

PSA Delivery Agreement 9: Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020

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VISION

1.1 Every child deserves the best start in life, free from financial poverty and material deprivation. The Government is committed to its pledge to eradicate child poverty by 2020.

1.2 Childhood experience lays the foundations for later life, therefore it is vital to provide children and young people with the opportunities they need to reach their full potential as adults. Children who grow up in poverty are less likely to stay on at school, to attend school regularly, to get qualifications or to go on to higher education, and more likely to become young parents, locking whole families into intergenerational cycles of deprivation. Reducing the number of children who are born into poverty will increase the number of children born into opportunity, and will enhance their opportunities as adults and subsequently the life chances of their children, thus perpetuating a virtuous circle. While the Government recognises that bringing up and supporting children is largely the responsibility of parents, the state has a role in helping parents to do the best they can for their children. The Government wants to support, protect and enable all children to enjoy a good quality of life.

1.3 The Government's commitment to halve child poverty by 2010-11 is a key milestone on the way to eradicating child poverty by 2020. The *Child Poverty Review*¹ articulated the Government's comprehensive strategy for tackling child poverty. The Review set out a number of work strands to:

- provide financial support;
- increase employment;
- tackle material deprivation; and
- improve children's life chances.

1.4 This Delivery Agreement builds on the *Child Poverty Review* and the *Opportunity for All* series² and outlines the contribution that Government departments and delivery partners will make towards reducing child poverty.³ The ambitions of this Delivery Agreement are more specific than the wider ambitions of the Child Poverty Review; it focuses on the policies and actions that will have a quantifiable impact by 2010, and those which contribute towards the creation of a virtuous circle to lift children out of poverty.⁴

¹ *Child poverty review*, HMT, July 2004.

² www.dwp.gov.uk/ofa.

³ In line with the definition used in the national statistical collection, the Family Resources Survey, this Delivery Agreement is focussed on children under the age of 16 (or under 18 in formal education or training), and therefore does not include those aged 16 and over who are not in full time education, employment or training and does not specifically cover the children of asylum seekers.

⁴ This should be read alongside other PSA Delivery Agreements aimed at improving outcomes for children, families and young people (PSAs 2, 8, 10, 11, 12, 13, 16, 20).

Indicators

2.1 The Government remains committed to its historic target to halve child poverty by 2010-11 and will use the following three indicators, which are the result of extensive consultation, published in *Measuring Child Poverty*,¹ to best target action over the 2007 Comprehensive Spending Review:

- **Indicator 1: the number of children in absolute low-income households**

This indicator measures whether the poorest families are seeing their income rise in real terms.

- **Indicator 2: the number of children in relative low income households**

This measure is the European standard and captures the extent to which incomes of the poorest families are keeping pace with the rising incomes of the population. This indicator has a national target attached; and

- **Indicator 3: the number of children in relative low-income households and in material deprivation**

Poverty is not just about income; and reducing child poverty means improving the standard of living for children. The higher income threshold used in this indicator will include children in families with high unavoidable costs, such as housing, which can adversely impact on living standards and leave people with low disposable income, even if income is above the 60 per cent median line. This indicator will also better capture the extra costs faced by families with disabled children.

¹ <http://www.dwp.gov.uk/consultations/consult/2003/childpov/final.asp>

3

DELIVERY STRATEGY

STRATEGIC PRIORITIES

3.1 Reducing poverty through work: one-half of children in households with relative low-income are in households without work¹ and the Government will continue to deliver employment programmes to provide employment opportunities for all. The Government will reduce poverty by tackling worklessness, by making work a sustainable route out poverty, and by addressing barriers to work such as availability of childcare.² However, one half of children in households with relative low-income are in working households³ – and in order to ensure that work pays, retention and progression are critical.

3.2 Reducing poverty through raising incomes: reform of the provision of financial support for families has been a key driver behind the fall to date in the number of children in relative low-income households. The Government's support will continue to be based on the principle of progressive universalism - help for all, and extra help for those who need it most. Financial support will be predominantly delivered through a combination of Child Tax Credit (CTC) and Child Benefit, and through the reform of the Child Support Agency.

3.3 Tackling poor living conditions: government departments will work together to tackle the experience of poverty children have today. Government will focus on housing, fuel poverty and financial inclusion.

- Housing has a key role in influencing the overall living standards of a family. Poor housing can affect the standard of living that children are able to enjoy. If a home is overcrowded or in poor condition, it can affect health and educational attainment and can impact negatively on life chances.
- Fuel poverty can adversely affect children as family income by reducing the income available for other essential goods and services.
- Many low-income families face barriers to using their money effectively. Families who are unable to access mainstream financial products and services may face difficulties in day-to-day money management, find it harder to plan for the future and manage lumpy spending, and be more vulnerable to financial distress. This prevents rising incomes from feeding through to improvements in living conditions.

3.4 Focusing delivery on at-risk groups: it is essential to better understand the needs and the multiplicity of barriers that some families face and the Government will focus on reducing poverty among disadvantaged groups by improving communication and prioritising the provision of public services. It will also strive to ensure everyone has equal access to public services, so that no group is prevented from achieving outcomes similar to those experienced by the rest of society.

¹ Two-fifths of poor children live in lone parent families, the majority of whom are without work. One in eight poor children are in couple families not in employment.

² Government's strategy to provide employment opportunities for all are set out in PSAs 2 and 8.

³ Half of all children in poverty are in households in which at least one adult works, the majority of which are couple families.

- **For lone parents:** the Government will continue to drive forward employment programmes to help lone parents enter and sustain employment.
- **For large families:** the Government will continue to raise the child element of the Child Tax Credit at least in line with earnings until the end of this Parliament, which will disproportionately help children in large families.
- **For Black and Minority Ethnic (BME) families:** the Government will focus on reducing worklessness and on removing barriers to childcare for BME families, set out below. The Government will continue its drive to provide a sufficient supply of suitable and sustainable accommodation for Gypsy and Traveller communities.
- **For families with a disabled member:** reducing poverty for families with disabled members will involve improving employment opportunities, breaking down barriers to childcare and ensuring that every parent is aware of, and has access to, the financial support available to contribute towards the extra costs of disability. The Government will spend £340million pounds to improve outcomes for disabled children, including a £35 million childcare accessibility project, set out below.

3.5 Engaging with users: The Government will work in partnership with Local Government, the third sector and other delivery partners. The Government recognises the primary role of parents in tackling child poverty and the role that local adult, family and children's services play. To ensure that public services are well delivered and help parents, Government will engage with delivery partners and external stakeholders to ensure services flex to meet the needs of families, parents and children.

3.6 Establish clear governance and accountability mechanisms throughout the delivery system: accountability is not just about central Government; there needs to be clear responsibility through the whole delivery chain to ensure services delivered on the ground improve outcomes for children.

REDUCING POVERTY THROUGH EMPLOYMENT

Supporting parents into work

3.7 To support parents into work, the Government will focus on: lone parents, couple parents and disabled parents. The Department for Work and Pensions (DWP) is responsible for Welfare to Work policy and funding and monitoring the activity of Jobcentre Plus (JCP). Over the 2007 CSR years DWP will:

- continue the New Deal for Lone Parents (NDLP) nationally. To date, about one in two lone parents who join NDLP move into work⁴. DWP will continue the New Deal Plus pilots for Lone Parents, expanding these to cover all of London;
- continue compulsory Work Focussed Interviews (WFI) for those claiming benefits. From April 2008, all lone parents will be required to attend a WFI at least twice a year;
- consult on a proposal that from October 2008, lone parents with a youngest child aged 12 or over will no longer be entitled to claim Income Support

⁴ *New Deal for Lone Parents: Second synthesis report of the Nation Evaluation*, Department for Work and Pensions Research Report No. W163, Evans M. Eyre J, Millar J and Sarre S, 2003.

solely on the grounds of being a lone parent, and that from October 2010, the age of the youngest child should be brought down to 7.⁵ JCP will provide more frequent WFIs to support lone parents to move in to suitable work, and support to ensure lone parents are able to combine work with parental responsibilities;

- roll out In Work Credit to lone parents nationally from April 2008 at a rate of £40 a week or £60 in London;
- extend key, effective elements of New Deal Plus to couple parents in London and other pilot areas and provide more adviser support through joint claims for parents claiming Job Seekers' Allowance. DWP will look at how to help those potential second earners in couples who want to work; and
- continue to manage a number of employment schemes aimed at disabled people. In 2008, new Employment and Support Allowance will replace the current Incapacity Benefit system.

Ongoing consultation and evaluation

3.8 Regular performance monitoring and engagement with parents, stakeholders and delivery partners will inform policy and delivery. The Government will use data from the Labour Force Survey to assess progress in increasing the numbers of lone parents in employment and reducing the numbers of children in workless households. DWP will continue the practice of developing lone parent policy in consultation with stakeholders and lobby groups.

Retention and progression

3.9 DWP and the Department of Innovation, Universities and Skills (DIUS) will:

- support retention and progression in work by developing an integrated employment and skills service building on the recommendations from the *Leitch review on skills*,⁶ including a new adult careers service in England, working in partnership with JCP;
- learn lessons from the Employment Retention and Advancement pilot, which aims to help people into paid jobs, encouraging them to work full time and advance to more secure and better paid positions; and
- work with JCP and the Learning and Skills Council to deliver improvements in the provision of work relevant training for JCP customers to support sustainable employment and progression. This will include assessing all new JSA applicants' basic skills needs, and improving support for those cycling between work and benefits through a full skills health check.

Removing barriers to employment for disabled people

3.10 The Office for Disability Issues will develop a cross-government, five-year strategy to deliver independent living for all disabled people. 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 addressing disabled people's needs. This strategy should help to remove some of the current barriers to employment for disabled parents.

Cities strategy

3.11 DWP, with local partners, will pilot the Cities Strategy model in 15 cities to tackle inner-city deprivation. Key stakeholders from the public, private and third sectors will come together to form consortia and will pool resources and expertise to deliver a

⁵ *In Work, Better Off*, DWP, 2007.

⁶ *Prosperity for all in the global economy – world class skills*, Leitch review of skills, HMT, December 2006.

significant improvement in the working-age employment rate, particularly for disadvantaged groups. The pilots will test whether local areas are able to deliver more if they combine their efforts behind shared priorities and are given more freedom to try new ideas and tailor services to local needs.

The role of Jobcentre Plus

3.12 JCP is a key stakeholder in local strategic partnerships, providing a co-ordinated focus across childcare, child poverty and the Welfare to Work programme. JCP also plays a vital co-ordinating role in the use of available funding streams to support the development of integrated Welfare to Work services tailored to the needs of the local community. Over the CSR07 period JCP will:

- deliver the majority of DWP's employment programmes, and provide increased WFI to lone parents; and
- reform the system of Job Outcome Targets used to measure performance. To increase the focus on child poverty outcomes, a new 'child points premium' has been introduced, so additional points are awarded for placing into work any client who has children. This will provide incentives ensure that services are targeted more towards those in greatest need. JCP will use the views and experiences of clients, gathered through interviews, focus groups and observation of delivery, to inform future policy thinking and enhance service delivery.

Increasing take-up of formal childcare

3.13 To help parents enter and sustain work, the Department for Children, Schools and Families (DCSF), DWP and Her Majesty's Revenue and Customs (HMRC) will work with delivery partners to continue implementing the National Childcare Strategy. Work will continue to stimulate demand for formal childcare by improving information for parents about the benefits, choices and financial help available. The Government will ensure that increased demand for childcare is met through new duties on local authorities and the roll out of Children's Centres and Extended Schools. The Government will also invest £35m to improve the provision of childcare for families with disabled children.⁷ This will start in 10 pilot local authorities, with best practice rolled out in 2010-11.

The role of DCSF

3.14 The DCSF will:

- communicate the benefits of formal childcare, with evaluation of current communications activity from April 2008. Over £1m will be invested in 2007-08 in national advertising and direct mail on the benefits of formal childcare and the support available, especially targeting black and minority ethnic communities. Success will be measured in terms of response rates to the helpline number (with the expectation of reaching over a million families). Outreach projects in 6 local authorities across the country will develop and test ways to engage BME families in formal childcare (September 2007 – March 2008). By March 2008 there will also be pilots in 3 London local authorities to train parents as advocates of formal childcare as well as the results of focus group work to identify the best methods of communication to use with different communities by December 2007;

⁷ As recommended in *Aiming High for Disabled Children: Better Support for Families* HM Treasury and DfES, May 2007.

- fund free childcare: 50,000 parents who are in training will receive free childcare over 2008-10 and by September 2010 all three and four year olds will be entitled to 15 hours per week of free provision. Delivery will focus on increasing take-up of the offer by lower income families through better targeting of information; and
- provide dedicated revenue funding of £4bn to local authorities over 2008-11 through the Sure Start, Early Years and Childcare Grant. This will enable Local Authorities to support a diverse and sustainable childcare market and to roll out 3,500 Sure Start Children’s Centres, one for every community by 2010. By 2010 all primary schools and secondary schools will provide access to a varied menu of activities and a safe place to be from 8am to 6pm. Dedicated start-up funding will be available for Extended Schools in 2008-09. Extended schools guidance makes clear that children with disabilities or special educational needs must be able to access all the services.

Improving access to the childcare element of working tax credit

3.15 HMRC will improve access to the childcare element of Working Tax Credit by increasing the visibility of the support available for formal childcare through its website and by working with Local Authority Children’s Information Services. HMRC will more quickly make payments to people who are moving off benefit into work, especially where support for formal childcare costs forms a part of their claim. HMRC will review the Guidance Notes and Claim Form to make the childcare element as simple as possible.

3.16 DWP will provide targeted financial support through Jobcentre Plus to parents entering work through all the New Deal programmes to help with attendance at job interviews.

Identifying the childcare needs of Jobcentre Plus clients

3.17 JCP will:

- help local authorities deliver employment and training advice and support through Sure Start Children’s Centres in the local community. JCP Childcare Partnership Managers and local authority Children’s Information Services will play a key role in delivery; and
- ensure staff are able to identify the childcare needs of clients and signpost them to further information and support such as the childcare element of Working Tax Credits. A desk aid is currently being developed for use by frontline JCP staff from November 2007. DWP are currently exploring the possibility of an explicit measure of using the proportion of Working Tax Credit recipients claiming the childcare element as a proxy for the use of formal childcare by low-income families. JCP will be incentivised by new Job Outcome Targets to place parents into work.

Securing high quality local provision

3.18 Local Authorities are key delivery partners. The Childcare Act 2006 places a duty on Local Authorities to secure sufficient childcare for working parents from April 2008: In addition to providing funding, the Government has set down statutory guidance on assessing the sufficiency of childcare as well as securing sufficient childcare.⁸ Childcare – as an outcome delivered in partnership with local government – will be performance managed through the local government National Indicator Set and externally assessed through Comprehensive Area Assessment from 2009 – with a risk assessment led by the

⁸The sufficiency duty applies in both England and Wales.

Audit Commission jointly with other inspectorates including Ofsted. Current inspection arrangements will continue until 2009. This includes:

- in line with the statutory guidance on needs assessment,⁹ local authorities are expected to consult with local parents, children and delivery partners on the provision of childcare. The Childcare Act 2006 requires local authorities to conduct a detailed analysis of local parental demand and fully to involve private and independent settings and the third sector in the delivery of Children's Centres, Extended Schools and wider childcare provision;
- regional networks of authorities will develop and share best practice on implementation of these new duties, complemented by pathfinders¹⁰ for extending the free entitlement and by the experience from the Childcare Implementation Project;¹¹
- local data on access to the childcare element of working tax credit will be provided to enable authorities to measure and manage local performance on take-up of childcare; and
- other key elements of the Childcare Act 2006 will be implemented over 2008-11. This includes the duty to improve outcomes for children at age 5 and narrow the achievement gap between children, which is underpinned by statutory targets,¹² and the introduction of the Early Years Foundation Stage which, along with Ofsted inspection, will provide reassurance for parents that standards of care will be consistent and of high quality. Further detail can be found in the action plan for the ten year childcare strategy.¹³

Measuring parental demand and perceptions

3.19 The Government is determined to ensure that parents are able to choose childcare provision which best meets their needs and those of their children. DCSF runs a major national, annual survey of parental demand for childcare, which gathers parents' perceptions of childcare and patterns of use, which can be analysed by family income and working status.

REDUCING POVERTY BY RAISING INCOME

Financial support for parents

3.20 Over the CSR07 period, HM Treasury will continue to make decisions about the levels of financial support at Budget and Pre-Budget Reports. The Government will increase the child element of the Child Tax Credit (CTC) at least in line with earnings until the end of this Parliament, a projected increase of 14 per cent over the next three years. Budget 2007 announced that in April 2008, the child element will rise by £150 a year above standard earnings indexation.

Maintaining high take-up

3.21 HMRC is responsible for the operation of the financial support system. The Government is committed to maintaining the very high level of take up of both the CTC and Child Benefit, and to do this, HMRC will:

⁹ www.everychildmatters.gov.uk/earlyyears/sufficiency.

¹⁰ Currently 20 authorities (www.everychildmatters.gov.uk/earlyyears/flexibleentitlement).

¹¹ Nov 2005-Nov 2006, to explore local practice in implementing the Childcare Strategy. www.everychildmatters.gov.uk/childcare/implementation

¹² See PSAs 10 and 11.

¹³ *Choice for parents, the best start for children: making it happen an action plan for the ten year strategy: Sure Start children's Centres, extended schools and childcare*, DfES/DWVP, May 2006 (<http://www.everychildmatters.gov.uk/earlyyears/tenyearstrategy/>).

- build on the work of the Tax Credits transformation programme, including to develop, test and implement a service delivery model which is tailored to individual need;
- improve its processes, signposting and communications relating to the additional support available to low-income families who automatically qualify for those benefits because of their entitlement to Child Tax Credit. A review is identifying areas of current difficulty and to set improvement priorities;
- deliver the Health in Pregnancy Grant from April 2009. Every mother will be eligible for the Grant, worth up to £200, from the 29th week of their pregnancy. This additional support will help promote maternal and children's health by encouraging an improvement in diet during pregnancy; and
- explore how it can align, where it makes sense, the delivery of Tax Credits and Child Benefit and to enable transactions for Tax Credits and Child Benefit to be completed in one contact - by whatever method the customer chooses, so that all the necessary changes will be made for both tax credits and Child Benefit ensuring they receive the correct entitlement as quickly as possibly.

3.22 HMRC will develop a communications strategy before March 2008 specifically to help build and maintain relationships with tax credits customers. The department recently carried out customer research to gain an understanding of the barriers preventing take up of tax credits. Current communications may act as a barrier for some customers, particularly those with low levels of literacy.¹⁴ To counteract this, the department will develop communications products that identify and fill communication gaps, are clear and comprehensible and deliver a clear set of key messages to ensure that customers understand how the tax credit system works.

3.23 In response to user feedback that prompt payment is vitally important, particularly to those taking up employment following a period on welfare benefits, HMRC is placing a high premium on making payments quickly to new claimants, prioritising those from claimants moving into work, and other vulnerable groups such as the disabled and lone parents.

3.24 The Disability and Carers Service (DCS) delivers benefits to assist parents with the additional costs of disability, and over the CSR07 period will:

- raise awareness and take-up of benefits available by working with Department of Health to improve the delivery of benefit advice to patients and by giving all people with long-term health issues – and their carers – information on their health and social care needs and signposting people to information and advice about benefits using the 'information prescription'. DCS will distribute new information leaflets to various external organisations including Citizens Advice Bureaux, DIAL, GP surgeries and Health Centres by 2008; and
- reduce barriers to financial support by simplifying the Disability Living Allowance (DLA) process by developing and trialling new forms which are

¹⁴ Literacy levels are particularly low among some tax credits recipients. It is estimated that 26 per cent of tax credit customers with an income less than £10,000 have a reading age below 11 years old.

more responsive to individual customer needs. The DCS's Working Group for Children will work with parents and families to improve the claiming process for children and their carers, including developing improved DLA claim forms specifically for child cases.

The Child Maintenance and Enforcement Commission

3.25 Subject to Parliament's approval, the Child Support Agency will be replaced by the Child Maintenance and Enforcement Commission (C-MEC). It will commission work from other providers to deliver services in the most efficient and effective way. The system has been redesigned with child poverty as the main focus throughout, focusing support on the poorest families first. The implementation of reforms is expected to see a further 650,000 eligible parents with care benefit from the child maintenance that they are entitled to. The following proposals in particular are expected to have an impact on child poverty:

- by the end of 2008, parents with care, on benefit, on the old scheme will benefit from the £10 a week disregard. This will see an additional 55,000 children benefit from maintenance;
- 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; and
- tougher and more effective enforcement is expected to reduce the number of non-resident parents who do not comply with the system.

3.26 JCP will:

- deliver out-of-work benefits to clients; and
- continue to play a proactive role in ensuring that parents are directed to information and support about tax credits, benefits and child maintenance. Although JCP would no longer have the responsibility for referring applications to the Child Support Agency, it would continue to interact with some of the most vulnerable people in society, whose children have the most to gain from having a maintenance arrangement.

Promoting financial inclusion

3.27 In March 2007 the Government published *Financial inclusion: the way forward*, setting out its vision for taking forwards work to promote financial inclusion.¹⁵ In the long-term the Government's commitment will involve mainstreaming financial inclusion into departmental budgets. In the next spending period, the Government will:

- establish a new Financial Inclusion Fund of £130 million for new and ongoing initiatives to promote financial inclusion, maintaining the current level of intensity of action. BERR will provide ongoing support for money advice;
- establish a ministerial working group to determine detailed priorities for financial inclusion policy, and publish a detailed action plan after the CSR; and

¹⁵ *Financial inclusion: the way forward*, HM Treasury, 2007.

- extend the life-span of the independent Financial Inclusion Taskforce to evaluate progress and advise the Government, working to new terms of reference reflecting the post-CSR action plan.

3.28 DWP will continue to manage the Social Fund, which provides a safety net of grants and interest free loans for the most vulnerable in times of need.

3.29 DCSF will integrate financial capability into the secondary school curriculum through a new economic well-being and financial capability strand within a non-statutory revised curriculum for Personal, Social, Health and Economic (PSHE) education; publish updated curriculum guidance for all Key Stages to help teachers plan their provision; and develop a dedicated programme of support for personal finance education in schools, including developing new Child Trust Fund branded curriculum resources and a new continuing professional development training module for teachers.

TACKLING POOR LIVING CONDITIONS

Improving housing quality

3.30 To improve housing,¹⁶ Communities and Local Government (CLG) will:

- continue to drive forward policy to help local authorities and arms length management organisations and, through working with the Housing Corporation, registered social landlords, to deliver decent homes;
- monitor progress towards the targets for the provision of affordable housing made in the Housing Green Paper and will set the Housing Corporation additional targets in March 2008, and may include one for larger homes to tackle overcrowding; and
- continue its drive to increase the number and quality of authorised sites for the Gypsy and Traveller communities.

3.31 One of CLG's Departmental Strategic Objectives is to increase housing supply and as part of this DSO it will focus on reducing the number of households living in temporary accommodation by 2010. CLG will:

- work with Local Authorities to ensure their statutory strategies for preventing homelessness and for ensuring that sufficient accommodation and support is available for people who are homeless or at risk of homelessness are effective and inclusive;
- continue proactively supporting Local Authorities with large numbers of households in temporary accommodation in developing strategies for preventing homelessness and providing more settled homes;
- provide direct revenue funding to Local Authorities and third sector bodies to support activities which prevent and tackle homelessness; and
- work with DCSF in partnership to improve local links between housing authorities and children's services, to minimise the impact of homelessness on children.

¹⁶ See also PSA 20.

Preventing homelessness 3.32 Local Authorities are key delivery partners. Their performance on preventing homelessness and reducing numbers in temporary accommodation will be measured by an indicator on temporary accommodation in the National Indicator Set of the local government performance framework and through the Statistical Release on statutory homelessness, which is published quarterly. Local Authorities must:

- review and publish strategies for preventing homelessness and for ensuring that sufficient accommodation and effective and inclusive support is available for people who are or are at risk of becoming homeless; and
- support activities which prevent and tackle homelessness, in partnership with the third sector.

Eradicating fuel poverty 3.33 The Government has a statutory obligation to take reasonably practical steps to eradicate fuel poverty in England by 2016 and progress on this will be monitored by an inter-ministerial group and through the UK Fuel Poverty Strategy Annual Progress Report. The Government's primary tool in tackling fuel poverty over the CSR07 period will be the Department for Environment, Food and Rural Affairs' (Defra) Warm Front Scheme, which provides a package of heating and insulation measures to private sector households in receipt of certain benefits, and benefit entitlement checks to help maximise income. Similar schemes exist in the devolved administrations.

- Defra also has responsibility for the Energy Efficiency Commitment (known as the Carbon Emissions Reduction Target from April 2008) which includes a target for a Priority Group, similar to those eligible for assistance in the Warm Front Scheme.
- The Department of Business Enterprise and Regulatory Reform (BERR) will work towards addressing issues of fuel costs paid through prepayment meters and the affordability of fuel to low income households.
- Communities and Local Government will ensure the improvement of the energy efficiency of all social sector homes by rolling out the Decent Homes Standard.
- DWP relieves fuel poverty through the delivery of benefits. There is scope to better target assistance by using benefit recipient data, for example council tax benefit recipient data, by Local Authorities.
- Department of Health, DWP, Defra and BERR will join up to deliver the Government's winter message to vulnerable households, enhancing the delivery of available assistance.
- To improve energy efficiency, Eaga¹⁷ will deliver the Warm Front Scheme to improve energy efficiency, incentivised by key performance indicators. Energy suppliers must meet Energy Efficiency Commitment / Carbon Emissions targets, one of which is focussed on a priority group of low-income vulnerable households. Ofgem are responsible for monitoring progress towards these targets.

¹⁷ Eaga manages the Warm Front programme. More information on Eaga Partnership, and a breakdown of households assisted under Warm Front, is available at www.eaga.co.uk

ACCOUNTABILITY AND GOVERNANCE

Governance across central government

3.34 The Chancellor of the Exchequer, the Secretary of State for Children, Schools and Families and the Secretary of State for Work and Pensions will be responsible for child poverty, and in addition the Chancellor is the lead minister for this PSA. The relevant Cabinet Committee/s will drive performance by regularly monitoring progress, holding departments and programmes to account and resolving inter-departmental disputes where they arise.

3.35 The Senior Responsible Officer within Government for the PSA will be the Director for Personal Tax and Welfare Reform in HM Treasury, who will chair a Senior Official PSA Delivery Board, comprising all lead and supporting departments. The Board will also monitor progress, review delivery regularly and report to the relevant Cabinet Committee/s.

Strong accountability at local level

3.36 Delivery will mean making best use of the new performance framework set out in *Strong and Prosperous Communities: the Local Government White Paper* to ensure Government Offices, Local Authorities and partners have the flexibility and capacity to deliver the best solutions to meet local needs and to drive up standards to improve the services they provide. The Delivery Agreement will be underpinned by a range of indicators¹⁸ on children and young people in the National Indicator Set of the Local Government Performance Management Framework, including one specific child poverty indicator. Local government play a crucial role as place shapers, leaders and enablers of well-being and inclusion, which includes:

- **coordination:** Local Authorities, through local strategic partnerships, children's trusts and other local bodies, are perfectly placed to ensure coordination of activities by key players. Through joint commissioning and procurement they can deliver efficiencies and improve outcomes as well as ensuring that services are responsive to the needs of local people;
- **engagement:** Local Authorities and their delivery partners are well placed to identify those at risk of being marginalised such as BME families or disabled people and can help drive up awareness of, and access to, mainstream services; and
- **service delivery:** public services, both universal and those targeted on deprived areas, are critical to improving poor children's life chances. Effective support services can enable those who might otherwise remain inactive to engage with the labour market while well-designed and timely local services can impact on levels of material deprivation.¹⁹

The devolved administrations

Scotland 3.37 In Scotland, the Scottish Government shares the goal of eradicating child poverty by 2020 and is committed to doing everything in its power to deliver on this objective, while recognising that a number of the levers for achieving it lie with the UK Government, for example in the operation of the tax credits and benefits system. The Scottish Government has its own systems for reporting on delivery of their policies and

¹⁸ Performance targets will be agreed with Local Authorities and partners based on a negotiation of the relative priorities for an area as part of a Local Area Agreement.

¹⁹ Delivery Agreements for PSAs 10 and 11 outline the role of Local Authorities, schools and parents in driving up educational attainment and narrowing the gap, which will help contribute towards the vision of eradicating child poverty by 2020.

Scottish Ministers are held to account by the Scottish Parliament. The Scottish Government published its employability framework, *Workforce Plus*,²⁰ in 2006, setting out how it intends to help people towards and into the labour market, and to help them progress in their careers. The Scottish Government is a signatory to a Partnership Accord that sets out how it will work in partnership with DWP, Jobcentre Plus and other relevant agencies in Scotland to maximise the number of people entering sustainable employment. The Scottish Government also has responsibility for policy on childcare in Scotland, ensuring that high quality, accessible and affordable childcare is available to support parents moving into employment. The Scottish Government is committed to developing an Early Years Strategy, within which expanding the supply of flexible childcare will be an important element. In addition, housing, education, development of skills, health, financial inclusion and fuel poverty are all matters devolved to the Scottish Parliament and the Scottish Government has its own strategies and policies for tackling these aspects of material deprivation.

Wales 3.38 In Wales, the Welsh Assembly Government is responsible for delivering on some of the key aspects of this PSA. The Assembly Government has its own systems for reporting progress on delivery of its key objectives and Welsh Ministers will be held to account by the National Assembly for Wales. For example, childcare policy has been devolved and, under the Cymorth – Child and Family Support Fund programme, the Assembly Government is providing a network of targeted support for children and young people within a framework of universal provision. All Local Authorities in Wales have established integrated children's centres, bringing together early education; childcare; play; training; and usually family support and health. The Assembly Government is also investing £46m between 2006/08 in its Flying Start initiative, which will provide a prescriptive menu of high quality intensive services for 16,000 children aged nought to three, including free childcare for two year olds, low health visitor caseloads, and well evaluated parenting programmes. In addition, housing, health inequality initiatives, employment and skills programmes and fuel poverty are all matters devolved to the Assembly Government which has its own policies and programmes on these issues with the overall aim of tackling poverty. The Assembly Government share the UK Government's ambition to halve child poverty by 2010 and eradicate it by 2020 and, in addition, has published a range of milestones and targets across a number of policy areas including health, education, employment and housing.

Northern Ireland 3.39 Prior to restoration, *Lifetime Opportunities*²¹ was launched as the Government's new Anti-Poverty and Social Inclusion Strategy for Northern Ireland. The strategy aims 'to end child poverty by 2020-based on the estimate of approximately 130,000 children in Northern Ireland in relative income poverty in 1998-99, this means lifting 65,000 children out of poverty by 2010 on the way to eradication by 2020.' *Lifetime Opportunities* and its associated targets have still to be formally considered by the restored Northern Ireland Executive. The Executive is required by Section 16 of the Northern Ireland St Andrews Agreement Act 2006 to adopt a strategy to tackle poverty and social exclusion and patterns of deprivation, based on objective need. A high level strategy for Children and Young People is in place as well as initiatives in health, education and for lone parents. In March 2006 the Secretary of State for Northern Ireland launched a Children and Young People Funding Package. Over £100m has been provided to reduce social, health and educational differentials and give children and

²⁰ *Workforce Plus – An employability framework for Scotland*, Scottish Executive, 2006.

²¹ <http://www.ofmdfmi.gov.uk/antipovertynov06.pdf>.

young people from the most disadvantaged backgrounds the best possible start in life.²² During 2007 four Children's Centres will be established in Northern Ireland in disadvantaged areas, providing integrated care and education for young children, health services, family support and a base for childminders.

3.40 Wherever possible, delivery activity in Scotland and Wales will be taken into account and included in the reporting arrangements on this PSA in the future. Progress made towards achieving agreed child poverty targets in Northern Ireland will be monitored periodically.

CONSULTATION

3.41 This Delivery Agreement has been produced in consultation with local government and with external stakeholders. The basis of the Government's child poverty strategy was set out in the *Child Poverty Review*, which was written in consultation with a large number of organisations, including the research community, those delivering services at the front line, the third sector, representatives from primary care trusts, the criminal justice system, Local Authorities and trade unions.

3.42 The adoption of the three-tier measure of child poverty chosen for the PSA is the result of a wide consultation exercise run by the Department for Work and Pensions in 2002-03, which was supplemented with extensive methodological work and discussions with experts. The results of the consultation were published in *Measuring Child Poverty*. More generally, child poverty policy has been informed by central government, through the Every Child Matters: Achieving Economic Well-Being Group, by local government, through the Child Poverty Accord, and by external stakeholders, including children and young people experiencing poverty, through events such as Child Poverty Matters held in 2006. This Delivery Agreement has been developed in consultation with the Child Poverty PSA External Stakeholder Group, which includes representatives from the third sector, trade unions, local government and interest groups.

²² The package funds six themes; Extended Schools; Early Years Provision; Improving Education Provision and Support for Looked After Children and Vulnerable Young Adults; Youth Outreach Initiatives; Child Protection; and Children with Special Needs and Disabilities.

MEASUREMENT ANNEX

Indicator I	Children in absolute low income households
Data provider	Department for Work and Pensions.
Date set used, including coverage	Family Resources Survey (FRS) /Households Below Average Incomes (HBAI), United Kingdom.
Baseline	The 1998-99 baseline is 3.4 million children.
Frequency of Reporting	Annual.
95 per cent confidence interval	+/- 120,000.
Data Quality Officer	Head of Incomes Monitoring, DWP.
Minimum movement required for performance assessment ¹	To have confidence that the fall between any two years is significant, the change needs to exceed 140,000.

DEFINITION OF KEY TERMS

- Child:*
From the 2006-07 FRS, a child is defined as any individual aged under 16 or an unmarried 16 to 19 year old in full-time non-advanced education or in approved training.
- Absolute low-income households:*
Households with incomes of less than 60 per cent of median income held constant in real terms from a 1998-99 baseline, equivalised using the Modified OECD scale.
- 60 per cent median income:*
This measure uses a threshold that is measured as a fraction of median income, rather than as a fraction of the mean income. Fraction-of-mean income-poverty lines have perverse consequences as the mean is largely driven by the highest incomes. For example the immigration of a small number of very wealthy people could make it seem as if children have fallen in to poverty, whereas that would more accurately be described as an increase in inequality. Fraction-of-median income-poverty lines focus, (as is appropriate for an income-poverty measure), on the gap between the poorest and typical families, so clearly measure poverty rather than inequality.
- Before Housing Costs (BHC):*
Income in all three indicators is measured before housing costs. The Government will continue to monitor progress against a range of other indicators including income measures on an after housing costs basis, and regional data in order to ensure that we monitor the impact of high housing

¹ The minimum movement required for assessment reporting is based on historical data. It is not possible to know ahead of time what the minimum movement needs to be between the current year and any future year, as a number of factors about that future year, including the level of sampling error and variation in the median income, are unknown. Therefore, the minimum movements quoted are based on historical years, and so may vary year on year once we analyse the data for any future year.

costs on child poverty. In addition, the material deprivation indicator addresses the issue of low living standards that are due to high housing costs and other unavoidable expenses, and contains a range of measures which capture housing deprivation

- *Equivalisation Scale:*
Income is equivalised, that is, adjusted to take in to account variations in both the size and composition of the households. This process reflects the notion that a family of several people needs a higher income than a single person in order for both to enjoy a comparable standard of living. Equivalisation is needed to make sensible income comparisons between households and has long been standard practice in income distributional analysis. Following the consultation process for Measuring Child Poverty, analysis of the income indicators uses the Modified OECD equivalence scales. This allows direct comparison with other EU Member States.
- *Family Resources Survey (FRS):*
Data for these three indicators is collected in the Family Resources Survey. The Office of National Statistics and National Centre for Social Research conducted face-to-face interviews with around 28,000 households in the UK in 2005/06 (26,000 in Great Britain and 2,000 in Northern Ireland). Fieldwork in Northern Ireland is conducted by the Northern Ireland Statistics and Research Agency. As the sample size is 28,000, this is a sufficiently large sample size to gauge the success of various government initiatives, and to provide facts and figures about living standards in the United Kingdom.
- *Households Below Average Income (HBAI):*
The HBAI series is based on FRS data and is published annually by DWP. HBAI statistics on relative and absolute low income have been able to cover the UK since 2002-03. Prior to this the data was for Great Britain only. However, figures for the UK are produced from 1998-99 onwards, with estimates for Northern Ireland imputed for the years 1998-99 through 2001-02.

Indicator 2	Children in relative low income households
National Target	Reduce by a half the number of children living in relative low-income by 2010-11.
Data provider	Department for Work and Pensions.
Date set used, including coverage	Family Resources Survey (FRS) /Households Below Average Incomes (HBAI), United Kingdom.
Baseline	The 1998-99 baseline is 3.4 million children.
Frequency of Reporting	Annual.
95 per cent confidence interval	+/- 140,000.
Data Quality Officer	Head of Incomes Monitoring, DWP.
Minimum movement required for performance assessment	To have confidence that the fall between two years is significant, the change needs to exceed 170,000.

DEFINITION OF KEY TERMS

- Relative low-income households:**
 Households with incomes below 60 per cent contemporary median income, before housing costs, equivalised using the Modified OECD scale.

National target

A.1 The national target will be assessed following the release by DWP of the annual HBAI publication in March each year. A final assessment of the target will be made in March 2012, reflecting data for 2010-11.

Indicator 3	Children in relative low-income households and material deprivation
Data provider	Department for Work and Pensions.
Date set used, including coverage	Family Resources Survey (FRS)/Households Below Average Incomes (HBAI), United Kingdom.
Baseline	In 2004-05 - the first year that data were available - 2.2 million children in the UK were defined as poor using this combined indicator of below 70 per cent of median household income and a material deprivation score of 25 or more. Assuming the reduction made on this indicator was as large as that made on the relative low-income indicator, a constructed 1998-99 baseline would be 2.6 million children.
Frequency of Reporting	Annual.
95 per cent confidence interval	+/- 120,000.
Data Quality Officer	Head of Incomes Monitoring, DWP.
Minimum movement required for performance assessment	To have confidence that the fall between two years is significant, the change needs to exceed 150,000.

DEFINITION OF KEY TERMS

- Relative low-income households and material deprivation:*
Households below 70 per cent contemporary median income, before housing costs, equivalised using the Modified OECD scale and in material deprivation, using a prevalence weighted approach. This indicator excludes those with low incomes, who have high living standards, and includes those who would not be captured by our relative low-income measure but who face certain unavoidably high costs.
- Material deprivation:*
Since 2004-05 the Family Resource Survey provides data on the material deprivation indicator of child poverty. The questions included in the survey were arrived at through analysis of all existing UK deprivation data to identify a set of questions which best discriminates between poor and non-poor families.² The survey asks respondents whether they have 21 goods and services, both child and household items.³ If they do not have them, they are asked whether this is because they do not want them or because they cannot afford them. Material deprivation is defined on the basis of those items that cannot be afforded.

² *Developing Family Resources Survey Deprivation Questions*, Department for Work and Pensions, Working Paper Series Number 13, See McKay, S and Collard, S, 2004.

³ Together, these questions form the best discriminator between those families that are deprived and those that are not.

- *70 per cent contemporary median income:*
Using a combination of income and deprivation overcomes the problematic issue of choice. Building in low income minimises the risk that those saying that they cannot afford items may not be poor, but may instead be spending their money elsewhere on items not included in the material deprivation measure. The 70 per cent of contemporary median low-income threshold is used as it will capture more of the poverty faced by families with low disposable incomes, as they face certain unavoidably high costs.
- *Prevalence weighting:*
To determine the level of material deprivation a child experiences, a 'prevalence weighted' approach will be used. This means, for each item a child's family cannot afford they will be given a weight or score. This weight will be equivalent to the proportion of families who have this item. In this way, the higher the proportion that owns that item, the more the inability to afford it contributes to the measure. The weighted scores for each item lacked through an inability to afford will be summed and translated into a total material deprivation score which can range from 0 to 100.⁴ The Government will be defining children as materially deprived if they have a material deprivation score of 25 or more. Analysis has shown that this score is a good discriminator between those that are deprived and those that are not.
- *Material deprivation questions:*
The survey asks questions to assess adult and child deprivation, and asks Do you and your family have... /Are you and your family able to afford...

Adult deprivation:

1. A holiday away from home for at least one week a year, whilst not staying with relatives at their home.
2. Replace any worn out furniture.
3. A small amount of money to spend each week on yourself, not on your family.
4. Regular savings (of £10 pounds a month or more) for rainy days or retirement.
5. Insurance of contents of dwelling.
6. Have friends or family around for a drink or meal at least once a month.
7. A hobby or leisure activity.
8. Replace or repair major electrical goods such as refrigerator or washing machine, when broken.
9. In winter, able to keep this accommodation warm enough.
10. Two pairs of all weather shoes for each adult.

⁴ The scores – as noted – are summed. They are then divided by the total maximum score; resulting in a range of scores from 0 to 1. The resulting scores are multiplied by 100 to make interpretation easier. The final scores can, therefore, range from 0 to 100, with those lacking all the items which everyone else has potentially scoring 100. In reality, no family lacked all the items because they could not afford them – therefore scores do not approach 100.

11. Enough money to keep your home in a decent state of repair.

Child deprivation:

12. Outdoor space / facilities to play safely.

13. A holiday away from home at least one week a year with his or her family.

14. Swimming at least once a month.

15. A hobby or leisure activity.

16. Friends round for tea or a snack once a fortnight.

17. Enough bedrooms for every child over 10 of different sex to have his or her own bedroom.

18. Leisure equipment (e.g. sports equipment or a bicycle).

19. Celebrations on special occasions such as birthdays Christmas or other religious festivals.

20. Play group/nursery/toddler group at least once a week for preschool aged children.

21. ELSE: Going on a school trip at least once a term for school aged children.

A.2 Baseline (1998-99) data for the combined indicator first became available from the 2004-05 FRS, and therefore there is no data for 1998-99. However, existing material deprivation data suggest that progress on indicators of this type have been at least as great as on relative income during recent years, and the latest data available for 2005-06 showed a fall to 2.1 million children on this measure. A constructed baseline which assumes that an equivalent proportionate reduction was made on the combined relative low-income and material deprivation indicator as that made on the relative low-income indicator between 1998-99 and 2004-05 of 20 per cent, would produce a 1998-99 baseline of 2.6 million children.

