

Supporting families



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Supporting the family is key to both the Government's and the Conservatives' approach to eradicating child poverty, and is one of the major issues on which the election is likely to be fought. But are the underlying assumptions about the family that are driving current policies correct, and are they being implemented effectively? Here, Philippa Stroud from the Centre for Social Justice argues that providing greater financial support for couples will reduce the sort of family breakdown that generates poverty, while Sarah Jackson from Working Families stresses the economic and social benefits of introducing family-friendly policies in the workplace.

Strengthening families, reducing poverty

For the past five years the Centre for Social Justice has been analysing the nature and scale of poverty in Britain. Our research has focused on *why* individuals and families find themselves in poverty and why so many remain trapped there. We identified the five pathways to poverty: family breakdown, economic dependency and worklessness, educational failure, addiction and personal indebtedness. The presence of just one of these factors significantly increases the likelihood of another, and it is these pathways that trap people in poverty.

Hence, the simple transfer of monies, important as it is, misses the complex challenges facing families in poverty. The ambition of government should not simply be to push those below an arbitrary poverty line over it. It should be to improve the lives and outcomes of those living in deprivation. We have already witnessed the perverse incentive that income targets create: there may be fewer people living in poverty now than in 1997, but there are more people living in *severe* poverty.¹ Little wonder that the gap between the haves and the have nots is the widest since records began.²

Higher household income would make little difference to a child with an addicted, abusive or neglectful parent, a family indebted to loan sharks facing a 400 per cent interest rate, or parents who cannot read or write. Transferring money can actually be counter-productive when undertaken without meaningful interventions. The Government's own research has shown income *source* is more important in determining levels of social exclusion than income level.³ In short, dependency on benefits is a more accurate predictor of social exclusion than low income. Evidence also shows, unsurprisingly, that poverty and worklessness are often inter-generational.⁴ A child growing up in a workless household is more likely to experience worklessness as an adult.

The policies recommended in our reports focus on breaking this cycle and bringing about long-term change. We are concerned with the *outcomes*, not just the outward financial symptoms of poverty. While we support the principle of redistribution, we believe that lives can be transformed and that maintaining people in dependency hinders such progress.

We must start by strengthening families. There is a wealth of evidence showing the importance of family structure. Children who grow up in stable, two-parent and, in particular, married-couple families have better mental and physical

health outcomes than those who do not. They do better in school and are less likely to be involved in crime or substance abuse.⁵

Indeed, Centre for Social Justice-commissioned YouGov polling found that children who do not grow up in a two-parent family are 75 per cent more likely to fail at school, 70 per cent more likely to become addicted to drugs, 50 per cent more likely to have an alcohol problem and 35 per cent more likely to experience worklessness.

While the couple penalty in working tax credit increases the chances of children with two resident parents living in poverty, lone-parent families are twice as likely as two-parent families to be in poverty⁶ and eight times as likely to live in a workless household.⁷ We must adequately support lone parents, but given the evidence on outcomes, would it not be better to invest more in preventing family breakdown in the first place?

For too long politicians and commentators have refused to acknowledge the correlation between family experience and life outcomes, opting for the 'neutral', yet vastly less effective, child-centred approach. We welcome the Government's recent acknowledgment of the need for family-focused interventions.⁸

Investing in families

Greater investment is needed in supporting couple relationships, proven to be more effective in improving *parenting* than pure parenting support,⁹ and in expanding early years programmes which work with the whole family. Many more health visitors are needed with improved training to better recognise risk factors such as post-natal depression and parental conflict. We recommend that health visitors are based in enhanced children's centres – *Family Hubs* – from which high quality relationship and parenting support would be available.

Given that two-parent family formation is a protective factor against poverty, the couple penalty in working tax credit is incomprehensible. Our welfare reform paper, *Dynamic Benefits* revealed that, on average a two-parent family eligible for working tax credit is £1,336 a year worse off than their single parent counterpart. A significant financial loss for a family trying to make ends meet on a low income.

Urgent reform of the welfare system itself is needed if we are truly to tackle poverty. The current system, far from helping people to escape poverty is actually trapping them there. Despite a 50 per cent increase in working-age benefit

expenditure in the decade from 1998/99,¹⁰ both severe poverty and child poverty are on the increase. This is not sustainable, nor is it healthy at an individual or a societal level.

It is near universally accepted that, for most households, work is the best and most sustainable route out of poverty. Yet prohibitive participation and marginal tax rates in the current benefits system actually *disincentivise* work.

Someone looking to enter or progress in work can face an effective tax rate in excess of 90 per cent: for every additional £1 earned they keep less than 10 pence. Combined with the loss of passported benefits and the need to pay for travel and, potentially, childcare, not to mention the loss of leisure time, work simply does not pay. It is unacceptable that the poorest in society lose the greatest proportion of their income. Work is good for individuals, families and society and, along with two-parent family formation, should be a protective factor against poverty.

Our dynamic modelling has allowed us to recommend a range of reforms which will simplify the system, reduce effective tax rates, address the couple penalty and help people to *sustain* work by tackling the revolving door of repeat claimants.

These reforms include raising the earnings disregard (the amount an individual can earn before benefits start to be withdrawn) and reducing the rate at which benefits are withdrawn, so as to create an across-the-board rate of 55 per cent of post-tax earnings. We also recommend that benefits be paid in full by a single agency and withdrawn once an individual is in work via the PAYE system. This would reduce the fear of a job not working out and therefore having to re-apply for benefits and falling into debt and poverty in the intervening period. If implemented, these reforms would create a benefits system which supports people out of poverty, rather than sustaining them there.

An incoming government has the opportunity to make a real and long-lasting impact on alleviating poverty, but only if it follows the evidence and acts accordingly.

Children's outcomes are directly and unavoidably linked to their family experience; public policy must recognise this and support and strengthen family life. The welfare state must be championed and the welfare state reformed to remove the barriers to work and progress within it. Let the next government truly grasp

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the opportunity for reform. Perhaps then we will not only see poverty rates moving in the right direction, but social mobility will once again be a reality in Britain. ■

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Dynamic Benefits: towards welfare that works was published by the Centre for Social Justice in 2009 as part of its *Breakthrough Britain* series.

- 1 Measured as 40 per cent or less of median income; *Breakdown Britain*, Centre for Social Justice, 2006
- 2 M Brewer, A Muriel, D Phillips and L Sibieta, *Poverty and Inequality in the UK: 2009*, Institute for Fiscal Studies, 2009
- 3 R Berthoud, M Bryan and E Bardasi, *The Dynamics of Deprivation: the relationship between income and material deprivation over time*, DWP, 2004
- 4 Centre for Longitudinal Studies, *The Intergenerational Transmission of Disadvantage and Advantage for Various Studies*, CLS Briefing, Centre for Longitudinal Studies, February 2007
- 5 See for example DA Dawson, 'Family Structure and Children's Health and Well Being: data from the 1988 national health interview survey of child health', *Journal of Marriage and the Family*, p53, 1991; D Farrington and B Welsh, *Saving Children from a Life of Crime: early risk factors and effective interventions*, Oxford University Press, 2007; and S McVie and L Holmes, *Family Functioning and Substance Use at Ages 12 to 17*, Edinburgh Study of Youth Transitions and Crime Report Number 9, 2005
- 6 DWP, *Households Below Average Income 2004/05*, 2006
- 7 DWP, *Households Below Average Income 1994/5-2000/1*, 2002
- 8 *Sunday Times* interview with Ed Balls, Secretary of State for Children, Schools and Families, 27 December 2009
- 9 CP Cowan and PA Cowan, 'Two Central Roles for Couple Relationships: breaking negative intergenerational patterns and enhancing children's adaptation', *Sexual and Relationship Therapy* 20, 2005, pp275-288
- 10 Provided by the House of Commons Library, 2009, including tax credits.

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Working families

Even the briefest glance at the papers suggests that the family will be the battleground on which the election is fought. The 'broken family' will be fixed by a Conservative Government which promises to test every policy against the question, 'Is it good for the family?' Labour, meanwhile, is promising better support for the hard-pressed family, with new directions to be set out in a Green Paper in a few weeks' time. But is there much to choose between them when it comes to real policies?

It is right that Labour should trumpet its achievements in extending maternity leave to a full year, maternity pay to nine months and the introduction of paternity leave. But increasing the rights of parents without communicating the business benefits of doing so has failed to inculcate the sort of support that these policies

need to succeed. While various departments are focusing on what families need, the Department for Business, Innovation and Skills has been remarkably reticent in explaining the business case for supporting families, challenging vitriol about so-called excessive maternity leave, or publicly rebuking employers who seek to exploit the recession to keep wages low or discriminate against women. But what is needed to create a truly family-friendly workplace, and what are the advantages of doing so?

Changes to family leave over the next few years are unlikely to feature in party manifestos, but will be driven by European Directives – such as the revised Directive on Parental Leave, which promises an extra month of leave for parents, and revisions to the Pregnant Workers' Directive to extend the compulsory period of leave. But as long as parental leave remains unpaid, the former will be a luxury well beyond the reach of most workers, and the latter is likely to be subject to more wrangling in Europe.

On top of this, offers of additional paternity leave from the Government and proposals to introduce flexible parental leave during the first year from the Conservatives are both welcome. But while fathers are moving up the political agenda in the UK, the extension of paternity leave is not sufficient. Forty-five per cent of men eligible to take statutory paternity leave cannot afford to do so. Until we tackle the issue of pay, we will not see much change in who works and who cares. Families will continue to face loaded choices and mothers will remain the main carer.

Flexible working is an idea whose time has come, whether or not it features in the manifestos. Both parties 'aspire' to extending flexible working, but until all employees have the right to request it, flexible working will remain a concession employers have to grant to mothers with children. Fathers' requests to work flexibly are turned down at twice the rate of mothers'. And yet the economic benefits of a flexible workforce outweigh the costs of implementation in terms of improved productivity, mental health and overall wellbeing.

Until all jobs – starting with those in the public sector – are advertised and recruited on a part-time or flexible basis, flexible working is unlikely to become a real right in the workplace. The benefits system also needs to catch up with what parents want. There is no point in offering part-time jobs of 15 hours a week that parents can fit into school hours, but which do not allow them to claim tax credits.

Over and above flexibility, working parents need high-quality childcare that enables them to work, confident that their children are safe. But while the major parties both acknowledge that good childcare is vital, it is some way from being a reality for all who need it. Nor is there much evidence of joined-up policies in this area. Sadly, the Liberal Democrats' proposal of 19 months' paid parental leave combined with free childcare from the age of 19 months to five years has just fallen prey to so-called fiscal prudence, although it took a coherent approach to parental leave, childcare and child welfare.

Quality of work

The other big issue is the types of jobs available. Here Labour has missed a trick. The 'work first' agenda is right: work is good for you and is the best route out of poverty. But there has been little regard for the kind of work that is on offer. Labour has spent many years talking about the supply side: making parents work ready, ensuring they increase their skills. But it has failed to tackle the demand side and examine the jobs into which parents are being pushed.

Far too many parents are in low-paid, low-status jobs that are going nowhere. And far too many parents are working long hours to escape poverty. As we know, it is women who largely take the low-paid, low-quality part-time work that does not match their skills, and this has undermined progress on the gender pay gap. Failure to tackle the quality of jobs gives tax credits a bad name because we end up paying tax credits to low-income families to make poor jobs pay, instead of tackling the employers who offer poor-quality work.

In this context, increased conditionality in the Welfare Reform Bill is alarming. While recent changes, which allow parents to restrict their job searches to school hours and cite lack of childcare as a good reason not to seek work or take a job offer, provide some protection, *any old* work is not good for the family. Even when poor-quality jobs reduce financial poverty, they do so at the cost of time and wellbeing. This is particularly important for lone parents, but is also important to couple families who are shift-parenting to reduce childcare costs.

Although all parties are making the right political noises, economic constraints and, frankly, lack of joined-up vision mean that for the moment most families will carry on as now, struggling to balance work and caring responsibilities. What is likely are low-cost changes, an emphasis on

'relationships' and 'parenting skills', and very few legislative reforms.

For Labour, the family is essentially an economic unit which works best when both adults are working. Families need to be 'lifted' out of poverty and 'supported' into work. But somewhere along the way family values appear to have been subordinated to work values, and caring relationships within the family have been sidelined in the pursuit of employment goals.

For the Conservatives, the family is primarily a social model – when the family unit is strong, so is society. Put simplistically, it is family structure which leads to problems of poverty and conflict, and this leads to policies, such as support for marriage through the tax system – and a tendency to divorce the family from the sphere of employment. In truth, the family oils the wheels of community and the economy. Functioning families mean functioning communities.

We really need a new way of talking about families in Britain today. It should not be either parent or worker. Both parties need to recognise and value the contribution which individuals make as workers and as family members, of both the economic and social benefits to society of enabling parents to work, with security, and the value which mothers and fathers place on caring for their own children – and the contribution this unpaid care makes to the wider economy. A more socially responsible employment culture that supports the family – via employment rights as well as via employer good practice – is unlikely to become a reality for all until there is wider recognition that this is in the best interests of individual business as well as the wider economy. But for now, the phoney battle lines remain in place. ■

Sarah Jackson is Chief Executive of Working Families, which helps children, working parents and carers and their employers find a better balance between responsibilities at home and work. This article is an edited version of a speech made by Sarah Jackson to the TUC Child Poverty Forum in December 2009.

Families at the forefront

The Government's strategy for family support is presented in *Support for All: the families and relationships green paper*. The Conservatives approach to families is outlined in *The Centre for Social Justice Green Paper on the Family*. They can be downloaded from:

<http://publications.dcsf.gov.uk> and
www.centreforsocialjustice.org.uk

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