



Tackling Child Poverty

Submission for one off evidence session

May 2009

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Introduction and summary

CPAG welcomes the Work and Pensions Select Committee's continued concern over child poverty. With this submission we attach two reports to give a wider picture: CPAG's recent manifesto, 'Ending Child Poverty: A manifesto for success'; and 'Child poverty and child wellbeing', a recent briefing which gives a wider score card of UK performance against other European countries.

In summary:

- Policy needs to meet targets, but the point of the targets is to improve children's lives. Any moves towards reducing child poverty will therefore be welcome.
- CPAG remains concerned the drive to increase employment has paid too little attention to parents' caring responsibilities.
- We are very concerned at legislative proposals to take powers to scrap income support, and to do so without a proper plan for what is to replace it
- More effort should be put in to taking down the barriers to work and ensuring decent jobs are on offer in the first place.
- Families out of work benefits usually remain below the poverty line and well below independent assessments of need. This is an unsustainable position from a Government which has pledged to eradicate child poverty.

The child poverty target

We will not reiterate child poverty figures, the Committee will be well aware how bad these remain despite the progress. Some investment does not yet show in the figures, but the gap between projections and the targets is large. The 2010 target can be met with proper investment, but recent inaction puts this in jeopardy. Doubtless Government will pray-in-aid pressure on public finances, and though we don't doubt the pressure, investment should not have been left so late and tackling child poverty is part of the solution to the recession. That said, **policy needs to meet targets, but the point of the targets is to improve children's lives. Any moves towards reducing child poverty will therefore be welcome.**

Child poverty legislation

CPAG is supportive of putting the commitment into legislation.¹ Legislation on its own will not eradicate poverty, the test is policy flowing from it. So, **welcome though the child poverty legislation is, Ministers need to give it the credibility of concrete action.** Specifically, to ensure greater credibility in the legislation we suggest:

- Remove the proposed 'subject to affordability' clause. This clause (presumably to guard against unforeseen events such as a downturn) weakens the legislation by implying this is an ambition dependent on favourable circumstances, not a firm commitment.

¹ CPAG, Ending Child Poverty making it happen, consultation response, 2009. Available at http://www.cpag.org.uk/info/briefings_policy/CPAG_response_ChildPovertyLegislation_0309.pdf

- Set a 5% end point definition for the child poverty target (not the less than 10% Government has implied). One in ten children experiencing poverty would be an improvement, but it is not eradication.
- Ensure the Commission, to be set up alongside the legislation, has real teeth by giving it a public profile, research budget, ability to call for evidence and publish recommendations.

Welfare reform and the recession

CPAG is in favour of improvements in support to help parents access decent quality work where they feel this in the best interests of their families (and the vast number do). However **CPAG remains concerned the drive to increase employment has paid too little attention to caring responsibilities**, and this undermines job sustainability.

We remain worried that the welfare reform agenda does too little to create entitlements to the support which would help families balance work and care and too much to increase conditions and possible sanctions on families. **We are very concerned at proposals to take powers to scrap income support, and to do so without a proper plan for what is to replace it.** We see little evidence that increasing conditions without stepping up support will increase the employment rate whereas there is evidence that sanctions hit the poorest families hardest.² The Committee raised concerns about the impact of Jobseekers sanctions on families before – we urge you to question Ministers closely on this.

The downturn is no time to ‘park’ those at distance from the labour market, but that does not make it a good idea to increase pressure on a stretched Jobcentre Plus by forcing vulnerable people to do more intensive job search/preparation activity unlikely to yield sustainable jobs. A better approach to marry child wellbeing with employment policy is to improve support and market this heavily on a voluntary basis. CPAG is particularly concerned for the impact of the recession on private and voluntary sector providers. If providers collapse, this will damage services on which parents may depend and leave the state needing to intervene.

Recent policy around welfare reform has focused clearly on personalisation in employment services. To help ensure more discretion does not stack the cards against claimants, CPAG supports the Committee’s prior recommendation of a customer charter³ of rights and with other organisations have suggested what it might cover⁴ **we suggest the Committee question Ministers on how Government proposes to ensure that claimants are empowered to exercise rights and challenge poor decision making within personalised and often contracted out services.**

We urge the Committee to question Ministers on plans for the social fund. Budget 2009 provided welcome resources for this important and neglected part of the safety net. Following a hasty consultation at the end of 2008, Government has retracted the

² See for example, J Millar and M Evans (eds), *Lone parents and employment: international comparisons of what works*, Department for Work and Pensions and Centre for the Analysis of Social Policy, December 2003

³ Work and Pensions Select Committee, *DWP’s Commissioning Strategy and the Flexible New Deal*, House of Commons, 2009, HC 59-1

⁴ See Disability Alliance, Gingerbread, Citizens Advice Bureau and Child Poverty Action Group, *Draft Claimants Charter – key principles*, 2009. Available at <http://www.disabilityalliance.org/charter.htm>

idea of charging interest on loans. However despite the lack of a plan on the future of the fund and a forthcoming consultation, the welfare reform bill contains powers to outsource social fund functions, without being clear how or why.

Investing in benefit and tax credit take up work is important to alleviating poverty and particularly so at the time of recession. CPAG and the Local Government Association have recently updated Quids for Kids take up materials⁵ to support take up work. CPAG recognise Government is interested in take up, the Committee could explore the actions being taken to boost on the ground activity.

Sustainability and job quality

We welcome the Committee's focus on the quality and sustainability of employment, and on the specific focus on at risk groups. For brevity, we do not address each group in turn, but make general points:

- We suggest you add ethnicity to the list because of the different risks of poverty, of discrimination and because rising unemployment is likely to impact differently on different ethnic groups because of where groups live and the work they do.⁶
- Welfare reform policy focuses heavily on claimant 'activation', it is at least as important to look at job supply. **More effort should be put in to taking down the barriers and ensuring decent jobs are on offer in the first place, rather than simply increasing pressure on claimants.**
- We are concerned that the recession will encourage the greatest restraint on the low paid. Though it is welcome Government will not freeze the national minimum wage in 2009, the proposed 7p rise is 1%, a third of current average earnings growth.⁷ **To improve job sustainability and help tackle poverty, it is important that the real rates of pay rise fastest for the lowest paid.**
- Skill acquisition. Low skills influence employment position. A creative solution to the downturn would be to more heavily invest in adult skills to allow faster take off when the economy begins to recover and to move people closer to the labour market.
- Our experience remains that childcare is often expensive and inaccessible to many parents and this varies across the UK. We are also concerned that parents have a choice over what childcare is right for their child. Government has implied parents should judge childcare appropriateness but it is unclear how this is to happen and in practice may leave advisers making the decisions.

Tackling child poverty where parents cannot work

Benefit inadequacy for those who cannot work remains an ignored area of policy. Payments for children have increased in generosity but adult payments have not and

⁵ Available at www.childpovertytoolkit.org.uk

⁶ See Stafford, B and Duffy, D, *Review of evidence on the impact of economic downturn on disadvantaged groups*, Department for Work and Pensions, Working paper No 68, 2009.

⁷ See Office for National Statistics, *Labour market Statistics May 2009*, 12 May 2009. Figure excludes bonuses.

Jobseekers Allowance (single adult rate) is just £64.30 per week (£3,344 per year). **Families claiming out of work benefits usually remain below the poverty line and well below independent assessments of need.** ⁸ **This is an unsustainable position for a Government pledged to eradicate child poverty.**

We understand the desire to increase parental employment and higher benefit rates support this. The argument that higher benefits put people off working scarcely holds water - the solution is to increase low pay, not enforce poverty and in any case there is an equally compelling argument that low incomes so demoralise claimants as to reduce their chances of finding work.

Not all parents can, or will ever be in the position to take up employment, many are carers, including for young children or have serious health conditions. What is needed is to raise the safety net to lift families for those who cannot work, Government has said:

Financial support needs to respond to families situations in and out of work. For those experiencing short periods out of work, they must be provided with a stable income to help them back into work, while those with greater need, including those who cannot work, are given the additional practical and financial support they need, lifting them out of poverty⁹

We urge you to ask Ministers how and when they will make good on this commitment.

Policy governance

The press notice suggests the Committee is rightly interested in cross governmental working. We support this focus and suggest you look at three separate areas:

Between departments. CPAG believes the Child Poverty Unit has made an improvement on interdepartmental working, we remain critical that too little has been done to mainstream concerns about poverty and inequality across Government and to do so publicly. In particular it would be helpful to see the Department of Health taking a more proactive role, given its resources and the extent to which it picks up the pieces of failure. It is important that all policy is poverty proofed to prevent policy undermining progressive moves (see the detail on welfare reform above).

Across the UK. Devolution means differences in approach across the UK. Social policy variation opens up policy transfer options but presents difficulties when some are UK wide and devolved. We suggest the Committee pursue two specific lines of inquiry to expose how good working arrangements are

- How Ministers are working with the devolved administrations on the child poverty legislation and strategy (particularly local duties). If particular here is it important that all take responsibility for the problem and solution and it would be useful for Ministers to be questioned about how this is occurring.
- Secondly - and as a specific example of concern - the UK welfare reform bill plans seem predicated on English plans for childcare availability. There is

⁸ See J Bradshaw, S Middleton, A Davis, N Oldfield, N Smith, L Cusworth, and J Williams, *A minimum income standard for Britain, what people think*, Joseph Rowntree Foundation, 2008

⁹ HM Treasury, *Ending Child Poverty everybody's business*, HM Government, 2008. Available at http://www.hm-treasury.gov.uk/d/bud08_childpoverty_1310.pdf, para 5.25

concern in the devolved nations that the childcare is not present at the level to support plans. Whether or not the devolved administrations could do more to develop childcare availability, it is families who will be caught by this lack of policy fit.

National and local. Increasingly the UK government has been looking to local authorities to step up activity on child poverty. Local authorities should do more, and CPAG welcomes the local duty on child poverty but this does not relieve Ministers of national responsibility for the target. To support child poverty objectives, it will be especially important to protect services on which vulnerable families rely from public service cuts.

Conclusion

In conclusion, in its session CPAG would like to see the Committee focus on what Government can be doing now, both to protect families from the impact of rising unemployment and to get back on track towards the 2020 objective. The child poverty legislation is welcome, but will fail without better policy and investment. We understand spending constraints but improving children's lives is not an optional extra. The recession is a major threat to families now, but with the proper policy it is also a once in a generation opportunity to install genuine concern for fairness at the heart of political debate.

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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