



## Child Poverty bill

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2<sup>nd</sup> reading debate briefing

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## Introduction

We welcome the legislation as a step forward in strengthening the 2020 commitment. The bill arrives ten years after the initial commitment to eradicate child poverty, made in 1999. Over that period investment in children has increased and for the first part of the period employment rates also rose. As a consequence of both, income poverty rates fell overall. Progress notwithstanding, after 2004/05 child poverty began to rise and Budget 2009 offered little additional hope that the second target (to halve child poverty by 2010/11) will be met. Legislation on its own will not banish the scandal of UK child poverty - families are facing hardship now.

Too often debate around child poverty focuses on dry statistical measures. Measures are important but this briefing stresses that child poverty is not just a numbers game: it is about children's lives and children's futures. For that reason, Government should be doing all it can to get as close to the 2010 target to halve child poverty as possible. This means that while targets and measures are vital, consideration should also be given to children's facing the greatest risk of poverty. By tolerating much higher rates of poverty in Britain than in similarly wealthy countries, we are not only all made poorer but we waste our most precious resource. The parliamentary debate on the bill gives MPs the space to be effective advocates for children and deliver a robust framework for tackling the scourge of child poverty.

Our briefing provides a commentary on the Child Poverty Bill in the context of the current strategy and progress. Further detail can be found in CPAG's submission on the initial consultation<sup>i</sup> and in our recently published manifesto, *Ending Child Poverty: a manifesto for success*.<sup>ii</sup>

## Current strategy

Recent strategy has focused on an increased employment rate; redistribution, largely through the tax credit system; and the growth of children's services aimed at earlier intervention and narrowing outcome gaps. The strategy has had success in reduced poverty. However in some areas policy has not gone far enough, and in others the strategy is heading in the wrong direction. Key areas are highlighted here:

### **Inequality**

The anti-poverty strategy has had little to say on overall inequality, despite the fact that this is the key driver of poverty in the UK. More equal societies tend also to have better child wellbeing,<sup>iii</sup> whilst inequality undermines policy aimed at reducing income poverty (requiring policy to run up the down escalator, not setting the escalator into reverse). Inequality builds social distance between people and groups in society and it is actively damaging to all. The economic crisis has highlighted public unease about inequality – we urge politicians to build on this and to explicitly include reducing inequality in their vision, public messages and policy.

### **Welfare reform**

Government has focused on employment and welfare reform as the route out of poverty. It is right to open up access to decent employment for those able to take it, but 'work first' policy has serious limits (amply demonstrated by the half of poor children with a parent in employment<sup>iv</sup>). The drive for a higher employment rate has also paid insufficient attention to supporting the unpaid responsibilities of caring for children. Welfare reform plans have shifted over time from a 'carrots based' approach

of improving services and gains from work (e.g. New Deal for Lone Parents and back to work credits) to greater emphasis on a 'stick based' approach of increasing conditionality (typified by the current welfare reform bill that provides powers for issuing orders and punishments, but no new entitlement to support). Welfare reform plans now seem predicated on an assumption that individuals are largely responsible for their joblessness, rather than the importance of overcoming service inadequacies and barriers to employment. (We recognise some welcome protections were announced to welfare reform plans in Grand Committee on 2<sup>nd</sup> July, but these have not fully addressed many of the concerns around welfare reform plans). Simply increasing pressure on lower income families to move into work is unlikely to increase the employment rate (especially during a downturn), and is at odds with supporting family life. A more just and effective approach would be to improve employment-related service support (particularly childcare) and address issues around the quality of employment to end the frequent and damaging pattern of cycling in and out of employment.

### **The level of the safety net**

It is a great irony for a Government committed to eradicating child poverty that though benefits and tax credits for children have been increased in real value, the safety net is still set well below the level of the poverty line. Indeed, four in five children with parents claiming Jobseekers Allowance live in poverty.<sup>v</sup> Those who argue benefit rates should not rise for fear of 'work disincentives' ignore how thin the evidence is around higher benefits putting people off moves into employment<sup>vi</sup> and how there is an equally compelling case to argue that inadequate incomes sap morale and other capacities that low benefits actually help trap people in long term joblessness. To be serious about tackling poverty also means delivering an adequate income for families where parents are unable to work.

### **Attitudes to poor people**

Public recognition of social disadvantage remains low despite ten years of policy focused on poverty. Public propensity to blame the victims for their poverty is high (often fed by stigmatising language including by ministers and further promulgated by a cynical media more interested in sensationalism than informative analysis). Public attitudes often emphasize dependency and a perceived unwillingness to work rather than structural disadvantage and barriers to employment. However, an analysis by the Joseph Rowntree Foundation of the drivers of public attitudes on inequality reveals that once people are informed of the barriers many claimants face to accessing work they are immediately more sympathetic.<sup>vii</sup> It is a great shame therefore that politicians have done little to defuse the myths, and often use language that supports them.

The language of 'rights and responsibilities' that has accompanied recent welfare reforms implies that that rights are strong but individual responsibilities weak. Talking tough on welfare does not address the complex barriers people often face to moving into employment, and so it offers little to constructively help overcome joblessness. The recent official emphasis on stepping up conditions (and consequent sanctions) has fed negative public attitudes about benefit claimants shirking employment responsibilities and has narrowed the scope to invest in effective services. The Child Poverty Bill offers the chance for a badly needed change of tone. The Bill opens up space for a constructive public debate and the communication of a narrative about the wider benefits to the quality of life of the whole UK population from addressing inequality and ending child poverty.

## Dealing with hardship now

The Government has intermittently taken action in Budgets and Pre-Budget Reports in the last decade to further progress on the child poverty targets. When action has been taken child poverty has been reduced.

There was no action taken in Budget 2009. This was despite strong arguments about families needing support now in the recession and the particularly strong economic stimulus effect that money targeted to the poorest households can have. Strong criticisms were made by the Treasury Committee as a consequence:

We acknowledge the pressure on Government finances but are concerned by the lack of any substantial measure to combat child poverty in both the Pre-Budget Report 2008 and Budget 2009... We recommend that the Government ... brings forward further proposals in the Pre-Budget Report 2009 to ensure that it achieves its targets on halving child poverty by 2010–2011 and then eliminating it.<sup>viii</sup>

The Government has now left its credibility exposed and if it fails to act in the Pre-Budget Report to get closer to the 2010 target this will be worsened. **Please use the debate to highlight to the Government the importance of taking action in the PBR alongside the Bill to ensure that children are helped now, that the legislation has credibility and that the first 'child poverty strategy' to be published builds on a position of progress.**

## Bill contents and commentary (key areas only)

### The proposed duty on Government

The proposed duty on Government to 'eradicate' child poverty by 2020 is welcome. For the law to be meaningful and effective, there must be a clear accountability and enforcement process to prevent policy and progress going off track. The need is for effective ongoing accountability, not just judging success or failure in 2020. The annual reporting process to Parliament will therefore be vitally important and we urge MPs to examine how this will work to hold the executive to account. Specifically **we suggest it will be important that progress against the poverty measures can be quantified in each period of policy, is clearly specified in strategies, and is reported on to Parliament.**

### Defining child poverty and 'eradication'

The bill proposes four measures of child poverty: relative low income, relative low income and material deprivation combined, absolute low income and persistent poverty (these are mostly consistent with current measures). CPAG would like to see use made of 'minimum income standard'<sup>ix</sup> measures of poverty but the central indicator suggested (relative low income) is a credible, widely used European measure on which currently the UK scores joint fifth from the bottom in the European Union<sup>x</sup>.

The bill judges successful 'eradication' as a relative low income poverty rate of below 10%, and with poverty rates, on the relative low income and material deprivation combined measure and absolute low income measures as below 5%. The fourth measure (persistent poverty) is new and the end point is not prescribed in the legislation. CPAG accepts survey limitations and short periods in poverty mean that surveys are unlikely to show a zero child poverty rate but it is unconvincing to define

a rate of one in ten children suffering income poverty as eradication. In 2003 Government said

Success in eradicating poverty could, then, be interpreted as having a material deprivation child poverty rate that approached zero and being amongst the best in Europe on relative low incomes<sup>xi</sup>

At the time the best in Europe was 5% (3 countries had rates at or below 10%). Since then child poverty has risen in some countries, and Government now argues the end point on the central measure should be below 10%. Reducing the current child poverty rate (23%) to 10% would be a clear success, but would still leave more than a million children in poverty. **The original aim was to eradicate child poverty; CPAG believes that this should be defined as a rate no higher than 5%.**

### Developing the UK strategy

Clause 8 lays out how the UK strategy is to be developed and the links between this and devolved policy making. Subsection 5 specifies a series of 'building blocks', namely: parental employment and skills, financial support, health, education and social services, and housing and the built environment. These broad theme areas capture much of what is important to tackling child poverty without prescribing specific policy responses which will presumably change over time.

The theme areas are broad and outcome orientated and though we accept it is difficult to capture everything within the framework of the legislation, it may be helpful if **debate around the bill can draw out the extent to which these building blocks can also highlight issues around childcare, job quality and the impact of taxation policy** each of which is important to developing anti-poverty policy.

### Child Poverty Commission

The legislation makes provision for a Child Poverty Commission. The impact statement specifies a possible budget, though funding is less clear. We welcome the Commission being established and believe this should provide helpful analysis and critique of policy and future challenges. We particularly welcome the commitment that Commission advice will be made public, and this should help support Parliamentary scrutiny discussed above. It is also an important principle that the Government will be required to have regard to its advice.

The membership of the Commission is loosely prescribed in a schedule to the Bill. CPAG would like to see this strengthened to ensure, **there is commitment to involve those with direct experience of poverty within the Commission structure and its consultation.**

In order to get the best out of the Commission and to ensure it is used to the maximum, not only in critiquing policy and challenges, but also supporting wider public understanding of child poverty, **the Commission will need autonomy in setting its objectives** (within statute provisions). To enable this we suggest it be given the power to call for evidence from interested groups and be given a specific budget for research and analysis over which it has control. **It would be sensible to set the Child Poverty Commission up in a shadow capacity, prior to Royal Assent** (as was done with the Committee on Climate Change) so that it can advise Government on drawing up the first strategy.

### Economic and fiscal circumstances

Clause 15 (subject of debate in recent Work and Pensions select committee evidence session with Ministers<sup>xii</sup>) requires Government (UK and devolved) and the Child Poverty Commission to take account of economic and fiscal circumstances (including the impact of measures on spending, taxation and borrowing – it does not explicitly lay out the savings from tackling child poverty even though the impact statement argues these are at least £25 billion).

CPAG understands clause 15 is not intended to limit the achievement of the 2020 target. We are concerned it could impact on the ambitions of the strategies to 2020 (and if progress on these was slower this could then put the target in greater danger of being missed), progress in tackling child poverty needs to continue in good times and in bad ones when, as now, lower income families will be suffering the most. **We would welcome MPs carefully scrutinising the Government's rationale for why it has included this clause**, how it is intended to be used and whether there are ways of tightening the language so it achieves the objective of cost effective policy measures without leaving any loopholes.

### **Local duty on child poverty**

Part 2 of the bill specifically addresses the responsibilities of English local authorities and their partners (with functions outside of England the responsibility of devolved administrations). The clauses place a responsibility on the local authority and on partners (including jobcentre plus and health) to cooperate to reduce child poverty, to conduct a needs assessment and have a joint-child poverty strategy.

CPAG is glad to see that the clauses do not imply significant additional work for those local authorities which are already active in combating child poverty. Given the growing importance of improving public services to help tackle poverty, it is important that those responsible for service delivery have child poverty at the top of their agenda. Also we are pleased to see the clauses support Local Government by helping ensure that other local partners and key providers of local public services are required to have effective buy-in.

**We urge MPs to probe how the proposed local duty mechanisms will work in practice**, including the level of support (both technical and financial) available to local authorities and their partners will have to make the necessary change; and the mechanisms which will ensure both that authorities are supported but also challenged if they perform poorly on tackling child poverty. **We would also like to see an emphasis given not only to focusing on current poverty but on preventing future child poverty.**

## About CPAG

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, 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. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

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Child Poverty Action Group is a charity registered in England and Wales (registration number 294841) and in Scotland (registration number SC039339), and is a company limited by guarantee, registered in England (registration number 1993854). VAT number: 690 808117

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<sup>i</sup> See

[http://www.cpag.org.uk/info/briefings\\_policy/CPAG\\_response\\_ChildPovertyLegislation\\_0309.pdf](http://www.cpag.org.uk/info/briefings_policy/CPAG_response_ChildPovertyLegislation_0309.pdf)

<sup>ii</sup> See <http://www.cpag.org.uk/manifesto>

<sup>iii</sup> Child Poverty Action Group, 2009, *Child poverty and Child Wellbeing*, see <http://www.cpag.org.uk/info/ChildWellbeingandChildPoverty.pdf>

<sup>iv</sup> Department for Work and Pensions, Households below average income an analysis of the income distribution 1994/95 -2007/08, National Statistics

<sup>v</sup> See note iv

<sup>vi</sup> P Kenway, Should unemployment benefits now be raised?, 2009, Joseph Rowntree Foundation

<sup>vii</sup> L Bamfield and T Horton, Understanding attitudes to tackling economic inequality, June 2009, Joseph Rowntree Foundation

<sup>viii</sup> House of Commons Treasury Committee, Budget 2009 report, p. 36, available at [www.publications.parliament.uk/pa/cm200809/cmselect/cmtreasy/438/438.pdf](http://www.publications.parliament.uk/pa/cm200809/cmselect/cmtreasy/438/438.pdf)

<sup>ix</sup> Government has not measured what either the poverty line income or benefit rates to evidence that these are adequate to the needs of families and children. Good quality, independent research, using budget standard methodology suggests these are not. See J Bradshaw, S Middleton, A Davis, N Oldfield, N Smith, L Cusworth and J Williams, A minimum income standard for Britain, Joseph Rowntree Foundation, 2008

<sup>x</sup> See CPAG, 2009, Ending Child Poverty: a manifesto for success. Available at [www.cpag.org.uk/manifesto](http://www.cpag.org.uk/manifesto)

<sup>xi</sup> DWP, Measuring child poverty, 2003

<sup>xii</sup> Evidence session of 17<sup>th</sup> June 2009, available at

[http://www.parliament.uk/parliamentary\\_committees/work\\_and\\_pensions\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm)