employers when their children are sick.

3.21 Government has two important tools at its disposal here. Firstly, the time is now right to extend the right to request flexible working to parents of older children, and ideally to all workers. Extending flexible working to all would limit the stigma that parents, and particularly lone parents often feel can be attached to making a request.

3.22 Secondly, the “Local Employment Partnerships” described in the Green Paper on welfare reform offer a good opportunity for DWP itself to put pressure on employers to provide work at flexible hours. We believe that in order to be listed as a partner with Government in this way, employers should be asked to commit to providing job shares and the right to request flexible working for all parents, and to consider the possibilities for providing term time working options.

Childcare

3.23 Childcare has an important impact on children living in poverty, irrespective of their parent’s work status. As the EPPE project showed, the provision of high quality childcare can enhance children’s development, with significant benefits for disadvantaged children, particularly if they attend settings with a good social mix.³²⁵

³²¹ Adam S, Brewer M and Shephard A (2006) *The poverty trade off: work incentives and redistribution in Britain* IFS.

³²² Bell K, Brewer M and Phillips D (2007) *Lone parents and “mini jobs”* Joseph Rowntree Foundation, forthcoming.

³²³ *Ibid.*

³²⁴ One Parent Families conducted an internet survey of lone parent members of One Parent Families, Gingerbread, and One Parent Families Scotland. 1060 parents responded to the survey, which was funded by Jobcentre Plus.

³²⁵ Sylva K, Melhuish T, Sammons P, Siraj-Blatchford I, Taggart B and Elliot K (2003) *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Pre-School Period* Institute of Education.

3.24 But while childcare is important for reasons other than lone parents' (and mothers') employment, it is absolutely vital if the employment rate of lone parents is to be increased. The most striking feature of countries combining a high rate of lone parent employment with a low rate of child poverty is the widespread availability of publicly funded childcare.³²⁶

3.25 Much progress has been made in this area over the previous ten years. The promise of a children's centre in every community, the development of extended schools, and the duty on local authorities coming into force next year to secure sufficient childcare for parents in work or training are all highly welcome. But commitments made at a Ministerial level do not mean that provision is yet available on the ground. There is still a long way to go before lone parents' goal of a high quality affordable childcare place for every child is met. 41% of parents say that there are not enough childcare places available in their area,³²⁷ and there is still only one registered childcare place for every three children under eight.³²⁸ Care provision for older children also remains scarce. Recent research for the DfES suggests that "support services for parents of teenagers are still very sparse", particularly for parents from Black and Minority Ethnic groups and those who have children with learning problems.³²⁹

3.26 Childcare must not only be available but affordable for parents, and particularly lone parents to access it; again despite improvements the costs remain prohibitive for many, particularly in London. Parents in Britain still pay around 75% of childcare costs compared to an average of 25 to 30% across the OECD.³³⁰ 18% of lone parents say that they are not working because they cannot afford childcare.³³¹ The continuing high costs of childcare explain why lone parents, among other groups, are not fully taking advantage of expanded childcare provision; between 2001 and 2004 lone parents use of formal childcare rose by only 5 percentage points, compared to ten percentage points for couple families.

3.27 Good progress has been made on childcare availability and affordability. But there is still some way to go before we can assume that universal childcare is available.

4. OTHER FORMS OF INCOME

4.1 Employment will never form the only route out of poverty for one parent families, who will continue to need support from a range of sources to assist with the costs of bringing up children. This section discusses major sources of support for one-parent families; child maintenance, tax credits, benefits and the Social Fund.

Child maintenance

4.2 At present, only around one in three one-parent families receive any support from the non-resident parent.³³² The Committee has examined the child maintenance system extensively and been influential in scrutinising the proposals for the new Child Maintenance and Enforcement Commission, to be established by a Bill currently passing through parliament. In our evidence to the committee earlier this year, we welcomed the new focus the new commission will place on enforcement, but questioned the extent to which a focus on private arrangements will deliver more maintenance to children. We do not dwell further here on the current legislation.

4.3 However, we note that receipt of maintenance has a significant impact on children's chances of growing up poor. A recent analysis of the 2004–05 Family Resources Survey showed that, where the lone parent was in employment, 27.1% of children were lifted out of poverty after child support was taken into account. This rose to 64.2% of children, if only lone parents actually receiving child support were included.³³³ And receipt of child maintenance is also positively associated with lone parents moving into work; The 10 year cohort study of British lone parents and their children from 1991 to 2001 found that, controlling for other factors (ie completely separate from matters such as education, owner-occupation etc), receipt of child maintenance was positively associated with lone parents moving into employment.³³⁴

4.4 Government currently has an opportunity to ensure that maintenance makes more of a difference to the poorest children, via the child maintenance disregard it applies to means tested benefits. At present, the White Paper on child maintenance committed to "significantly raise" the level of this, above the current £10 level, but not to do this until 2010–11. Given that the requirement to co-operate with the Child Support

³²⁶ Bradshaw, J, Kennedy, S, Kilkey, M, Hutton, S, Corden, A, Eardley, T, Holmes, H and Neale, J (1996) *Policy and the Employment of Lone Parents in 20 Countries*, Social Policy Research Unit, University of York: York.

³²⁷ Bryson C, Kazimirski A and Southwood H (2006) *Childcare and Early Years Provision: a Study of Parents' Use, Views and Experience* DfES.

³²⁸ Daycare Trust (2006) *Childcare Today: A progress report on the Government's ten year strategy* Daycare Trust.

³²⁹ Asmussen K, Corlyon J, Hauari H and La Placa V (2007) *Supporting parents of teenagers* DfES.

³³⁰ Skinner C (2006) *How can childcare help to end child poverty* Joseph Rowntree Foundation.

³³¹ Lyon, N, Barnes, M and Sweiry, D (2006) *Families with children in Britain: Findings from the 2004 Families and Children Study (FACS)*, DWP Research Report No 340, Leeds: Corporate Document Services.

³³² Hoxhallari, L, Conolly, A and Lyon, N (2007) *Families with children in Britain: Findings from the 2005 Families and Children Study (FACS)* DWP Research Report no 424, DWP.

³³³ *Child Support and Child Poverty*, Professor Jonathan Bradshaw, "Benefits" October 2006.

³³⁴ Marsh A and Vegeris S (2004) *The British Lone Parent Cohort and their Children; DWP Research Report No. 209* DWP.

Agency for lone parents on benefits will be abolished in 2008, we are seriously concerned that without a good incentive to seek child maintenance, the number of parents on benefits who receive it will fall. We therefore urge that the increase in the maintenance disregard is brought forward.

4.5 We also believe that there remains a strong case for a full disregard as a cost effective means of tackling poverty. The Joseph Rowntree Foundation report on child poverty suggested that a further million children needed to be lifted out of poverty by 2010 if the target of halving child poverty by that date was to be met.³³⁵ The report put forward various policy packages focusing mainly on tax credits in order to meet the 2010 target—the cheapest amounting to £4.2 billion or £4,300 per child (achieved by either raising the child element in CTC from £37 to £53 per week or raising it to £48.50 per week and also increasing the family element by £20 each for third and subsequent children). The Henshaw Report (using DWP analysis) said that fully disregarding child maintenance in benefit calculations would lift between 80,000 and 90,000 additional children out of poverty. The cost of a total maintenance disregard was estimated at £230 million in 2005. This suggests a cost of between £2,875 and £2,555 per child taken out of poverty. More recently, a PQ (*Hansard* 24 January 2007 col 1861W) said that a maintenance disregard of £50 would lift between 50,000 and 60,000 children out of poverty at a total extra cost in benefit expenditure of £170 million ie between £2,833 and £3,400 per child out of poverty.

Tax credits and benefits

4.6 Although not within the remit of the Department for Work and Pensions, tax credits are one of the major tools Government is currently using to tackle child poverty. The level of support via the tax credit system for all parents has significantly increased, but as described above, the Joseph Rowntree Foundation suggests that additional investment of around £4 billion is now urgently needed if the 2010 target is to be met.

4.7 Tax credits have had well documented problems in their delivery. We will need to wait until the next set of overpayment figures is published in the spring of 2008 to know whether the package of reforms introduced in the 2005 Pre-Budget Report has been effective, but we believe that, if these continue to remain high, there may be a case for a return to fixed six monthly awards.

4.8 Problems with the delivery of tax credits also lead us to prefer an approach to investment in children that maximises the use of universal Child Benefit, which is easy for parents to understand and Government to deliver. The Joseph Rowntree Foundation suggested a range of policy packages that could meet the target; that which increases Child Tax Credit alongside additional Child Benefit for children in larger families is both relatively cost effective and would fulfil this criteria.

4.9 There has also been significant debate during the course of this year about whether the tax credit and benefit system are “fair” to lone and couple parent families.³³⁶ As we note above, the risk of poverty for children in one-parent families remains significantly above that for children living with two parents. We also agree with the Institute of Fiscal Studies that: “One could also argue that when comparing poverty rates between couple and lone parent families, families with the same number of non-workers (ie adults available to care for the children)—rather than the same number of workers—should be compared. If so, then the poverty rate of 9% among children living with lone parents working full time should be compared of the poverty rate of 1% amongst children living with two earner couples, and the poverty rate of 15% amongst children living with lone parents working part time should be compared with the rate of 4% amongst children living with one full time worker and one part time worker. Using these comparisons, the tax credit system would seem to favour couple families at the expense of lone parent families”.³³⁷

4.10 Some commentators have suggested that one way to tackle poverty would be to increase the money available to couples via the Working Tax Credit. We note however, that while this would lift some children out of poverty, this would be significantly less effective, and less cost effective, than the option described above. Modelling of these policies, by the Institute for Fiscal Studies for the Joseph Rowntree Foundation showed that:

- Increasing the child element of Child Tax Credit by £11.50 a week, and having Child Benefit for the third and fourth child that is £20 higher than that for the other children would lead to a fall in the child poverty rate to 13.4% at a cost of £4.7 billion. That is a fall in poverty of 8.8 percentage points, at a cost of 0.534 billion per percentage point fall.
- Introducing a higher rate of Working Tax Credit for couples with children so that couples receive proportionally more than lone parents at the same ratio as they do in Jobseeker’s Allowance would lead to a fall in the child poverty rate to 18.8% at a cost of £3 billion. That is a fall in the poverty rate of 3.4 percentage points at a cost of 1.13 bn for every percentage point fall in child poverty.³³⁸

³³⁵ Hirsch D (2006) *What will it take to end child poverty? Firing on all cylinders* Joseph Rowntree Foundation.

³³⁶ See, for example Social Justice Policy Group (2007) *Breakthrough Britain: Ending the Costs of Social Breakdown, Volume 1, Family Breakdown* Social Justice Policy Group.

³³⁷ Brewer M (2007) *op cit* note 1.

³³⁸ Brewer M, Browne J and Sutherland H (2006) *Micro simulating child poverty in 2010 and 2020* Joseph Rowntree Foundation.

4.11 One Parent Families/Gingerbread has no desire to see lone parents put at an advantage above families with two parents. The majority of lone parents have been married, and, with the average length of lone parenthood around five and a half years, many will go on to be married or in a partnership again. But we do believe that the basis of investment in children should be need, rather than family type, particularly in a time of scarce resources.

4.12 We set out above (at paragraph 3.14) the changes we believe need to be made to means tested benefits in order to enable lone parents to have more choice over the hours they work, and encourage more to do so. But we also note that the continued erosion of the value of such benefits frustrates Government efforts to tackle poverty. Lisa Harker's report³³⁹ pointed to the importance of increasing benefit levels as part of a strategy to tackle child poverty, but suggested that "selective increases in the value of some adult benefits would be more effective" than an across the board increase. Given the high proportion of poor children living in a family dependent on Income Support, we believe that this should be the first focus for an increase in adult rates.

4.13 Lone parents are disproportionately likely to live to be caring for a disabled child. Overall, 27% of lone parent families include at least one child with a disability or longstanding illness, compared with 20% of couple families. 19% of all children living in lone parent families having a longstanding illness or disability, compared to 13% of those in couple families.³⁴⁰ Having a child with a disability can impose significant extra costs; researchers in 2004 found that parents of disabled children spend around twice as much on comparable items as those of non disabled children,³⁴¹ and families with a disabled child are less likely to be able to afford essential goods.³⁴² One Parent Families/Gingerbread is therefore supporting the calls by the Every Disabled Child Matters campaign for:

- A major take up campaign on Disability Living Allowance. Our own research with parents accessing our specialist service for those with a disabled child, found that awareness of available benefits was often low.
- An increase in the childcare element of the Working Tax Credit for these families, who often face some of the most severe barriers to finding suitable childcare and accessing employment. Where the family includes a disabled child, 23% of all lone mothers and 35% of those not in work say that their child has a disability which prevents them from taking up employment.³⁴³
- An increase in Disability Living Allowance to meet the real costs of caring for a disabled child.³⁴⁴

The Social Fund

4.14 The committee has also looked recently at the Social Fund. We have long argued that this could play a vital role in helping to tackle child poverty, by helping families to meet the cost of "lump sum" items and avoiding debt when unexpected costs arise. In previous research which we published jointly with the Child Poverty Action Group and the Family Welfare Association we argued for the introduction of a series of grants, as follows:

- A Child Development Grant payable either through the Social Fund or Child Tax Credit at key stages of a child's life that generate additional expenses. Our research showed that older children were particularly likely to lack essential items; DWP research also suggests that a child reaching the ages of both three and five are likely to trigger a need for lump sum payments.
- Child Health and Safety Grants to meet the core items essential for a child's health and safety, such as bed/bedding, cooker, fridge, heating equipment and repair or replacement of gas or electrical items. The grants would be administered via Jobcentre Plus and paid to families with incomes low enough to qualify for the maximum Child Tax Credit and who can demonstrate need.
- Secure Homes Grants providing lump-sum payments for core items needed after rehousing to help people fleeing domestic violence, relationship breakdown or homelessness.

4.15 There is clearly room for a debate about which form of grant would make the most difference in terms of child poverty rates. However, we believe there is a strong consensus that grant based payments from the Social Fund must form part of attempts to tackle child poverty. We also believe that more radical reform of the Social Fund could be a valuable lever to promote financial inclusion.

³³⁹ Harker L (2006) *Delivering on child poverty: what would it take? A report for the Department of Work and Pensions* HMSO.

³⁴⁰ Hoxhallari, L, Conolly, A and Lyon, N (2007) *Families with children in Britain: Findings from the 2005 Families and Children Study* (FACS) DWP Research Report no. 424, DWP.

³⁴¹ Cited in Preston G with Robertson M (2006) *Out of reach: benefits for disabled children* CPAG.

³⁴² Hoxhallari, L, Conolly, A and Lyon, N (2007) *Families with children in Britain: Findings from the 2005 Families and Children Study* (FACS) DWP Research Report no. 424, DWP.

³⁴³ FACS 2007.

³⁴⁴ Every Disabled Child Matters (2007) *Disabled children and child poverty* available at http://www.edcm.org.uk/pdfs/disabled_children_and_child_poverty.pdf

5. CONCLUSION

5.1 This submission does not cover all the issues that face children growing up in poverty. But it sets out the urgency of Government's task if more children are not to lose out on the best start in life. Progress has been made in tackling the entrenched disadvantage faced by many one parent families. But with 50% of children living with a lone parent still poor, there is much much further to go.

September 2007

Memorandum submitted by CPAG

INTRODUCTION

1. On 23 July 2007, the House of Commons Work and Pensions Committee announced that it was holding a new inquiry into the progress against the Government's target to halve the number of children living in relative low-income households between 1998–99 and 2010–11, on the way to eradicating child poverty by 2020; and to what extent the proposals in the Government's Report Working for Children³⁴⁵ in response to Lisa Harker's independent review *Delivering on Child Poverty: what would it take?* are the right way forward.

2. This paper is CPAG's written submission to the inquiry. It draws upon a number of analyses we have produced on areas of specific policy. This includes our Manifesto *Ten Steps to a Society Free of Child Poverty* (2005), *At Greatest Risk: the Children most likely to be poor* (2005), *Comprehensive spending review 2007 What it needs to deliver on child poverty* (2006) and our forthcoming response to the Government's Green Paper on welfare reform. It does not respond to all of the areas of interest to the inquiry. Instead, it focuses on those areas of greatest interest to CPAG: the progress the Government is making against child poverty, what the Government is doing to support the groups at greatest risk of poverty and if this is enough. It also sets out the policies we believe are necessary to end child poverty and asks whether the proposals contained in the Government's Green Paper is the right way forward, especially for lone parents.

3. Although the focus of the inquiry is progress against child poverty, CPAG believes that this cannot be separated from the progress the Government is making against inequality. And here the evidence suggests that we are moving backwards. Recent research by the Joseph Rowntree Foundation shows inequality has reached its highest levels in over 40 years.³⁴⁶ Research by the Institute for Fiscal Studies paints a similar picture: income inequality has reached its highest level since 2001–02, and is significantly higher than that which the Labour Government inherited.³⁴⁷ Moreover, social mobility appears to be declining in the UK. Boys born in 1970 are less mobile than those born in 1958. The report's authors believe that part of the reason for the decline is the strong and increasing relationship between family income and educational attainment.³⁴⁸ Our own recent study, *Chicken and Egg: child poverty and educational inequalities*, graphically demonstrates this link. Without tackling the huge inequalities in British society, CPAG cannot see how the Government will be able to create the virtuous circle which will lift children out of poverty and contribute to meeting the 2020 target.

The Government's record on child poverty

4. The Government has made substantial progress in the eight years since former Prime Minister Tony Blair made his historic pledge to eradicate child poverty. Between 1996–97 and 2005–06, child poverty fell by 500,000 after housing costs and 600,000 before housing costs. Nevertheless, child poverty remains unacceptably high and, as we discovered last year, the Government failed to achieve its target of reducing child poverty by a quarter between 1998–99 and 2004–05. To make matters worse, the latest low income figures, published in March 2007, show that child poverty actually rose between 2004–05 and 2005–06—the first increase in child poverty since 1998–99.

5. The rise in child poverty and the failure to meet the first child poverty target means that it will now be much more difficult for the Government to meet its second target of halving child poverty between 1998–99 and 2010–11. The Institute for Fiscal Studies calculates that for the Government to meet its next target will require child poverty to fall by an average of 200,000 in each of the next five years, after annual falls of less than 100,000 over the past seven years. It predicts that additional new spending of around £4 billion a year by 2010–11 is need for the Government to have a 50:50 chance of meeting its target.³⁴⁹

³⁴⁵ Department for Work and Pensions, *Working for Children*, 2007.

³⁴⁶ D Dorking, Jan Rigby, Ben Wheeler, D Ballas, B Thomas, E Fahmy, D Gordon and R Lupton, *Poverty, wealth and place 1968 to 2005*, Joseph Rowntree Foundation, 2007.

³⁴⁷ M Brewer, A Goodman, A Muriel and L Sibieta, *Poverty and inequality in the UK: 2007*, Institute for Fiscal Studies, Briefing Note No.73, 2007.

³⁴⁸ J Blanden, P Gregg and S Machin, *Intergenerational Mobility in Europe and North America*, Centre for Economic Performance and Sutton Trust, 2005.

³⁴⁹ See note 3.

AT GREATEST RISK OF POVERTY

6. The Work and Pensions Committee has listed among its particular areas of interest whether the Government is doing enough to support lone parents, unemployed partners, parents of disabled children and disabled parents. CPAG believes that the Government is not doing enough to support these groups. We also believe that the Government is not doing enough to support other groups. CPAG's publication, *At Greatest Risk*, identified those groups of children who were at greatest risk of child poverty and looked at how to tackle the particular issues that most affect them. The challenge for the Government is to drive overall policy to deliver for these most vulnerable children.

Large families

7. Studies have consistently found that children in large families are at far greater risk of poverty than children from small families. According to the Family Resources Survey, nearly half (47%) of children in families with four or more children were poor,³⁵⁰ compared with just over a quarter (27%) in one-child families.³⁵¹ It has been calculated that—other things being equal—a child in a 3+ child family in 2004–05 was between 50–180% more likely than a child in a one-parent family to be poor and that a child in a 4+ child family was between 280–800% more likely to be poor than a child in a one-child family.³⁵² As our publication *Child Benefit: fit for the future* points out, there is an overlap between large families and other groups at risk of poverty (such as younger children, minority ethnic groups, those living on benefit and social tenants). Nevertheless, being in a large family is still a specific driver of living in poverty.

8. The Government has a “long-term aspiration to improve the financial support available to large families”.³⁵³ Research for the Joseph Rowntree Foundation simulated six possible policy changes in order to explore how the Government might achieve this, and at what cost; it found that increasing Child Benefit to the same level for each child (Child Benefit is paid at a higher rate for the first child in the family) and then increasing the benefit for the third and subsequent child by £20 per week would achieve the best outcome in terms of equity for large families.³⁵⁴

9. The UK child poverty rate for large families is among the highest in the OECD. Still, figures show that child poverty in large families has been falling since 1998–99.³⁵⁵ This is likely to be as a result of both rising employment and tax credit increases. We welcome this but much more still needs to be done, for example by addressing the first-child bias in child benefit, the tax credit family element (this is paid at the same rate no matter how many children there are in the family) and childcare subsidy (there is no extra help for parents with three or more children).

Children with disabilities

10. There are over three-quarters of a million disabled children in the UK. While not all disabled children will experience poverty, they are more likely than their non-disabled peers to live in poverty as a result of lower incomes (because parents need to look after disabled children and so cannot work) and the impact of disability-related additional costs. Current statistics indicate that over one million children living in poverty are affected by disability.³⁵⁶

11. CPAG welcomes the focus being given to this group by the Government and the recent announcement of a £340 million package to improve outcomes for disabled children.³⁵⁷ However, as our recent publication, *Out of reach: benefits for disabled children* shows, the Government's attempts to improve the lives of disabled children are not having the maximum impact. In particular, it questions whether the Government is making the best use of disability living allowance (DLA) to draw such families out of poverty.

12. The report indicates that the lack of information about DLA, the onerous nature of claiming and reassessments, and the stigma associated with being on benefits all have a negative impact on take-up. Many families are put off from claiming DLA because of complex and cumbersome forms that are difficult to obtain, and difficult or stigmatising to fill in. Poor decision making also creates problems for families and generates a high number of appeals.

13. *Out of reach* concludes that the benefit system must be improved so that it is more responsive to family needs and less punishing. This can be achieved without significant structural changes. The following issues need to be addressed:

³⁵⁰ Using the poverty threshold of 60% of median income after housing costs.

³⁵¹ Department for Work and Pensions, *Households Below Average Income 1994–95—2005–06*, 2007.

³⁵² J Bradshaw, N Finch, E Mayhew V-M Ritakallio and C Skinner, *Child Poverty in large Families*, Joseph Rowntree Foundation, 2006.

³⁵³ HM Treasury, *Child Poverty Review*, 2004.

³⁵⁴ See note 8.

³⁵⁵ See note 7, HBAI Supplementary Table E5.

³⁵⁶ See note 7. Using the poverty threshold of 60% of median income after housing costs.

³⁵⁷ *Aiming high for disabled children: better support for families*, May 2007, HM Treasury and Department for Education and Skills.

- *Take-up.* The Department for Work and Pensions (DWP) should measure take up of DLA, set a target to increase it, and should fund and implement effective campaign work to achieve fuller take-up. This should include a national information campaign, underpinned by support with form filling, applications and tribunals
- *Delivery.* The DWP should improve the level of decision making and training. Disability awareness around childhood conditions such as autism and ADHD, must be improved.
- *Structure.* The DWP should explore ways of reducing the complexity and simplifying the administration of DLA to make it more accessible to families. Forms that reflect children's different needs and longer awards would increase take-up, reduce the time and stress involved in applying for DLA, and limit the need for endless applications. This would prevent so many families cycling on and off benefit, which results in significant fluctuation in income.
- *Adequacy.* The amount of support provided by DLA and passported entitlements—particularly carer's allowance—should be reviewed in line with research findings on additional costs. This would bring the income of the disabled children closer to that of non-disabled children. Action should be taken to avoid significant fluctuations in income because of the sudden reduction or removal of support.

14. Drawing on the recommendations of *Out of Reach*, the Disability and Carers Service at the DWP is currently looking at how to simplify and the decision making process for families with disabled children. CPAG welcomes this helpful development.

Children with disabled parents

15. Children with disabled parents face a significantly higher risk of living in poverty living in poverty than those of non-disabled parents. It is estimated that about 700,000 children of disabled parents were living in poverty in 2005–06 before housing costs and 930,000 after housing costs.³⁵⁸ The main reason for this is the key role that work plays in keeping families out of poverty. Disabled parents are much less likely to be in paid work, and also suffer the impact of additional disability-related costs which sap family budgets. Although the benefit system provides higher support for disabled parents than for non-disabled parents, spells of poverty are likely to be much longer for children of disabled parents. And, when the parents of disabled children move into work, the risk of in-work poverty is higher than for non-disabled parents. One reason for this is that disabled parents are more likely to have to take relatively low-paid, part-time and insecure work compared with non-disabled parents.

16. CPAG supports government policy to increase the opportunity and support (through Pathways to Work) for those workless disabled adults who are able and willing to work. However, we have considerable concerns about the approach being taken to reform incapacity benefit and, as with lone parents, the use of sanctions around employment programmes and the role of non-state contracted providers in influencing or enforcing decisions. We believe that the key to increasing the employment rate of disabled adults is to offer effective support and engage with employers to ensure adequate jobs are available. Attempting to force disabled adults into work risks undermining good will, leaving people in unsustainable employment and increasing stress, while doing nothing to reduce poverty.

Black and minority ethnic children

17. Households Below Average Income (HBAI) statistics show that children living in households headed by someone from an ethnic minority are more likely to be living in a poor household. This is particularly the case for those households headed by someone of Pakistani or Bangladeshi origin, where well over half the children (58%) are living in poverty on the before housing costs measure, and two-thirds (66%) on the after housing costs measure.³⁵⁹

18. *At Greatest Risk*³⁶⁰ points out the greater likelihood of poverty among minority ethnic groups is the consequence of a number of factors, including: higher than average unemployment levels; minority ethnic communities largely remain residentially concentrated in inner cities where recession and industrial restructuring have weakened or destroyed older industrial sectors; racism in the selection of people for jobs or redundancy; the greater likelihood of being in low-paid work; inadequate health and housing provision; and, more recently, restrictions on State financial help for refugees and asylum seekers.

³⁵⁸ See Note 7, HBAI Table 4.5.

³⁵⁹ See Note 7, HBAI Table 4.5.

³⁶⁰ G Craig, "Poverty among black and minority ethnic children", in G Preston (ed) *At Greatest Risk: The children most likely to be poor*, CPAG, 2005.

Traveller and gypsy children

19. There is a severe lack of robust quantitative data on Gypsy and Traveller families, including poverty, reflecting their general exclusion and “invisibility”. For example, the Department for Work and Pensions has no separate data on Gypsy and Traveller work patterns or unemployment rates. And, until recently, successive governments have failed to include Gypsies and Travellers in national anti-poverty social exclusion/inclusion agendas. Also, they have tended to be sidelined in local anti-poverty strategies.³⁶¹ However, since 2003–04 there have been some positive moves including Social Exclusion Unit engagement with “frequent movers”, the work of the Institute for Public Policy Research (IPPR)³⁶² on site provision and the targeting of anti-Gypsy and Traveller racism as urgent priorities in equalities debates by the Commission for Racial Equality (CRE).³⁶³

20. Despite the paucity of robust data on the income of Gypsy Traveller families, both practice knowledge and other studies show that some families have few financial resources. Moreover, there has been a decline in previous economic outlets for Gypsy and Travellers, particularly in the crowded urban environments.³⁶⁴ Added to this, restrictions on travelling and on working activities on official sites have undermined aspects of the Traveller economy.³⁶⁵ Many find that simply being a Gypsy or Traveller, and lacking basic literacy skills, prevents them from accessing mainstream wage labour jobs or training.

21. Because of this, access to social security benefits is important for some families. However, research has shown levels of discrimination and disadvantage in accessing the benefit system for those who are frequently nomadic.³⁶⁶ One writer³⁶⁷ has referred to specific surveillance directed towards Gypsies and Travellers on the assumption that they commit benefit fraud, with the result that families can be denied benefit where there is little, if any, evidence of actual fraud.

Children leaving care

22. Young people leaving care are one of the most disadvantaged groups of young people in society. Many have experienced abuse, neglect or difficulties at home, but also coming into care has often failed to compensate many of these young people, so by the time they leave—often at a far younger age than other young people leave home—their life chances are very poor. Research has shown that many are likely to face multiple disadvantages including poverty.³⁶⁸ This is a consequence of their pre-care, in-care, leaving care and after-care “life course” experiences including: their poor family backgrounds and damaging intra-family experiences, including abuse and neglect; the failure of care to provide stability and compensate young people in care; low levels of educational attainment and post-16 participation; leaving care at a younger age than other young people leave home; being a young householder, moving often and experiencing homelessness; and being a young parent.

23. Since the introduction of the Children (Leaving Care) Act 2000 there is evidence of progress in three areas: young people leaving care later; improved qualifications; and improved participation in further education.³⁶⁹ But there is still a substantial gap between care leavers and other young people in respect of these and other areas. CPAG therefore welcomes the Government’s commitment to address this problem and its package of proposals for change set out in the Green Paper *Care Matters: Transforming the Lives of Children and Young People in Care*. However, as we pointed out in our response to the Green Paper³⁷⁰, much greater emphasis needs to be placed on safeguarding children moving out of care into income poverty. For example all young people aged 16 plus who do not live at home should be entitled to claim adult rates of income support and jobseekers’ allowance, and rates should be reviewed so that they safeguard recipients from poverty. Moreover, more support is needed to avoid children having to move into care in the first place.

³⁶¹ Social Exclusion Unit, *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*, Cabinet Office, 2000.

³⁶² H Crawley, *Moving Forward: the provision of accommodation for Travellers and Gypsies*, Institute for Public Policy Research, 2004.

³⁶³ Commission for Racial Equality, *Gypsies and Travellers. A Strategy for the CRE 2004–07*, Commission for Racial Equality.

³⁶⁴ C Power, *Room to Roam: England’s Irish Travellers*, Action Group for Irish Youth/Community Fund, 2004.

³⁶⁵ C Kiddle, *Traveller Children: a voice for themselves*, Jessica Kingsley Publishers, 1999.

³⁶⁶ C Clark, “Race, ethnicity and social security: the experience of Gypsies and Travellers in Britain”, *Journal of Social Security Law*, 6:4, 1999, pp186–202; L Webster and J Millar, *Making a Living: social security, social exclusion and New Travellers*, Joseph Rowntree Foundation.

³⁶⁷ See note 20, page 7.

³⁶⁸ R Lister, “Citizenship on the margins: citizenship, social work and social action”, *European Journal of Social Work*, 1, 1998, pp5–18; P Kemp, J Bradshaw, P Dornan, N Finch, and E Mayhew, *Routes out of Poverty: a research review*, Joseph Rowntree Foundation.

³⁶⁹ B Broad, *Improving the Health and Well Being of Young People Leaving Care*, Russell House Publishing, 2005; J Dixon, J Lee, J Wade, S Byford and H Weatherley, *Young People Leaving Care: an evaluation of costs and outcomes*, Report to the DfES, University of York, 2004; AS Allard, *A Case Study Investigation into the Implementation of the Children (Leaving Care) Act 2000: the experience of eight London boroughs*, National Children’s Bureau, London 2004.

³⁷⁰ *Care Matters: Transforming the Lives of Children and Young People in care*, CPAG’s response, 2007.

Asylum seekers

24. CPAG believes that Government asylum policy directly conflicts with policies on child welfare, social inclusion and anti-discrimination. The difference in treatment of asylum seeker families is highlighted in a recent report from researchers at the London School of Economics.³⁷¹ It found that while poverty had been alleviated for some vulnerable groups over the last seven years, asylum policies have led to a reduction in rights for this group in employment, health services, income and housing. According to the report, policies introduced by the Government have helped to make asylum seekers the most socially excluded group in Britain.

POLICIES TO END CHILD POVERTY

25. Below we set out the policies that CPAG believe are necessary to halve child poverty by 2010 and end it by 2020:

- (a) Provide most for those for those children at greatest risk of poverty. These are children living in large families, children with disabilities, children with disabled parents, black and minority ethnic children, traveller and gypsy children, children leaving care and asylum seeker children.
- (b) Work towards better jobs, not just more jobs. As the Harker report argues, more effort needs to be put into looking beyond the work-first approach and towards measures that tackle in-work poverty, improve job sustainability, and prevent cycling in and out of employment.
- (c) Ensure the safety net protects families against poverty. Despite substantial recent increases to benefits for children, the package of financial support for families remains inadequate to protect against poverty and social exclusion. This is most starkly demonstrated by the total value of benefits and tax credit entitlements—very often less than the official poverty line.
- (d) Increase the value of adult payments within income support in line with those for children. The failure to uprate benefits in line with societal living standards—but instead with (lower) price inflation—has resulted in adult payments in income support losing their relative value against average earnings. Although adults in families with children receive additional child elements which have, in recent times, risen in value more rapidly, the effect on the total sum of combining both adult benefits (which have been falling in value as a proportion of wages) and the smaller child elements (which have been growing as a proportion of average earnings) dampens the overall family income increase considerably. Child poverty cannot be tackled without a broader focus on family poverty: to address family poverty and the poverty of childless adults who may, in due course, become parents, income support needs to be raised and its uprating then needs to be on a par with benefits for children. CPAG welcomes the Government's plans to give a one-off payment to women when they are seven months pregnant. We particularly welcome the intention for it to be paid to expectant mothers, regardless of income.
- (e) Maximise the contribution of child benefit within family support. Within the package of support to families with children, the balance between money provided through the twin foundations of child benefit and means-tested child tax credit needs to be right. CPAG believes that this balance is presently wrong and is therefore calling for the subsequent rate of child benefit for second children to be raised to the first, which has been modelled to lift between 250,000 and 300,000 children out of poverty.
- (f) Introduce free at the point of delivery good-quality childcare. The problem with current policy is that it falls down before two hurdles: excessive expense and inadequate supply. Both factors bear most heavily on the poorest. The lack of affordable good quality childcare in deprived areas is particularly pertinent given the Government's proposals to require lone parents with older children to register for work. In the short term, sustainable ways must be sought of making childcare available in deprived areas, as well as ensuring a greater variety of provision to meet need. The longer term ambition should be universal childcare, free at the point of delivery.
- (g) Make the reduction of child poverty central to the new child support policies. Child poverty cannot be tackled without effective child support policies. Following the reporting of Sir David Henshaw's review into child support, CPAG argued that for child support to effectively assist the reduction of child poverty, the following principles should be reflected within reform: deliver adequate and stable maintenance, even if it is difficult to enforce collection, consider the needs and ability to pay of second families—reform should not reduce poverty for one group of children by increasing it among another group of children and minimise conflict between parents—conflict is acknowledged to be highly damaging for children's wellbeing. CPAG further argued that the Child Maintenance Premium should be extended to those in receipt of benefits (not just the new scheme cases) and that all maintenance should be disregarded when assessing entitlement to income support, as it is for child tax credit. We do not believe that the Child Maintenance Bill presently before Parliament will fully safeguard the interests of children in poverty. In particular, we are

³⁷¹ J Hills and K Stewart (eds), *A More Equal Society? New Labour, poverty, inequality and exclusion*, Policy Press, 2005.

concerned about the encouragement of voluntary arrangements between resident and non-resident parents, which may result in parents with care losing out, and the lack of a guarantee that all maintenance will be disregarded for those on income support.

- (h) Provide benefit entitlement to all UK residents equally, irrespective of immigration status. Those seeking asylum receive a lower entitlement to financial assistance than British citizens. Parents seeking asylum are also prohibited from working until their asylum application is resolved—there is no option here for work as the route out of poverty. The key to reducing the additional risk of poverty faced by children subject to immigration control is to provide them with the same rights to social security and tax credits as are received by British citizens. Furthermore, for this group to be brought into line with the population as a whole, the restriction on paid work should be removed.
- (i) Reduce the disproportionate balance of taxation on poorer families. The very poorest households pay a higher proportion of their income in taxes than the richest households. This is because indirect taxes on goods—unlike income tax and national insurance—tend not to be based on ability to pay. It is not just indirect tax that is regressive: council tax costs proportionately more to the poor than to the rich, even after council tax benefit. Addressing the tax balance is complicated, but vital to ensure we have a truly progressive taxation system that does not undermine anti-poverty policy.
- (j) Improve the quality of delivery and gear it to the needs of the poorest families. To support the policy developments called for elsewhere in this submission, CPAG believes that greater attention needs to be given to the mechanics of how policy is implemented. Significant delivery problems have been occurring in Jobcentre Plus, the tax credit system and the Child Support Agency. Examples of current problems are not hard to find—for instance the delivery of child support policy has been widely criticised. Significant problems—both policy and administrative—also continue to afflict the tax credit system. The DWP has announced it will poverty-proof new policy. We believe that this should extend both to policy and the administrative mechanisms of delivery.
- (k) Ensure that new educational funding is targeted at children from the poorest backgrounds. CPAG's new report, *Chicken and Egg: Child Poverty and Educational Inequality*, shows that children in poverty fall further behind their peers at every stage of schooling. By age three, poverty makes a difference equivalent to nine months' development in school readiness. And at each stage of compulsory schooling the poverty gap grows. Moreover, the association between growing up in poverty and being poor in adulthood has become stronger since the 1970s. CPAG believes that without targeted educational investment the Government's long-term goal of eradicating child poverty by 2020 will not be reached.
- (l) Make education truly free at the point of delivery. Education should be free at the point of delivery. Too often it is not. Research for the Department for Education and Skills published in 2004 found that £736.22 was spent per child on schooling, including trips and activities; contributions to school funds; meals; and travel.³⁷² Although the poorest households spent somewhat less in cash terms than the richest, this is actually a bigger share of their income. Moreover, the poorest households are those most likely to report difficulty in meeting these costs. Spending levels are key for two reasons: first, spending may open up new opportunities for children (eg, trips and activities) and so if income precludes spending, affected children will be denied the experiences open to many of their peers. Second, parents make sacrifices themselves to give the maximum opportunities to their children so spending on schooling may be at the expense of other necessary outgoings. For both reasons CPAG wants to see action to ensure all children have equal access and to ease the burden on family budgets, which address the following areas:
 - (m) School meals. Though free school meals are available to some (linked to receipt of other benefits) they are poorly taken up. All too often the existing system openly identifies those in receipt of free school meals, resulting in stigma and low take-up. Universal free school meals would ensure full take-up and protect families who are relatively poor but not entitled to claim free school meals and also have a work incentive effect.
 - (n) School clothing. Clothing for school costs money, more for older children, and the need is focused around very specific transition points in their development—growth spurts and changes of school. A report from Citizens Advice suggested that the costs of uniforms for the start of secondary school could amount to over £200 and demonstrated an extremely patchy picture of local education authority (LEA) support for parents in meeting the cost.³⁷³ It showed that two out of five LEAs provided no help at all with school clothing, a situation that has worsened significantly since 2001.
 - (o) Trips and activities. School activities, including trips and hobbies, are a vital element of childhood learning and experience, but charges often apply. Although official guidance discourages charging for activities occurring in school time, schools may ask for “voluntary” contributions for certain

³⁷² T Brunwin, S Clemens, G Deakin and E Mortimer, *The Costs of Schooling*, DfES Research Report, RR588, October 2004.

³⁷³ Citizens Advice evidence briefing, *Help with uniform costs: update*, p4: a previous study came to very similar results, see National Association of Citizen Advice Bureaux, *Uniform failure* CAB evidence report, 2001, p 18.

activities, and can charge for activities associated with school which fall outside the school day. Charges or “voluntary” contributions confront parents and children with an odious choice: preventing a child from participating in an activity, or paying for them to do so out of an already stretched budget. Both work against effective anti-poverty policy.

- (p) Extended schools. Such schools offer particular benefits for the most disadvantaged children and young people, such as study support activities, after-school and holiday activities, childcare, parenting support and referral to wider support services. All schools are expected to offer some free study support and some free after-school sport activities but schools (after local consultation) fund other study support activities by charging parents. While schools may use their delegated budget to fund access to study support activities for the children and young people in low-income families, (and to support access to educational activities which are normally included as part of the childcare offer) this will undoubtedly differ from school to school. And, like free school meals, it runs the risk of openly identifying those children in low-income families, resulting in stigma and low take up. Many will therefore be denied the educational benefits of these study support activities. We are concerned over the policy presumption in extended schools—notwithstanding the benefits they offer to the most disadvantaged children—that parents have less and less time to parent and children require more and more state care. We do not believe that this is what most parents want; instead they want a better work-life balance.

26. CPAG believes that the way to resolve the problems that have a particular impact on children from poorer families is firstly to consider the appropriateness of costly trips or uniform (such as uniform badges or uniforms with only one supplier) and, where such services are necessary, either to provide adequate grants or to provide such services universally, free at the point of delivery with a test of educational need, not ability to pay.

THE GREEN PAPER

27. Shortly before the Committee announced its inquiry into child poverty, the Government published a consultative Green Paper *In work, better off: next steps to full employment*. This document follows on from both the Harker review and the Government’s response to this, as well as David Freud’s assessment of the welfare system and the Government’s response to the Leitch review, and marks a substantial change in direction in welfare policy in this country.

28. CPAG welcomes much that is in the Green Paper, in particular, the reiteration of the Government’s aspiration to achieve full employment, defined as an employment rate of 80% and to close the employment gaps between different groups in society. We agree that some groups suffer particularly low levels of employment and disadvantage in the labour market. We also agree that employment can be a route out of poverty for families with children, and that achieving full employment should help to reduce child poverty. However, we would argue that paid employment is only one of a number of routes out of poverty for families and that many families will not be in a position to take advantage of employment opportunities. Moreover, for other families paid employment may result in in-work poverty and children will suffer.

29. Underlying the Government’s aspiration to increase the employment rate is that decent jobs are available. Nonetheless, the existence of jobs in the economy does not prove that jobs are open equally to all. Barriers to work, including costs associated with work, the quality of jobs, spatial concentrations of employment and non-employment, skill demands and discrimination mean that not all have equal access to jobs, and certainly not all have equal access to good quality jobs.

30. In CPAG’s submission to the Work and Pension’s Select Committee’s inquiry into the Government’s 80% employment rate aspiration, we recommended that the inquiry used its report to examine the extent to which policy is currently succeeding in overcoming barriers to work, and what else is needed to meet the needs of those specific groups, lone parents and disabled adults, recently targeted by policy. The evidence clearly shows that employers have a greater role to play in opening up opportunities to decent, flexible work and overcoming the discrimination that currently reduces access to employment for many groups.

31. CPAG welcomes the thinking in Lisa Harker’s report that greater thought and effort should be put into looking beyond the work first approach and towards measures that tackle in work poverty, improve job sustainability, and prevent cycling in and out of employment. Policy has moved significantly in this direction around supporting people in work through mechanisms like the lone-parent in-work credit, but this needs to go much further in improving the quality of employment (including pay, sustainability and progression). Learning the lessons from the Employment Retention and Advancement pilots and the Ambition pilots between the DWP and the National Employment Panel could assist framing of policy more focused on progression within work.³⁷⁴ An increased employment rate brought about by increased churn into and out of work amongst lower income families will not reduce poverty and may increase hardship. In particular, CPAG believes that more needs to be done to ensure that employment pays more for low paid workers. The

³⁷⁴ Which have sought to invest in demand-led training for specific areas of work to encourage longer term sustainable employment.

UK already has a high employment rate hand in hand with a with a high child poverty rate—half of poverty currently occurs in households with some work.³⁷⁵ A higher employment rate does not necessarily mean a low poverty rate.

32. The DWP has shown significant interest in encouraging second earners in couples into work which could have a significant impact in reducing poverty in those couple households where one parent is working and the other is not. Such a strategy has the potential to reduce poverty levels, but can do nothing for children in lone parent households and again it restricts the time that some parents will have to parent. Moreover, it presents Job Centre Plus (JCP) with the challenge of delivering a service to a group with which it has had little previous contact—the key to engaging with this group is to offer a high quality supportive service and to support people’s ambitions of entering decent flexible work.

33. Even if an employment rate of 80% is attained, this infers that one in five working adults will remain outside the labour market, and since many of these adults (perhaps as disabled adults or lone parents) are likely to live in households without any other adult being in work the target implies that many adults and children will remain in households where no adult is in work. Alongside consideration of the employment rate therefore we ought to have a more detailed examination of the safety net—currently over three quarters of children in households in which no adults work are poor.³⁷⁶

34. CPAG has a number of other more specific concerns with the Green Paper:

- (a) We are increasingly anxious about the conditionality being enforced upon benefit recipients which emphasises responsibilities whilst diluting rights. The responsibilities being proposed outweigh the rights being granted. Lone parents, disabled people and those most disadvantaged will be expected to take part in more work focused interviews and other forms of activity in return for their benefits, but the new rights that they receive in return for this activity are not spelt out. The rigidity of the Job Seekers Allowance regime may indeed limit what additional rights can be offered.
- (b) We agree that assisting people into paid employment requires a personalised and responsive approach, but are concerned that resources are not being devoted to ensure that personal advisors have the necessary skills to deal with the diverse needs of jobseekers. If this approach is to be achieved then greater investment in training and recruitment will be required. This will be difficult at a time when the DWP’s staffing and resources are being reduced.
- (c) Progression and retention in employment is key to reducing in work poverty and ensuring that JCP or private/voluntary sector providers do not “cream” and “churn” jobseekers. We would like to see more details about how this will be achieved and evaluated. We are concerned that there is no discussion about why people enter jobs for short periods and then leave employment.
- (d) In CPAG’s view, the Government is right to recognize the importance of the role of employers in fulfilling the demand side of the strategy. Unless there are jobs then those who are most disadvantaged cannot be expected to look for them as a condition of their receipt of benefit. Indeed to do so will be demoralizing and counterproductive. But we are totally opposed to the proposals in the Green Paper to impose more responsibilities upon lone parents. In particular, the proposal that from 2008 lone parents with a child aged 12 or over and from 2010 those with a child of seven will no longer be entitled to claim income support solely on the grounds of being a lone parent. They will then be moved on to a Job Seekers Allowance (JSA) regime of greater conditionality and enforced Work Focused Interviews (WFIs) with the threat of sanctions.

35. We oppose these proposals for the following reasons:

- The proposals do not entail a specific pledge to improve support to lone parents returning to employment, for example childcare. Much of this support will have to be financed by other Departments and the devolved administrations, and there is no evidence in the Green Paper about how this will be achieved or the practical content of this support. In our view, this is a one way increase in responsibilities without a symmetrical increase in rights.
- In England, it is intended that there will be a Sure Start Children’s Centre in every community. If this is achieved it will not address the childcare needs of all parents and children in rural areas where there may be some distance between a parent’s place of work, the Children’s Centre and their home. To apply greater conditionality upon these lone parents will increase child poverty.
- The duty imposed on local authorities to secure sufficient childcare for working parents by 2008 (paragraph 15 page 44) does not apply to Scotland. So whilst the responsibilities imposed throughout Great Britain through social security legislation may not be matched by rights for all lone parents.

³⁷⁵ See note 7, HBAI Table 4.3.

³⁷⁶ See note 7, HBAI, Table 4.5, measured after housing costs.

36. Overall, CPAG would propose that if lone parents are obliged to take part in the JSA regime and look for work, then the burden of proof that there is adequate and satisfactory child care in place before lone parents are required to consider paid employment should be placed on the DWP rather than the lone parent.

37. The Green Paper is unsure how to deal with the needs of lone parents with disabled children (paragraph 13, page 43). To apply greater conditionality will bear harshly on these parents and their children, and the Green Paper is silent on how their rights will be made stronger. These rights will need to be ensured by action by other Government Departments, the devolved administrations and local authorities. The DWP does not have the power to ensure that this support is in place.

38. We are also concerned about disabled lone parents and their children and how these proposals would ensure that their rights were enhanced in return for the increase in their responsibilities. Lone parents may have responsibilities for disabled children, but also disabled lone parents have responsibility for non-disabled children. The Green Paper does not address this issue.

39. The Green Paper lacks concrete proposals for how those entering into work can improve their skills and remain in long-term employment. There is a lack of detail on how the Leitch review's recommendations will be implemented.

40. Whilst we welcome the statement in paragraph 19 page 44, that "Nor will we force lone parents into jobs", we are concerned that a regime of more WFIs for lone parents will be experienced by lone parents as attempts to force them into work. If this is not the policy intention we would question the increased expenditure on WFIs whilst resources allocated to other purposes (for example better tailored childcare, transport and employer education on family friendly employment practices) might produce more positive results.

41. At present, lone parents on IS can only lose 20% of their benefit in order to protect family income. JSA claimants can have all of their benefit removed. Hardship payments are available to those with children to bring benefits back up to 80% of entitlement, but the claimant must first be sanctioned and then apply for these. We fear that this could lead to periods where a parent is receiving no benefit at all (with knock on effects on her Housing, Council Tax and other passported benefits).

42. Around one third of lone parents leave employment at the time of becoming a lone parent. Some leave due to bereavement, others due to issues connected to Domestic Violence, others due to the stress of a separation. Under the JSA regime lone parents would have to prove "good cause" for availing themselves of the National Insurance system. We think that this could lead to many in difficult circumstances being refused benefit.

43. Many lone parents, irrespective of their financial circumstances, may decide that it is best for their child to care for her/him on a full time basis. The Green Paper does not recognize this as an informed choice and a right.

44. The Green Paper (page 45) refers to aspirations about flexible working. We welcome increased statutory flexible working for parents; however paragraph 23 refers to "considering how to make the best use of flexible working". We would suggest that rather than greater conditionality being placed upon lone parents, the rights to such support should be put in place. In addition, we are concerned about the lack of well paid, suitable part-time jobs with potential for progression and training in many parts of the country (especially London).

45. Whilst the risk of children living in couple families being poor is lower than the number of those living in lone parent families, we recognize the importance of the Government's objective to reduce poverty in couple families and reduce the divide between work rich and work poor households. A family focus for employment is not solely the responsibility of the DWP and we would have welcomed a greater emphasis upon cross-departmental working on this issue. The extension of New Deal for Lone Parents to all couple parents in some areas is welcome, although evidence does suggest that the effects may be limited and that resources might be better deployed. For example, voluntary New Deal services open to all job seekers might be a better use of resources.

46. The In-Work Credit for parents and the Work Related Activity Premium for lone parents are both useful incentives to encourage people towards work and support them whilst in work for the first year. However, both of these suffer from a "cliff edge" where those in receipt suffer a 100% marginal tax rate after a year. We would suggest a later and much more gradual reduction in these benefits to allow claimants to adjust to the reduction. Also, it is not clear if the Work Related Activity Premium is to be continued—the Green Paper does not suggest it will.

47. Both of these benefits, whilst important, can only work alongside a greater emphasis upon progression and retention in employment. We would recommend that where employers take on a worker in receipt of the In-Work Credit, an obligation is placed upon the employer to provide training and the prospect of progression, thus balancing rights and responsibilities.

ABOUT CPAG

CPAG is the leading charity campaigning for the abolition of poverty among children and young people in the UK and for the improvement of the lives of low income families. CPAG aims to: raise awareness of the causes, extent, nature and impact of poverty and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. CPAG is a founder member of the campaign to End Child Poverty.

September 2007

Memorandum submitted by Family Welfare Association (FWA)

SUMMARY

- Since 1997, the lone parent employment rate has increased significantly, by approximately 11 percentage points.
- The Government's pledge to end child poverty by 2020 is hugely important but significant additional investment will be required if the 2010 target of halving child poverty is to be reached.
- The "in work, better off: next steps to full employment" Green Paper, published in July, proposes a substantial change in the requirements placed on lone parents to be available to work, and the support available to them.
- FWA is extremely concerned about the impact of these proposals on lone parents and their children, and believes they will do little to improve their employment chances.
- In our view the JSA regime is insufficiently flexible to recognise the barriers to employment faced by lone parents; this submission outlines some of the potential problems with the regime as proposed.

1. INTRODUCTION

1.1 The Family Welfare Association was founded in 1869 to help some of England's families in greatest need. We provide home-based and centre-based support to families in a range of circumstances, many of whom have complex needs and are at risk of social exclusion. We have always sought to work holistically with families by working with all family members together and individually. Throughout our history we have worked across the lifecycle and across traditional service boundaries with a particular blend of practical advice, financial help and therapeutic individual and relationship counselling. These principles, and this approach, underpin our work today.

1.2 FWA helps 45,000 children and families each year through 100 local services across England and our national grant-making programme. A further 60,000 benefit from our educational grants advice. Our experience as a frontline service provider informs our policy and campaigning work.

1.3 Our local services are based in a variety of settings where people feel comfortable and safe including their own homes, family, day and drop-in centres, playgroups and doctor's surgeries. Many of our services offer home-based support where we can work intensively with families to bring stability back into their lives.

1.4 This submission focuses on whether the Government is doing enough to support lone parents. In particular, it focuses on the drive to increase employment among lone parents and the proposals set out in the recent "in work, better off: next steps to full employment" Green Paper.

2. LONE PARENT EMPLOYMENT AND CHILD POVERTY

2.1 The Government's pledge to end child poverty by 2020, and to halve it by 2010, is hugely significant. The range of measures which have been introduced to achieve this goal are welcome but, as the most recent figures demonstrate, there is an urgent need for further investment if the 2010 target is to be achieved.

2.2 Since 1997, under the current Government, the lone parent employment rate has increased significantly. The latest Labour Force Survey, published in June 2007, indicates that 57.1% of lone parents are now in paid employment, up 0.8 percentage points from the previous year and up 3.8 percentage points from five years ago.³⁷⁷

2.3 FWA welcomes the ambition to help the 90% of lone parents who wish to combine paid work with caring for their children to do so.

³⁷⁷ Labour Force Survey 2007, Office for National Statistics. <http://www.statistics.gov.uk/cci/nugget.asp?id=409>

2.4 At present, lone parents whose youngest child is aged under 16, are entitled to claim Income Support. As a condition of claiming this benefit, they are obliged to attend four Work Focused Interviews a year. Failure to attend these results in a benefit sanction. They also gain entitlement to services under the New Deal for Lone Parents which include:

- Job search assistance from a personal adviser.
- Access to help with childcare costs while attending interviews or training.
- A £15 “training premium” whilst undertaking training (up to NVQ level 2).
- Access to a discretionary fund to help with the one off costs of taking up employment.
- Assistance with childcare costs in the week prior to starting work.

In various parts of the country, further incentives have been trialled to encourage lone parents to take up work including access to an in-work emergency fund and a £40 “in work credit” for those who have been on Income Support for 12 months and take up a job.

2.5 The “in work, better off” Green Paper proposes a substantial change in the requirements placed on lone parents to be available to work, and the support available to them. The Green Paper suggests that, due to the proposed expansions in childcare set out in the 2004 ten year plan, from 2008 lone parents whose youngest child is aged 12, and from 2010, those whose youngest child is aged 7, do not have a legitimate reason for not actively seeking work. The paper therefore proposes that from these dates, such parents lose entitlement to Income Support, and instead be asked to claim Jobseekers Allowance.

2.6 Jobseekers Allowance claimants are required to “sign on” at the Jobcentre every two weeks, to be available for, and to demonstrate that they are actively seeking, work. Failure to fulfil any of these conditions can result in benefit being stopped entirely.

2.7 FWA is extremely concerned about the impact of these proposals on lone parents and their children, and believes they will do little to improve their employment chances. In particular, we are concerned that the move to the Jobseekers Allowance regime will result in claimants facing increased sanctions and prevent them from engaging in full time education. We fear that Department has yet to appreciate many of the implications of the policy, and are sceptical that there are sufficient resources to deliver the promised levels of support.

2.8 We believe that simply increasing the number of times which a lone parent must attend the Jobcentre, and the possibility of sanctions for failure to do so, is an inappropriate tool to achieve this aim, much less that of tackling child poverty.

2.9 In short, we agree with the conclusion that the Department itself reached in 2005 that: that “it would be wrong simply to move lone parents from income support onto the Jobseeker’s Allowance regime: an unrestricted requirement to search for work is inappropriate given the complex and difficult circumstances many lone parents face. We think such an approach would be expensive, unfair and ineffectual.”³⁷⁸

Our concerns are set out in more detail below.

2.10 Sanction levels: Under the current Income Support regime, lone parents can lose 20% of their benefit if they fail to attend a work focused interview. In contrast, Job Seekers Allowance (JSA) claimants can have their entire benefit stopped if they: lose a job as a result of misconduct; leave a job voluntarily without good cause; refuse or fail to carry out a Jobseeker’s direction; fail to apply for or accept a job, or; neglect to avail themselves of a job.

2.11 The JSA regime provides that sanctioned claimants with children are entitled to apply for hardship payments to bring benefits back up to 60% of entitlement, but the claimant must first be sanctioned before applying for these. FWA fears this could lead to periods where a claimant is receiving no benefit at all. We are also concerned by the knock on effects this would have on other passported benefits.

2.12 Sanctions for voluntarily leaving employment: At present, around one third of lone parents leave employment at the time of becoming a lone parent. This can be the result of the stress of bereavement, issues connected with domestic violence or other strains stemming from separating from a partner. Under the JSA regime lone parents would have to prove “good cause” for availing themselves of the social security system. In our view, this could lead to many in difficult circumstances being refused benefit.

2.13 Failure to avail oneself of employment: The availability of suitable childcare is a critical factor in determining whether a lone parent is able to take up an offer of employment. At present, JSA guidance does not cite being unable to find suitable childcare as a factor to be considered good cause for failure to avail oneself of employment, and legal issues may prevent the cost of childcare from being taken into account as a factor. FWA is concerned that this may lead to a situation where a lone parent is sanctioned for not taking up a job, despite being unable to find suitable childcare.

2.14 Participation in education: The current system allows lone parents who are studying full time to apply for Income Support. The JSA requirement to be “actively seeking work” would prevent lone parents from undertaking full time education in the future. This may particularly impact on FE students, who do

³⁷⁸ DWP (2005) Opportunity and Security throughout life: Department for Work and Pensions Five Year Strategy Corporate Document Services p 38.

not receive grants or loans and may have their fees remitted due to the fact they are claiming Income Support, and for those who are receiving some help with mortgage interest via their entitlement to Income Support. There may also be particular issues for young parents—who the Government normally suggests should be participating in employment, education or training—not solely employment.

2.15 DWP has suggested that the requirement to be “actively seeking work” will not apply to those lone parents who are already studying full time when the new regime comes into force on 1st October 2008. Nevertheless, FWA is concerned that, after this point, lone parents will be unable to undertake full time study if they wish to retain their benefit entitlement.

2.16 Better off in work: The Green Paper states that, “we want to make work pay . . . we want to support lone parents into employment that reduces poverty for them and for their children as much as possible. In Australia, for example, reforms introduced in 2006 mean that parents with a youngest child over six are only obliged to accept an offer of employment which makes them financially better off than on benefit. We are attracted to this idea”.³⁷⁹ FWA supports the view that lone parents should only be required to take up an employment offer if it makes them better off. It is important that any better off calculation is accurate and takes into account the full range of benefits, including, for example, free school meals, which are available to lone parents who are not in paid employment.

3. FURTHER ACTION NECESSARY

3.1 If the Government is serious about increasing the employment rate of lone parents, and more importantly tackling child poverty, action in the following areas—which extend beyond the remit of DWP—will be essential.

3.2 An increase in affordable, flexible childcare: While the Government has made good progress in this area, and measures contained in the Childcare Act are likely to improve the situation further, the cost and availability of childcare remain major barriers to work. The situation is particularly difficult for parents of older children, for whom there is a dearth of provision, and for those requiring childcare during the school holidays.

3.3 An increase in the opportunity to work flexibly, and part time: The opportunity to work flexibly is a vital factor in enabling many lone parents to take up a job offer. If the Government wishes to increase the lone parent employment rate, the right to request flexible working must be extended to parents of older children.

3.4 Improving financial incentives: Despite substantial measures to “make work pay”, employment still does not provide a secure route out of poverty for many lone parents. The Institute for Fiscal Studies has identified lone parents as facing the worst financial incentives to work of any group³⁸⁰, incentives to work in jobs of less than 16 hours are particularly poor, and much of this problem is due to Housing Benefit. The issue is particularly acute for those in temporary accommodation—although the innovative Working Future pilot³⁸¹ in Newham suggests that there are ways that Government can tackle this issue.

4. CONCLUSION

4.1 In short, FWA is concerned that the Government’s proposals fail to recognise the additional barriers that lone parents face in securing paid employment. The JSA regime is not sufficiently flexible to recognise these barriers and is too punitive in its approach. In our view, the Green Paper proposals risk not only further disadvantaging an already disadvantaged group, but, by failing to win the hearts and minds of lone parents, damaging the progress which has been made over the past decade.

4.2 A more constructive approach, based on a tailored support package which recognises and addresses the barriers that lone parents face, is possible and could achieve the Government’s objectives without the risk of such high costs. We hope this will be seriously considered.

September 2007

³⁷⁹ DWP (2007) In work, better off, next steps to full employment DWP.

³⁸⁰ Adam S, Brewer M and Shephard A (2006) The poverty trade off: work incentives and redistribution in Britain IFS.

³⁸¹ For more information see www.workingfuture.org.uk

Memorandum submitted by Daycare Trust

THE BEST START IN LIFE? ALLEVIATING DEPRIVATION, IMPROVING SOCIAL MOBILITY AND ERADICATING CHILD POVERTY

INTRODUCTION

1. Daycare Trust, the national childcare charity, is celebrating 21 years of campaigning for quality, accessible, affordable childcare for all and raising the voices of children, parents and carers. We lead the national childcare campaign by producing high quality research, developing credible policy recommendations through publications and the media, and by working with others. Our advice and information on childcare issues assists parents and carers, providers, employers, trade unions and policymakers.

2. Established in 1986, Daycare Trust has seen its campaigning translate into policy change, including the establishment of the national childcare strategy. However, access to quality childcare services is still dependent on where families live and on their income. In our 21st campaigning year, Daycare Trust is uniquely qualified to give a voice to parents facing a multiple range of challenges.

3. Daycare Trust welcomes the opportunity to contribute to the Work and Pensions Committee's inquiry into eradicating child poverty. The Government's ambitious goal to eradicate child poverty by 2020 is warmly welcomed. In spite of the failure to meet the target to reduce the number of children living in poverty by a quarter, progress has been made since 1999. Yet if the Government is to meet its target of halving child poverty by 2010 it will need to redouble its efforts.

4. Daycare Trust has recently conducted research charting the progress made in delivering the Government's childcare strategy in England. *Childcare nation?*ⁱ brings together a review of existing research and government statistics. The desk research has been supplemented by new secondary analysis of two key data sources: the Parents' Childcare Survey series (with most recent data from 2004 surveyⁱⁱ) and the Childcare Providers' Survey series (most recent data from 2006), both produced for the Department for Children, Schools and Families. A copy of the report summary is attached and some of the content of the report that is relevant to the Committee's inquiry is cited below.

5. Daycare Trust would welcome the opportunity to discuss findings from our research and present our views on progress on the Government's target to eradicate child poverty.

THE IMPORTANCE OF CHILDCARE IN TACKLING CHILD POVERTY

6. The Government's approach to ending child poverty is to help parents into work, with a target of getting 70% of lone parents into work by 2010, and providing financial support for those who need it most. But increasing parental employment depends upon the availability of high quality and affordable childcare. To achieve the aims of ending child poverty the Government must commit to effective and long-term funding of childcare. The single most striking characteristic of countries that have a low poverty rate and a high proportion of parents in paid work (such as Sweden) is the widespread availability of publicly funded childcare.

7. A considerable body of evidence has shown the substantial benefits of early years education and care for children.ⁱⁱⁱ Early years education benefits children's learning, improves their confidence and peer relationships, and can help to break cycles of poverty. Children's language and cognitive development also benefit, and this increases depending on the length of time, in months and years, spent in childcare settings. As disadvantaged children already lag behind their middle-class contemporaries in terms of cognitive development at the age of three,^{iv} the provision of high-quality early years education is clearly one very important way to counter this.

CHILDCARE AND MATERNAL EMPLOYMENT

8. Evidence from the DCSF Parents' Childcare Survey series shows that maternal employment has not increased dramatically since 1999.^v This may explain why overall demand for childcare appears not to have kept up with increases in supply. However, there has been a significant increase in long part-time working hours (ie 16–29 hours per week). If this trend continues, it may have implications for the demand for childcare. Welfare reforms, such as the proposal to require lone parents on benefits to seek work once their child reaches the age of 12, and eventually seven, may also influence the need for out-of-school childcare.

9. Some mothers retain a preference for parental care and a mistrust of formal provision, which may limit the extent to which the childcare strategy can be effective in increasing maternal employment. Nevertheless, the evidence suggests that there is scope for increasing maternal employment through improving childcare provision, particularly for low-income groups and lone mothers. A substantial minority of non-working mothers in these groups would prefer to work if suitable childcare were available. Qualitative research with lone parents has indicated that mothers differ in their work and childcare orientations, and that employment decisions are influenced by a complex interplay of "parent centred" and "child-centred" considerations.

Furthermore, parents' views of non-parental childcare can also influence their childcare choices and employment behaviour. Childcare and employment responses might therefore need to be refined in order to meet the very diverse needs of different families.^{vi}

10. Little progress has been made towards meeting the needs of families requiring childcare at atypical hours and during school holidays. A significant minority of families continue to experience problems with childcare at these times. The evidence from providers confirms this shortfall in provision and suggests that market forces (alone) are unlikely to lead to an increase in supply in line with parents' needs, and (further) government intervention is likely to be required.

CHILDCARE IN DEPRIVED AREAS

11. Evidence clearly points to the existence of two distinct childcare markets. More affluent areas are mainly served by private providers, with services shaped by market forces. Private provision in these areas is becoming concentrated in the hands of large corporate chains, and there is not yet evidence that private and voluntary providers in these areas are losing out to local authority provision. Deprived areas have been reliant on government intervention and initiatives such as the Neighbourhood Nurseries Initiative (NNI) and children's centres to address market imperfections and the reluctance of private providers to establish themselves in disadvantaged areas. This has brought about a significant increase in supply in deprived areas and has also resulted in more flexible provision than is available via private providers. However particular concerns remain about the viability of provision in the most deprived areas, once the start up funding provided by government initiatives runs out. Further thought therefore needs to be given to the role of government intervention in childcare markets in both deprived and affluent areas to enable sustainable development of high-quality provision.

CHILDCARE COSTS

12. The strategy adopted to expand early years education for three- and four-year olds shows that if free, good-quality provision is offered to parents, they will take it up. However, there are problems in relation to the take-up of early years education mainly due to the implementation of this strategy, including the fact that some parents report paying a fee for the "free entitlement".

13. Evidence suggests that the cost of childcare might have contributed to slow down progress in increasing the use of other types of childcare. Cost constitutes a barrier particularly for lone parents, low income families and parents with pre-school children. These groups spend a higher proportion of their income on childcare than other families, and are also more likely to report difficulties in paying for childcare and to say that they do not use childcare because they cannot afford it.

CONCLUSIONS

14. The childcare strategy to expand free early years education seems largely to have worked well. This could be applied to the development of paid-for childcare; providing parents with free childcare at the point of delivery, rather than giving complicated subsidies, works effectively. However, solutions will need to be found to address the need for childcare at atypical hours and during school holidays. Flexibility also appears to be best promoted by government funding, as seen in disadvantaged areas.

15. There is a need to invest further in high-quality early years education and care. The evidence suggests that some providers, particularly in disadvantaged areas, will need financial support to achieve a well-paid, well-qualified workforce.

16. At the centre of all of this, it is essential to focus on the evidence on outcomes for children. What is best for children is to grow up with a good attachment to a primary caregiver, particularly in infancy, and to have opportunities to access high-quality childcare and early years education, with consistent and highly qualified staff. Child poverty must also be eradicated, with strategies to enable parents who wish to work to do so at appropriate times and with affordable and accessible childcare that meets their needs. The childcare strategy has played an important part in beginning this work, but more is required to ensure it is delivered in all neighbourhoods in a sustainable way.

DAYCARE TRUST RECOMMENDATIONS

The recent Daycare Trust report *Childcare nation?* Contains detailed analysis of the Government's childcare strategy and identifies a wide range of policy recommendations to take forward the aims of improving outcomes for children and supporting parents to work. Some of these are set out below.

- Paid maternity leave should be increased to 12 months as soon as possible, and maternity pay increased to minimum wage levels.
- There must be sufficient and suitable out-of-school activities. This may require further start-up grants and other funding for financial support to enable all families to take advantage of the provision offered.

- The government should continue to subsidise childcare in disadvantaged areas.
- The government should ensure there is enough money in the system to fund the free entitlement adequately.
- There should be increased funding to improve the availability of out-of-school and holiday clubs, especially given their increased importance within the Government's welfare reform programme.
- The free entitlement to early years education should be extended to 20 hours a week for 48 weeks of the year. This will enable more parents to work enough hours to receive tax credits and give them confidence that their children are well looked after.
- Further investigation is required of how to best provide care at atypical hours and how parents can use existing provision more flexibly. One possible idea to explore could be the National Sitter Service, funded by the Scottish Executive.
- Further consideration should be given to the provision of holiday childcare.
- Given that families of children with special educational needs are less likely to use childcare, all childcare facilities must be disability-friendly.
- Further investigation is needed into what proportion of families continue to pay for the free entitlement.
- The proportion of help with childcare costs available through tax credits should be increased from 80%–100%. More fundamental reform of the tax credit system should also be considered.
- Consideration should be given to extending the principle of the Childcare Affordability Programme (in London) to other cities and regions in order to subsidise costs and fund places in high-cost areas. This model might also be used to subsidise costs for disabled children.
- Further exploration is needed of how childcare funding can be directed to providers to reduce charges to parents, with the aim of introducing long-term direct funding through local authorities.

REFERENCES

- i Daycare Trust/NatCen (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*, Daycare Trust.
- ii While at the time of writing the most recent data set available from the Parents Childcare Survey series was based on 2004 information, preliminary results from 2007 survey suggest that the current situation in relation to take-up of childcare is similar to that in 2004. The results of the 2007 Parents Childcare Survey are due to be published by the DCSF in early 2008.
- iii See, for example, Goodman & Sianesi (2005) *Early Education and children's outcomes: How long do the impacts last?* Institute for Fiscal Studies; Sylva et al (2004) *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Early Primary Years*, DfES.
- iv Hansen & Joshi (eds.) (2007) *Millennium Cohort Study Second Survey—A User's Guide to Initial Findings*, Centre for Longitudinal Studies, Institute of Education, University of London.
- v Daycare Trust/NatCen (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*, Daycare Trust.
- vi Bell A et al (2005) *A Question of Balance: Lone Parents, Childcare and Work*; DWP Research Report 230; Norwich: Corporate Documents Service.

Daycare Trust

October 2007

Memorandum submitted by Low Incomes Tax Reform Group (LITRG)

SUMMARY

- The Low Incomes Tax Reform Group (LITRG) welcome the steps that the Government have taken towards eradicating child poverty, but believe that more attention needs to be paid to the interactions of the tax, tax credits and benefits systems and the various disincentives to work that currently exist.
- We welcome the Government's recent proposals to help lone parents back into work and acknowledge the role that tax credits have played in alleviating poverty. However, the administrative problems that still remain in the tax credits system are impacting negatively on lone parents trying to enter work.

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- The effects of the bad publicity following tax credits administrative failings should not be underestimated. Neither should the inability of a large proportion of claimants to understand award and other notices. A lack of confidence makes people risk averse and the safer option may be to remain on benefits. Still more imaginative effort should be made to reach vulnerable groups with explanations that are tailored to their needs.
 - We believe that passported benefits are just as important as mainstream benefits and tax credits in helping people into work and thus lifting families out of poverty. Various Government departments have developed passporting requirements that may be reasonable when considered in isolation, but highly confusing for claimants when taken together.
 - The importance of free school meals in helping families out of poverty has been widely recognised. However, receipt of Working Tax Credit disentitles the recipient from free school meals, thus many are better off on benefits than in work. LITRG recommends that the qualification requirement for free school meals be amended to include those families on low incomes in receipt of Working Tax Credit.
 - We believe an urgent review of the earnings disregards across the benefits system should be undertaken.
 - The childcare element of Working Tax Credit should be extended to those couples where one is working and the other is caring for a disabled child. The current rules act as a disincentive for either parent to work in families with disabled children as a working partner may be forced to give up work to support their partner and care for their non-disabled children.
 - We recommend that a review of the hours requirements for tax credits is undertaken for those who are disabled and are thus unable to work 16 hours.
 - The current “fast track” process for those who become disabled whilst in work remains problematic and does not provide enough support. We recommend that this process is reviewed to help support parents who are disabled remain in work rather than move to benefits.

BACKGROUND

1. The Low Incomes Tax Reform Group (LITRG) was set up by the Chartered Institute of Taxation to give a voice to the unrepresented tax payer or tax credit claimant. Its members are practitioners in tax, social security and welfare rights. LITRG aims to help people on low incomes, who commonly lack professional representation, to secure what Parliament intended from the tax system, tax credits, and the interaction between tax and benefits. It also seeks to secure improvements in tax/benefits primary and secondary legislation, and in the administration of the tax/benefits system.

2. We are particularly concerned with how the current tax, tax credits and benefit systems interact and thus impact upon policy initiatives to improve work incentives and reduce child poverty.

INTRODUCTION

3. We welcome the Government’s progress that has seen some 700,000 children lifted from poverty since 1998–99³⁸². However there is still a long way to go before the Government reaches its aspiration to halve child poverty by 2010. LITRG believe that many more families could be lifted out of poverty by addressing the various disincentives to work that currently exist in the tax, tax credits and benefits system.

4. A great deal of emphasis has been placed on encouraging people into work as part of lifting families out of poverty. However little attention has been given to the interactions of the various systems that actually mean in some situations work does not pay. Such is the complexity of these interactions that it is unlikely that a family could work out with confidence the effect of the transition to work.

5. Similarly we believe that not enough has been done to support those who become sick or disabled while in work but who wish nonetheless to remain in work.

LONE PARENTS

6. We welcome the Government’s proposals to extend the lone parent in work credit. However we have seen many cases where the transition from benefits into work has been hindered by the lack of support for these lone parents.

³⁸² Harker

Tax credits delays and related problems

7. Tax Credits play a vital role both for those on benefits (through Child Tax Credit) and for those going into work (via Working Tax Credit and Child Tax Credit). However, transitional problems in moving from one to the other sometimes result in lone parents giving up the job that they have just started. For example, delays in processing tax credit claims can mean that lone parents are without the vital childcare element of Working Tax Credit for months. This causes childcare places to be lost as lone parents cannot meet the childcare bills. Well publicised administrative failures have also contributed to a lack of trust in the system and the difficulty of understanding award and other notices still remains a significant problem for the most vulnerable. We recommend that a range of new and imaginative ways of reaching HMRC customers most in need of help should be piloted. Perhaps an open competition to attract the best ideas could be a way forward.

Fast-track

8. Whilst we welcome any joined-up approach by HMRC and DWP for people moving in and out of work, more remains to be done to support people in this area. A fast track process has been in place to allow Job Centre plus to “fast track” tax credit claims to HMRC to be processed within seven days. This should mean that lone parents moving into work have the tax credits they are entitled to when they need them. But in our experience, this process is not known by all Job Centre Plus staff and therefore leaves the most vulnerable claimants without support. Some eventually return to benefits as they cannot sustain childcare costs.

Passported benefits

9. As stated above, tax credits provide vital additional income to lone parents who enter work. However, “passported benefits” are often the determining factor for both lone parents and couples who have to decide whether it is financially advantageous for them to enter the workplace or stay on benefits. For example, lone parents are entitled to free school meals while they are on benefits, but once they enter work and receive WTC, they lose that entitlement. This is a huge disincentive to work and we would recommend that the criteria for qualification for free school meals be extended to include those on a low income who receive WTC.

10. LITRG also have concerns about the lack of information for claimants about their entitlement to passported benefits. This is particularly so when the qualifying benefit is tax credits. Much more can be done by both HMRC and DWP in bringing their entitlements to the attention of claimants and ensuring that they receive the benefits by automating the processes as much as possible.

11. Finally, claimants are often confused about the detail. Each Government department has developed a qualification, normally by reference to tax credits or other DWP benefits, for their particular passported benefit. Viewed in isolation these qualifications may seem reasonable. However when viewed together, there are different requirements across the range of benefits. Joined-up working across departments in setting and communicating entitlement criteria is needed and one department, possibly DWP should be made responsible for ensuring that passporting arrangements are as consistent and comprehensible as possible.

Earnings disregards in the benefits system

12. LITRG have for many years advocated a review of the earnings disregards of various benefits. We are extremely surprised that, after years of discussion of incentives and benefit traps, there are no proposals to update and maintain updated the earnings disregards in Income Support and other state benefits. Failure to do so creates a “black hole” into which fall people on low incomes who do not work enough hours to qualify for Working Tax Credit, but work too many hours to qualify for benefits.

Parents of disabled children

13. Tax Credits play a crucial role for families with disabled children through the disabled child and severely disabled child elements. Whilst LITRG welcome this, we feel that there are changes to the tax credit system that would encourage parents of disabled children to enter and/or remain in work.

14. At present the childcare element of Working Tax Credit is not available to families where one parent works and the other cares for a disabled child (ie is a carer). This has resulted in some harsh results for families who have more than one child. Quite often the disabled child attends a different school and the parent with main responsibility finds it impossible to attend to the needs of all of the children at the same time. Yet no childcare support is available in this situation. LITRG would urge the Government to extend the provision of the childcare element to couples where one person is working and the other is a carer (whether for a disabled child or disabled adult). Without this, the parent in work is often forced to give up work and move on to benefits in order to provide the additional support needed to look after the remaining children in the family.

Disabled parents

15. With significant numbers of people capable of only very modest earnings from limited work, we think that the case for relaxing the tax credit hours threshold also needs to be considered again. As the Government is aware, from repeated representations over the years, entry to tax credits from employment remains an issue for those whose earning capacity is being reduced by disability but who have not yet lost their job. We therefore recommend that the 16 hour requirement is relaxed in such circumstances.

16. Whilst the disability element of Working Tax Credit is primarily to encourage those with disabilities into work, the fast track processes are geared towards those who become ill whilst in work. We have highlighted the problems with the fast track approach in previous representations and in our December 2003 report *Disability in tax and related benefits: the case for a modern and coherent approach*.

17. We identified then that the problems with the Fast Track procedure were these:

- the length of time claimants have to be off work before they can claim the disability element under it makes the expression “Fast Track” something of a misnomer;
- it does not help people whose treatment is complete within the time but who still experience loss of earnings;
- nor does it help those who continue working despite their disability, or who develop a debilitating condition (such as deafness) over time while in work;
- in general, the rules are too hedged about with bureaucratic restrictions to be of any real assistance.

18. Three years later and these problem still persist. Much more can be done to support those who become disabled whilst in work (whether parents or not) to remain in work if they are able; for example, by replacing the fast-track procedures with a straightforward medical test.

CONCLUSION

19. We acknowledge the progress that the Government has made towards reducing child poverty. Nevertheless, we consider that the government needs to review the overall impact of its policies to identify where further improvements can be made. Administrative snags and weak links both between and within the tax credits and benefits systems are detracting from the objectives of broader policy initiatives to provide incentives to work and to reduce poverty. In this submission we have concentrated on those which have come to our attention, and will willingly provide any further assistance the Committee may require in its task of assessing the Government’s progress towards its target.

LITRG

28 September 2007

Memorandum submitted by the Department for Work and Pensions

SUMMARY

1. This memorandum is provided by the Department for Work and Pensions (DWP) as a contribution to the Work and Pensions Select Committee’s inquiry—*The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty*.

2. This memorandum sets out the key elements of the Government’s strategy to reduce child poverty, with a particular focus on the role of the Department for Work and Pensions. Cross-Government work on child poverty is being considered as part of the Comprehensive Spending Review’s performance management framework. This memorandum will, therefore, set out the child poverty strategy to date and we will provide a detailed update to the Committee following the publication of the Comprehensive Spending Review.

3. The Government’s overall strategy for tackling child poverty is set out in the Child Poverty Review³⁸³, which was published alongside the 2004 Spending Review. The core elements are work for those who can, supported by financial support targeted at those who need it most, and high quality services for children and their parents.

4. Significant progress has been made; there are now 600,000 fewer children living in poverty than in 1998–99. Despite this progress the target remains challenging as there are still 2.8 million poor children. DWP has an important role to play in meeting these challenges through building on its success to date at helping parents to move into work. *The Working for Children*³⁸⁴ strategy document and *In Work, Better off: next steps to full employment*³⁸⁵ set out our plans for doing this.

³⁸³ Child Poverty Review, HMT, (2004)

³⁸⁴ Working For Children, DWP (March 2007)

³⁸⁵ In Work, Better Off: Next Steps to Full Employment, DWP (July 2007)

5. Increased financial support for children, particularly through the Child Tax Credit and Child Benefit, has played an important role in lifting children out of poverty and will continue to do so. Child Maintenance also has an important role to play, it is estimated the current child maintenance system is keeping 100,000 children out of poverty. Subject to Parliamentary approval, the Child Support Agency will soon be replaced by the Child Maintenance and Enforcement Commission. The new child maintenance system has been designed with alleviating child poverty as the primary focus throughout.

6. The impact of poverty on children goes well beyond material disadvantage; research has shown that the repercussions of poverty in early childhood continue to be felt into adulthood. Children who experience poverty are more likely to have low self-esteem and lower expectations for their future. They are more likely to be poor themselves and there is a strong association between parental earnings and the earnings of their children when they enter work.

7. High quality early years and childcare provision, and schooling have an important role to play in enabling all children to fulfil their potential. The Government is committed to continue narrowing the attainment gap between disadvantaged pupils and their better off peers.

8. It is too early to assess whether success in reducing child poverty has had an impact on the social mobility of the children affected: this will only be possible when these children have become adults. However the positive trends we have seen on child poverty, reduced worklessness and increased educational attainment are positive signs.

1. INTRODUCTION

1.1 The Government has made clear its ambition to ensure that every child has the best start in life and has an equal opportunity to fulfil their potential, both in childhood and as an adult. Helping more people to find work and reducing the number of workless households are central to reducing child poverty over the longer term. The Government is enabling parents to take full advantage of the opportunities that work can bring, for themselves and for their families.

1.2 In the 2004 Spending Review the Government set out an ambitious target to halve child poverty by 2010–11 on the way to eradicating child poverty by 2020. This memorandum sets out the progress that has been made since 1998–99, the challenges which remain and the Government's plans for meeting these challenges.

1.3 The impact of income poverty goes beyond material disadvantage, and so this memorandum also sets out some of the challenges in tackling the impact of poverty on children's emotional well being and social mobility. The Government's aims for children and young people are specified in the Children Act 2004. They form the basis of the cross-Government Every Child Matters: Change for Children programme:

- Be Healthy;
- Stay Safe;
- Enjoy and Achieve;
- Make A Positive Contribution; and
- Achieve Economic Well-Being.

Each of these outcomes can contribute to tackling the causes or effects of poverty.

2. THE CROSS-GOVERNMENT STRATEGY TO REDUCE CHILD POVERTY

2.1 DWP, the Department for Children, Schools and Families (DCSF) and the Treasury (HMT) all have key roles in delivering the Government's strategy for ending child poverty.

2.2 At present the Child Poverty Public Service Agreement (PSA) target is shared by DWP and HMT. The overall child poverty strategy is contained within the *Child Poverty Review (HMT 2004)*³⁸⁶.

2.3 In 2001 the government published *Tackling child poverty: giving every child the best possible start in life*.³⁸⁷ This set out a cross government strategy for tackling child poverty, based on:

- ensuring decent family incomes, with work for those who can and support for those who cannot;
- supporting parents in their parenting role;
- delivering high quality public services to break cycles of deprivation; and
- harnessing the power and expertise of the voluntary and community sectors.

2.4 Building on this, the *Child Poverty Review*³⁸⁸ was published alongside the 2004 spending review. This review examined both welfare reform and public service changes necessary to advance towards the long term goal of halving and then eradicating child poverty. Following this review *Every Child Matters: Change for children*³⁸⁹ was published in November 2004 and set out a framework for addressing a wide range of outputs for children, including health, education and keeping safe.

³⁸⁶ Child Poverty Review, HMT (2004)

³⁸⁷ HM-Treasury (December 2001)

³⁸⁸ Child Poverty Review, HMT (2004)

³⁸⁹ Every Child Matters: Change for Children, HM Government (November 2004)

3. PROGRESS AGAINST CHILD POVERTY TARGETS

3.1 Significant progress has been made in tackling child poverty. In 1998–99 Britain had the worst record on child poverty of any major European nation, there were 3.4 million children living in poverty and child poverty had more than doubled over the previous two decades. Since then this raising trend has been reversed and there are now 600,000 fewer children living in poverty.³⁹⁰

3.2 Despite the progress that has been made, the level of child poverty did not fall quickly enough to meet the Government's 2004–05 target. In 2005–06, the child poverty figure rose by 100,000. While this rise was not statistically significant it, nonetheless, makes clear how extremely challenging it will be to meet the Government's target of halving child poverty by 2010.

3.3 Following extensive consultation, published in *Measuring Child Poverty*³⁹¹, the 2004 Spending Review announced that the Government would use a three tiered measure to assess progress on child poverty:

- the number of children in relative low income households;
- the number of children in households with relative low income and in material deprivation. This measure will ensure that living standards are directly captured; and
- the number of children in households below 60% or less of median household income in 1998–99, uprated in line with prices.

3.4 The *Child Poverty Review* set out key strands for reducing child poverty:

- increase employment opportunities, raising incomes for those who can work;
- increase support for those who cannot work; and
- improve the effectiveness of public services that tackle material deprivation.

3.5 The next section will examine in detail how Government will make progress on these strands.

4. PARENTAL EMPLOYMENT

4.1 Work is the most sustainable way out of poverty and, as set out in *Working for Children*, DWP's strategy for parental employment, has a central role to play in helping parents to move into work.

4.2 DWP's approach is tailored to three key groups: lone parents, couple parents and disabled parents.

Lone Parents

4.3 Helping lone parents return to the labour market is the best route out of poverty for themselves and their children, and the most effective way to ensure their social inclusion. Moreover, long term increases in sustainable employment ensure growth in the productive potential of the economy, the benefits of which are spread throughout society.

4.4 There has been a substantial increase of 12.5 percentage points in the employment rate of lone parents since 1997, with 57.2% now in employment. In addition, the number of lone parents claiming Income Support is down to around 770,000; a fall of nearly 250,000 since 1997.

4.5 Government strategy for increasing lone parent employment has been based on:

- active labour market policies that help lone parents move back into the labour market. Mandatory Work Focused Interviews (WFIs) and the New Deal for Lone Parents have helped over 500,000 lone parents into work, with more than 300,000 moving into sustained employment;
- improving work incentives through the introduction of the National Minimum Wage, Working Tax Credit and other measure to smooth the transition from welfare to work;
- reducing barriers to work—in particular improving the availability of flexible and affordable childcare which meets the needs of parents and their children; and
- making the workplace a more family-friendly environment—for example introducing the right to request flexible working for parents of young children and extending maternity rights.

4.6 Both the Lone Parent Work Focused Interview (LPWFI) regime and the New Deal for Lone Parents (NDLP) have been the subject of extensive evaluation since inception. The initiatives have evolved over time, incorporating major changes to the context of delivery, the structure of delivery and the demography of the lone parent customer group. As a result of evaluation findings LPWFI/NDLP provision has been adapted, adding new elements of support and incentive and piloting a number of innovations to explore possible improvements.

³⁹⁰ Using the Before Housing Costs (BHC) measure of child poverty

³⁹¹ *Measuring Child Poverty*, DWP (December 2003)

Lone parent pilots

4.7 Building on the success of policies to date, DWP is continuing to examine and pilot new approaches to help lone parents move into sustained employment.

4.8 In April 2004, a set of Government policies designed to help lone parents into work began to be piloted in different combinations in a number of Jobcentre Plus districts.

4.9 In-Work Credit pilots operate in 22 Jobcentre Plus districts. Although the full impact of In-Work Credit is not yet known, early, positive findings were published in March 2007³⁹² and longer-term results will be available in spring 2008. Qualitative research has shown that the initiative is highly praised by both Jobcentre Plus staff and lone parents as a powerful work incentive and a reliable resource to help with day to day living costs when adjusting from claiming benefit to paid employment.

4.10 The New Deal Plus for Lone Parents Pilot (ND+fLP), launched in April 2005, builds on the successes of NDLP. New Deal Plus offers a comprehensive package of pre and post employment support based around childcare, finances and skills. The Pilot enhances the role of Personal Advisers with a more persuasive effort to draw out lone parents aspirations towards moving into work. Findings from the ND+fLP England pilots suggest that the package seems to be working well and is popular with both advisers and customers. Some elements, particularly In-Work Credit, are more effective than others³⁹³.

Future measures

4.11 Whilst the improvements in lone parent participation in the labour market should not be underestimated, significant further progress needs to be made to achieve the Government's targets for lone parent employment and child poverty.

4.12 In the Green Paper *In work, better off: next steps to full employment*³⁹⁴ published in July 2007, the Government proposes that from October 2008 lone parents with children aged 12 and over will no longer be entitled to Income Support solely on the grounds of being a lone parent. Instead some may claim Jobseeker's Allowance, where they will be expected to look for suitable work in return for personalised help and support, and others will be able to claim another appropriate benefit. On its own, this will only affect around one in seven lone parents on benefit and the corresponding impact on child poverty, while important, will be of a similar scale.

4.13 The Green Paper proposes that the age of the youngest child that relates to entitlement to Income Support as a lone parent should be brought down to seven years old from October 2010. This change would be brought in as schools and Children's Centres increasingly offer provision for all children to be looked after before and after school starts. Over time, this will affect nearly 40% of lone parents currently on Income Support.

4.14 These proposals are currently the subject of formal consultation which will end on 31 October 2007.

4.15 There is evidence from the evaluation of Work Focused Interviews that compulsory interventions have a positive impact on the labour market participation of lone parents³⁹⁵. In an independent review, the Organisation for Economic Co-operation and Development (OECD) recommended that, with the right support in place, the UK should consider further extending work tests for lone parents.³⁹⁶ The proposal to require more lone parents to look for work would also bring the UK into line with most other European and OECD countries.

4.16 The objective of these proposals is to raise lone parent employment to a rate more comparable with partnered mothers. The employment rate of lone parents of children aged 12 and over is currently ten percentage points lower than that of partnered mothers (70.1% compared to 80.5%) and for lone parents of children aged seven to 12 it is thirteen percentage points lower (63.1% compared to 76.5%). In order to make progress on the Government's child poverty goals these inequalities need to be narrowed, helping more lone parents to take up suitable work that they can combine with their responsibilities as a parent.

4.17 New measures announced in *Working for Children* and the Prime Minister's speech at the TUC conference in September 2007 aim to build on the best aspects of current initiatives, drawing on the wealth of available evaluation evidence. The measures include:

- introducing a package of support in the months prior to the end of Income Support eligibility for lone parents whose youngest child is 11+ from April 2008;
- rolling out nationally, through the Local Employment Partnerships, the six week Work Trials for lone parents currently being piloted in the Cities Strategy pathfinders from April 08;

³⁹² Brewer M et al The lone parent pilots after 12–24 months: an impact assessment of IWC, WSP, ESC, QWFIs and ND+fLP. DWP Research Report 415

³⁹³ Hosain M and Breen E (2007) New Deal Plus for Lone Parents qualitative evaluation. DWP Research report 426.

³⁹⁴ In Work, Better Off: Next Steps To Full Employment, DWP (July 2007)

³⁹⁵ Lone Parent Work Focused Interviews: Synthesis of Findings (2007), DWP research report 443.

³⁹⁶ OECD Thematic report on Family Friendly Policies, OECD, (May 2005)

- extending the In-Work Credit pilots in the 22 pilot areas and making this available nationally from April 2008;
- introducing, from April 2008, provision of up-front financial support for lone parents in London to cover childcare registration costs, deposits and advance payments;
- extending the Work Focused Interview regime by introducing mandatory interviews every six months for lone parents whose youngest child is aged 0–13; and
- extending the seven ND + fLP pilots until March 2011 and expanding the current London pilots to cover the whole of London. In addition the Government will offer key elements of the New Deal Plus package to all parents on benefit in the current pilot areas.

Couple Parents

4.18 60% of children in poverty live in a couple household. The risk of child poverty in couple households is particularly high (64%) when neither parent is working. The Harker report on child poverty³⁹⁷ made the recommendation that DWP employment programmes need to be more attuned to the needs of parents in couples, that DWP's programmes should be more "family focused".

4.19 DWP accepts this recommendation and from April 2008 will extend the effective elements of the support already provided to lone parents to couples by:

- extending the key elements of ND + fLP to couple parents on benefits in the whole of London and in the other current pilot areas;
- introducing mandatory six-monthly Work Focused Interviews for partners of Jobseekers Allowance recipients who have children; and
- reforming the Jobcentre Plus target structure to give staff a clear focus and incentive for helping parents to move into work.

4.20 In-work poverty is much more of a problem for couples than for lone parents. An important driver of in-work poverty in couple households is that the family is often relying on the income of a single earner, often on a low wage. The Government believes that increasing the number of dual-earning families has a part to play in tackling in-work poverty and that, although they are not DWP's customers, single earner couples could benefit from advice and support DWP provides in balancing employment with family responsibilities, in particular advice on childcare.

4.21 DWP is currently carrying out a number of research projects, to be completed by late 2008, which will increase understanding of this group, in particular their work aspirations, distance from the labour market and how they could best be supported by DWP.

Disabled Parents

4.22 DWP and its partners deliver a wide range of initiatives aimed at helping people with health conditions and disabilities to start and retain work. DWP's Pathways to Work programme is proving to be a success³⁹⁸ and the new Employment and Support Allowance from 2008 will bring more support and opportunities to those who need it most.

4.23 The Office for Disability Issues is developing a cross-government five year strategy to deliver independent living for all disabled people. The independent living review five year strategy will be published around the turn of the year. This strategy will seek to improve the choice and control that disabled people have over the assistance they need and to prevent a silo-based approach to disabled people's needs. Such a strategy will help to remove some of the current barriers to employment for disabled parents. At the same time, the strategy will recognise the importance of accessing good quality specialist and mainstream services for disabled parents and their children.

4.24 The latest employment rate for disabled parents is 52%. While we have seen a 10 percentage point increase over the last decade there remains more to be done as there is still a 22 percentage point employment gap between this and the overall employment rate.

Parents of Disabled Children

4.25 The additional caring responsibilities, and in particular the cost and availability of suitable childcare, are additional barriers to employment faced by parents of disabled children. The Disabled Children Review found that many parents were finding it hard to access appropriate childcare and so, in June, the Government announced a childcare accessibility project as part of the £340 million package to help disabled children. £35 million will be invested over the next three years to find the best ways of meeting provision for disabled children.

³⁹⁷ Delivering on Child Poverty: What Would It Take? L Harker, DWP (November 2006)

³⁹⁸ The Impact of Pathways to Work, H Bewley, R Dorsett and G Haile, Policy Studies Institute, DWP Research Report 435 (2007)

Ethnic Minority Parents

4.26 Children from some ethnic minorities face a much higher risk of poverty across all types of household; 45% of Black Caribbean/Black African children in lone parent households are poor, compared to 33% of white children. Even more striking is the high levels of in-work poverty amongst some ethnic minority groups; 54% of Pakistani/Bangladeshi children in working households remain in poverty, compared to just 12% of white children.

4.27 Tackling ethnic minority worklessness will help address child poverty. 40% (around 1.5 million) of ethnic minority people of working age are not in work and around 80% of these people are inactive. A substantial number of these individuals are neither claiming welfare benefits or looking for work so they are not accessing Jobcentre Plus services. Many are partners of those in low paid jobs.

4.28 DWP are currently running a Partners Outreach programme pilot. This targets Pakistani, Bangladeshi and Somali partners in low income households. It provides support to these groups to look for work and prepare for work, for those not yet work ready. The pilot is operating in six cities, identified in the NEP Enterprising People Enterprising Places report as having the highest ethnic minority populations. There is also a concentration of ethnic minorities in London so our measures, particularly the trial of short, work focused approaches to provide training in English as a Second Language (ESOL), will help to tackle the barriers to work that these individuals face.

Retention and progression

4.29 The Government recognises that we need to do more to help people stay in work and progress so that employment can be a sustainable route out of poverty. The Leitch Review recommended a joint objective in the employment and skills systems to drive for sustainable employment and progression. Work is currently being conducted to identify the most appropriate indicator for progression, which measures the employment-related outcomes of individuals acquiring qualifications. Key measures in retention and progression include:

- DWP will be developing the In-Work Credit to introduce bonus payments and interviews with personal advisers during the critical first year in work.
- The Department is developing an integrated employment and skills service building on the recommendations from the Leitch Review of skills.
- The Government continues to learn from the Employment Retention and Advancement Demonstration project. A programme of evaluation is currently underway, and early results are promising, especially for lone parents. Participants in the programme were more likely to enter and remain in-work, and to receive higher wages than they would have without the programme. The full evaluation of the programme will not be available until 2010.
- As part of the response to the recommendations of the Leitch Review, the Government is asking employers to make a commitment to increasing the skills base across their workforce.

5. CHILDCARE

5.1 The Government recognises that for more parents to move into employment there needs to be an increase in the provision of affordable, accessible childcare.

5.2 In England, DWP shares a PSA target with DCSF, as a contribution to reducing the proportion of children living in households where no one is working, to, by 2008:

- a. increase the stock of Ofsted-registered childcare by 10%;
- b. increase the number of children in lower income working families using formal childcare by 120,000; and
- c. introduce, by April 2005, a successful light-touch childcare approval scheme.

5.3 Childcare is a devolved issue and so DWP also works with the administrations in Scotland and Wales who have their own strategic approach to ensure that parents have access to the childcare they need to enable them to work and train.

5.4 The joint nature of the PSA target reflects the joint responsibility of the Secretaries of State of the two departments for the delivery of the early years and childcare agenda. As part of this agenda, Sure Start was introduced with two broad objectives: to improve outcomes for children (particularly those from disadvantaged backgrounds); and to enable parental employment through the provision of affordable, accessible, childcare. Sure Start, therefore, provides an important underpinning of DWP objectives in relation to worklessness and child poverty.

a. *Increasing the stock of Ofsted-registered childcare*

5.5 This part of the target covers growth in Ofsted-registered childcare places for children aged up to seven. At the March 2004 baseline the stock stood 1,103,000 places. A 10% growth meant a target of 1,213,000 by 2008. This target has already been achieved.

5.6 The early years and childcare sector is not only large, it is also complex: much of the delivery is by and through the voluntary, community and private sectors. The key front line deliverers are local authorities, working alongside Primary Care Trusts, and a wide range of early years, childcare and health providers and practitioners from all sectors.

b. Increasing the number of children in lower income working families using formal childcare

5.7 It is too early to make an assessment regarding any increase in the number children in lower income families using formal childcare. The first figures will be available in autumn 2007, as we prepare for publication of the next *Parents Use of Childcare Survey*.

5.8 This target is a proxy for the contribution made by childcare in enabling low income families to obtain and retain jobs.

5.9 Achieving an increase in the take up of formal childcare is dependant upon two factors: ensuring sufficient supply; and encouraging demand. The supply side of the equation has been taken care of through the achievement of the first part of the PSA target. The demand side consists of two elements: increasing the number of welfare recipients who move into work; and encouraging those who do so to use formal, rather than informal, sources of care.

5.10 DWP has been successful in increasing parental employment, especially with respect to lone parents for whom childcare is a particular issue. The proportion of lone parents using formal childcare increased by six percentage points from 27–33% points between 2001 and 2004³⁹⁹.

5.11 Jobcentre Plus has a key role to play in increasing the take-up of formal childcare by low income working parents. While the type of childcare used by parents will always be their choice, Jobcentre Plus is well placed to advise parents of the advantages of formal care, its availability and the financial help available to ensure choices are better informed.

5.12 The Childcare Act 2006 requires English local authorities to assess the demand for childcare in their areas, and secure sufficient provision (in terms of quantity, affordability and accessibility) to meet the needs of local parents who wish to work or train. Jobcentre Plus are designated as “partners” of local authorities in relation to these new duties under the Act 2006 and so every Jobcentre Plus District has at least one Childcare Partnership Manager whose role is to take a strategic overview of childcare provision in the area to ensure that the needs of clients are being met.

5.13 The Jobcentre Plus target regime has also been amended this year to give extra “reward” for helping clients with children to move into work. This increased focus on children will, in turn, lead to an increased focus on childcare as a work enabler. In addition the overall performance framework includes a measure of formal childcare using the take-up of the childcare element in working tax credit as a proxy.

c. Introducing a successful light-touch childcare approval scheme

5.14 The target of introducing a childcare approval scheme, with 3,500 new carers approved by 2008, has been met early.

6. FINANCIAL SUPPORT

Child Maintenance

6.1 The payment of child maintenance has an important role to play in increasing the income of low income families. It is estimated that, in the current system, the receipt of child maintenance lifts 100,000 children out of poverty. However, there are around 2.5 million parents eligible for child maintenance—yet only one in three actually receive any. Further to this, only 16% of parents with care on income-related benefits actually receive any maintenance.

6.2 In February 2006, the Government announced a two-stage approach to child support reform. The first of these, an Operational Improvement Plan, has already started. The Operational Improvement Plan includes new investment of up to £120 million, in order to stabilise and improve the short-term performance of the Child Support Agency. The implementation of this plan is expected to see an additional 200,000 children benefit from child maintenance, lifting a further 30,000–40,000 out of poverty.

6.3 The Government has made tackling child poverty the first and most critical test of longer-term reforms to child maintenance. The reforms can be divided into four categories:

- a fresh start—a new organisation to deliver child maintenance;
- a new focus—encouraging parents to make their own arrangements;
- an efficient and more streamlined child maintenance assessment process; and
- tougher enforcement.

6.4 Subject to the Child Maintenance and Other Payments Bill receiving Royal Assent, the Child Support Agency will be replaced by the Child Maintenance and Enforcement Commission (C-MEC) which will operate as a non-departmental public body at arm’s length from Government.

³⁹⁹ Childcare and Early Years Provision: Study of Parents Use, Views and Experiences, DCSF 2005

6.5 The child maintenance system has been redesigned with alleviating child poverty as the main focus throughout. The following proposals in particular are expected to have an impact on child poverty:

- by the end of 2008, all parents with care claiming benefit on the old scheme will benefit from the £10 per week maintenance disregard in their benefits—benefiting 55,000 children;
- from 2010–11 the Government will significantly increase the amount of maintenance that parents with care on benefit can keep before it affects the amount of benefit that they can receive;
- tougher and more effective enforcement will reduce the number of non-resident parents who do not comply with the system; and
- the transition to the new system and C-MEC will be driven by child poverty considerations—focusing support on the poorest families first.

Local Housing Allowance

6.6 Housing Policy has an important part to play in the reduction of child poverty. The Local Housing Allowance (LHA) will make it easier for the 270 thousand households with children on Housing Benefit who rent from a private landlord to see what rent they can afford when making housing decisions. Instead of individual determinations by rent officers, LHA rates will be published for different family sizes in different areas. This will help families to choose properties they can afford and avoid financial hardship.

6.7 In addition the LHA will improve work readiness for parents. The LHA promotes personal responsibility, by making benefit payments to tenants and giving them responsibility for paying their rent. This, together with the promotion of financial inclusion by encouraging claimants to receive their benefit into bank accounts, will help parents when they take a job.

7. THE IMPACT OF POVERTY ON CHILDREN'S EMOTIONAL WELLBEING AND SOCIAL MOBILITY

7.1 The impact of poverty on children goes well beyond material disadvantage; research on the experiences of children growing up in low income households has shown that the repercussions of poverty are felt throughout their social and familial lives.⁴⁰⁰ Growing up in a low income household in an affluent society can have a profound effect on children's social confidence and well-being, for example as a result of restricted opportunities for participating in the activities and experiences that are available to their more affluent peers.

7.2 Children experiencing poverty are more likely to have lower self-esteem and lower expectations for their future than children from higher income families.⁴⁰¹ There is a general association between low social economic status and mental health issues, although though the relationship is a complex one because of other important factors, such as genetic and environmental factors. However, Meltzer et al (2000) studied the prevalence of mental health problems amongst children in the UK. They found children from unskilled, working-class backgrounds were three times as likely to have a mental disorder as children from professional backgrounds (14.5% compared to 5.2%). The rate for families where the parents had never worked was 21.1%.

7.3 Further, socio-economic deprivation is associated with a greater risk of teenage parenthood. Children growing up in poverty are themselves more likely, compared to their better-off peers, to be poor in adulthood: there is a strong association between parental earnings and their children's subsequent earnings when they enter adulthood. Research using the 1970 British Cohort Study shows that coming from a low Socio Economic Status can inhibit children's development and prevent them from fulfilling their potential.

7.4 Children from families of lower Socio Economic Status who were assessed as well-developed compared to their peers at the age of 22 months had by the age of seven been overtaken by children of high Socio Economic Status who were assessed at age 22 months as being poorly developed.⁴⁰²

7.5 High quality early years education has been clearly shown to benefit young children (and disadvantaged children in particular), giving them a developmental boost at entry to primary school, and an advantage which lasts at least until the age of 10.

7.6 Educational attainment is a powerful route out of poverty and disadvantage. School attainment has risen for all groups over the past decade, irrespective of parental background or family income. Some of the largest increases in attainment are in traditionally low performing Authorities, and the greatest improvements have been seen in schools with high deprivation.

⁴⁰⁰ Ridge, T. (2002) *Childhood poverty and social exclusion*, Bristol: Policy Press

⁴⁰¹ Ermisch, J, Francesconi, M and Pevalin, DJ. (2001) *The outcomes of poverty for children*, Department for Work and Pensions Research Report No. 158

⁴⁰² Feinstein (2003) "Inequality in the Early Cognitive Development of British Children in the 1970 cohort", *Economica*, p73–97.

7.7 Since 1998 primary schools in the areas of highest poverty have improved at double the rate of schools in the most affluent areas. But there is still a persistent attainment gap: in 2005–06, only 33% of pupils receiving Free School Meals achieved 5+ A* to C GCSEs, compared to 61% of non-FSM pupils.⁴⁰³ This gap has remained constant since 2000–01.

7.8 Work by the Social Exclusion Unit⁴⁰⁴ found that young people with poor school achievement at age 16 are less likely to participate in learning or training post-16. It also found that not being in education, employment or training (NEET) between the ages of 16 and 18 is a major predictor of later unemployment, low income, teenage parenthood, depression, poor physical health, and involvement in crime or anti-social behaviour.

7.9 The Government's response is to focus on narrowing the educational attainment gap between disadvantaged pupils and their better off peers and prevent disaffection with learning.

7.10 The Government is tackling underperforming schools, replacing failed schools with new Academies that are transforming education in disadvantaged areas, and extending programmes, such as the London Challenge, which have been shown to break the link between disadvantage and low attainment.

7.11 The Government is promoting personalised teaching and learning, and testing whether focusing on progression as well as overall attainment can help to stretch disadvantaged pupils.

7.12 Through the *Every Child Matters: Change for Children* programme, Extended Schools and other multi-agency approaches are showing how schools and other support agencies can work more closely together to identify problems that are affecting a child's progress at school, and provide swift and easy referral to relevant support.

7.13 The evaluation of Full Service Extended Schools (located in the most disadvantaged communities) demonstrated that they benefit children, young people, their families and the wider community, enhancing pupil engagement with learning, family stability and life chances. In addition, a DCSF analysis of a sample of those schools found that progress in them was around double the national average between 2005 and 2006. At Key Stage Four, the percentage of pupils in extended schools achieving 5+ A*-C grades at GCSE increased by over 5%, compared to a 2.5% increase in the national average. The Government is also taking action to raise attainment among vulnerable groups, including looked after children, children with Special Educational Needs and disabilities, and those from certain ethnic minority groups.

7.14 The Government's reforms for 14–19 year olds are designed to offer all pupils a more varied curriculum while helping to prevent the onset of disaffection among those struggling with the traditional academic curriculum. For young people with entrenched problems co-ordinated Targeted Youth Support is being developed to address their personal/ social issues and help them make appropriate learning and career choices. Financial support is also being provided to enable and encourage young people to participate in post-16 education or training. The Education Maintenance Allowance (EMA) helps young people from low-income households to stay on in education. From 2003–04 to 2004–05 the national participation rate for 16 year olds in full-time education increased by 4.5 percentage points.

7.15 In support of these measures the Government consulted on proposals for introducing a requirement that all young people should work towards accredited qualifications at school, in a college, in work-based learning, or in accredited training provided by an employer, until their 18th birthday. In July 2007 the Prime Minister announced his intention to legislate in the next Parliamentary session to raise to 18 the age for compulsory participation in education or training.

7.16 Parenting is also a key factor. Low income families may have had negative experiences of education and lack confidence in supporting their child's learning. There is evidence that 30% of parents do not read regularly with their young children, and that those of lower socio-economic groups are less likely to help their children with school projects.⁴⁰⁵ However, parental engagement and parenting behaviour can help to alleviate the effects of low family income on a child's achievement, with learning materials in the home and parent-child educational activities being particularly influential⁴⁰⁶. There is also evidence which shows that parental support for and involvement in a child's schooling is a more powerful influence on attainment than family background or level of parental education.

7.17 The Government has set out the role of schools in engaging and supporting parents and plan to strengthen Home-School Agreements by making sure schools are using them effectively. It also plans to help schools by providing examples of what good parental engagement can look like.

7.18 It is too early to assess whether the Government's reduction in child poverty has had an impact on the social mobility of the children affected: this will only be possible once these children have moved into adulthood. However, the UK is well-endowed with the data sources that will enable this analysis to take

⁴⁰³ DCSF SFR 46/2006, National Curriculum Assessment, GCSE and equivalent attainment and post 16 attainment by pupil characteristics in England 2005–06

⁴⁰⁴ *Bridging The Gap: New Opportunities for 16–18 Year Olds Not in Education, Employment or Training*, 1999

⁴⁰⁵ PICE Survey 2004

⁴⁰⁶ Guo and Harris (2000)

place. The positive trends that have been seen in recent years in child poverty, and in particular on persistent child poverty, reduced worklessness and increased educational qualifications, do provide indications that the decline in social mobility witnessed between the 1970s and 1980s may start to reverse.

Supplementary evidence from DWP

1. The Department for Work and Pensions (DWP) produced a memorandum as a contribution to the Work and Pensions Select Committee's inquiry—*The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty*. In it, the Department stated that a detailed update would be provided to the Committee following the publication of the Comprehensive Spending Review (CSR).

2. The CSR and Pre-Budget Report (PBR) were announced on 9 October 2007. There were a number of key announcements for families with children. This note summarises those of greatest relevance to the Committee's inquiry.

3. Alongside CSR, there was publication of Delivery Agreements for each Public Service Agreement (PSA) which set out how the Government's key priority outcomes will be taken forward. This included a Delivery Agreement for the Child Poverty PSA which sets out which Departments are responsible for achieving this target⁴⁰⁷. This reaffirmed the Government's commitment to halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020. The Delivery Agreement set out the three indicators that would be used for this PSA, as outlined in paragraph 3.3 of the main memorandum. The "number of children in relative low income households" indicator has a national target attached.

4. Parental employment: PBR/CSR confirmed the Prime Minister's earlier announcement that the In-Work Credit will be rolled out nationally to lone parents from April 2008 at a rate of £40 nationwide, with the exception of London where the rate will be £60. It also announced a new employment PSA to drive further progress on raising the overall employment rate, but also to tackling the relatively low employment rates of disadvantaged groups, including lone parents and ethnic minority parents. In addition, a new PSA to improve the skills of the population will be a key element of the strategy to tackle in-work poverty.

5. Child Maintenance: Following earlier commitments that the Government would significantly increase the amount of maintenance that parents with care on benefit can keep before it affects the amount of benefit that they can receive, CSR/PBR announced that, from the end of 2008, the child maintenance disregard in the main income related benefits will double from £10–£20 a week. In addition, the disregard in Housing Benefit and Council Tax Benefit will rise from the current £15 per week to a full disregard. From April 2010, the disregard in the main income related benefits will double again, to £40 per week. This means that parents on benefit who receive child maintenance can keep more of the maintenance paid before it affects their benefits.

6. Other financial support: The PBR also announced that the lower rate of Income Support and Jobseekers Allowance for 16 and 17-year-olds is being abolished for single persons, and from April 2008, single 16 to 24-year-olds will all be paid the same rate. This will simplify the system and result in a significant increase in help for over 15,000 of the most disadvantaged young people.

7. The impact of poverty in children's emotional well-being and social mobility: CSR/PBR announced significant further investment in education as a key contribution to eradicating child poverty by 2020. To ensure that these increases in investment deliver real improvement in outcomes, CSR/PBR announced a PSA to raise the educational achievement of all children and young people and a PSA to narrow the gap in educational attainment between children from low-income and disadvantaged backgrounds and their peers, recognising that this is a persistent problem which must be tackled to raise social mobility.

Further supplementary evidence following session with Minister

WORK TRIALS

Work Trials aim to help people moving into work by giving them the opportunity to try out a job whilst remaining on benefit and giving employers the opportunity to check a candidate's suitability before offering them a job.

Work Trials can be used for vacancies of 16 hours or more per week and reflect the normal contracted hours that someone doing the job would be expected to work. Vacancies would be expected to last at least 13 weeks and the length of the Work Trial agreed accordingly. The length of the Work Trial is currently a maximum of 15 working days.

During the period of the Work Trial the customer will continue to be eligible for, and receive, their benefits (eg Jobseeker's Allowance, Incapacity Benefits). The customer will also be able to claim travel expenses and a meal allowance of £3.00 a day, without affecting other benefits they receive. While customers are undertaking a Work Trial, they will be regarded as having volunteer status, so these payments (but no others) can be made without affecting benefits.

⁴⁰⁷http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaopportunity.cfm

In his speech to the TUC in September the Prime Minister announced the introduction of five new lone parent initiatives to commence in April 2008. This included greater flexibility in the use of Work Trials.

New Deal for Lone Parents participants can currently work for participating employers for up to three weeks under a Work Trial; giving the employer the chance to assess the lone parent before offering them permanent work. Through Local Employment Partnerships the Department is going to extend Work Trials to up to six weeks nationally for lone parents.

CHILD POVERTY IN LONDON

1. *The Committee has received a great deal of evidence about the specific barriers to lone parents in London undertaking particularly part-time work.⁴⁰⁸ What assessment has the Department made of these London-specific barriers to part-time work and what is it doing to reduce levels of child poverty in London?*

London has a higher than average child poverty rate, 26% before housing costs, compared with 22% nationally and on its own, inner London has the highest rate at 35%.

These relatively high levels of child poverty are related to both the population composition and employment patterns amongst parents. London has a higher concentration of groups with an above average risk of poverty and in addition the lone parent employment rate is lower in London, reflecting lower rates of part-time work. This is likely, in part, to reflect weaker work incentives for parents as a result of higher childcare and housing costs.

The financial incentive to return to work is not consistent across the country but London stands out as having significantly worse incentives due to the high cost of living in the capital. The Government recognise that there are specific barriers to employment in London and to address these issues it has developed a number of London-specific initiatives.

National roll out of In-Work Credit (IWC) will begin in April 2008. The pilots are currently available to all parents in almost the whole of London. The payment was increased from £40–£60 in London from July 2007 to help offset the high cost of living in the capital.

The New Deal Plus for Lone Parents (NDLP Plus) pilots will be extended until March 2011 and expanded to cover all lone parents in London. In addition, from April 2008, key elements of NDLP Plus, including adviser support, will be extended to all couple parents on benefit in the current pilot areas and throughout London.

To ease the transition of lone parents in London and help them move into work the Government will provide up front financial support for childcare costs for qualifying lone parents from April 2008.

London also has two of the fifteen City Strategy pathfinders working to improve opportunities for those in the most disadvantaged London boroughs.

From April 2008, there will be a major expansion of work-focused English as a Second Language provision, delivered through these City Strategy pilots in East and West London.

In his speech in September, the Prime Minister announced the introduction of five new lone parent initiatives: a guaranteed job interview for every lone parent looking for and ready for work; new support for lone parents in finding work, including through the offer of group sessions and closer working with employers; financial support to fund training for customers in moving into work; greater flexibility in the use of work trials, allowing them to be extended for up to six weeks; national roll out of the in-work credit payment. These measures will be implemented in two “trailblazer” districts from January 2008 (one of which will be in North and North East London) and nationally from April 2008.

2. *Would the Department consider signing up to the Mayor of London’s voluntary London Living Wage?*

There are a number of factors to consider in the adoption of the Mayor of London’s Voluntary Living Wage (LVLW) by DWP.

The Department’s pay zones are not coterminous with the boundary of the Greater London Assembly, to which the Living Wage applies. DWP has a number of different pay zones including Inner and Outer London that together incorporate the London area. The Department believes that this provides greater differentiation to reflect the labour markets. Currently, all grades in DWP in Inner London are paid above the LVLW of £7.20 per hour. In Outer London, which includes parts of Kent and Essex, the band minima for two grades, Band A and Support Grade Band 2, are slightly below the LVLW. This will change as band minima rise during the lifetime of the current three year pay award.

⁴⁰⁸ These include low wages; long commutes; numbers of workers (including students) who may be more flexible than lone parents; individuals living further from extended family; and high housing and living costs.

The Department is not able to provide a future commitment to the Mayor of London's Voluntary Living Wage. This is because DWP pay policy is determined on the basis of: broader labour market factors, including external pay comparisons; our ability to recruit and retain staff, and; the overall affordability of our pay arrangements within the context of Treasury pay guidance and the Department's budgetary position.

3. *How does the City Strategy interact with other DWP related strategies, including (i) Local Employment Partnerships (ii) Local Area Agreements and (iii) Local Strategic Partnerships?*

Local Area Agreements (LAAs) play a crucial role in focusing of local resource to address worklessness issues which ties in with the City Strategy's aims. In particular, Pathfinders are committed to reducing the number of people on benefits in their area by an additional 3% by May 2009, which is reflected in the fact that English Pathfinders targets are based on the LAA national indicator No.152, which is "reducing the number of working age people on out of work benefits."

Local Strategic Partnerships provide a single overarching local co-ordination framework within which other partnerships can operate and as such are represented on each of the City Strategy Pathfinders consortia.

Local Employment Partnerships will ensure that disadvantaged customers get the preparation and training that enables them to meet employer's needs. All 15 City Strategy Boards include major local employers, who will be encouraged to "sign up" to the initiative thus ensuring they give a "fair shot" to the people who are furthest from the labour market.

4. *How many City Strategy consortia have been formed and where are they?*

There are 15 consortia based in: East London; West London; Blackburn; Birmingham, Coventry and the Black Country; Leicester; Liverpool; Greater Manchester; South Yorkshire; Tyne and Wear; Nottingham; Dundee; Edinburgh; Glasgow; Rhyl; and Heads of the Valley.

5. *What equivalents to the City Strategy are there or are being developed for rural areas?*

The City Strategy Pathfinders cover a range of different types of area, including rural areas, in order to thoroughly test the City Strategy approach.

6. *Can the Department provide the Committee with the most recent evaluation of the City Strategies? What lessons have been learned? Can you give examples of where good practice has been shared between City Strategy areas?*

The 15 City Strategy Pathfinders will be undertaking very different activities in their areas. This provides challenges for evaluation as direct comparisons will be difficult or impossible. This strategy recognises that learning lessons for the future is as important as judging the level of success of the Cities Strategy. With this in mind the national evaluation team with assistance from Warwick University's Institute of Employment Research will provide evaluation based on both quantitative and qualitative methods. The final evaluation report will not be available until 2009, although an interim report will be published mid 2008.

DWP has funded the City Strategies Learning Network to help all partners learn from each other and stimulate new thinking. DWP has appointed the Centre for Economic & Social Inclusion (CESI) to lead for us.

The Learning Network will:

Stimulate new thinking

Help build the capacity of local partners

Provide a challenge role to national and local partners

Promote best practice

Help communication and information between City Strategies and national government.

The Learning Network is running a programme of activities through to April 2008 in a series of cities associated with the strategy, London, Glasgow and Cardiff. The Pathfinders were surveyed for their priorities that they would like discussed at each of the business meetings. In Glasgow, discussions focused on "Making Work Pay", integrating employment and skills and influence and control of resources.

7. *Can the Department provide the Committee with a detailed brief on the governance structure of the City Strategy?*

The City Strategy is overseen by a local programme board consisting of DWP, Jobcentre Plus, other Government Departments, local and regional government and the devolved administrations.

The 15 Pathfinders have now had their business plans signed off by DWP Ministers these plans included detailed Governance arrangements. The business plans are available on the DWP website http://www.dwp.gov.uk/welfarereform/pathfinder_business_plans.asp

Supplementary information from DWP

1. *Could the Department provide the Committee with more information on the numbers of children currently using each category of childcare, both formal and informal, (for example nursery, kindergartens, nannies, childminders etc)?*

Childcare and Early Years Providers Survey⁴⁰⁹

Data from our Childcare and Early Years Providers Survey shows the number of children attending types of formal childcare and early years provision (we have not included kindergartens as these are not a recognised category in this country):

Number of children attending types of provider⁴¹⁰

	<i>Total number of children</i>		
	<i>2003</i>	<i>2005</i>	<i>2006</i>
Full day care	649,400	704,200	766,900
Sessional care (eg: playgroups)	469,900	390,000	389,700
After school clubs	271,900	N/A	404,800
Holiday clubs	233,800	N/A	352,500
Childminders	287,100	242,400	267,900
Nursery schools	35,850	N/A	36,100
Primary schools with nursery and reception classes	475,400	N/A	505,900
Primary schools with reception, but no nursery classes	276,500	N/A	251,000

N/A indicates that the data is not available for this type of provision due to changes in survey methodology.

The picture for nannies is more difficult, they have often fallen between the two stools of formal and informal childcare. From the data that DCSF collect through their Providers Survey, we know there are around 100,000 nannies—in England. We assess that this translates to around 150,000 children being looked after by nannies, however, this is a broad brush estimate.

As to the number of children in informal childcare, we can offer figures using our 2004 Parents' Childcare Survey and ONS population data. Here are our estimates of numbers (these are only indicative figures):

Informal childcare—3.2 million

Informal childcare only—2.1 million

In both formal and informal childcare—1.1 million

We cannot readily subdivide these figures by specific categories of informal childcare.

⁴⁰⁹ Kinnaird, R, Nicholson, S and Jordan, E. (2007) *2006 Childcare and Early Years Providers Survey—Overview report*; DCSF Research Report RR009.

⁴¹⁰ The number of children actually attending a setting in a typical week rather than the number of registered places; this can be greater than the number of places, as part-time children can share places, it may also be lower than the number of places if providers are unable to fill all of their places. Although care is taken to avoid double counting in individual providers, children can attend more than one setting so some double counting is unavoidable. We would advise against adding the numbers together as we are unable to estimate the extent to which double counting has occurred

2. What information can the Department provide on the average cost of each category of childcare and how this varies across the country; what is the level of Government spending on childcare; and what estimate has been made of the overall proportion of the cost of childcare that is paid by parents?

Average Cost

Childcare and Early Years Providers Survey

Data from the 2006 Childcare and Early Years Providers Survey shows the average hourly fees charged by the formal childcare and early years providers covered by the survey. Data suggest that overall the full day care providers tended to charge the most per hour (£2.70 an hour). The cheapest types of care were holiday clubs (on average £1.70 an hour) and sessional care (£1.90 an hour).

Average hourly fees charged by region

	<i>Full day care</i>	<i>Sessional</i>	<i>After school clubs</i>	<i>Holiday clubs</i>	<i>Childminders</i>
Overall average					
hourly fee	£2.70	£1.90	£2.30	£1.70	£3.20
East Midlands	£2.70	£1.60	£2.30	£1.20	£2.90
East	£2.60	£2.00	£2.50	£1.70	£3.30
London	£2.90	£2.10	£2.00	£1.40	£3.90
North East, Yorkshire & Humberside	£2.60	£1.60	£2.30	£1.30	£3.00
North West	£2.60	£1.60	£2.10	£1.50	£2.90
South East	£2.80	£2.20	£2.40	£1.60	£3.40
South West	£2.80	£1.90	£2.30	£1.50	£3.10
West Midlands	£2.70	£2.40	£2.40	£1.20	£2.80

There were no clear patterns in the regional average fee data, although childminders in London charged the highest rate on average (£3.90 per hour), with those in the West Midlands charging least (£2.80 per hour).

Caution must be taken with the fees data as the figures have been derived by a number of variables and therefore may be prone to distortion. The data includes cases where providers said they charged nothing, but excludes cases where the provider could not, or would not, answer. They should only be used as indicative guide.

It may also be helpful to highlight one or two other sources of information on the cost of childcare:

The latest annual Childcare Costs Survey from the Daycare Trust (the 2007 survey) found that a typical full-time nursery place for a child under two is £152 a week. It also noted that not all costs are rising. The figure for out of school clubs had dropped by 7% from 2006, with typical costs of £38 for 15 hours a week (Butt, S., Goddard, K., La Valle, I. and Hill, M. (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*. Daycare Trust/NatCen Report).

The *Laing and Buisson* survey of childcare costs estimates that in 2007 the cost of a full-time nursery place was £138 per week (Laing and Buisson (2007) *Children's nurseries*, UK Market Report 2007).

These figures should be treated as an indicative guide only. The Daycare Trust and Laing and Buisson surveys have small sample sizes and we should be guarded over whether the data accurately represents the national picture.

Spending

- We have overall figures for spending on, or funding of, our early years and childcare policies and programmes, as it is not possible in all cases (particularly with increasingly integrated service provision and delivery) to distinguish levels of financial support for childcare from those for other early learning and associated activities for young children and families.
- On that basis, over £4.4 billion was spent in 2006–07 (formally still a latest outturn total); and more than £4.6 billion funding is in place to meet our plans for the current financial year, 2007–08. Both these figures include what is now the early years element of Dedicated Schools Grant (DSG) funding to local authorities to help deliver the free early education entitlement for three and four year olds.
- In addition, we are providing financial support of over £3 million a day to lower and middle income working families with their childcare costs through the tax credit system.

Proportion of Cost Paid by Parents

On the question of the percentage of the cost of each different type of childcare that is met by the parent of the child in comparison to that met through other means (government support etc), we do not have data available in that format whether its the cost of a place or the cost of (running) the provision.

In DCSF surveys, they seek information from parents asking them if they receive support with their childcare costs, but do not ask them to quantify that support. In addition, tax credit data may well offer details of the average level of help with costs, though by no means everyone is eligible for credits, and/or claims them, and parents will be claiming for different types of childcare, often for the same child. (HMRC of course could best advise on this).

There are other issues too to factor in, for instance for daycare, thousands of parents receive the free offer in private and voluntary settings and will pay nothing for those free hours, but others (including—though not solely—parents of under 3s) will pay quite a percentage.

3. What steps has the Government taken to increase the supply of childcare?

Our Record

- We have transformed provision for young children and families since 1997, expanding and strengthening early years and childcare services.
- All three and four year olds are now guaranteed free, part time (12 and a half hours per week, 38 weeks per year) early education, so they receive two years high quality early learning before school starting age, and the vast majority take it up; and we have substantially extended childcare, with a wide variety of types of provider—nurseries, childminders, pre schools, before and after school clubs and holiday play schemes, and increasingly delivered alongside early education and other family services—to meet parents' different needs and provide real choice. There are now over 1.29 million registered childcare places, more than double the 1997 figure.
- In addition, we are doing more than ever to make good quality childcare affordable, the main focus being the extensive help available to lower and middle income working families, (over £3 million a day) through tax credits, and the groundbreaking free entitlement.
- We have focused particularly on extending provision in disadvantaged communities and to disadvantaged groups (at around £300 million over three years to 2004, our Neighbourhood Nurseries Initiative was the biggest ever single investment to expand childcare, providing over 49,000 new daycare places); and actively encouraged the delivery of integrated early education, childcare and health and family services, through the establishment of pioneering, multi agency, Sure Start Local Programmes in our most disadvantaged areas.
- Just three years into our 10 Year Childcare Strategy, our Sure Start Children's Centres and extended services programmes are making tremendous progress, and having an increasing impact in communities up and down the country.
- Over 1,690 flagship Sure Start Children's Centres are now open, building on the work of, and the lessons learned from, the Local Programmes by providing early years, health and family support services to more than 1.2 million young children and their families. There will be 2,500 centres by 2008, with all families in most disadvantaged areas having access to one, and 3,500 by 2010—one for every community.
- Schools are increasingly offering services out of hours and at holiday times, to pupils, families and the wider community. More than 8,000 schools (one in three of the total) are now offering the core extended services, including childcare and a range of other enriching study and parental support. All schools will become extended schools by 2010, providing the core offer, with at least half of primaries, and a third of secondaries, doing so by 2008.

The Challenges for the Future

- Our Ten Year Childcare Strategy, Choice for Parents, the Best Start for Children, published in December 2004, is an ambitious programme to build on the growth that we have achieved and mainstream services as a new, universal arm of the modern welfare state.
- The major delivery challenges, as we embed high quality provision, are to: ensure that childcare is sustainable, and sufficient in all areas to meet the needs of working parents; and increase take up amongst lower income families and other disadvantaged groups.
- To meet these challenges, we need to focus increasingly on how we can reach, and engage with, the most vulnerable—and often disaffected—children and families, who we know gain most from high quality services.

- New duties in our landmark Childcare Act 2006 represent a shift from place-creation targets to a system in which authorities assess parental need and work with the childcare market in order to meet it. We have established nine Childcare Regional Networks to address this, enabling local authorities to share learning and develop best practice models in managing the childcare market.
- We are committed to extending free provision further, from the present 12.5 hours per week for 38 weeks, to 15 hours per week by September 2010, and increasing the flexibility of the offer so it provides a better fit with the needs of children and families.
- We are also testing the potential benefits of free early learning for disadvantaged two year olds in 32 pilot authorities and already receiving very positive feedback from the families involved.
- We have established a national communications campaign to raise awareness of the benefits of formal childcare and the range of financial support and free provision that parents can access; are funding additional outreach support by children's centres; introducing a number of targeted initiatives and pilots to reach out to groups such as low income families, black and minority ethnic communities; and also working with HMRC to improve tax credit support.

4. *Whether the Government has made an assessment of whether different forms of childcare are most appropriate for children at each developmental stage. Also, whether assessments of "appropriateness" of childcare vary according to socioeconomic background or deprivation or any other factors*

- There is considerable evidence available to Government on the benefits and impact of early years and childcare provision on young children of particular ages and from particular groups.

Informal Childcare

- The evidence is mixed about the effects of informal childcare on child outcomes, with different studies coming to different conclusions about whether the effects are negative or positive, while some find no significant effect.
- In the UK, ALSPAC (a study of children born in the early 1990s) compared centre based childcare, other paid-for childcare (such as by childminders), and unpaid care (such as by friends and relatives). It found that, up to age four, long hours of care (20 or more hours a week) by unpaid carers was associated with poorer cognitive development. Up to age two, it was also associated with worse behaviour⁴¹¹.
- In contrast, the Effective Provision of Preschool Education study (EPPE) showed that where children had received higher levels of care by relatives compared to other forms of childcare, they showed more co-operative behaviour and less antisocial behaviour at ages three and four⁴¹².
- In the USA, the NICHD (National Institute of Child Health and Human Development) study found neither negative nor positive effects of care by relatives on children's cognitive or social/behavioural outcomes⁴¹³.
- Studies of informal childcare have not attempted to assess the quality of informal care. This may be one reason for the inconclusive results. Quality is an important factor as high quality childcare provision increases the likelihood of better outcomes for children and helps reduce the risk of any negative effects of long hours.

Formal Childcare

- The evidence on the benefits of good quality childcare/pre-school education for children age 2+ is fairly clear and strong, but the position is much less conclusive and more mixed for under 2s, with both benefits and negative effects visible.
- Childcare from the age of two onwards is associated with positive cognitive and language outcomes, particularly where the childcare is of high quality. It is also associated with positive social and behavioural outcomes. For example, EPPE has demonstrated that centre-based early education had a positive effect on children's all round development when they started school and through the early years of primary school to age seven (the end of Key Stage 1).

⁴¹¹ Centre for Market and Public Organisation (CMPO), University of Bristol (2006) "Up to seven: Family background and child development up to age seven in the Avon Longitudinal Study of Parents and Children (ALSPAC)", DfES research report RR808A.

⁴¹² Reference: Melhuish, E, Sylva, K, Sammons, P, Siraj-Blatchford, I and Taggart, B. (2001) The Effective Provision of Preschool Education project, technical paper 7: social/behavioural and cognitive development at three to four years in relation to family background. London: Institute of Education/DfES.

⁴¹³ Reference: NICHD Early Child Care Research Network, Type of child care and children's development at 54 months, Early Childhood Research Quarterly, 19, (2004) pp 203-230.

- At age seven, high quality pre-school provision combined with longer duration had the strongest effect on cognitive and social behavioural development. However, in terms of longer term benefits at age 10, it was the quality of pre-school education that made the critical difference. With the exception of pro-social behaviour, the effects of simply attending a pre-school, low quality provision or those of duration of attendance were no longer sufficient at age 10 to ensure better cognitive development.
- The evidence on the effect of childcare before age two is more mixed. Children who receive a large quantity (both hours per week and a longer duration in months eg 20+ hours per week) of childcare before age two have a small increased risk of low level behavioural problems (e.g: anti-social behaviour, worried and upset behaviour). Some studies show that these last, though reduced, through early childhood to approx age 12, particularly for centre-based or childminder care, whilst other studies show that these negative effects disappear.
- For example, the US NICHD study shows that children with more experience in centre settings between 0–2 (more than 20 hours per week) or very high levels of childminder care, continued to manifest somewhat more problem behaviour through sixth grade (at age 12) and the strength of the association had not dissipated in terms of previous findings.
- In contrast, recent evidence from EPPE shows that at age 10, there is no longer an association to an early start at pre-school (before two years) upon “anti-social” behaviour, in comparison to earlier results that showed an increase in anti-social behaviour at ages three, five and six.
- It is also important to bear in mind that evidence refers to a small increased risk for a small number of children. Most children with a high quantity of group childcare do not show increased problem behaviours. In addition, none of these “low level problem behaviours” would be clinically diagnosable as problem behaviours.
- They include teasing other children, temper tantrums, name calling, preventing other children from carrying out routines, bullies other children, is bossy, needs to have his/her way, gets upset when you don’t pay enough attention, is worried about not getting enough. Neither are they predicative of more serious problems later in life.
- Other factors such as poverty, disadvantage, illness and a poor home learning environment all have a bigger impact (than long hours in childcare) on children’s social-emotional development.
- Between the ages of one and two, childcare has no adverse effects on cognitive/language outcomes, and in fact high quality childcare yields improvements, particularly for language outcomes. (Evidence on the effect of childcare at age 0–1 on cognitive/language outcomes is less conclusive.)

Impact of childcare on different groups

- EPPE also shows that disadvantaged children in particular can benefit significantly from good quality pre-school experiences, giving them a developmental boost at entry to primary school which in turns helps them achieve minimum standards at key stage 1.
- Other UK evidence⁴¹⁴ shows that cognitive gains of pre-compulsory education last until at least age 16, though reduced (ie the effect at age 16 was half that at age seven) but also that effects of pre-compulsory education are evident over the much longer term at age 33 and 42 (particularly for disadvantaged groups) in the form of better qualifications, greater employment and higher earnings.
- US evidence also suggests that all groups benefit from pre-school provision, but they are largest for low income/disadvantaged groups.

5. *How does the Department define its supplementary measures of poverty (beyond the headline measures of households below 60% of median income or 70% of median income with evidence of material deprivation)? Are these measures weighted to take account of differentials in the cost of living in different parts of the country, in particular differences in housing costs, and of differences in family size?*

Headline measures of child poverty

The Government’s long-term measure of child poverty was developed through extensive consultation led by DWP⁴¹⁵. This has ensured that the way we are measuring child poverty helps target effective policies that make a real difference to children’s lives, and in a way that clearly shows whether, and how far, we are progressing.

⁴¹⁴ Goodman, A and Sianesi, B. (2005) Early Education and Children’s Outcomes: How Long do the Impacts Last? Institute for Fiscal Studies.

⁴¹⁵ The conclusions to the consultation were published in *Measuring Child Poverty*, see http://www.dwp.gov.uk/ofa/related/final_conclusions.pdf

The indicators within this long-term measure are those used in the Child Poverty PSA target to halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020. They are:

- absolute low income (60% of 1998–99 median household income adjusted for inflation);
- relative low income (60% of current median income); and
- relative low income and material deprivation combined (70% of current median income and materially deprived).

The relative low income indicator has a national target attached.

This “tiered” measure is underpinned by the *Opportunity for all* multi-dimensional indicators, published annually. The children and young people’s indicators include a range of indicators including health, housing and education. The latest update can be found at www.dwp.gov.uk/ofa/reports/2007/OpportunityforAll2007.pdf

Does our poverty measure take into account the cost of living in different parts of the country?

Whilst the headline measures of poverty are assessed before housing costs are taken into account, the Opportunity for all indicators do also include income measures after housing costs. In some respects, income after housing costs may be a more appropriate measure for making comparisons across the different regions/countries of the UK because of the different costs of housing across the UK.

Deducting housing costs from income measures can understate the relative standard of living that some individuals may have by paying more for better quality accommodation. Conversely, income measures that do not deduct housing costs may overstate the living standards of those people whose housing costs are high relative to the quality of their accommodation.

Our material deprivation indicator is designed to look specifically at living standards, and includes measures of quality of housing. Through this indicator we will be able to focus on families’ ability to afford acceptable standards of housing. In addition, this measure will capture those children in families who are unable to afford the items and activities in the material deprivation indicator because of the high costs they experience.

Does our poverty measure take into account family size?

Yes, income is adjusted, or equivalised, to take into account variations in both the size and composition of the household. This process reflects the common sense notion that a family of several people needs a higher income than a single person for both households to enjoy a comparable standard of living. Equivalisation is needed in order to make sensible income comparisons between households and has long been standard practice in income distribution analysis.

Several different equivalisation scales exist which adjust for family size in different ways, although analysis shows that most feasible scales suggest similar numbers of British people living in poverty. We use the equivalisation scale used most often internationally, as comparisons with other countries—and Europe in particular—are becoming increasingly important. This is the Modified Organisation for Economic Co-operation and Development (OECD) scale.

Memorandum submitted by Daycare Trust

INTRODUCTION

1. Daycare Trust, the national childcare charity, is celebrating 21 years of campaigning for quality, accessible, affordable childcare for all and raising the voices of children, parents and carers. We lead the national childcare campaign by producing high quality research, developing credible policy recommendations through publications and the media, and by working with others. Our advice and information on childcare issues assists parents and carers, providers, employers, trade unions and policymakers.

2. Established in 1986, Daycare Trust has seen its campaigning translate into policy change, including the establishment of the national childcare strategy. However, access to quality childcare services is still dependent on where families live and on their income. In our 21st campaigning year, Daycare Trust is uniquely qualified to give a voice to parents facing a multiple range of challenges.

3. Daycare Trust welcomes the opportunity to contribute to the Work and Pensions Committee’s inquiry into eradicating child poverty. The Government’s ambitious goal to eradicate child poverty by 2020 is warmly welcomed. In spite of the failure to meet the target to reduce the number of children living in poverty by a quarter, progress has been made since 1999. Yet if the Government is to meet its target of halving child poverty by 2010 it will need to redouble its efforts.

4. Daycare Trust has recently conducted research charting the progress made in delivering the Government's childcare strategy in England. *Childcare nation*^x brings together a review of existing research and government statistics. The desk research has been supplemented by new secondary analysis of two key data sources: the Parents' Childcare Survey series (with most recent data from 2004 surveyⁱⁱ) and the Childcare Providers' Survey series (most recent data from 2006), both produced for the Department for Children, Schools and Families. A copy of the report summary is attached and some of the content of the report that is relevant to the Committee's inquiry is cited below.

5. Daycare Trust would welcome the opportunity to discuss findings from our research and present our views on progress on the Government's target to eradicate child poverty.

THE IMPORTANCE OF CHILDCARE IN TACKLING CHILD POVERTY

6. The Government's approach to ending child poverty is to help parents into work, with a target of getting 70% of lone parents into work by 2010, and providing financial support for those who need it most. But increasing parental employment depends upon the availability of high quality and affordable childcare. To achieve the aims of ending child poverty the Government must commit to effective and long-term funding of childcare. The single most striking characteristic of countries that have a low poverty rate and a high proportion of parents in paid work (such as Sweden) is the widespread availability of publicly funded childcare.

7. A considerable body of evidence has shown the substantial benefits of early years education and care for children.ⁱⁱⁱ Early years education benefits children's learning, improves their confidence and peer relationships, and can help to break cycles of poverty. Children's language and cognitive development also benefit, and this increases depending on the length of time, in months and years, spent in childcare settings. As disadvantaged children already lag behind their middle-class contemporaries in terms of cognitive development at the age of three,^{iv} the provision of high-quality early years education is clearly one very important way to counter this.

CHILDCARE AND MATERNAL EMPLOYMENT

8. Evidence from the DCSF Parents' Childcare Survey series shows that maternal employment has not increased dramatically since 1999.^v This may explain why overall demand for childcare appears not to have kept up with increases in supply. However, there has been a significant increase in long part-time working hours (ie 16–29 hours per week). If this trend continues, it may have implications for the demand for childcare. Welfare reforms, such as the proposal to require lone parents on benefits to seek work once their child reaches the age of 12, and eventually seven, may also influence the need for out-of-school childcare.

9. Some mothers retain a preference for parental care and a mistrust of formal provision, which may limit the extent to which the childcare strategy can be effective in increasing maternal employment. Nevertheless, the evidence suggests that there is scope for increasing maternal employment through improving childcare provision, particularly for low-income groups and lone mothers. A substantial minority of non-working mothers in these groups would prefer to work if suitable childcare were available. Qualitative research with lone parents has indicated that mothers differ in their work and childcare orientations, and that employment decisions are influenced by a complex interplay of "parent centred" and "child-centred" considerations. Furthermore, parents' views of non-parental childcare can also influence their childcare choices and employment behaviour. Childcare and employment responses might therefore need to be refined in order to meet the very diverse needs of different families.^{vi}

10. Little progress has been made towards meeting the needs of families requiring childcare at atypical hours and during school holidays. A significant minority of families continue to experience problems with childcare at these times. The evidence from providers confirms this shortfall in provision and suggests that market forces (alone) are unlikely to lead to an increase in supply in line with parents' needs, and (further) government intervention is likely to be required.

CHILDCARE IN DEPRIVED AREAS

11. Evidence clearly points to the existence of two distinct childcare markets. More affluent areas are mainly served by private providers, with services shaped by market forces. Private provision in these areas is becoming concentrated in the hands of large corporate chains, and there is not yet evidence that private and voluntary providers in these areas are losing out to local authority provision. Deprived areas have been reliant on government intervention and initiatives such as the Neighbourhood Nurseries Initiative (NNI) and children's centres to address market imperfections and the reluctance of private providers to establish themselves in disadvantaged areas. This has brought about a significant increase in supply in deprived areas and has also resulted in more flexible provision than is available via private providers. However particular concerns remain about the viability of provision in the most deprived areas, once the start up funding provided by government initiatives runs out. Further thought therefore needs to be given to the role of government intervention in childcare markets in both deprived and affluent areas to enable sustainable development of high-quality provision.

CHILDCARE COSTS

12. The strategy adopted to expand early years education for three- and four-year olds shows that if free, good-quality provision is offered to parents, they will take it up. However, there are problems in relation to the take-up of early years education mainly due to the implementation of this strategy, including the fact that some parents report paying a fee for the “free entitlement”.

13. Evidence suggests that the cost of childcare might have contributed to slow down progress in increasing the use of other types of childcare. Cost constitutes a barrier particularly for lone parents, low income families and parents with pre-school children. These groups spend a higher proportion of their income on childcare than other families, and are also more likely to report difficulties in paying for childcare and to say that they do not use childcare because they cannot afford it.

CONCLUSIONS

14. The childcare strategy to expand free early years education seems largely to have worked well. This could be applied to the development of paid-for childcare; providing parents with free childcare at the point of delivery, rather than giving complicated subsidies, works effectively. However, solutions will need to be found to address the need for childcare at atypical hours and during school holidays. Flexibility also appears to be best promoted by government funding, as seen in disadvantaged areas.

15. There is a need to invest further in high-quality early years education and care. The evidence suggests that some providers, particularly in disadvantaged areas, will need financial support to achieve a well-paid, well-qualified workforce.

16. At the centre of all of this, it is essential to focus on the evidence on outcomes for children. What is best for children is to grow up with a good attachment to a primary caregiver, particularly in infancy, and to have opportunities to access high-quality childcare and early years education, with consistent and highly qualified staff. Child poverty must also be eradicated, with strategies to enable parents who wish to work to do so at appropriate times and with affordable and accessible childcare that meets their needs. The childcare strategy has played an important part in beginning this work, but more is required to ensure it is delivered in all neighbourhoods in a sustainable way.

DAYCARE TRUST RECOMMENDATIONS

The recent Daycare Trust report *Childcare nation?* Contains detailed analysis of the Government’s childcare strategy and identifies a wide range of policy recommendations to take forward the aims of improving outcomes for children and supporting parents to work. Some of these are set out below.

- Paid maternity leave should be increased to 12 months as soon as possible, and maternity pay increased to minimum wage levels.
- There must be sufficient and suitable out-of-school activities. This may require further start-up grants and other funding for financial support to enable all families to take advantage of the provision offered.
- The government should continue to subsidise childcare in disadvantaged areas.
- The government should ensure there is enough money in the system to fund the free entitlement adequately.
- There should be increased funding to improve the availability of out-of-school and holiday clubs, especially given their increased importance within the Government’s welfare reform programme.
- The free entitlement to early years education should be extended to 20 hours a week for 48 weeks of the year. This will enable more parents to work enough hours to receive tax credits and give them confidence that their children are well looked after.
- Further investigation is required of how to best provide care at atypical hours and how parents can use existing provision more flexibly. One possible idea to explore could be the National Sitter Service, funded by the Scottish Executive.
- Further consideration should be given to the provision of holiday childcare.
- Given that families of children with special educational needs are less likely to use childcare, all childcare facilities must be disability-friendly.
- Further investigation is needed into what proportion of families continue to pay for the free entitlement.
- The proportion of help with childcare costs available through tax credits should be increased from 80–100%. More fundamental reform of the tax credit system should also be considered.

- Consideration should be given to extending the principle of the Childcare Affordability Programme (in London) to other cities and regions in order to subsidise costs and fund places in high-cost areas. This model might also be used to subsidise costs for disabled children.
- Further exploration is needed of how childcare funding can be directed to providers to reduce charges to parents, with the aim of introducing long-term direct funding through local authorities.

REFERENCES

- i Daycare Trust/NatCen (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*, Daycare Trust.
- ii While at the time of writing the most recent data set available from the Parents Childcare Survey series was based on 2004 information, preliminary results from 2007 survey suggest that the current situation in relation to take-up of childcare is similar to that in 2004. The results of the 2007 Parents Childcare Survey are due to be published by the DCSF in early 2008.
- iii See, for example, Goodman & Sianesi (2005) *Early Education and children's outcomes: How long do the impacts last?* Institute for Fiscal Studies; Sylva et al (2004) *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Early Primary Years*, DfES.
- iv Hansen & Joshi (eds.) (2007) *Millennium Cohort Study Second Survey—A User's Guide to Initial Findings*, Centre for Longitudinal Studies, Institute of Education, University of London.
- v Daycare Trust/NatCen (2007) *Childcare nation? Progress on the childcare strategy and priorities for the future*, Daycare Trust.
- vi Bell A et al (2005) *A Question of Balance: Lone Parents, Childcare and Work*; DWP Research Report 230; Norwich: Corporate Documents Service.

Daycare Trust

October 2007

Memorandum submitted by Working Links

EXECUTIVE SUMMARY

1. It is evident from Working Links experience that many jobless people are socially excluded and have a range of issues affecting their overall employability. Working Links have long advocated a more universal programme of support to enable people to secure employment in line with the principles set out within the “Flexible New Deal”. This policy document makes it clear that, in order to make tangible progress, there is a need for the private, public and voluntary sectors to work more collaboratively to provide support tailored to the specific combination of barriers faced by the individual (not just as a parent or a carer). This approach is in keeping with the recommendations made in the “Harker Report” with an emphasis on the wider context of the family.

2. Working Links fully endorses the above and is working collaboratively with a number of key stakeholders to include; Department for Work and Pensions; the Learning and Skills Council; Department for Children, Schools and Families; Department for Innovation, Universities and Skills; Local Authorities and the voluntary sector. In addition, efforts are being made to foster international partnerships to build on our expertise and to share good practice.

3. Working Links can also see real value in addressing issues at a community level to achieve sustainable progress—adopting a “holistic approach”. Treating issues in isolation is not the solution. Addressing not only the needs of an individual but also those of their family or household and the wider community in which they live. In particular, improving the lives of children needs robust governance, inter-agency cooperation and a significant improvement in the delivery of services rooted in the community.

4. In support of the wider objectives, bringing to bear the more holistic community approach and reducing inefficiencies and silo working, Working Links is further building on its expertise in the following areas:

- Families and Neighbourhoods—We are working collaboratively with parents, young people, families, third sector partners, local authorities and Government Agencies to deliver tangible services at neighbourhood level. We want to bring services together through existing infrastructures including Children's Centres, Extended Schools, community and PCT buildings. Local participation through neighbourhood networking and brokerage services is key. Involving local people and existing partners in what we deliver is making real inroads into social exclusion, improving the life chances of children in poverty and supporting the Every Child Matters agenda.

- Wellbeing—Reducing health inequalities and improving the well being of the population through improved access; increased choice; integrated services; employment support; help with mental health issues; education; parenting skills; and community health. This means targeting and dealing with specific issues such as teenage pregnancy; smoking; drug dependency; and promoting physical activity and healthy eating. Key to this is joint working and fund-sharing at neighbourhood level.
- Essential People—People focussed approach towards skills provision. We help boost skills to improve employability and progression.
- Social Justice—Giving offenders, those at risk of offending and their families new opportunities and life chances for social inclusion and social mobility.

INTRODUCTION

5. Working Links is a commercially run organisation, set up in 2000 to tackle issues leading to and resulting from social exclusion. Working Links supports the Government's twin aspirations of an 80% employment rate and an end to child poverty. In particular, our expertise lies in helping those most disadvantaged back to sustainable employment. As part of this process, Working Links works with a number of key stakeholders within the public, private, and voluntary sectors. It provides innovative and radical solutions to deliver an effective service that reflects the ethos and builds on the expertise of the public sector.

6. By 2004 Working Links were the largest provider of programme services to the Department for Work and Pensions/Jobcentre Plus with more than 70 contracts across the UK. It currently holds the top market position for services of this nature.

IMPROVING SERVICE DELIVERY

7. Working Links is committed to improving delivery of services to disadvantaged people and to building capability to meet future challenges. We are setting the bar significantly higher in terms of expectations of what can be done and the speed with which it will be achieved.

8. Our role supports government objectives, in conjunction with other key stakeholders, to alleviate deprivation; improve social mobility and eradicate child poverty. Our business development and deployment practices align with current and future policy and delivery needs. Over the last six years our work has been focussed around the following key areas.

CUSTOMER BASE

9. Efforts have been made to effectively target and engage inactive disadvantaged people. As a result, we have engaged over 135,000 people.

UP SKILL/TRAINING

10. As the economy grows, higher level skills are essential for sustained success. Improving skills is a major challenge that requires a two pronged strategy. To this end, Working Links is addressing the skills needs of those in work and those seeking work. Working Links ran a number of soft and vocational skills courses across the UK providing skills development training for more than 100 customers each week or 5,000 a year. These courses are tailored to the development of people while at work. City and Guilds accreditation has been obtained on these courses.

PLACEMENTS

11. In excess of 90,000 people have been placed into entry level jobs⁴¹⁶. Greater emphasis is being placed, by Working Links, on ensuring that employers up skill those individuals below entry level²⁴¹⁷ to facilitate progression and in the longer term, social mobility. This approach mirrors Lord Leitch's recommendations around the "Basic Skills Pledge". It also supports the findings in the Harker Report that parents need guidance, support and skills to progress at work. She was clear that "a work first approach is not sufficient to end child poverty, since nearly half of children in poverty now live in a family where someone is already in employment".

⁴¹⁶ Entry level jobs refer to individuals who have the following qualifications: Certificates in Life Skills
Certificates in Skills for Working Life
Skills for Life ESOL

⁴¹⁷ Entry level 2 is equal to five GCSE's or more

SUSTAINABILITY

12. Whilst employment has the potential to lift individuals and families out of poverty, it does not always do so. Poorly paid, low skilled and insecure work can mean that welfare dependency is simply replaced by either in work benefit dependency or intermittent periods of low quality work and unemployment. Working Links has assisted over 50,000 people to remain in work for at least 13 weeks. Retention research undertaken in 2006 shows that 70% of our customers are still in work 12 months after they started and that 95% of these experience some kind of workplace progression within this period of time.

PEOPLE ON INCAPACITY BENEFIT

13. Over 35% of our jobseekers based in over 50 locations across the UK, have reported a health issue or disability as a barrier to employment. We have already helped over 5,000 recipients of Incapacity Benefit into work as a result of our client-centred approach which focuses on the individual to good effect.

PARENTS AND FAMILIES

14. Working Links is working with the voluntary sector, Local Authorities and government agencies to enhance services to parents and families. Many parents, particularly those in deprived locations, simply do not access mainstream services. They tend to be most distant from the labour market, experience higher levels of poverty, are more likely to offend and have lower levels of health. Working Links has supported thousands of lone parents into sustainable work and is working with partners to provide wider services to all parents and families. We support the growing network of Children's Centres and provide services tailored to meet the needs of individual centres, ranging from neighbourhood networking, childcare brokerage, benefits advice and employment support.

OFFENDERS

15. Employment is a key driver in the reduction of re-offending. Working Links places the focus on the individual to overcome their personal employment barriers and to release the potential that a cycle of crime, poverty and deprivation often inhibits. As a result, we have managed to secure work for approximately 30,000 people who are either offenders or ex-offenders. We currently provide in-reach information, advice and employability support in over 20 prisons.

Delivering directly in prisons we have:

- Worked with 4,100 ex-offenders.
- Helped half of these (2,050) into work, with 40% remaining in work three months later.

RECOMMENDATION FOR ACTION

16. Continue to build on progress to integrate services within communities. Joined up working, local partnerships and consortia are powerful ways of tackling poverty and social exclusion.

Memorandum submitted by Centre for the Economics of Education

The level of intergenerational mobility in society is seen by many as a measure of the level of equality of economic opportunity or life chances. It captures the extent to which a person's circumstances during childhood are reflected in their success in later life, or on the flip-side, the extent to which individuals can make it by virtue of their own talents, motivation and luck.

In this summary we shall review the most recent work from various collaborations by the authors named above, and other relevant material, on a number of aspects of mobility. First we shall discuss the level of mobility in Britain compared to other countries, and then the extent to which mobility has changed over time. We shall explore the drivers of intergenerational income mobility and the change in mobility in the UK. Finally we shall describe the extent to which poverty and worklessness are transmitted between generations.

INTERGENERATIONAL MOBILITY

An intuitive way to see the extent of intergenerational mobility is to see where children from the most or least affluent families end up in the earnings or income distribution as adults. This can be shown by a transition matrix showing movements in the earnings or income distribution across generations. Table 1 reports an example of such a transition matrix for Britain for men born in 1970 based on children's earnings (as adults) and their parents' family income. It splits each generation's distribution up into four equal sized quartiles (each containing 25% of people) and sees how much movement there is between quartiles across generations. In a fully mobile society a quarter of the children from each income group would then end up

in each quarter of the adult earnings distribution, so every cell would contain a .25. In the case of no mobility, all children would be in the same quartile as their parents and the lack of movement between quartiles would be shown by 1's on the diagonal and 0's elsewhere.

The Table makes it clear that, for the cohort born in 1970, 38% of those with the lowest 25% of income at age 16 remained in the poorest quarter as adults, whilst only 16% made it to be among the most affluent as adults. Likewise, far more of the most affluent quarter remains in the top quarter in the next generation than would occur with perfect mobility.

Table 1

TRANSITION MATRIX FOR BRITAIN, SONS BORN IN 1970

<i>Parental income quartile when son aged 16</i>	<i>Sons' earnings quartile when aged 30 in 2000</i>			
	<i>Bottom</i>	<i>2nd</i>	<i>3rd</i>	<i>Top</i>
Bottom	.38	.25	.21	.16
2nd	.29	.28	.26	.17
3rd	.22	.26	.28	.25
Top	.11	.22	.24	.42

Data drawn from the British Cohort Study of 1970 as described in the text.

An overall summary measure of the extent of intergenerational mobility can be obtained from a statistical regression of child outcomes on parent outcomes. This is either an intergenerational elasticity (β) measuring the strength of the statistical association between parent and child outcomes (defined in logs), or more precisely a measure that adjusts for differences in variance across generations (the partial correlation coefficient, γ). A higher β or γ indicates a stronger impact of parental outcomes on children's economic success, meaning higher intergenerational inequality and less intergenerational mobility. If β or γ equals 1 this corresponds to complete intergenerational immobility. If β or γ equals 0, and there is no relationship between incomes across generations, this corresponds to complete mobility. On this basis our research reports an intergenerational elasticity and correlation of son's earnings with respect to family income of .29 in Britain for those born in 1970.

From one such observation of intergenerational mobility in one country, it is not instantly obvious what constitutes a high or low level of mobility. So here we adopt two approaches to give benchmarks for mobility in countries. Firstly we compare mobility across a set of other major industrial countries and secondly we use a historical comparison to suggest whether the extent of mobility in Britain has changed over time.

INTERNATIONAL COMPARISONS OF MOBILITY

Most evidence on intergenerational mobility across countries is generally from studies considering one or two countries in isolation. However, drawing strong conclusions about relative levels of mobility in different countries is hampered by the fact that few studies are carried out with an explicit comparative aim. Different researchers take their own decisions about variable choice, sample selection and estimation methods, meaning that it is impossible to know whether differences are a consequence of fundamentals or a lack of comparability across studies.

Blanden (2007) seeks to draw together the evidence on intergenerational mobility for a number of developed nations. A summary Table from this article is reproduced here as Table 2. Although there are some complexities caused by the different methodologies used the current evidence reveals a reasonably robust pattern in terms of how mobility in different countries compares. The evidence suggests that among developed countries the UK, the USA and possibly France and Italy are among the less mobile countries while Canada and the Nordic countries are among those which are more mobile. There are obvious gaps in our knowledge of intergenerational mobility in developed nations.

Table 2

SUMMARY OF INTERNATIONAL LITERATURE ON INTERGENERATIONAL PERSISTENCE FOR SONS

<i>Study</i>	<i>Country</i>	<i>Data source</i>	<i>Son's outcome variable</i>	<i>Parental income variable</i>	<i>Approach to measurement error</i>	β
Wiegand (1997)	Germany	German Socio-Economic Panel	Log monthly earnings in 1994; sons aged 27–33.	Log monthly earnings averaged over 1984–89.	Five-year average	0.32 (0.07)
Björklund and Jäntti (1997)	Sweden and the USA	Swedish Level of Living Survey and PSID	Log annual earnings in 1990, sons born 1952–61.	Father's earnings predicted from observables in a separate dataset.	Two-sample instrumental variables (TSIV)	Sweden: 0.28 (0.09) USA: 0.42 (0.12)
Gustafsson (1994)	Sweden	Matched register and tax data, for fathers in Stockholm 1955	Four-year average of log individual income; sons born 1939–45.	Father's individual income in 1955.	Four-year average	0.14 (0.07)
Österbacka (2001)	Finland	Finnish quinquennial population census	Log average annual earnings in 1985, 1995, 2000; sons born 1950–60.	Log average annual earnings in 1970 and 1975.	Two-year average but five years apart	0.13 (0.005)
Corak and Heisz (1999)	Canada	Matched income tax data	Log annual earnings in 1995; sons born 1963–66.	Father's log annual earnings averaged over 1978–82.	Five-year average of father's earnings	0.23 (0.01)
Atkinson (1981)	UK	Follow-up of Rowntree York Sample	Log weekly earnings at survey date (1975–78).	Log weekly earnings in 1950.	None	0.36 (0.03)
Dearden et al. (1997)	UK	National Child Development Survey	Log weekly earnings at age 33 for a cohort born in 1958.	Father's log weekly earnings when son aged 16.	Instrumental variables using father's education and social class	0.58 (0.06)
Lefranc and Trannoy (2005)	France	French Education—Training—Employment surveys 1964–93 (FQP)	Log annual earnings for sons aged 30–40, 1993 FQP.	Information on father's education and social class used to predict earnings from similar-aged men in FQP.	Two-sample instrumental variables (TSIV)	Approx. 0.4
Piraino (2006)	Italy	Bank of Italy Survey on Household Income and Wealth (SHIW)	Log annual earnings in 2000, 2002, 2004 for 30–45 year-olds whose fathers were born between 1927 and 1949.	Information on father's education, employment status occupation and region used to predict income from men in 1977–79 SHIW aged 30–50.	Two-sample instrumental variables (TSIV)	0.435 (0.035)
Mocetti (2006)	Italy	SHIW as above	Log annual earnings in 2000, 2002, 2004 for 30–50 year-olds.	Information on education, sector, region and occupational qualification used to predict income from men in 1977–80 aged 30–50.	Two-sample instrumental variables (TSIV)	0.499 (0.051)

CHANGES IN INTERGENERATIONAL MOBILITY IN BRITAIN

In our general discussion of mobility in the UK in the first section we relied upon information from the British Cohort Study of children born in 1970. In the internationally comparable estimates, information has also been used for sons from the National Child Development Survey (NCDS) of children born in 1958. If care is taken in treating these datasets comparably⁴¹⁸ then they can be used to explore how the extent of intergenerational mobility has changed over time.

Looking at the transition matrices reported in Tables 3 and 4 it is instantly clear that many more children from the poorest quarter remain in poorest quarter as adults in the more recent cohort. Likewise among the most affluent far more stay among the most affluent as adults than was the case for the earlier cohort.

Table 3

TRANSITION MATRIX FOR SONS BORN IN 1958

<i>Parental income quartile when son aged 16</i>	<i>Sons' earnings quartile when aged 33 in 1991</i>			
	<i>Bottom</i>	<i>2nd</i>	<i>3rd</i>	<i>Top</i>
Bottom	.31	.28	.23	.17
2nd	.30	.28	.23	.19
3rd	.22	.25	.25	.28
Top	.17	.20	.28	.35

Data drawn from the National Child Development Survey.

Table 4

TRANSITION MATRIX FOR SONS BORN IN 1970

<i>Parental income quartile when son aged 16</i>	<i>Sons' earnings quartile when aged 30 in 2000</i>			
	<i>Bottom</i>	<i>2nd</i>	<i>3rd</i>	<i>Top</i>
Bottom	.38	.25	.21	.16
2nd	.29	.28	.26	.17
3rd	.22	.26	.28	.25
Top	.11	.22	.24	.42

Data drawn from the British Cohort Study.

Considering estimates of the intergenerational elasticity and correlation confirms that intergenerational mobility has fallen over time in Britain; mobility declined for those born in 1970 compared with those born in 1958. Table 5 provides the results for males, showing the estimated mobility parameter—the intergenerational elasticity of earnings with respect to family income—and the inequality adjusted elasticity (the partial correlation) across the generations. It is clear that by either of these measures intergenerational mobility has declined substantially and that these changes are statistically significant. In our underlying papers we explore these results and we are confident that they are robust.

More recent work by Ermisch and Nicoletti (2007) find similar trends in mobility across time when measuring intergenerational earnings persistence. They state that “intergenerational earnings mobility was stable for the cohorts born between 1950 and 1960 and has decreased statistically significantly among more recent cohorts, born during 1961–1972”. This corroborates the findings from the NCDS and BCS70 cohorts.

⁴¹⁸ In particular using data on earnings and family income since that it is the only combination available in both cohorts, and standardising for differences in data definitions and inequality differences across generations.

Table 5

CHANGES IN INTERGENERATIONAL MOBILITY IN BRITAIN

	<i>NCDS 1958</i>	<i>BCS 1970⁴¹⁹</i>	<i>Cross-Cohort Change</i>
Mobility Parameter (β)	.205 (.026)	.291 (.025)	.085 (.036)
Inequality Adjusted Mobility Parameter (γ)	.166 (.021)	.286 (.025)	.119 (.033)
Sample Size	2,163	1,976	

Source: Blanden (2004) Table 4.2 Standard errors are shown in parentheses.

DECOMPOSING INTERGENERATIONAL PERSISTENCE

Recent research by Blanden, Gregg and Macmillan (2007) takes the evidence a stage further, by attempting to account for the key mediating influences in the strong relationship between family income in childhood and adult earnings. The first stage of this analysis examines the role played by education, cognitive ability, non-cognitive traits and labour market attachment in this transmission of parents' income to adult earnings, using the 1970 cohort, in an attempt to account for the low level of mobility in the UK. The second stage considers the changing nature of the relationship between these four components, parents' income and adult earnings, using the 1958 and 1970 cohort, in an attempt to account for the decrease in mobility across time.

We investigate the extent to which each transmission mechanism is responsible for generating the intergenerational elasticity. For the components in question to account for this persistence there are two conditions; firstly they must have a relationship with family income and secondly they must have a return in the labour market. A simple two-stage process is used; by measuring the extent to which a component is related to parents' income and then estimating the returns these components will have in the labour market. The combination of these two measurements reflects the extent to which a factor can account for the intergenerational persistence.

As the research considers children as they age, early events or characteristics may well affect later components; so for example, innate ability will undoubtedly impact on educational attainment and its impact on future earnings will to some degree come through educational attainment. Therefore to explore these sequential effects the model is built up in stages over periods of time.

The results from using the 1970 cohort indicate that all four major components considered (cognitive and non-cognitive attainment at ages five and 11, educational attainment and labour market attachment) are important in accounting for the high level of intergenerational income persistence. Both cognitive and non-cognitive traits have a significant relationship with parent's income, fulfilling the first criteria for them to play a role in accounting for the persistence.

In the earnings regressions, as the model is built up sequentially, the role of cognitive ability and non-cognitive traits diminish once the aged 16 educational attainment is included, suggesting that these early childhood measurements influence earnings through education. Likewise, with the inclusion of post-16 education we can see that half the returns to aged 16 attainment comes through opening access to higher education. Attachment to the labour market in early adulthood has a large influence on the earnings of the sons at 30 and therefore also plays an important role in our story.

⁴¹⁹ These results differ slightly from those in Table 2 owing to some adjustments required to ensure that results are comparable across countries and over time.

Figure 1

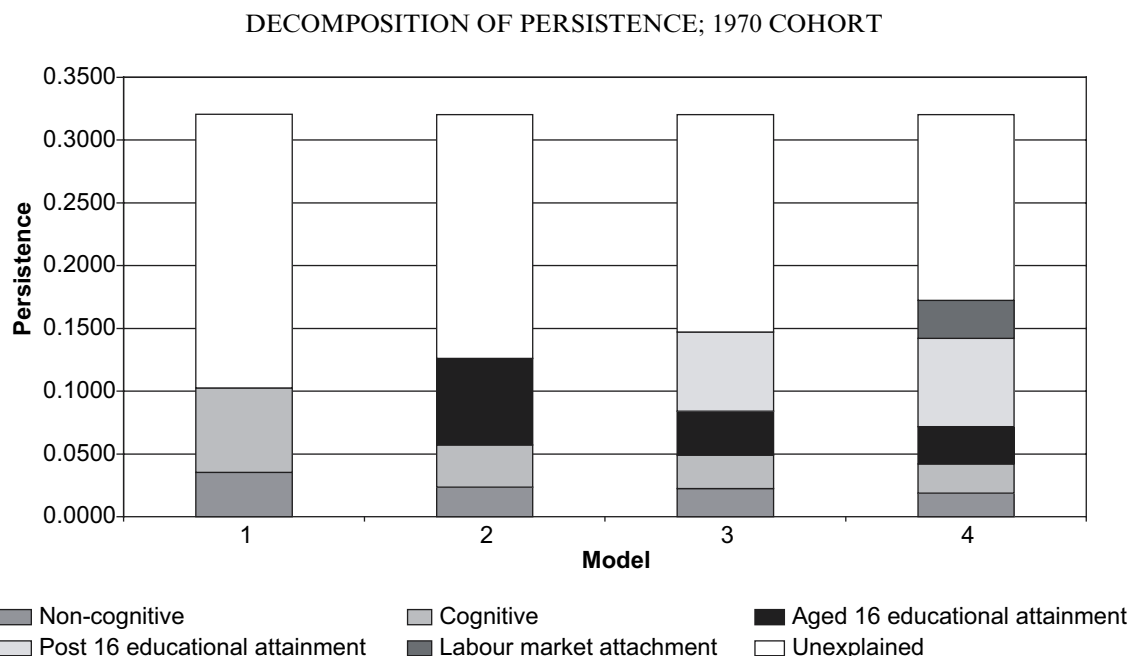


Figure 1 shows the decomposition of the intergenerational coefficient. The first bar indicates that the early childhood (ages five to 10) cognitive and non-cognitive traits combined around 30% of the persistence is accounted for, with the cognitive measures making a more substantive contribution. The second bar introduces educational attainment at 16 allowing us to see the role of school based attainment in intergenerational persistence and the extent to which cognitive and non-cognitive factors operate through education; around 40% of the persistence is accounted for, 21% of which is coming directly through attainment at 16. Bar 3 introduces post-compulsory education it is clear that around half of the contribution from attainment at age 16 is coming through access to post-compulsory education. Finally with the addition of labour market attachment components in the final specification takes the total accounted for to 54%. Within this final specification, cognitive and non-cognitive components only account for about 6% each, though, as noted above, this is the contribution over and above effects operating through improved education and labour market attachment.

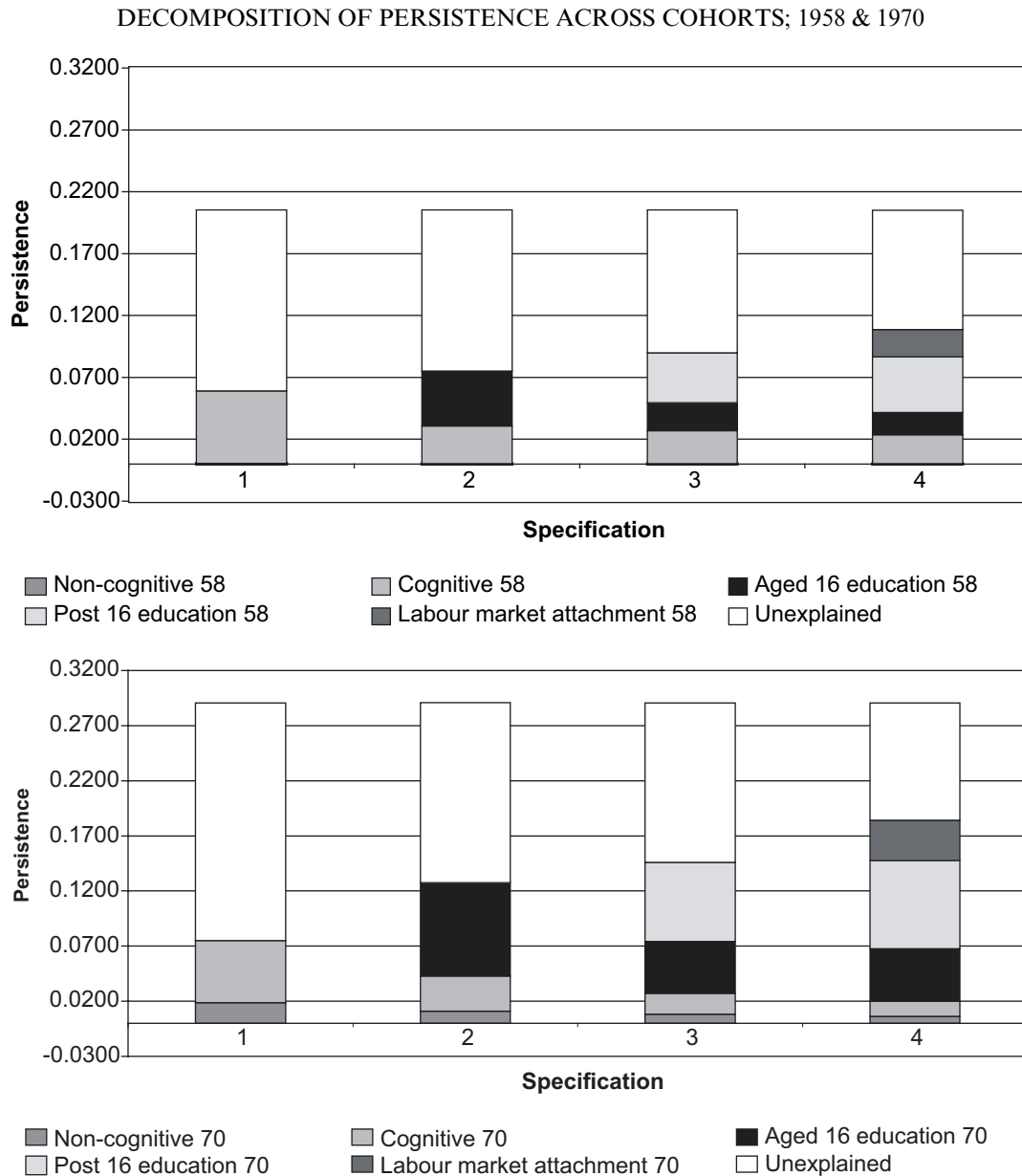
WHAT LIES BEHIND DECLINING MOBILITY?

For the second stage of analysis, the 1958 and 1970 birth cohorts are analysed, using the same methodology, although due to some data restrictions slightly different measurements of the non-cognitive traits and aged 16 attainment are used to make them comparable across time.

There are a number of noticeable differences between the two cohorts; parents' income has a weaker association with all measures of each major component in the earlier cohort, and the non-cognitive measures appear to have little or no relationship with parents' income. In terms of returns to earnings, although the returns of non-cognitive traits are slightly lower this is offset by the increased importance of the cognitive component in the first cohort. This suggests inherent ability had declined in importance in determining child outcomes (this is also found by and Galindo-Reuda and Vignoles (2005)). For the education components there has been an increase in the returns to aged 16 attainment and degree holdings but a sharp fall in the returns to staying on post-16. The impact of labour market attachment on earnings had not changed across time.

When accounting for the change in persistence, the components used do a good job. While persistence had increased by 0.086, from 0.205 to 0.291, the part accounted for has increased from 0.109 to 0.184 as seen in the decrease in the unexplained portion of specification 4 in figure 2; almost 90% of the change has thus been accounted for. There are three main factors that account for this rise; access to post-16 education has become far more strongly related with family income, this accounts for 29%; labour market attachment, again entirely through the strength of the relationship with family income accounts for 19%; and attainment at age 16, accounts for 34%. Non-cognitive traits are also increasingly important again through the strengthening of the relationship with family background but they operate mainly through educational attainment. Early cognitive ability is not responsible for the rise, so that whilst education attainment is becoming more social graded this is not due to differences in childrens early abilities.

Figure 2



The components considered are successful in providing suggestive evidence of how parents with more income produce higher earning sons. The first stage shows that they account for half of the association between parental income and children's earnings for the 1970 cohort. It is clear that inequalities in achievements at age 16 and in post-compulsory education by family background are extremely important in determining the level of intergenerational mobility.

The dominant role of education disguises an important role for cognitive and non-cognitive skills in generating intergenerational persistence. These variables both work indirectly through influencing the level of education obtained, but are nonetheless important directly as well. Attachment to the labour market after leaving full-time education is also a substantive driver of intergenerational persistence.

Almost 90% of the rise in the intergenerational coefficient is accounted for, with the increased relationship of family income with education and labour market attachment explaining a large part of the change. The growing imbalance in access to higher education by family background as HE expanded has been noted in a number of other papers, (eg Blanden and Machin, 2004 and Glennester, 2002) and here further powerful evidence is provided to support the view that this imbalance is partly driving the decline in intergenerational mobility in the UK.

There are clear indications of a strengthening of the relationship between family income and behavioural traits that inhibit children's educational attainment. However, cognitive ability offers no substantive contribution to changes in mobility; implying that genetically transmitted intelligence is unlikely to be a substantive driver.

CYCLES OF DISADVANTAGE: INTERGENERATIONAL POVERTY

Our concern with the extent of intergenerational mobility is to a large extent motivated by the plight of those who grow up in poor backgrounds. How likely is deprivation to repeat itself in the next generation?

In research published in 2006 by the Joseph Rowntree Foundation Blanden and Gibbons measure the extent to which poverty in childhood leads to poverty in later life. In order to do this we need to observe children’s family circumstances and then return to see how they are doing later in life. Once again we can observe these pieces of information in the two British cohort studies, the National Child Development Study and the British Cohort Study. Children’s experience of poverty is defined on the basis of information on parental income obtained at age 16. This means we compare the fortunes of those who were in poor families as teenagers in the 1970s compared with those growing up poor in the 1980s. Later poverty is measured at age 33 for the first cohort (so in 1991) and age 30 for the second cohort (in 2000).

Initial estimates of the persistence of poverty are based on comparing poverty rates in the early thirties for those who grew up in poverty compared with those who did not. Of those who were teenagers in the 1970s:

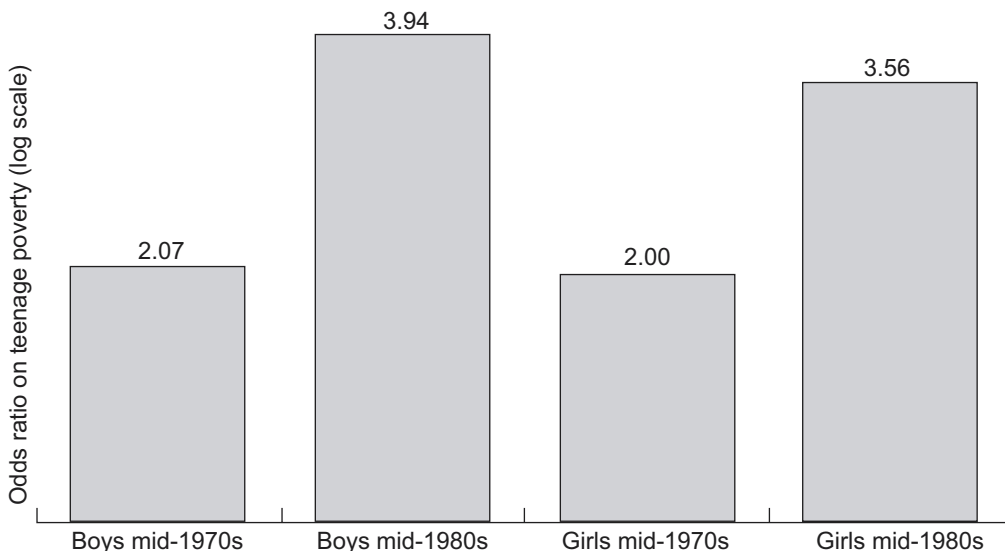
- For those whose families were poor when they were 16 in mid-1970s, 19% of those with poor parents are poor and 81% are not. Individuals are four times more likely to be non-poor than poor in their early 30s.
- For those with parents who are not poor, 90% are not poor in later life while 10% are poor. In this case, individuals are nine times more likely to be non-poor than poor if their parents were non-poor.

Persistence is measured by comparing these two numbers, the chances (or “odds”) of being poor if one’s parents are poor with the chances of being poor if they are not (the “odds ratio”).

Calculations of the odds ratio find that, for those who were teenagers in the 1970s, the chances of being poor as an adult double if they were poor as a teenager. Similar calculations for the later cohort show that those who were teenagers in the 1980s are nearly four times as likely to be poor in adulthood (see Figure 3). Therefore, comparing the persistence of poverty across the cohorts indicates that the strength of this persistence has approximately doubled, with an increase for men that was slightly greater than for women.

Figure 3

HOW TEENAGE POVERTY AFFECTS THE ODDS OF BEING POOR AS AN ADULT



Note: The bars report the odds ratios for poverty at 16 in a logit model of poverty at age 33 for the earlier cohort and age 30 for the later cohort. Vertical scale is in logarithms.

For earlier cohort of teenagers growing up in the 1970s, teenage poverty doubled the odds of being poor at age 33. For this older cohort it is also possible to observe individuals' situations at age 42. The impact of teenage poverty on poverty at age 42 is very similar to its impact at age 33, also doubling the chances of being poor. For this group, teenage poverty is therefore as strongly related to middle-age poverty as it was to poverty in earlier adulthood.

This is perhaps surprising: we might expect the influence of teenage poverty to fade as the years go by. One explanation could be that teenage poverty influences poverty in early adulthood, and this then links through to poverty in later life. However, accounting for poverty at age 33 has very little impact on the odds ratios for poverty at age 16. The link between poverty in teenhood and adulthood continues through to middle age, regardless of whether or not a person is recorded as poor in their 30.

The important policy question these results encourage us to ask is—what is it about growing up in poverty which makes it more likely that poor children will experience disadvantage in later life? This is crucial in terms of putting in place effective policies to alleviate the impacts of early disadvantage. For example, if we can show that it is lack of money in itself that is causing children to do badly then redistribution is an obvious solution, and reducing child poverty through benefits will have important impacts.

We know that poor families differ in many ways to those who are not poor; they are more likely to be headed by parents who have low education, poorer employment opportunities and by lone parents than families who are not poor. Policy prescriptions are more difficult if it is these factors that lead to poorer outcomes for children, as they are much harder to influence. The datasets used here include information on family characteristics, enabling us to measure the extent to which they are connected with poverty in later life.

For the teenagers growing up in the 1970s it seems that the impact of these factors on children can explain all of the higher poverty rates for children who experienced poverty as teenagers. It was their family characteristics, in particular their parents' poor education and lack of work that resulted in their later poverty and not the fact that their parents lacked income in itself. For those who were teenagers in the 1980s this is not the case, even when taking account of family characteristics there is evidence that poverty in itself puts these young people at a significant disadvantage.

This result could be taken to imply that straightforward redistribution would have had substantial benefits for the younger group. However, this conclusion is too simplistic as it does not take account of the ways in which poor and non-poor families differ that are difficult to observe, for example we do not have a measure of the parents ability to help and encourage their children to learn and persevere. Evidence from other studies suggests that policies to reduce child poverty through transfers must be coupled with policies that help children's learning and development, particularly at early ages.

INTERGENERATIONAL WORKLESSNESS

Over the last 30 years poverty became closely linked with worklessness, with an increased polarization of work leading to an increase in both two-earner and no-earner households. Therefore it seems appropriate to also look at the direct links between worklessness across generations.

The first and fourth columns of Table 6 below measures, for boys and girls separately, the persistence of parents' worklessness on the proportion of time their children spent out of work between leaving full time education and age 30. As can be seen there is a strong association between growing up in a workless household and spending periods of time out of work. Boys from workless households at age 10 who leave school at the age of 16 are likely to spend over a year longer out of work before they are thirty than their counterparts who are not from workless households at 10. It is important to note that those households who experience worklessness at one particular period of time do not necessarily experience worklessness at all periods of time so these coefficients are not additive. In fact only nine individuals experience worklessness at birth, 10 and 16 from our sample and 91 experience it at both 10 and 16. As we control for average parental income of the family between 10 and 16 (columns 2 and 5) and the cohort members own education experiences the strength of the coefficient on being in a workless household in childhood comes down only marginally. This indicates that there may be some feature of coming from a workless household over and above the deprivation that follows from worklessness that leads to future periods of worklessness. It is however important to stress that we do not assign any causality to these conclusions regarding workless households, these results rather capture the correlations between experiences of worklessness in childhood and worklessness in adulthood.

For girls, coming from a workless household at age ten seems to have a similar effect as for boys but the relationship with worklessness at 16 is somewhat stronger. So the intergenerational worklessness relationship is a little stronger for girls. This appears to be driven by a relationship between those who have children relatively early, by 25, and coming from a workless household in childhood. When we control for whether the woman is married and whether they have had a child by the age of 25 this coefficient has halved, as has the coefficient on family income, indicating that having children early is highly correlated with coming from a low income workless household. The adjusted R-squared when we add in these additional characteristics more than doubles, indicating that these are very strong predictors of the proportion of time spent out of work since leaving full time education.

Table 6

INTERGENERATIONAL WORKLESSNESS: PROPORTION OF WORKLESSNESS BETWEEN LEAVING FULL TIME EDUCATION AND AGE 30 BY WORKLESSNESS OF PARENTS IN CHILDHOOD (FROM THE BCS)

	Boys		Girls	
Workless at birth	0.0460 [0.032]	0.0399 [0.032]	0.0793** [0.031]	0.0722** [0.031]
Workless at 10	0.1302*** [0.021]	0.1080*** [0.022]	0.1287*** [0.019]	0.0952*** [0.020]
Workless at 16	0.0660*** [0.022]	0.0486** [0.023]	0.1090*** [0.019]	0.0864*** [0.019]
Average family income		-0.0438*** [0.010]	-0.0236** [0.010]	-0.0714*** [0.010]
No. of GCSE's		-0.0094*** [0.002]	-0.0083*** [0.002]	-0.0037*** [0.001]
Staying on post 16		-0.0348*** [0.011]	-0.0576** [0.010]	-0.0199** [0.009]
No. of A-levels		0.0105** [0.005]	0.0001 [0.005]	-0.0008 [0.005]
Staying on post 18		0.0595*** [0.014]	0.0683*** [0.013]	0.0804*** [0.012]
Degree		-0.0000 [0.014]	-0.0285** [0.014]	-0.0002 [0.013]
Married by age 25				-0.0551*** [0.007]
Has kids by the age of 25				0.2845*** [0.009]
Adj. R-squared	4,543 0.0166	4,543 0.0201	4,849 0.0316	4,849 0.0410
				4,849 0.2632

CONCLUSIONS

This summary has reviewed our work on the intergenerational mobility of income, poverty and worklessness. It shows that family background is strongly related to children's outcomes as adults along domains of income, poverty and worklessness. The results also suggest the strength of the income and poverty relationships grew between children who were age 16 in 1974 and 1980. What has happened since is difficult to ascertain because children born in the 1980s and 90s are not yet old enough for these outcomes to be measurable into people's 30s where they become reliable indicators.

Educational attainment (both early and in the teenage years) and early attachment to the labour market are key drivers in the transmission from parents to child. For girls early childbirth is also a factor. If policy makers seek to raise mobility then this research suggests some key areas of intervention, starting with the strengthening relationship between family background and educational attainment. This suggests a need for resources to be directed at programmes to improve these outcomes of those from deprived backgrounds. This can be done either by universal interventions that are more effective for poor children, for example high quality pre-school childcare (Currie, 2001) and the UK literacy hour (Machin and McNally, 2005), or by directing resources exclusively at poorer individuals, schools or communities (such as Reading Recovery).

The results above suggest that these programmes should not be exclusively on cognitive abilities but also towards self-esteem, personal efficacy and concentration. The results also suggest an urgent need to address the problem of youths who are not in education, employment or training (NEETs) as early labour market attachment plays an important role in accounting for the low levels of mobility in the UK, particularly through its impact on earnings.

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Memorandum submitted by Families Need Fathers

FNF is the charity that exists to promote the rights of children to the full and free involvement of both their parents, even if the parents live apart. Our first task is personal help, supporting parents whose children do not see enough of them first to get, and then to use for the best, adequate parenting time. This work is funded by the DCSF, charitable trusts and membership fees and donations. We also lobby, in the way charities have always done, for the problem to be removed at source. This would involve giving children the right to the involvement of both their parents unless reason were shown otherwise.

The best odds needed for children to have a happy and successful life is for them to have parents who stay happily together. The charity therefore supports any policy move that encourages parents to stay together. However many will not, and important damage limitation is possible if both parents were allowed and encouraged to stay fully involved with their children following parental divorce or separation or where, in the minority of cases where this happens, they never lived together.

Family division, according to the research, is second only to child poverty in the damage it does to children. However, since it often interacts with income loss, it is hard to be sure which is the more important, how they interact, what is cause and what is effect. It is, however, clear that children who have not had the full involvement of both their parents are more likely to suffer social problems than those that have had that. If they had formed a loving bond with a parent and that is broken the effects are even worse. This pattern is shown across every indicator, of physical and mental health, educational and economic performance, probability of getting into trouble, getting pregnant or getting others pregnant too young, and is often replicated in their own relationship stability and parenting.

This is an issue that deserves more research, political and social policy attention than it gets.

We would like your committee to consider this aspect of your brief, and address some of the possible action points.

The case for “shared parenting” is stated slightly more fully in the attached paper but I would like to highlight the signals that “Society” gives to parents who separate, about their responsibility. These are currently the wrong ones. Better ones will of course foster the best start in life for the children.

- We currently have a model for divided families based on the assumption that one parent has all or virtually all the responsibility for children. This is often stressful for that parent (most often the mother) because of the demands of the children, and because of poverty and often housing and other problems. Any paid work she (he) does is at the expense of parenting time with the children, and may involve subsidised institutional daycare. Meanwhile the children are often prevented from having the time with their “other parent” that they would like. And he (occasionally she) is prevented from having the time with the children that he would like. We would like to see a “shared parenting model” developed. This would enable the children to spend the time together that both they and their parents want. Because caring would be more equally shared both parents would be able to earn better, albeit often with some reduction in hours on both sides. This will reduce child poverty—also female poverty in old age (via fuller pension contributions).
- A way forward with this is that the children in “private law” should have a formal right to a relationship with both their parents. (In public law, where there is usually something awry with the parenting, the children already have a right to parental relationships). In private law the parent with the power breaks no rule, law or norm in ending or obstructing the child’s relationship with the other parent. It is true that a non-residential parent can usually get a contact order after a long struggle, but then if the resident parent refuses to obey nothing will usually be done to make them change. Many children lose out as a result.
- The social security system signals that only one parent matters. This is important symbolically. It is also important financially for the less well off.
- The proposals for maternity/paternity leave signal that the mother is the one that is important to the baby. It is right that a baby has parental care for an adequate length of time, but once the mother has recovered physically and breast feeding has stopped the provisions for baby care leave and benefits should be shared between the parents. This unequal provision fosters sex discrimination by employers.
- The child care strategy has many important components, but it completely ignores that fact that non-residential parents often wish to have the children with them rather than have them go into institutional daycare.
- There are other points for your consideration in the attached paper.

Memorandum submitted by Tess Ridge

SUMMARY

- I. Research and consultation with children living in poverty can provide valuable insight and understanding into how children experience poverty in childhood.
- II. Without an informed awareness of the economic and social pressures that poor and disadvantaged children experience in their everyday lives, policies directed towards the alleviation of child poverty and social exclusion run the risk of failing to respond adequately to those children’s needs.
- III. Research shows that children who are living in poverty are under considerable social and economic pressures in their childhood.
- IV. The impact of poverty can be felt across all areas of children’s lives, affecting their mental and physical health, their social relationships and their perceptions of the opportunities and choices open to them.
- V. Low-income children have difficulties sustaining their friendships, and many are fearful of being singled out and seen as different for being poor.
- VI. Access to adequate and affordable transport is a key issue for low-income children.
- VII. Low-income children are at risk of being excluded within school. Lack of opportunities to join in with social opportunities and activities all have an effect on children’s well-being and self esteem within school.
- VIII. Low-income children have difficulties attending organised clubs and taking part in social activities at home. Entry fees, uniform and equipment costs, and transport costs all affect access to these.
- IX. Low-income children can be fearful of social detachment and stigma. They are also concerned about not having enough money and how their parents are going to manage.
- X. Low-income children’s experiences prior to their lone mother’s employment were very

- similar to other children living in low-income families in receipt of Income Support.
- XI. Following their mother's move into employment many children reported that they felt more financially secure. However, these findings were tempered by other factors.
- XII. Children's experiences of mother's employment were mediated by several factors including labour market security and further unemployment, their age, changes in income and security, changes in family time and family responsibilities, childcare, and their perceptions of maternal well-being.
- XIII. Children's experiences of maternal employment were highly complex and expose both positive and negative dimensions of change.
- XIV. Labour market insecurity was key issue for low-income children and their families.
- XV. When mothers entered stable, relatively well-paid employment children gained from the increase in family income, social participation and material well-being, although from a low-base.
- XVI. When mothers entered insecure labour markets, where pay was poor and job security was uncertain, children found that the changes for themselves, their mothers and their families as a whole, were more problematic.
- XVII. For children in families where employment had not been sustained, their mother's attempts to enter the labour market had resulted in an increased sense of loss and insecurity overlaid with the added experience of disappointment.
- XVIII. Movement between employment and benefits can be particularly difficult for low-income children and their families.
- XIX. Children's age at the time their mother's moved into employment was an important mediating factor in how children experienced the changes that employment brought to their family lives.
- XX. Employment meant changes in the type and quality time that children had available to spend with their mothers.
- XXI. Although most children whose mother's worked irregular hours identified some positive outcomes from their mother's work, they also reported more negative changes in the length and quality of time they could spend together.
- XXII. Almost all of the children in the study reported undertaking more chores and responsibilities at home.
- XXIII. In addition to extra household responsibilities many children were providing emotional support for their mothers, especially where employment and/or debt was causing tiredness, stress and anxiety.
- XXIV. A key issue for many children in the study was the type and quality of childcare available for them. For some children it was a valuable social experience, but for most of the children who had to use it childcare was a source of dissatisfaction.
- XXV. Children employed a complex range of caring and coping strategies to ease some of the pressures and tensions that low-income working life could generate in their family lives.
- XXVI. Children's coping strategies are largely concealed and easily go unnoticed and unacknowledged, yet they can have far reaching implications for children's lives and well-being.

POLICY RECOMMENDATIONS—SUMMARY

- I. Movement in and out of employment is highly problematic for children. Evidence from these studies indicates that children find this backward and downward move. Security of labour markets for mothers returning to employment is a key issue.
- II. The Social Fund needs urgent reform if it is to meet the needs of children.
- III. Childcare available for low-income children must be of highest standards. Extended schools are not necessarily answer especially for children who do not like or get on with school.
- IV. Overall levels of Income Support for families needs to be raised to ensure adequate incomes for children and ensure moves in and out of employment do not impact so heavily on children's lives.
- V. The effects of poverty in children's lives need to be understood in both the short term (outcomes in childhood itself) and the long term (outcomes in adulthood). An important facet of that process must be an acknowledgement and understanding of the issues that concern children in childhood.

INTRODUCTION

1. This memorandum is in response to the House of Commons Work and Pensions Select Committee call for evidence to assist in its enquiry into child poverty "The best start in life? Alleviating deprivation, improving social mobility and eradicating child poverty".

2. The inquiry will provide much needed impetus to continue with the important work already done by government, and to develop further strategies to ensure that the policy target of eradicating child poverty by 2020 is met. The government's policy to ending child poverty within a 20-year period represents a vital commitment to the present and future well-being of children and young people living in the UK.

3. This submission is based on findings from recent research undertaken by the author to explore the lives and experiences of children who are living in low-income families. It draws on two main research studies carried out with children and young people.

4. The first study is a child-centred study of life for children living in families in receipt of Income Support. This study seeks to place children's own meanings and values at the centre of the research process in order to develop an understanding of childhood poverty as a lived experience⁴²⁰. The study is based on in-depth interviews with 40 children and young people aged between 10 and 17 years old who were living in families in receipt of Income Support.

5. The second study is an ongoing longitudinal qualitative research study (in collaboration with Professor Jane Millar at the University of Bath). This study follows a sample of low-income lone mothers and their children over a period of several years from when the mothers entered paid employment after spending a period of time out of work and claiming benefits. The study examines the longer-term impact and sustainability of employment—and, in some cases, job loss and return to benefits—on the lives of lone mothers, their children and the family as a whole⁴²¹.

6. This submission draws together findings from both of these studies to explore the experience of poverty for children growing up in low-income working and non-working families.

7. In developing policies that aim to address child poverty, it is important to engage with the lives and experiences of children themselves. Without a good understanding of how poverty in childhood affects children's everyday lives, policies aimed at the eradication of child poverty may fail to address key issues that children themselves would identify as critical for their well-being.

FINDINGS AND POLICY IMPLICATIONS FROM CHILD-CENTRED RESEARCH CONDUCTED WITH LOW-INCOME CHILDREN

8. We know from research into child poverty that both chronic and transitory periods of poverty are harmful to children's lives and well being. However, it is important to remember that a period of one or two years spent in poverty in a child's life can have a significant impact on children and that this spell of poverty may have a very different quality and importance in childhood compared with a one or two year period in adulthood.

9. Age is also an important factor to consider in relation to child poverty. Poverty impacts on children's lives in different ways at different ages. Critical transitions in children's lives, for example from junior to secondary school can be particularly difficult for children to manage successfully when they are experiencing poverty.

10. Research shows that children who are living in poverty are under considerable social and economic pressures in their childhood⁴²². Therefore, to understand how children experience poverty and identify the issues that concern them it is necessary to engage with them directly.

RESEARCH FINDINGS—CHILDREN'S ACCESS TO ECONOMIC AND MATERIAL RESOURCES

11. The impact of poverty can be felt across all areas of children's lives, affecting their mental and physical health, their social relationships and their perceptions of the opportunities and choices open to them. In research with children who are living in poverty they tend to identify three main areas of concern, economic costs, social costs and difficulties in school life. Each of these areas has an impact on children's lives and their sense of well-being.

12. Children experience the realities of their economic world within their families, but they are also exposed to different economic realities through interactions with their peers, and through their engagement with the wider world and the media. For children in low-income families, financial resources and material goods are in short supply.

13. Research shows that children have a keen awareness of the lack of income in their households. They are concerned about the adequacy of family income for their needs. They have an overall lack of material goods and childhood possessions that other more affluent children in today's society may take for granted. These include toys, games and appropriate clothing.

14. Children's access to affordable and appropriate transport is also an important issue for low-income children, especially those living in rural areas. Without affordable transport for their needs they are vulnerable to social, and in some instances, spatial isolation.

⁴²⁰ Ridge, T (2002) *Childhood Poverty and Social Exclusion: From a Child's perspective* Bristol: Policy Press

⁴²¹ Funded by the Economic and Social Research Council (RES -000-23-1079).

⁴²² Middleton, S Ashworth, K & Walker, R (1994) *Family Fortunes*, London: Child Poverty Action Group; Davis, J & Ridge, T (1997) *Same Scenery, Different Lifestyle: Rural children on a low Income*, London: The Children's Society; Roker, D. (1998) *Worth More Than This. Young People Growing up in Family Poverty*, London: The Children's Society.

15. Low-income children who are regularly bussed into their rural schools then dispersed back into their small communities reported that inadequate and costly public transport had stopped them from staying later after school and participating in after-school activities.

16. Children also report that poverty affects their friendships and social networks. Friendship is an important social and emotional asset. A key source of social capital. Children in the research studies had struggled particularly hard to maintain social status and stay connected with friends and peers.

17. Reduced income affects children's opportunities for social engagement and shared activities with their peers. It restricts access to opportunities enjoyed by more affluent children, and children report considerable difficulties in meeting activity costs including transport, entrance fees and equipment.

18. Without opportunities to meet and share in social opportunities with friends children report feeling bored, trapped and isolated in their immediate neighbourhoods. Lack of opportunities to socialise with peers also leaves children vulnerable to bullying and isolation.

19. Low-income children are aware of the stigma attached to being "poor" in an affluent society. They report feeling fearful about being seen as different and excluded. These are very real fears for children who are trying to fit in with their peers. Exclusion from opportunities leaves them feeling uncertain, anxious and socially insecure.

20. School is an important social environment for children. Many anti-poverty policy measures intended to address children's social and developmental needs have been directed through schools. These have tended to focus on improving literacy and numeracy standards and on tackling truancy and school exclusions⁴²³. However, whilst these are important issues in children's lives, the degree of social inclusion that children experience within school is also vital.

21. Children in the research study revealed school life to be fraught with the dangers of bullying, material disadvantage and structural exclusion from shared activities through financial hardship.

22. Half of the children were not going on school trips with their peers, and were therefore regularly missing out on shared social and educational experiences. Some children were excluding themselves from school trips by not taking letters home, feeling that the cost was too high even to approach their parents.

23. As well as exclusion from shared social activities, children were also keenly aware that material costs were affecting their school involvement, particularly school uniform costs and the extra demands related to project costs and educational trips particularly during examination years.

24. Free school meals were also an area of concern for some children. They were particularly singled out by children in rural areas, who felt receiving free school meals had led to heightened visibility and stigma. This was generally related to the method of establishing eligibility and the delivery system used by their schools.

25. Children were limited in their aspirations not because they were not aspirational and did not have the same hopes for their futures as others, but rather because they had learned in many cases that school was not a particularly inclusive experience for them. Exclusion within school from wider social opportunities and activities may have significant consequences for low-income children's well-being and self esteem.

CHILDREN'S EXPERIENCES IN LOW-INCOME WORKING LONE-MOTHER HOUSEHOLDS. FINDINGS FROM LONGITUDINAL, QUALITATIVE RESEARCH WITH CHILDREN AND THEIR MOTHERS⁴²⁴

26. The main aims of the research study are to examine the impact of paid work, and for some job loss, on family life and living standards over time; and to explore whether and how these families negotiate the everyday challenges of sustaining low-income employment over time.

27. One of the values of the study is that it provides a holistic insight into low-income working family life by engaging with children as well as their mothers. This memorandum focuses on children's accounts of their lives both before and after their mother's took up paid employment. In doing so it provides valuable insights into how low-income children negotiate their lives and their experiences around issues of low-income, work and care.

28. Children's experiences prior to their mother's taking up employment were very similar to those reported above for other children living in low-income families in receipt of Income Support. Many key elements of childhood social exclusion were identified, including concerns about having no money, difficulties accessing transport and exclusion from many of the everyday activities and services that more affluent children take for granted. The stigma of poverty, a fearfulness of being seen as poor and somehow identified as "other" by their peers, was also present in these children's accounts.

⁴²³ Cm 4445 (1999) *Opportunity for All: Tackling Poverty and Social Exclusion*, London: The Stationery Office. Social Exclusion Unit (SEU) (1998) *Truancy and Schools Exclusion*, Cm. 3957 London: The Stationery Office.

⁴²⁴ Millar J (2006), "Better-off in work? Work, security and welfare for lone mothers" in C Glendinning and P Kemp (eds), *Cash and Care*, Bristol: Policy Press. Ridge, T (2006) "Helping out at Home: Children's Contributions to Sustaining Work and Care in Lone-Mother Families" in Glendinning, C and Kemp, P (eds) *Cash and Care: Policy Challenges in the Welfare State*, Bristol: Policy Press. pp. 203–218. Ridge, T (2007) It's a Family Affair: Low-Income Children's Perspectives on Parental Work, *Journal of Social Policy* 36/3 (July 2007). pp 399–416

29. Following their mother's move into employment many children reported that they felt more financially secure. However, these findings were tempered by several other factors.
30. For children whose mother's moved into secure employment with a steady income had experienced an increase in social activity and improved school engagement. These children expressed a general satisfaction with their present circumstances. Many of the concerns identified by children in relation to their previous experiences on Income Support were eased by the increase in income generated by Tax Credits and wages.
31. Nearly all of the children in the sample to varying degrees felt that they were financially better off when their mothers were in work. They reported more personal spending money in the form of pocket money, either increased or given for the first time. Some also experienced an increase in material possessions like bikes, toys and clothes. For some children the increase in income had also meant an improvement in the most basic necessities such as food.
32. However, children's experiences were mediated by several factors including labour market security and further unemployment, their age, changes in income and security, changes in family time and family responsibilities, childcare, and their perceptions of maternal well-being.
33. Children's experiences of maternal employment were highly complex and expose both positive and negative dimensions of change. Each of these is looked at further below.
34. First, labour market insecurity was key issue for children and their families. Of the fifty mothers in the study who had left Income Support or Jobseekers Allowance between October 2002 and October 2003, and entered employment of 16 or more hours per week nearly half (23) had experienced some form of change in their employment circumstances since they initially left Income Support⁴²⁵. This gives some indication of the challenges and uncertainties that a move into employment presented for these families at this time.
35. For children in families where employment had not been sustained, their mother's attempts to enter the labour market had resulted in an increased sense of loss and insecurity overlaid with the added experience of disappointment.
36. The impact of repeated moves in and out of the labour market on children's well-being is still little known or understood. Although research indicates that movement between employment and benefits can be particularly difficult for low-income children and their families⁴²⁶.
37. Children's age at the time their mother's moved into employment were also an important mediating factor in how children experienced the changes that employment brought to their family lives. For older children their mother's employment had brought significant changes in both family and personal responsibilities. These children were likely to be managing their own care, caring for siblings, and taking on a more adult role in helping to ensure that family life ran smoothly. For younger children their mother's employment had often meant upheaval and change and for many of them this had meant either childcare or being cared for by relatives or older siblings.
38. Financial security was also important for children. Some children linked their increased sense of financial security to employment. These children saw tangible rewards from and this enhanced their sense of security. However, others, especially those whose mothers were in insecure employment and those whose mothers were in debt had less positive experiences.
39. For families where previous debts were still outstanding employment meant the reactivation of those debts as state support changed and as new expenses were generated, (for example in respect of school meals and transport). This left some children feeling that they were not really much better off and that their mothers were still very worried about money.
40. Employment had also meant changes in the type and quality time that children had available to spend with their mothers. And this was also a strong mediating factor in how children experienced their mother's work. Children whose mothers worked mainly school hours tended to be some of the most satisfied with their arrangements. In many ways these were the children for whom employment itself was having a minimal impact on their everyday lives.
41. However, over half of the children in the study had mothers who worked full time, nights or irregular hours. Although most of these children still identified a number of positive outcomes from their mother's work, such as more money they also reported more negative changes in the length and quality of time they could spend together. This could mean more time spent with relatives and staying away from home overnight. This could have a positive effect on family relationships with grandparents and non-resident fathers, but it also meant less time with mothers and could affect children's opportunities to meet up with friends and sustain their friendships at home in the evenings.
42. Children's concerns about time can generate ambivalence about work. They make the link between work and improved income but they may miss the time that they used to spend with their mothers.

⁴²⁵ Millar J (2006), "Better-off in work? Work, security and welfare for lone mothers" in C Glendinning and P Kemp (eds), *Cash and Care*, Bristol: Policy Press.

⁴²⁶ Adelman, L, Middleton, S and Ashworth, K (2003), *Britain's Poorest Children: Severe and Persistent Poverty and Social Exclusion*, London. Save the Children.

43. Employment had also brought changes to children's responsibilities at home. Almost all of the children in the study reported undertaking more chores and responsibilities at home. This included housework, cleaning and tidying, and laundry and cooking both for themselves and for their families. Some children were also doing sibling care to support their mothers in work.

44. In addition to extra household responsibilities many children were providing emotional support for their mothers, especially where employment and/or debt was causing tiredness, stress and anxiety.

45. A key issue for many children in the study was the type and quality of childcare available for them. For some children it was a valuable social experience, but for most of the children who had to use it childcare was an area of dissatisfaction. Given the importance of schools for childcare provision it was of concern that After-School Clubs and Breakfast Clubs generally had a poor image amongst children in the sample who expressed unhappiness about stigma, boredom and poor quality provision.

46. There were also more hidden impacts on children's lives. Having endured periods of poverty and disadvantage when their mothers were out of the labour market it was evident that many of the children had strong incentives to try and sustain their mothers in their jobs. To do so they were engaged in a complex range of caring and coping strategies that endeavoured to ease some of the pressures and tensions that low-income working life could generate in their family lives.

47. These strategies are largely concealed and easily go unnoticed and unacknowledged, yet they can have far reaching implications for children's lives and well-being. These strategies include assuming extra responsibilities at home, moderating and policing needs so that too much strain is not put on families resources (this also included in some cases hiding illness and going to school so that mother's do not lose a days pay to look after them), and accepting and tolerating adverse situations such as poor quality childcare.

48. Faced with the spectre of a return to their previous financial state if their mothers had to leave work many of the children in this study had clearly accepted and tolerated considerable change in their lives. These changes were often disruptive and at times problematic for children.

OVERALL FINDINGS' FROM THE LONGITUDINAL STUDY

49. When mothers entered stable, relatively well-paid employment in general children gained from the increase in family income, social participation and material well-being.

50. When mothers entered insecure labour markets, where pay was poor and job security was uncertain, children found that the changes for themselves, their mothers and their families as a whole, were more problematic.

51. When mothers were unable to sustain employment and had left work children returned to the deprivations and insecurities of life on Income Support—after a brief period of enhanced income from work. Children found this backward and downward move particularly hard, and were left with a sense of loss and anxiety, including in some cases uncertainty about the value of work.

OVERARCHING THEMES THAT EMERGED FROM THE STUDY

Policy recommendations—This section is built on the understanding and insight gained from research and listening to low-income children. It sets out policy recommendations necessary to address some of the features of exclusion and disadvantage those children highlighted in the study.

1. Movement in and out of employment is highly problematic for children. Evidence from this study indicates that children find this backward and downward move particularly hard, and are left with a sense of loss and anxiety, including in some cases uncertainty about the value of work. Secure labour market conditions for lone mothers is vital to ensure some measure of financial and familial security for working lone-mothers.

2. Raising children on a restricted income, places considerable strain on both parents and their children. The Social Fund is a key source of extra income for families trying to provide items that children identify as essential for their well-being such as suitable clothes and shoes. However, the Social Fund is not providing sufficient or appropriate support for children and is in urgent need of reform.

3. Childcare available for low-income children must be of highest standards. However, it is essential for research and policy to begin to understand what good quality, stimulating childcare would mean from a child's perspective. To do this a more child-centred approach to childcare is required, one which would allow the experiences and concerns of children themselves to inform childcare provision and practice. Extended schools are not necessarily answer especially for children who do not like or get on with school.

4. Levels of Income Support for families out of work should be raised. Children whose mothers had left work found themselves returned to the deprivations and insecurities of life on Income Support. Evidence from this study indicates that children find this backward and downward move particularly hard. As we have seen from this study—and in previous research with children—current levels of Income Support do not provide sufficient financial assistance to enable children to sustain adequate economic and social well-being. Overall levels of Income Support for families would need to be raised to ensure secure moves in and out of employment.

5. The government has tended to respond to child poverty in ways that have focused heavily on the futures of children who experience poverty in childhood, a concern for the child as the adult-to-be. This echoes traditional concerns about children that focus less on the lived experience of childhood and more on the child as an investment for the future. This in turn leads to policies taking a particular form. But the effects of poverty in children's lives need to be understood in both the short term (outcomes in childhood itself) and the long term (outcomes in adulthood). An important facet of that process must be an acknowledgement and understanding of the issues that concern children in childhood.

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08.01.08—You and Yours

PRESENTER: PETER WHITE AND WINIFRED ROBINSON

WHITE

Hello. There are over 13 million children in the UK and according to the latest figures there are between 1.6 and 3.8 million being raised in poverty. That depends on whether you measure absolute or relative poverty and whether you include the cost of housing or not. The government wants to reduce both those figures to zero during the next 12 years seemingly in defiance of Jesus, who famously said the poor will always be with us.

ROBINSON

Child poverty is the subject of today's Call You and Yours. The Work and Pensions House of Commons select committee is currently conducting an inquiry into whether the government's doing enough to tackle it. And today it's your chance to contribute to that investigation. In a moment you'll be able to put your experience and your comments directly to Terry Rooney, who is the Labour MP who chairs that select committee.

WHITE

Before 12.30 we'll be discussing root causes of child poverty, hearing what it's like to live on, near or below the bread line and we want you to contribute to the debate. In the second half of the programme we'll be discussing some of the suggested solutions for child poverty—should they, for instance, focus on indirect policies designed to help poor people find and hold down employment—we'll be hearing from the Conservatives about their new policy launch on that—or should we simply direct more of the national cake to poor families, say by cutting child benefit for the wealthy and raising it for the poor? We have David Blunkett on that, with a pamphlet out today. We'll also be hearing from the Child Poverty Action Group which has long campaigned on this issue.

ROBINSON

We would welcome your suggestions for tackling child poverty too. The number to call is 08700 100 444 and that shouldn't cost you more than 32 pence or you can e-mail us through our website bbc.co.uk/radio4/youandyours or you can text us by texting the word YOU—you—and your comment to 63399 and that shouldn't cost you anymore than 15 pence.

WHITE

Terry Rooney is policy—is chair of the Work and Pensions Select Committee, is with us throughout the programme, welcome and you were the very first chair of a select committee to help us pioneer this so welcome back to the programme. Why are you holding this particular inquiry, there's lots of things you could have looked at?

ROONEY

Yeah well thank you for the welcome Peter, it's good to be back with you. As a committee we were concerned that this major target of government of halving child poverty by 2010 and eliminating it by 2020 seemed to lack any strategy behind it to actually deliver that. There were no identifiable milestones to measure progress along the way and we had things like the Lisa Harker report this year which laid out where she thought there was deficiencies, the Institute of Fiscal Studies have published reports and other people have. So we wanted as a committee to look at the issue, what was behind it, who were the people who were poor and were the government movements and policies that had happened so far were they actually being effective.

WHITE

And why focus on that more than adult poverty which is an equally dispiriting for those caught in the crossfire?

ROONEY

Well they are in some ways inextricably linked because wherever there are children there are adults but adults have a choice, children don't.

WHITE

What evidence have you heard so far?

ROONEY

Well we've had evidence from a wide range of academics, from consumer representative groups, we've visited projects in Cardiff talking to lone parents and others who were in that child poverty trap and we had a wide reaching discussion with lots and lots of people and we've had some very interesting evidence.

WHITE

And have you gained an overall impression about the kind of attitude to poverty in this country, perhaps particularly by those who are not poor?

ROONEY

Well I think it's not just those who are not poor, even some people who are poor have a view that poverty doesn't really exist in Britain anymore and in any case where it does it's the individual's own fault and I find that rather frightening and alarming.

WHITE

You obviously don't share that view?

ROONEY

I do not share that view at all.

WHITE

And what in particular do you hope to hear from our listeners?

ROONEY

That there is out there a heart beating in the British soul that it does recognise that there are people less fortunate than most of us. In the vast majority of cases that is not the individual's fault. But at the end of the day we're dealing with children and children should have the best start in life irrespective of the circumstances of their parents.

WHITE

Terry Rooney thanks very much, Terry will be with us throughout the programme.

ROBINSON

Well before we begin taking your calls let's define some of our terms. What do we mean when we say people are poor nowadays? Fran Bennett is from the Department for Social Policy and Social Work at Oxford University. How do we measure child poverty, what we call child poverty, today?

BENNETT

Hello. Well as the person said when they introduced the programme there are quite a few different ways of measuring poverty but I think most commentators would probably accept that we need to look at poverty in relative terms, that is compared with what the rest of the population does and lives like today and in this country, which means a relative definition. And the shorthand for that we measure by income, that's not to say that income's the only important thing but it's a shorthand way of measuring. And we say people under 60% of the median income. Now what that means, it sounds very technical, but what it really means is people who are so far below the ordinary living standards of today in Britain that they find it difficult to have the kind of decent living standards that most people would expect.

ROBINSON

So when Terry Rooney says that some people don't believe there is poverty anymore what people don't believe is that there is poverty in the sense of absolute poverty—hunger, destitution—poverty that people might remember who were young in say the '30s?

BENNETT

That's right, although I don't think—I wouldn't be too quick to say there is no absolute poverty today but I would say that the important thing is relative poverty, as well as absolute poverty because particularly for children it's so important to feel that you're not picked out as different—it's incredibly important for children to feel the same as their peers. And in particular when you're poor that's very difficult to feel.

ROBINSON

We've already got an e-mail on this very subject which is coming from Edwin Webb. He says: Children in the UK are not living in financial poverty at all. As a child in an average family in the 1970s I grew up with a fraction of the money and things that the average child has today. Most of my toys and many of my clothes were second hand, I never had more than two pairs of shoes either. That was in the 1970s not the 1870s and a black and white TV too.

BENNETT

Of course but the children who are born today have to live in today's society rather than the society in which your listener was actually living. So that's the difference. And in fact there are indicators of material deprivation which actually show what children in poverty are missing out on, for example, in terms of the number of bedrooms that they need for older children where they're meant to be separate when they're boys and girls. For example, one week away—holiday away from home with your family, 57% of the bottom fifth of the population don't actually get that. So there are lots of things that we would expect—most of us would expect today which children in poverty don't get and which I would say is real poverty today.

ROBINSON

But there are lots of these things that many of us did without as children and we might say well we're alright.

BENNETT

But as I say it's children nowadays we're talking about, children have to live in today's society and other children around them have got those things and we know very well that poverty actually blights children's lives for a long time, it's not inevitable but it casts a long shadow forward. So actually some of those people who did do without things in their childhood may well be suffering the consequences of that and it's not just things, of course, it's actually the circumstances in which they live and the education that they get and the health which they have and all those can actually affect their adult life for a long time ahead.

ROBINSON

Defining poverty in those terms that you outlined of being living on under 60% of the median income, this is where you come up with this figure that one in three children is poor?

BENNETT

About 30%. If you're looking at it after housing costs, that means if you take the issue of housing costs out of the equation and you look at the disposable income which people have week by week, after you've accounted for their housing costs it's about 30% of children in 2005/6, which is the latest figures that we've got.

ROBINSON

And what are the trends?

BENNETT

The trends are that in fact—well first of all it's important to say that this government when it came in in '97 actually had a huge legacy, an enormous rise in child poverty in the '80s and to some extent in the '90s as well that they had to deal with and they should be congratulated for actually trying to deal with that. And so they had a long way to go and in fact the trends until quite recently were downward, so that they have succeeded in reducing child poverty since '97 but in fact just most recently it's gone up slightly and we don't know whether that's a blip or a longer term trend.

ROBINSON

And very briefly, how have these improvements been achieved, have they been achieved by getting people into work or by giving people more in benefits?

BENNETT

Both. There's been improvements in the numbers in employment and also there have been improvements in incomes for children both in families both in and out of work. The government's also doing longer term policies to help children in the longer term, such as education and health and housing but in particular in the shorter term it's incomes in and out of work and more work which has made the difference.

ROBINSON

Fran Bennett, thank you.

WHITE

And if you want to comment on some of those interesting comments by Fran Bennett or anything you've heard so far 08700 100 444 is the number to ring. Sarah Eton has already rung us from Leicester, Sarah good afternoon.

ETON

Good afternoon.

WHITE

What's your take on this, I mean you have been a single parent?

ETON

Yes for about three years and listening to some of the comments just there I've been scribbling notes down. I don't think it necessarily casts a shadow, I saw it as a very important time where I had to educate my children about what really mattered in life. So they've retained that, I'm now happily married but they've retained that, they don't mind things being second hand, they think about other people . . .

WHITE

Were you working when you were a single parent?

ETON

I did try for a while but I wasn't able to work some time—I had a stroke at the age of 31, so for a while I wasn't working anyway but I did do a bit of work but it's really difficult sorting that out anyway when there's two parents but when there's one parent you're doing a two person job on your own. So it's really hard and I think the children need the support—the moral support of a parent actually physically being there and if there's only one of you then I think the place to be is with the children especially when they're small.

WHITE

So you saw that as more important than earning money, did you regard yourself or your children as in poverty?

ETON

I suppose, I've been trying to work some figures out but I couldn't—I wish I'd got my bank statement in front of me. But yeah we probably were but I didn't wake up every morning thinking oh my goodness we're poor. I spent £20 a week on food—I took £20 out of the bank, put it in a purse and that was my food money and I stuck to that. But we ate well. I cooked everything from scratch you know. So I think that that's maybe something, you know talking about how people lived in the past, that's how people lived in the past but I don't necessarily see that as a bad thing.

WHITE

And you did see it as more important that you were there than that you were earning. So was the benefit system under which you lived fair?

ETON

It was difficult, it was quite difficult. I don't know whether I could say it's fair or not. I think that you're given some resources and the way you manage them varies, it varies from person to person, family to family how those resources are managed and I managed just—sometimes.

WHITE

You made the most of what you'd got. Sarah thank you very much indeed. Can I go to Derek Ricketts in Leicestershire, Derek good afternoon.

RICKETS

Hello Peter.

WHITE

Yeah, your view.

RICKETS

Yes well I do feel that the definition of poverty in all of these discussions is absolutely crucial. I do wonder, thinking about your comment earlier about Jesus when you said the poor will always be with us, that perhaps he might have had a different view if he'd been advised by a lot of government statisticians.

WHITE

So what's your basic point about the definition, which definition do you quarrel with?

RICKETS

Well I—incidentally the definition that we just had of 60% of the median income, under 60% of that, I'm still actually none the wiser, does that have any bearing—or is there any bearing on how many children in a particular household for example? But the most important thing is that I feel that relative poverty is something that, as Jesus said, will always be with us. If you—if a child hasn't got enough food clearly that's poverty. If they've—the next question is have they got nutritious food, the next question is have they got the expensive junk food that all their friends at school have got?

WHITE

So are you actually saying that when you talk about relative poverty you're actually talking about quite a lot of money, in your terms, being as it were wasted on things or not being spent on the best things for the child?

RICKETS

Yes, very, very much so. I remember my daughter when she was at school—well many years later she told me how ashamed she was when she opened her lunchbox at school because she would have things like orange juice or sandwiches that had something nutritious rather than jam inside and she had to try and hide them away from her friends because they had something that was perhaps a bottle of fizzy coke.

WHITE

Terry Rooney, can I just get a quick comment on that, this idea that the thing about relative poverty is that quite often that includes money being spent injudiciously?

ROONEY

Well this perhaps is a question for the Moral Maze programme, you know, there are some people on the right of politics that say anybody on benefits shouldn't be allowed to drink or smoke for instance. Those are judgements that individuals have to make. I'd like to come back to what Sarah said because she sounded to me like somebody who's really got her head together. But there is a policy dilemma here, I think, for government between wanting people to be responsible parents and bringing up well adjusted children and going out to work and the danger of creating the latchkey generation and there is a dichotomy there and I don't think government's really squared that circle yet if I'm not using too many clichés. And I think Sarah she's worked out what she needed to do for her child or children and that should be the starting point—what does a parent think is right for her and her family.

WHITE

Terry Rooney thank you.

ROBINSON

Today we're giving you the chance to contribute to Work and Pensions Select Committee which is asking whether the government is doing enough to try to tackle child poverty. It's been taking evidence for the past three months and it's going to include your opinions—those you express today—in its final report. You can call us on 08700 100 444, you can e-mail us through our website bbc.co.uk/radio4/youandyours or you can text YOU—you—and your comment to 63399. And the chair of the committee, the Labour MP Terry Rooney is here to respond to your calls. Well one group the committee has considered is the parents of disabled children who can find getting back to work especially difficult. Asha Nardone [phon.] is a single mum with two children, she lives in Poole in Dorset, her eldest son is 11 and he has a serious disability.

ACTUALITY

He's got his Telly Tubbies on. Yes, you've got all jam on your face.

NARDONE

As a carer and as a single parent with a disabled child I feel that I'm totally at the bottom of the pile in life. I feel that if I was a foreign immigrant I'd have more rights. If I was disabled myself I would have more rights to go to an employer but because I am a carer of a child with profound needs the options have been—to put Callum in care, I'll come and visit you once a month, I'll let the state look after you and I'm going to go off and have my big career. But why can't there be some compromise, why should I have to make that choice of saying a life with Callum or the job?

We bought Callum one toy, we didn't have a turkey this year, we didn't have Christmas crackers. Things like that, you're lucky to go into Tesco's and see Christmas crackers for a fiver you look and you think it would be lovely to have it but the most important things are things like the bedding and washing, the heating—so you have to have those things in order first and then you look at it and there's not the money left.

It's an imprint and it's just really a tension—he'll just a little bit of a moan to himself and hope mummy comes along and gives him a bit of a cuddle.

You want to buy fruit and everything and you know that they should be getting it but you can't afford it. And at the moment we've had the heating on because it's been so cold, it's been bitter here, but yeah the moment he goes into respite that's almost turned off and I'll say to [indistinct words] put jumpers on, we don't need it, we don't need it hot now. So as soon as he goes away we cut back on everything.

ACTUALITY

You've been sleeping all morning, we've got to take you out later.

NARDONE

When I actually did try and work it was so hard to actually hold done a job—you know nine to six I was doing five days a week—and obviously have a child who you're up in the night with. And I would go to work some days absolutely exhausted. So the only other option for me when that finished was to go self employed and I went to place after place—I went to the Job Centre, I went to tax credits, I went to care charities, everyone—saying I want to work, how do I work when I've got this child and everyone said sorry we don't know. So you're in a situation again where you feel like you're kicked down again, this is what I get so annoyed with, I have a right to work, I also have a right to be a mother and have my children and I've also got a right to be there for Callum.

ROBINSON

Asha Nardone. Terry Rooney, when it comes to child poverty then how important is this group—the children in families where someone is disabled?

ROONEY

Well it's a very important group . . .

ROBINSON

I don't mean morally, sorry, I mean how significant is it statistically—is it a big group, is it a very small group?

ROONEY

I think—from memory it's around 25% of children in poverty is where a child is disabled.

ROBINSON

That is a big group.

ROONEY

It's a big group but of course like poverty itself disability represents a wide range and Asha's obviously got a very severely disabled child there and there are ranges of disability obviously. I think we need to dispel one of the myths first. One of the myths is that the people who are in poverty are lone parents. Actually 50% of all poor children are in a household where at least one adult is working, so the working poor are with us

as well as those on benefits. But this group in particular are a real difficulty in that the cost of childcare for somebody with a severe disability is extortionate, it's easily what anybody could reasonably expect to earn, never mind anything else. And the childcare tax credit is worth sort of £120 a week well that might be for a day's care, it doesn't come anywhere near meeting it. So the work option, where you have a severely disabled child, unless you've got very understanding parents and other relatives is usually a non-starter.

And at the end of this exercise say we get to 2020 and everybody who can work is in work you've then got a group of people who can't go to work because they're in this sort of situation, what happens then to the benefit levels because at the moment the benefit levels never take you above the poverty line but if you then have residual group do you increase the benefit levels so it takes them out of poverty at which point you then get the argument back about work incentives—I'd be better off staying at home rather than working—and there's a real dilemma there. But certainly people like Asha they do a sterling job, I don't envy her, I don't want to swap places with her but the rewards, if that's the right word, for parents of disabled children are frankly nowhere near enough.

ROBINSON

And we're going to take some more calls now I think.

WHITE

Yeah, Louise is on the line from Northampton, Louise good afternoon.

LOUISE

Hello.

WHITE

Hi, what's your view about this?

LOUISE

Well it was mainly I do feel that as the previous person was talking as a mother she has a right to be a mother and she does actually sound like an excellent mother but the rights seem to be with the parents rather than with the children. And people who are considering being parents possibly don't think whether they are capable of being a good parent—financially, emotionally, physically, spiritually—children require a lot to have a full and rounded life and it's not—financially is not the only thing that's absolutely vital. I do apologise I'm probably not making my point very clearly.

WHITE

No you are but what I was going to say to you is I mean that is only to say, isn't it, that always having a child it should be—it's one of those decisions which one should regard as a fairly important one, although perhaps what you're implying is that sometimes people simply think it's a natural follow up to marriage whether it's appropriate or not under these circumstances, is that . . . ?

LOUISE

Exactly, whether they're in an appropriate relationship . . .

WHITE

But who's right . . .

LOUISE

. . . appropriate circumstance in life.

WHITE

But it surely is still a decision for them, we're not in a state where it's a decision for anyone else are we?

LOUISE

But surely we should be suggesting as a society that rather than just giving more money to this situation that we could potentially encourage and educate our people to consider the bigger picture of raising children. Children's rights seems the bit that is lost. There's seems a lot of focus on the adults' rights but not so much on the children.

WHITE

Thanks very much for your call. That line is also beginning to break up a little bit but thanks we got your point clearly. Margaret O'Nions is calling from Gloucester, Margaret good afternoon.

O'NIONS

Good afternoon.

WHITE

Yeah what was the point you wanted to make?

O'NIONS

To me poverty is far more than material. I believe that emotional needs are often overlooked. I think that there's often in many homes there's a poverty of ideas, of language and of experience. And all of these lead to aspiration, which is one of the things the government wants to stimulate but I don't think it's going about it in quite the right way.

WHITE

So how should they go about it?

O'NIONS

Well we were read to as children which exposed us to ideas and language and when I offered to read to the children in our local primary school I was told—no, no, no come and read with them. Now that's quite different—reading with them means reading at their practical level but if you read to a child you can read things that are beyond its own ability to use in the way of words, you introduce them to new ideas, to new concepts, to new places.

WHITE

So you would say that that in some ways—that form of poverty that you're referring to—is more important and may be not all that related to the financial situation, you could have a good deal of deprivation you talk about in a rich family?

O'NIONS

That's perfectly true, that's perfectly true. And the experience is so important too. We were encouraged to read, we were encouraged to look around us and to ask questions, we were taken for walks, we cycled around. Those are things that are looked down on rather nowadays. I seem to remember my own son being reluctant to cycle to school.

WHITE

Margaret, thanks very much for that call.

ROBINSON

And we've had an e-mail from Edwin Webb making a lot of interesting points but echoing the point that's just been made: Children these days have other forms of poverty—emotional poverty caused by the terrible impact of divorce and the dreadful effect on boys of growing up in one parent mother families with no fathers all caused by feminism really. And they have social poverty—there are terrible problems with drugs and gangs in the UK. And they have educational poverty—when there were grammar schools bright children from ordinary families, like me, could get a first class education at a grammar school and then go on to a proper university.

WHITE

We may get some reaction to that on the phone. Sue Bridges is calling from Sunderland. Sue Bridges, good afternoon.

BRIDGES

Good afternoon.

WHITE

Yeah, what was the point you wanted to make?

BRIDGES

Well I just want to come back on that last e-mail that was read out about the absent fathers and I feel that a lot of blame is put on single parents and I feel that the person who is with the children needs to be supported more. And everyone points the finger and they always say it's single parents, it's the drugs and it's not always the case.

WHITE

When you say support are you talking about money or are you talking about something . . . ?

BRIDGES

Well father presence, there is money as well, I think when you're a single parent you'll be the only wage earner if you're able to find work and balance—balance—it's not just poverty financially, it's poverty in terms of quality—it's how much time you can give children, you're doing two jobs really—you're doing a father and a mother—and then you're earning financially. I mean I'm lucky—I work part time and I juggle things but money's tight. And I'm very nervous by the way.

WHITE

No, you've made your point and I'm only stopping you because I think that you and the two callers who preceded you and the e-mail have perhaps to some extent as a group made the same point. Thanks very much indeed.

ROBINSON

The time now is 28 minutes to one, you're listening to Call You and Yours on BBC Radio 4 with Peter White and Winifred Robinson. Today we're talking about child poverty. It isn't too late to comment, we're moving on to discuss what might be the solutions in a minute. Call us on 08700 100 444. E-mail us through our website bbc.co.uk/radio4/youandyours or text YOU and your comment to 63399.

Today we're talking about child poverty and today the Conservatives have launched their proposals for reforms to the welfare system, the headline policies are designed to get the long term jobless back into work. Chris Grayling is the shadow work and pensions secretary, he's joining us now on the telephone from their launch.

We have been promised this before haven't we—welfare reform—I suppose the big question is whether your party has the stomach for it and whether the electorate are ready for it.

GRAYLING

Well we've certainly heard lots of promises before and things have been tried and not really worked. Now what we're trying to do with these proposals is to be really much more radical than has been done before. What we're looking to do is to learn some of the experiences from other parts of the world, where there's been good success in getting people back into work. We're looking to build a support programme that helps people with training and development needs, fills in some of their skills gaps, helps them with self confidence issues in interviews. And then also provides mentoring for them but once they're back in the workplace, that's very important because an awful lot of people get back into work and drop out very quickly.

ROBINSON

But there isn't just carrot in it is there, there's a big of stick as well.

GRAYLING

Absolutely, no I mean it is both carrot and stick. What we're looking to do is to create a culture where the welfare state isn't simply based on entitlement, there's also a clear sense of responsibility. We'll provide help to people, we're responsible for providing help to people to get back into work but at the same time they're responsible for making the best efforts they can to get into work. And that involves us putting in place a set of sanctions and fallback positions for people who won't or can't participate.

ROBINSON

And you think the time is right in the country—the question I asked you that the electorate has the stomach for it, wants it?

GRAYLING

Well I think it's the right thing to do, I mean you've been talking today about child poverty, tackling worklessness isn't the only thing we have to do to tackle poverty, there's much more to poverty than that as some of your listeners have clearly been saying. But you can't help people out of poverty by leaving them on benefits, that's not the way to build a better future. And we know, in the case of children, that those who are brought up in a workless household tend to do less well at school, they tend to be more likely to become workless themselves and you end up with a spiral of deprivation that lasts from generation to generation.

ROBINSON

Now we've heard that a substantial number of the children living in a relative poverty—half of them we have been told—have one parent in work, one working parent at least, now you have plans to try to improve their lot, tell me about that.

GRAYLING

Well what we're looking to do, and I think at the moment we're spending vast amounts of money as a nation on supporting people out of work, ironically at a time when we've been creating new jobs and large numbers of people have been coming from overseas to work here, if we can move more of those people off work—off benefits into work and if in doing so we can release funding what we're aiming to do is to spend that money on better support for people in work and on low pay. And the first challenge we want to address is the couple penalty in the tax credit system which perversely creates a situation where couples can be better off living apart than staying together and we think it's much more productive . . .

ROBINSON

Is that because—just let me get this straight—is that because if you're a lone parent and you're in work you can claim a top up benefit but if you're a couple and one of you is working you can't claim that?

GRAYLING

That's effectively right that you have a situation where literally couples will say actually that we're better off if we split up, we'll get more money, more household income and that's just nonsensical, I mean it's an absurd situation where parents end up being better off if they separate than stay together, that's a crazy incentive in the system, the kind of thing that needs to be changed. And if we do that we'll actually lift a good number of children out of poverty by taking that one step alone. But your listeners are right—poverty's more than about money, it's also about things like relationship breakdown, being brought up where your parents are separated, being brought up in an environment where there's addiction, being brought up in an environment that's socially challenging in many respects and the more that we can do to create a stable family environment for people to be brought up in the better.

ROBINSON

Chris Grayling, shadow work and pensions secretary, thank you. Well Kate Green is chief executive of the Child Poverty Action Group. You've been campaigning about child poverty for a very long time, there's consensus among the main parties that work is the route out of poverty, what evidence is there that that is the case?

GREEN

Well work is a good route out of poverty for many families provided it's well paid work, it's work that parents can combine with their parenting responsibilities, which means that it is flexible hours or when they can get decent childcare, it's work that they can progress in and it's work that they can stay in. As Terry's already said around half of children growing up below the poverty line are in families where somebody is working.

ROBINSON

But that still leaves half, which is another big group, in families where nobody is working.

GREEN

Absolutely and many of those parents want to be in paid work but they face really big barriers to taking jobs and it's interesting to hear Chris Grayling talking about giving more support to those parents. I think we're very keen to see that support, we think it's more important that that support is put in place than that we go round threatening people with benefit cuts because obviously that's going to make their children even poorer.

ROBINSON

But what the advocates of the carrot and stick approach will say is that it has worked very well in America, that people like yourself in America said oh people will be on the streets, they will all starve, everyone will come to grief—that isn't what happened, a lot of . . .

GREEN

It did happen.

ROBINSON

Well it depends who you believe then.

GREEN

What happened initially in America was that child poverty did come down and certainly benefit rolls came down very substantially but after a while child poverty began to rise again. Since 2000 the American poverty rate has been going up. And more worryingly still around 15% children whose families had been receiving benefits disappeared from the system altogether. Now some of those families are going to be in terrible hardship, relying on food parcels, parents forced into the grey economy where they'll be exploited. Even American politicians and policy makers accept that that's a very worrying figure, it's not something we want to import here.

ROBINSON

Tell me why do you think that our own long term jobless are being beaten to jobs by immigrants because four out of five new jobs created since Labour came to power has been taken by an immigrant worker, what's happening there do you think?

GREEN

Yeah this is a really complicated situation. Part of it is of course that immigrant workers are often more flexible—they're young, they're single, they don't have kids—so employers prefer them because they don't have . . .

ROBINSON

But we have unemployed people of our own who are young and single . . .

GREEN

Not so many, youth unemployment has been falling very substantially. The issues now are for older people—parents, people on incapacity and disability benefits—they're the people that are really struggling now to get into the labour market. Far more people claiming those sorts of benefits than old fashioned unemployment. So I think there is a problem about parents' flexibility to take the jobs that on offer. There's also a problem about skills. We do have a problem with quite a lot of the parents we have on benefits have very, very poor qualifications and skills and so it's quite right for politicians to talk about improving those.

ROBINSON

No one's swinging the lead in your view, absolutely no one?

GREEN

Well there's a very small proportion of people in every system who are taking advantage, but in fact fraud has come down very substantially and the tests for benefit in this country are very, very strict. You don't get incapacity benefit, for example, unless you've been through one of the strictest medical tests of any country in the world. You won't get income support—the benefit that lone parents are on—if—unless you are a lone parent and you haven't got anyone to share those parenting responsibilities with.

ROBINSON

Should that be though a potential career choice that you will live on your own and you'll have a lot of children and you'll live off the state for most of your life and then you'll go seamlessly from lone parent benefit into sickness benefit of some kind?

GREEN

Well very few lone parents set out to bring up their kids alone. Very few of them actually have large families and typically they have smaller families than do coupled families—coupled parents. It's not really a lifestyle choice that you would choose to make for yourself and your kids—to live on a very low level of benefits.

ROBINSON

You can't know that can you, that maybe what you hope is the case?

GREEN

I think we do know that for the majority of lone parents—9 out of 10—they say they'd rather be working. What we've got to talk about is what are the barriers in their way and how can we take those barriers down.

ROBINSON

Kate Green thank you.

WHITE

08700 100 444 for your calls. Bill Greenshield is calling us from Derbyshire, who is an official with the National Union of Teachers. Bill, good afternoon.

GREENSHIELD

Hi.

WHITE

What's your take on this, presumably from your experiences in school?

GREENSHIELD

Well obviously everyone's concerned with raising educational achievement and yet the major determinant of educational achievement, certainly the major determinant of educational underachievement, is the question of poverty and relative poverty—both absolute poverty and relative poverty—the disparity between haves and have nots. Now that's not just my opinion, there's been research since the 1930s, right

the way through to last year's research by the Rowntree Trust, that showed that to be the case, that children in the poverty trap and certainly within the widening poverty gap, the children at the bottom of that, are less motivated and underachieve in the full round of their educational career.

WHITE

Which of course wouldn't—shouldn't really in many ways surprise us because whether we like it or not there is a correlation between ability and your ability to earn, so aren't there likely to be all sorts of other factors involved there as well, including genetic factors?

GREENSHIELD

No, well I'm not a geneticist but . . .

WHITE

No and neither am I but what I'm saying is—as it—is it as simple as putting it all down to poverty, that's all?

GREENSHIELD

Well I think it is, I mean just in the Times Education Supplement last September there was a report from the equality watchdog—Equal Opportunities Commission—social class and poverty, it said, are much greater causes of academic underachievement than gender or any other cause according to the government's equality commission. Now this is something that's been researched and found to be the case, as I say, ever since the 1930s as R.H. Tawney, going right through the '50s, '60s and then to the drive for comprehensive education.

WHITE

So what should we be doing Bill, what should—you clearly have thought long and hard about this what should we be doing that we're not doing?

GREENSHIELD

Well I think one thing we should be doing is not imagining that schools themselves can end the problem that is caused by factors outside of schools. Obviously teachers work hard and do ameliorate and mitigate the situation and do bring on children and encourage them and get those results as best we can. But there needs—but we have to recognise the fact that this poverty gap exists within a pretty much still a class divided society, 1% of the population earn 34% of the wealth; 10% 71% of the wealth; 50% of the population earn only 1% of the wealth between them. We think—well the government needs to move towards a proper redistribution of income, it needs progressive taxation, we need social housing, we need decent—not minimum wage but living wage, benefits to raise people out of poverty not keep them at it.

WHITE

Bill Greenshield you could have been literally trailing our next caller, although I know that you were not because we've in fact called him. Today David Blunkett is launching a pamphlet on social mobility in which he suggests changes to the current benefits system. David, good afternoon.

BLUNKETT

Good afternoon Peter.

WHITE

Presumably you heard the end of that last call, that's rather what you're suggesting isn't it?

BLUNKETT

Well I am but with one added factor and that is that we've actually got to change the attitude, the culture, the aspiration of the individual, it's not just what can we do for you but what can you do for yourself. And therefore if we put in place, as we have, the local Sure Start programmes, the parenting programmes, the help in terms of adult guidance which I'm suggesting needs to be radically changed, then there's other things

that we can do but you've got to want to work, you've got to want to fend for yourself and that means changing the whole nature and culture, not just of individuals and families but in some cases whole neighbourhoods.

WHITE

But you are—as I understand it—you are suggesting, to some extent, redistribution here, particularly in terms of child benefit?

BLUNKETT

I'm suggesting that if we were to have a supplementary education allowance for children in the most deprived areas, in the most disadvantaged schools and that paid for what better off parents would pay themselves because they could afford to then we'd have to pay for it. And I'm suggesting that we keep universal child benefit but we have a debate about taxing the higher rate taxpayers, initially for those over post-16—the 16, 17, 18 year olds—but perhaps also looking at it more widely. We could raise about £100 million for the education allowance if we taxed higher rate taxpayers for post-16. We'd raise something like £800 million if all higher rate taxpayers had that taken into account—their child benefit taken into account.

WHITE

The principle of universalism used to be a pretty sacred one I think to the Labour Party, does that mean you're moving away from that idea?

BLUNKETT

No it's universal but as with pensions people when they reach a particular income find themselves within the tax bracket and it seems to me that child benefit and family allowance before it were intended to lift children out of poverty, to help families that were struggling to look after their children and give them a good start and I'm in favour of that. So the benefit would remain universal but we would claw back from the very well off who currently get it tax free. That's only one of a whole range of suggestions. Chris Grayling was talking earlier on your programme, the Tory opposition spokesman, about welfare to work and I am totally in favour of getting people off benefit and into employment but if you're going to do that first that you've got to equip them, you've got to guide them, you've got to give them advice and training and secondly, you've actually got to help them when they're in work and one of my suggestions, which comes from my own background, is that if people are prepared to take what would be described as a low paid and sometimes people would describe as a pretty rough job that the European—Europeans who have come into the country after the last three years have been prepared to do, we should give them education and training as of right, as an entitlement, to help them climb that ladder, so that if they know they take a low paid job there's a way out of it.

WHITE

Okay, David thank you very much, I take it you weren't at the DWP quite long enough to put that into practice. Terry, I detected a restlessness, did you want to make a quick comment on that?

ROONEY

Well as it happens I glanced through David's pamphlet this morning. We need to remember that child benefit was an amalgam of family allowance and child tax credit and to tax something that's was once a tax credit does strikes me as stupid. Child benefit underpins family incomes, it underpins children—irrespective of their family's situation. One of the fastest routes out of child poverty would actually be to seriously increase child poverty and in and out of work benefit and—I'm really sorry that David's come on and said what he has because to merely mention taxing child benefit breaks universality, it breaks a founding tenet of social justice in this country.

WHITE

Okay, I would go back to him but politicians get a fair crack of the whip, I want to fit in two callers before we do. Nathan Archer is calling from Lincolnshire, Nathan good afternoon.

ARCHER

Good afternoon.

WHITE

Yeah what was the point you wanted to make?

ARCHER

I really wanted to pick up on a point that was touched on—well it has been touched on several times through the programme about the role that good quality childcare can play in helping alleviate child poverty by enabling parents to go out to work if they have to or if they choose to. But my point—and this is something that I'd seek to make as representation to the committee—is really about the way in which childcare tax credit is paid and it seems to me that there's a flaw in the system—and speaking as somebody who is involved with a children's nursery many parents say to us that they have circumstances that might arise, as they would in many of our lives, such as a huge gas bill or the car breaks down, and that's absolutely understandably where their priorities are and what they need to pay. But actually all that time they're accruing further debt on their childcare fees and I would ask the committee to give consideration to paying the childcare tax credit direct to the childcare provider, so it still has a currency but it means that parents are not getting into further debt. And as a by-product of that it also supports the sustainability of the childcare providers themselves as well.

WHITE

Nathan, thank you very much for a very concrete suggestion. And Diana Garner is calling us, Diana good afternoon.

GARNER

Hello.

WHITE

Yes, what was the point you wanted to make?

GARNER

I was really pleased to hear Kate Green and the caller—the teacher—afterwards, which are the only two people really I've felt have really nailed the problem. Housing costs are so extreme in this country now that two people on minimum wage jobs with a family can't make ends meet. The only reason that immigrants can take low paid work is because they live in sheds or 10 to a room. And Mr Blunkett knows that perfectly well. No person that wants to have a reasonable housing situation is going to be able to take the sort of jobs that immigrants are forced into in this country. I feel that there's nobody on this programme that's representing poor people in that there's no poor people on the programme, you've had a few callers who have been poor in the past. Why isn't the information got from people who are actually in poverty now—their views, their figures?

WHITE

We take the calls we get Diana, I mean if you've got a concrete suggestion to make you've got about a minute to make it.

GARNER

Right, well I just feel that the figures need nailing and there's too much blame put on people that are considered to be poor and that's been illustrated in your programme that there's still a great deal of blame put on poor people. If you look at the figures, if you look at the housing costs, it's very, very hard on low wages to be anything else but poor. And I think that people on benefits are incredibly poor, the cost to get your children to school can £150 a month if you've got three children, with your housing costs, your council tax and utilities going through the roof it's just impossible. And when 40% of Cornwall is second homes we can see in this country where the money is and to blame poor people for not being able to manage I just don't think that's where it's at.

WHITE

So—but still you're telling me what the problem is but you're not telling me what you'd do about it, are we talking about higher benefits here because I mean that was partly what David Blunkett was suggesting, although you obviously disagree with other things he said?

GARNER

Well I do think higher benefits certainly. I think that there's a general opinion that people don't really want to work and there's no belief in people and I do really feel that if some of these people sat down and actually looked at the figures that people are living on they'd understand where the problem did lie and how things could be helped.

WHITE

Diana Garner, thank you very much for your call.

ROBINSON

Well it's that time in the programme where we attempt to sum up what has been the gist of all of your calls today. The majority of our callers were dismissive of the whole idea of relative poverty and M. Potter e-mailed to say: If child poverty is defined in relative terms, that is below median income, then by definition we will always have it. So if every child in the UK gets its own bedroom children will be poor if they do not have an en suite. There's also a strong belief that poverty is something that individuals can climb out of. On the—answering the point the last caller made—Where are the poor people on the programme—those people taking the calls said that among those who called to say they were poor and to share their experiences, people who called us to say they were struggling to make ends meet, there was a profound reluctance to come on air, so much so that we couldn't persuade a single person to come on but one woman, Sally, says: I have aspirations for my children, everyone living on benefits is not low life but I have to take decisions everyday about things like whether we can afford to put the heating on and that is my life. Jacqueline Madders says she's campaigned for children's rights for many years, she believes that we do have the money to tackle child poverty it's just that we're spending it unwisely. And an awful lot of the people made the point, again made by your last caller, that one of the big problems is rising housing costs and that the cost of housing is stopping some of the people who called us from coming off benefits. And they say that we cannot tackle the problems of poverty until we tackle the cost of housing in the United Kingdom.

And Terry Rooney, MP, you are chairing the Commons select committee on work and pensions, you're looking at this whole child poverty thing. The business of housing costs is that something that has come up?

ROONEY

It's a major issue in London, certainly, less so in the rest of the country but it is an issue. But the poorer you are the less likely you are to be able to buy a house.

ROBINSON

But we had an e-mail from a disabled parent—who was disabled—who said that she is paying £800 a month in rent and therefore could not get a job that would pay anything like that.

ROONEY

No but she'd get a substantial amount of housing benefit towards that whatever her wages were.

ROBINSON

I suppose that brings us on to the other point, doesn't it, that Jacqueline Madders has made here, that we have money but we're just not spending it wisely or perhaps people don't know that some of these benefits exist.

ROONEY

Well there is always an issue about take up of benefits. I happen to think that the government has actually improved its act tremendously in the last couple of years but there's a long, long way still to go. And if everybody—but even if everybody was claiming everything they were entitled to you would still have people living in poverty . . .

ROBINSON

Kate Green, what do you make then of the gist of our calls there?

GREEN

Well I think what we've got to say about people who say there will always be relative poverty and kids are better off today so why are we worried are missing the point that as our country gets richer, as we go through the generations and we all make progress, it's utterly unfair that we should think that it's okay for 30% of our children to be left behind. If we'd been making those arguments in the Victorian era we wouldn't have the kind of things that most of us enjoy today, we would have said oh it's okay to leave a big—substantial section of kids behind. And I don't think the fifth richest country in the world should find that acceptable. Your caller who says we can afford to end child poverty, we're just not spending the money wisely, is absolutely right.

ROBINSON

So how would you spend it then?

GREEN

Well I think it's really important that we secure adequate incomes for every family, in or out of work, and I'm really pleased that we've heard people talking today about child benefits because that's the absolute bedrock, as Terry says, of family incomes. We should raise child benefit, we could raise it now for second and subsequent children, you get less child benefit for your younger children than for your first child—they don't cost less, they don't eat less—if we did that we could straightaway take a quarter of a million children out of poverty. I think we should make sure that work really pays for parents and as Terry says we should also make sure that people are claiming all the benefits they're entitled to. Still a lot of people in work, for example, who ought to be getting help with housing costs are not claiming that benefit. So we need to do more to make sure that take up and good administration of benefits is in place too.

ROBINSON

Can all of the things that you describe be achieved without putting up taxation because we don't want to pay more tax in the UK do we, when it comes to putting that cross in the box?

GREEN

Well at the moment the people who bear the biggest proportion of tax against their incomes are the poorest people, when you look at what people pay out to council tax and VAT on the indirect taxes the poorest families pay a higher proportion of their incomes in tax than do the richest. So something's wrong with the way we allocate tax in this country that we ought to look at again. We are a very rich country, we can afford to end child poverty. The Institute for Fiscal Studies have suggested that it might cost about three and a half or four billion pounds more to get us to the target the government's set itself of reducing child poverty by half by 2010. That's less than 1% of annual public spending—we can afford that.

ROBINSON

Well we must leave it there, no doubt your comments will generate a lot more e-mails and calls. Kate Green from the Child Poverty Action Group, Terry Rooney MP—thank you both.

Further memorandum from DWP regarding the Child Poverty Unit

Since CSR, DWP and DCSF announced the creation of their Joint Child Poverty Unit. This Unit brings together the child poverty policy officials and analysts in the two departments, along with Neera Sharma on secondment from Barnados, to provide a more coordinated approach. Doing so 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.

The Departmental Directors are Jonathan Portes (DWP) and Anne Jackson (DCSF).

The Head of the Unit will be Caroline Kelham. Caroline is currently finalising a joint DCSF/PMSU Childhood Project. She will take up post substantively in early January.

The Deputy Head of the Unit will be Alex Beer. Alex is currently Senior Adviser for Work, Pensions and Education at the British Embassy in Washington. She will take up her post in mid January.

The unit will have four teams covering strategic direction and stakeholder communication, briefing and analysis as well as the expert policy advice provided by Neera Sharma. The role of the Unit is to:

- provide an integrated approach across Government to tackling child poverty;
 - build on the Child Poverty Review, by taking stock and taking forward the strategic direction to eradicate child poverty by 2020;
 - engage all our stakeholders, learning from their expertise;
 - engage those in local service delivery to take ownership to support our commitments; and
 - undertake research and analysis to support the development of successful policies.
-