

Ending child poverty: everybody's business

March 2008



HM TREASURY

DWP

Department for
Work and Pensions



department for
children, schools and families

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HM Treasury
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SW1A 2HQ
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FOREWORD

This Government is working to tackle injustice and inequality, and to create a country where every child can grow up enjoying childhood, achieving, full of ambition and expectation for their future; where everyone, whatever their background, has the opportunity to lead a healthy and prosperous life; where cohesive communities prosper in safe and secure environments; where the economy thrives because everyone's talents are utilised.

Child poverty stands in the way of all of these goals. That is why, back in 1999, this Government set an ambitious target to eradicate child poverty within a generation. We also set ourselves the target to halve child poverty by 2010. Since we made that pledge, good progress has been made and 600,000 children have been taken out of relative poverty, and absolute poverty has fallen by 1.8 million to less than half the level in 1998-99. But many children still live in poverty, and this is unacceptable.

Eradicating child poverty is one of the most challenging ambitions set by any Government. It will require one of the most significant changes in the modern welfare state since its creation following the 1942 report by William Beveridge. The Government's approach to tackling child poverty will be consistent with Beveridge's view that nothing should be done to remove from parents the responsibility for their children, but that it is in the national interest to help parents discharge their responsibility properly.

Despite the scale of the challenge, our commitment to tackling child poverty is stronger than ever. We have set up a new Child Poverty Unit to put a sharper focus on cross-government working to develop a truly integrated approach – from tax to transport, housing to health, education to employment – that attacks all the root causes of poverty right across the board.

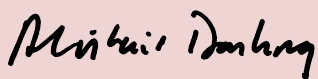
The Government firmly believes that work is the most sustainable route out of poverty. The challenge for the future is to ensure that all parents are supported and encouraged to cross the bridge back into work and, wherever possible, stay there.

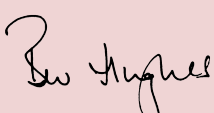
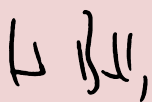
We want to demonstrate our commitment to supporting parents in their role through a contract; a contract in which the Government undertakes to providing the support that families need to move into work, to focusing effort and resource to close the gaps in opportunities and achievements for poor children, and to providing financial security for those who temporarily or permanently cannot work. The Government will provide all families with a clear route out of poverty. On the other side of this contract, we look to families to make a commitment to improve their situations where they can, to do the best for their children's well-being and development, and to take advantage of the opportunities on offer. Others also have a role to play: local authorities have a critical role in helping to eradicate child poverty by leading local action, engaging with and harnessing the resources of local communities to increase employment opportunities for all, preventing those at risk from falling into poverty and improving the life chances of children.

Budget 2008 is setting down the next steps, including the measures we are taking to make further significant progress to halving child poverty by 2010. The route to 2020 will be difficult and many challenges still remain. We have learned a lot over the past ten years, and can continue to learn from all our partners – service providers, local leaders, the third sector, lobby groups, and most importantly children and families themselves.

To reach 2020 we need to take action now, but also lay the foundations for lasting fundamental change. This means exploring innovative policy approaches for the next decade that address the fundamental causes of poverty and which will have a long-term and sustainable impact. We are setting aside additional resources, increasing over the next 3 years, to pilot these new approaches, based on the contract out of poverty. This document is the beginning of a process of creating a strategy for the next decade to put us on a path to 2020.

We believe that we can, and we must, eradicate child poverty and we will continue to do all we can to achieve this goal.

  
Gordon Brown Alistair Darling Stephen Timms

   
Yvette Cooper Beverley Hughes Ed Balls James Purnell

INTRODUCTION

1.1 Poverty blights the daily lives of many children, families and communities, and touches everyone in society. Child poverty doubled in the 20 years from the late 1970s to the mid 1990s, but this rise has been reversed: 600,000 children have been lifted out of relative poverty since 1997. Had the Government done nothing other than simply uprate the tax and benefit system, there might have been 1.7 million more children in poverty than there are today.¹ However, a significant number of families still experience relative poverty.² Children who grow up in poverty lack many of the experiences and opportunities that others take for granted, and can be exposed to severe hardship and become socially excluded. Their childhood suffers as a result.

1.2 Childhood experience lays the foundations for later life. Growing up in poverty can damage physical, cognitive, social and emotional development, which are all determinants of outcomes in adult life. While some children who grow up in low-income households will go on to achieve their full potential, many others will not. Tackling child poverty will help to improve children's lives today, and it will also enhance their life chances: enabling them to make the most of their talents, achieve their full potential in life and pass on the benefits to their own children.

Box 1.1: Child Poverty: definition and measurement

Following extensive consultation *Measuring Child Poverty*^a set out a new tiered approach to measuring child poverty in the UK over the long-term:

- absolute low income: this indicator measures whether the poorest families are seeing their income rise in real terms. The level is fixed as equal to the relative low-income threshold for the baseline year of 1998-99 expressed in today's prices;
- relative low income: this measures whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. This indicator measures the number of children living in households below 60 per cent of contemporary median equivalised household income; and
- material deprivation and low income combined: this indicator provides a wider measure of people's living standards. This indicator measures the number of children living in households that are both materially deprived and have an income below 70 per cent of contemporary median equivalised household income.

The Government monitors child poverty against all three measures with a target attached to the relative low-income measure, recognising that when family income falls below that of others in society, this has additional negative outcomes including inequality of opportunity and social exclusion.

^a *Measuring Child Poverty*, Department for Work and Pensions, December 2003

¹ HMT analysis based on a comparison of simulated child poverty levels under today's tax and benefit system and the 1997-98 system indexed to today's prices.

² Unless stated otherwise, poverty is defined as those in households below 60 per cent of contemporary median equivalised income (before housing costs), UK

Consequences of child poverty **1.3** Child poverty has effects that go beyond the individual: poor children tend to have lower educational attainment, and low skills and productivity will stunt economic growth, limiting the UK's ability to compete in the global economy. Poorer outcomes for children and families place extra burdens and costs on public services, such as health care and children's services and affect everybody's day to day experiences of safety and well-being. Communities suffer through increased deprivation and inequalities which reduce social cohesion. The costs of child poverty fall on individuals, families, communities and the taxpayer. Many people believe there is very little child poverty in the UK today. This is not the case: over a fifth of children are in poverty. The Government believes it is one of the most corrosive social issues facing the country, and it touches each and every person, indirectly if not directly. Child poverty is everyone's problem, and tackling it needs to be everyone's business.

Historically high rates of child poverty **1.4** In the late 1990s, the UK suffered higher rates of child poverty than nearly all other industrialised nations: the proportion of children living in households with below 60 per cent of contemporary median income had more than doubled between the late 1970s and mid 1990s. This rise can be attributed to a combination of factors, including demographic changes; rising worklessness; greater earnings inequalities and regressive tax and benefits policies.³

And the global economic environment is increasingly challenging **1.5** In the future, economic pressures such as changes in the global economy and technological change will make the fight against poverty more difficult. An increase in the need for high skills will increase the differentials between the wages that low and high-skill workers can earn. Workers with low skills will have fewer opportunities to realise their potential as businesses increasingly look for workers with higher skills.⁴

But the Government is committed **1.6** The Government believes that ending child poverty is a moral and social imperative, and a key component of ensuring the future success of the UK. This is why the Government set itself an ambitious target to halve child poverty by 2010 and eradicate it by 2020. Until this is achieved, the Government will do all that it can to ensure that growing up in poverty does not shape a child's aspirations and ability to realise their full potential.

Progress has been made **1.7** Considerable progress has already been made. Between 1998-99 and 2005-06, 600,000 children were lifted out of relative poverty and 1.8 million children were lifted out of absolute poverty. Reforms to the tax and benefit system have been crucial: had the Government done nothing other than simply uprate the 1997 tax and benefit system, there might have been 1.7 million more children in poverty than there are today.⁵ The number of children in workless households has fallen by over 400,000 since 1997. Families in poverty have also benefited from a substantial increase in Government spending on services such as education, healthcare and housing in recent years. As families' incomes have risen, their well-being has improved and more children are enjoying their childhood and achieving at school.

But action needs to continue **1.8** The Government is fully committed to tackling and eradicating child poverty. But that will require further action both locally and nationally to tackle its causes and consequences. Budget 2008 sets out the next steps, including measures that will make significant further progress towards the target of halving child poverty by 2010:

³ *Child Poverty Review*, HM Treasury, July 2004

⁴ *Skills in the UK: The Long Term Challenge, interim report of the Leitch review of skills*, HM Treasury, 2005

⁵ HMT analysis based on a comparison of simulated child poverty levels under today's tax and benefit system and the 1997-98 system indexed to today's prices.

- **increasing the first child rate of Child Benefit to £20 a week from April 2009**, reinforcing the Government's commitment to Child Benefit as the foundation of financial support for all families;
- **disregarding Child Benefit in calculating income for Housing and Council Tax Benefit from October 2009**, improving work incentives for many of the lowest paid families and boosting their incomes. A working family with one child on the lowest incomes will gain up to £17 a week from this change; and
- **increasing the child element of the Child Tax Credit by £50 a year above indexation from April 2009** to further help low to middle income families.

1.9 In line with the comprehensive strategy set out in the *Child Poverty Review*, the Government will also continue, over the next decade, to:

- increase employment and raise incomes;
- improve the financial and material support for families;
- tackle deprivation in communities; and
- improve poor children's life chances.

**And we need
to look ahead
to 2020**

1.10 Alongside that continued progress, the Government is also committed to a renewed drive over the next decade that will enable child poverty to be eradicated by 2020. That means that as well as making things better immediately for today's poor families, the Government will take action in a way that will tackle child poverty for the long term. It will support families to raise their ambitions and achievements alongside their incomes. If this is achieved, intergenerational cycles of disadvantage can be broken and social mobility will become a reality.

**Everybody has
a role to play**

1.11 The Government wants to demonstrate its commitment to supporting parents in their role through a contract. A contract in which the Government undertakes to provide support to families, to close the gaps in opportunities and achievements for poor children, and to provide financial security for those who temporarily or permanently cannot work. On the other side of this contract, the Government looks to families to make a commitment to improve their situations where they can and to take advantage of the opportunities on offer.

Structure of the report and summary

1.12 This report builds on the considerable evidence base and analysis of child poverty and considers: the causes and consequences of child poverty; the costs associated with childhood experiences of poverty, for both individuals and society; the impact of Government action so far; and policy direction for the future.

Chapter 2

1.13 Chapter 2 describes the characteristics of poor families and the causes of poverty. The chapter concludes that families are poor because they are workless or in low-paid work, but the causes of low-paid work and worklessness are multiple, complex and overlapping:

- low skills can make it difficult to find work and can reduce job stability and progression, and can limit an individual's earning capacity;
- high demand on public services in deprived areas can affect access to and quality of service provision, and a lack of safe, pleasant spaces exacerbates children's experiences of deprivation;

- poverty in childhood can cause poverty in the future. Poor children are less likely to achieve higher level skills and qualifications, which are critical to enter the workforce and progress in work, as well as to thrive in other areas of life; and
- some parents find it difficult to work: for example one in four children in poverty has a parent with a self-reported disability or a long-standing health condition.

1.14 Using this analysis as a basis to inform policy, the Government can ensure that the child poverty strategy has the maximum impact and creates the conditions for eradicating child poverty by 2020.

Chapter 3 1.15 Chapter 3 sets out in more detail the costs of child poverty to individuals, to society, and to the economy, further strengthening the case for action. The chapter concludes that the costs are widespread and affect everybody:

- children who grow up in poverty lack many of the experiences and opportunities that others take for granted;
- growing up in poverty affects children's outcomes as adults, and these, in turn, affect their children;
- the UK's productivity, and therefore its competitiveness in the global economy, is limited by low educational achievement and aspirations, and poor health; and
- public services cannot work effectively if they are struggling with the costs and burdens of entrenched cycles of poor health or crime.

Chapter 4 1.16 The Government has taken concerted, strategic action to tackle child poverty which has been supported by substantial investment both at the national and local level. Chapter 4 outlines the progress that has been made in delivering the Government's strategy. Key achievements include:

- more parents are being supported to move into work: the number of children in workless households has fallen by over 400,000 since 1997;
- there has been significant improvement in the quality, availability and affordability of childcare. Since 1997, the number of registered childcare places has more than doubled, so that there is now a registered childcare place for every one in four children under eight;
- the tax and benefit system has been substantially reformed. As a result of personal tax and benefit reforms since 1997, by April 2010, families with children in the poorest fifth of the population will be on average £4,500 a year better off in real terms; and
- the Every Child Matters agenda is driving system-wide integration across children's services, bringing together universal and targeted services to improve outcomes for children and young people. As described in the *Children's Plan*, the Government is setting out a far-reaching agenda to improve the lives of children and young people.

Chapter 5 1.17 Chapter 5 sets out the way in which the Government will build on the comprehensive strategy to tackle child poverty set out in the *Child Poverty Review*. It sets out the next steps including the measures in Budget 2008 that will make further significant progress to halving child poverty by 2010.

1.18 But in order to eradicate child poverty by 2020, the Government will need a renewed drive on child poverty for the next decade. This needs to draw on new ideas and approaches to ensure sustainable progress is made, improving children's life chances for the longer term. Chapter 5 therefore also sets out new approaches the Government will pilot and further areas of work that will help develop the strategy for 2020. In addition, it sets out the long-term vision for 2020. The Government is therefore investing an additional £10 million in 2008-09, £35 million in 2009-10 and £80 million in 2010-11 to run pilots to help prepare for the next decade. The Government will be bringing forward a radical reform package to extend and improve opportunities and incentives to work, make progress towards the target on child poverty, and to encourage independence, choice and control for disabled people.

1.19 There are many challenges, but this Government believes that child poverty can, and should, be eradicated in this country. The Government will work closely with all its partners and stakeholders to make a UK without child poverty a reality.

In 1999, the Government made a pledge to eradicate child poverty in the UK within a generation. Since then, significant progress has been made, with 600,000 children lifted out of relative poverty by 2005-06. Particular advances have been made in reducing the risk of poverty for certain groups: for example the number of children in poverty in lone parent families has fallen by around 200,000, with their risk of being in poverty falling from 46 per cent to 35 per cent.

Despite the progress made, a number of groups still face a high risk of poverty or contain relatively high numbers of children living in poverty. The risk of poverty for children in workless families remains high at 58 per cent, which is considerably above the average of 22 per cent. Work remains the best route out of poverty, but it is not a guarantee: a child's risk of being in poverty falls from 58 per cent to 14 per cent when one or both of their parents is working, but because so many families are working, this relatively low risk of poverty still means that 1.4 million children in working families are in poverty.

The causes of child poverty are diverse. Parents may find difficulties gaining and sustaining work due to constraints such as low skills, a lack of suitable opportunities, poor health and disability or caring responsibilities. Once in work, they may experience low income due to low skills, low hours or low pay and job insecurities. Frequent transitions in and out of work cause instability in income and may be particularly damaging for children's wellbeing. Causes of poverty exist at a community level too: factors affecting deprived communities, including poor services, high crime rates, and low aspirations increase families' experiences of deprivation, raise their cost of living and make it more difficult for them to take steps out of poverty. Causes of poverty do not start in adulthood; they often begin at birth and transmit through generations. That is why it is important to improve children's life chances today, to prevent poverty tomorrow.

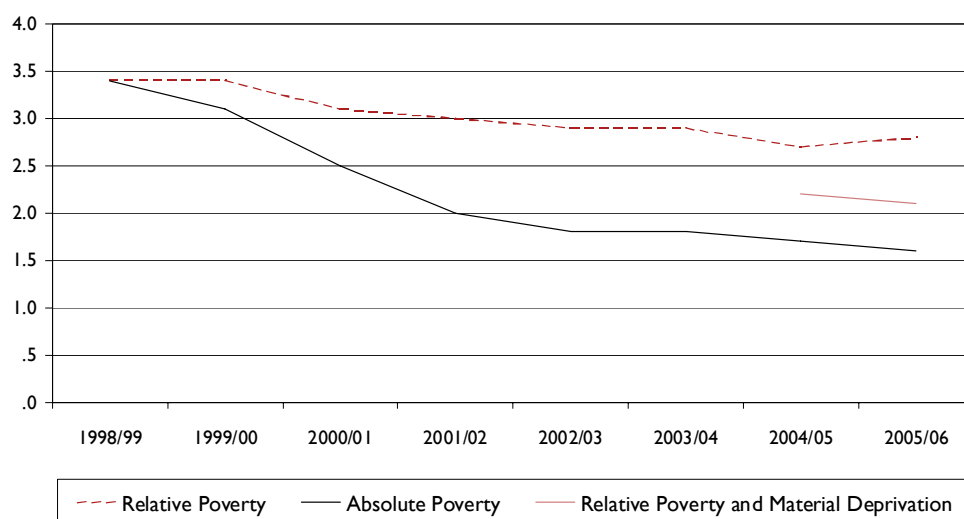
2.1 In 1999, the Government made a pledge to eradicate child poverty in the UK within a generation. It is the most ambitious target set by the Government. The number of children in poverty rose sharply in the 1980s and 1990s, and in 1998-99 some 3.4 million children were in relative low-income poverty, meaning the UK had the highest child poverty rate in Europe.

2.2 Since then, substantial progress has been made:

- some 600,000 children have been lifted out of relative poverty between 1998-99 and 2005-06, and the risk of children living in poverty fell from 26 to 22 per cent;¹
- between 1998-99 and 2005-06 the number of children living in absolute poverty has more than halved from 3.4 million to 1.6 million; and
- between 2004-05² and 2005-06 the number of children in the UK defined as poor using the combined indicator of relative low-income and material deprivation fell by 100,000 from 2.2 million to 2.1 million children.

¹ The risk of poverty illustrates the proportion of children within a subgroup, e.g. children in lone parent families or children in a family with one of more disabled adults, who are in poverty.

² This is the first year data was available. Further details can be found in the PSA Delivery Agreement, <http://www.hm-treasury.gov.uk>

Chart 2.1: Number of children in poverty (millions)

Source: *Households Below Average Income, Department for Work and Pensions*

2.3 Particular progress has been seen among the groups that started in the worst position, those children who faced a high risk of living in poverty. Between 1998-99 and 2005-06, on the relative low-income indicator:³

- the number of children in poverty in lone parent families has reduced by around 200,000 children, with the risk of being in poverty for children in such households also falling from 46 per cent to 35 per cent;
- poverty in families with three or more children has reduced by around 600,000 children, and the risk of poverty has fallen from around 40 per cent to 30 per cent;
- families with children under five have seen a reduction in poverty of around 500,000 children, with the risk of poverty falling from around 31 per cent to 23 per cent; and
- the number of children in poverty with a disabled child in the family has fallen by 200,000 children and the risk of poverty for this group has fallen from 34 per cent to 21 per cent.

2.4 Despite the substantial progress that has been made 2.8 million children are still in poverty, meaning that there is much more to be done to meet the Government's extremely challenging ambitions. A number of groups of children still face a high risk of poverty, or include very high numbers of children living in poverty, as set out in Box 2.1. They include working families, as well as families where no-one works.

³ *Households Below Average Income, Great Britain figures, Department for Work And Pensions, 2007*

Box 2.1: Families with a particularly high risk of poverty

Families with the following characteristics have a higher than average risk of poverty:

- children in workless families, where the risk of poverty remains high, at 58 per cent, which is considerably above the average of 22 per cent;^a
- children in couple families where one adult works part-time^b have a 44 per cent risk of poverty;
- more than a third of all ethnic minority families live in poverty;
- children in families with one or more disabled adults face a high risk of poverty at 31 per cent;
- children in families with 4 or more children have a 40 per cent risk of poverty; and
- children who live in Inner London have a high risk of poverty at 35 per cent.

^a It should be noted that these risk figures are for children in workless families. The Households Below Average Income series report of 2005/06 presents the risk of children in workless households. This latter figure is 60 per cent. The two differ as there are a small number of children whose parent or parents are not working, but others in their household are in work.

^b Includes the very few cases where both adults work part-time.

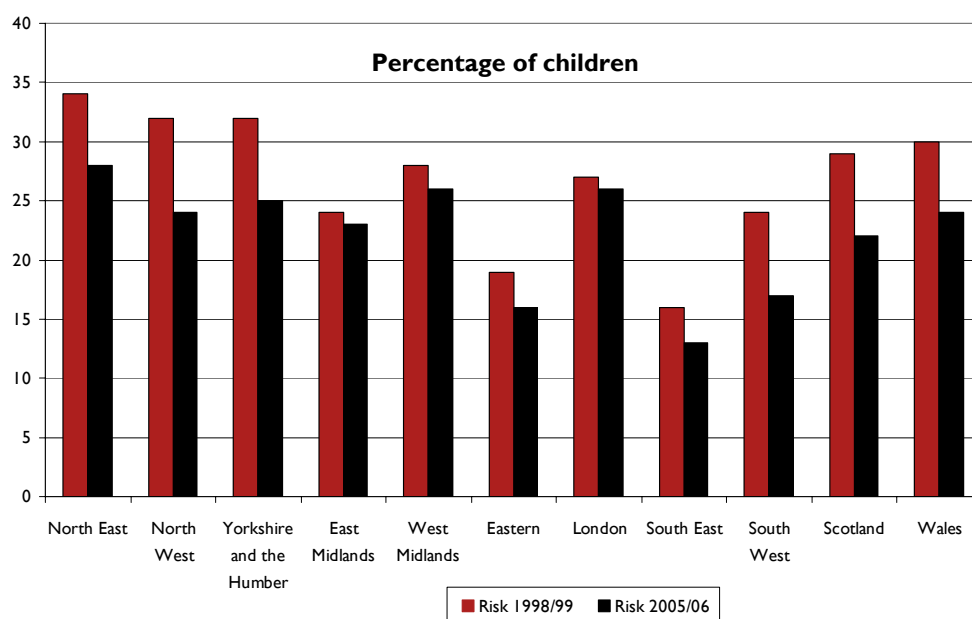
Source: *Households Below Average Income 2005-06, Regional data 2003/04-2005/06*

2.5 Not all children in poverty experience the same risks. Child poverty is a result of a number of complex and varied factors which act at both the individual and community level, and the consequences of poverty today can become the causes of poverty tomorrow. Just as every child in poverty is different, so the causes of their poverty and the combination of risk factors they experience will vary. However, there are some key characteristics which put children and families at risk of living in poverty and deprivation.

2.6 This chapter sets out the common characteristics of families in poverty, and the factors associated with them being in poverty. Using this evidence as a base, the Government can help ensure that it is tackling the real causes of child poverty and offering all families a sustainable route out of poverty.

WHO ARE THE CHILDREN IN POVERTY?

2.7 In the UK in 2005-06, 2.8 million children lived in relative poverty. Across the UK the risk of poverty varies substantially by region: 35 per cent of children in Inner London and 28 per cent of children in the North East live in poverty. In comparison only 13 per cent of children in the South East of England and only 17 per cent of children in the South West of England live in poverty.

Chart 2.2: Risk of child poverty by region

Source: Family Resources Survey, results are three year averages

2.8 Children from ethnic minorities face a particularly high risk of growing up in poverty: 58 per cent of Pakistani or Bangladeshi children live in poverty, compared with 19 per cent of white children. This is closely linked to labour market disadvantage, and in particular the significant barriers that some ethnic minority groups face in entering and progressing in work.⁴ There are also differences in the characteristics of poor families in different ethnic groups. For example, lone parent families account for only a small share of Indian, Pakistani and Bangladeshi children in poverty, but they make up over two-thirds of Black Caribbean and Black African children in poverty.

2.9 Although children under five have seen a reduction in their risk of poverty since 1997, they remain at greater risk of poverty than other age groups: 24 per cent of all under-fives in the UK are in relative income poverty, compared with 22 per cent of five to ten year olds, 19 per cent of 11 to 15 year olds, and 17 per cent of 16 to 18 year olds. Under fives make up 44 per cent of all children in poverty, more than 1.2 million children. It is likely that this is related to the lower levels of labour market participation of parents with very young children. Evidence suggests that experience of poverty in the early years can have long-term impact on children's cognitive development⁵ and educational attainment.⁶ This is explored further in Chapter 3.

⁴ *Delivering on Child Poverty: What would it take?* Harker, L. for the Department for Work and Pensions, 2006

⁵ *Neighbourhood and family influences on the cognitive ability of children in the British National Child Development Study* McCulloch, A. and Joshi, H., 2000

⁶ *Inequality in the Early Cognitive Development of British Children in the 1970 Cohort*, *Economica* Vol 70, Feinstein, L., 2003

Box 2.2: European Comparisons

In *Measuring Child Poverty* the Government set out its goal to be 'one of the best in Europe' in terms of relative low income.

In 1997, the UK had the worst child poverty rate in the EU (using the European Community Household Panel data). In 2006, the latest EU comparisons (using the EU Survey of Income and Living Conditions) suggest that, while no longer the worst, the UK's child poverty rates are on a par with Spain and Greece, rather than the Scandinavian countries who continue to have the lowest child poverty rates in the EU, of around 10 per cent.

Child poverty is low in Scandinavian countries despite the fact that, over recent years, a number of them have witnessed an increase in child poverty. For example, according to the Luxembourg Income Study (LIS), between 1995 and 2004, child poverty has increased from 8 per cent to 10 per cent in Denmark and 5 per cent to 10 per cent in Finland. Using this data, the UK figures show a reduction from 30 per cent in 1995 to 28 per cent in 1999 (the latest LIS data available for the UK) and, of course, other data shows a considerable decline since 1999. Indeed, EU data that is comparable over time points to the UK having the fastest decline in child poverty between 1997 and 2001 of the EU-15.

The EU and LIS data point to countries with 'middling' levels of child poverty having, on the whole, either remained constant or risen slightly. For example, in France child poverty was 16 per cent in both 1997 and 2001, and in Greece, the figures were 18 per cent in both years.

Source: Eurostat and Luxembourg Income Study

Children in workless families

2.10 Low income is a central component of poverty, and family income is largely determined by the employment status of the parent or parents. Worklessness is a large determining factor of child poverty; children living in families where no-one works have a 58 percent risk of poverty. And 1.4 million children living in poverty, half the total, are in families where no-one works. Table 2.1 outlines some of the key characteristics of workless families.

Table 2.1: Characteristics of workless families

	Workless couple	Workless lone parent
Number of poor children	500,000	900,000
Risk of poverty	64%	56%
Proportion of these families with the following characteristics associated with labour market disadvantage:		
Disability	55%	31%
	(42% disabled adult only, 3% disabled child only, 10% both)	(19% disabled adult only, 7% disabled child only, 5% both)
More than 3 children	51%	38%
Child under 5	53%	46%
Caring responsibility	26%	13%
Ethnic minority	31%	19%
Social housing	56%	73%
At least one of the above characteristics	95%	89%

Source: Child Poverty Unit analysis of HBAI data 2005-06, based on a sample survey, numbers rounded to nearest 100,000 and whole percentage

2.11 Table 2.1 shows that many workless families with children, whether couples or lone parents, experience a number of factors which are likely to make a move into work more difficult including: a large family with three or more children; a youngest child under 5; or caring responsibilities. For many, difficulties due to ill-health or disability can also be an important factor. Of children in poverty in workless couple families, the majority have at least one disabled member in the family, mostly a disabled parent. Children in families with at least one disabled adult face a higher than average risk of poverty (31 per cent) and account for around 700,000 of all children in poverty.

When parents could work

2.12 Other workless families, however, face fewer constraints and are potentially closer to the labour market. Many of these parents could work and require support to make a sustainable transition into work and to avoid a cycle of moving in and out of low-paid work.⁷

⁷ Delivering on Child Poverty: What would it take? Harker, L. for the Department for Work and Pensions, 2006

Children in working families

2.13 Children in working families have a relatively low risk of poverty, at 14 per cent, but because so many children live in working families they still account for 1.4 million children living in poverty. Within working families, the family structure and number of hours worked have a strong impact on the risk of children living in poverty. The following groups contain large numbers of children in poverty:

- 400,000 children in poverty are in couple families where one parent is in full-time work and one parent is not working. However, the majority of this group are not in poverty thus the risk of poverty for these families is relatively low at 17 per cent;
- 300,000 children living in poverty are in couple families in which one parent works part-time.⁸ The risk of poverty for this group is relatively high at 44 per cent;
- 200,000 children in poverty live in families with a lone parent who is working part-time. The risk of being in poverty for this group is relatively low at 17 per cent; and
- 100,000 children in poverty live in couples where one parent works full-time and one works part-time. The risk of poverty for this group is very low at 4 per cent.

2.14 Table 2.2 considers in more detail the characteristics of working families. Families where all parents work full-time (both couples and lone parents) and those with one full-time earner and one part-time earner have been excluded as they have a low risk of poverty.

⁸ Analysis includes the very few couples where both work part-time.

Table 2.2: Characteristics of working families

	Couple family, one parent in full- time work only	Couple family, one parent in part-time work ^a	Lone parent in part-time work
Number of poor children	400,000	300,000	200,000
Risk of poverty	17%	44%	17%
Proportion of these families with the following characteristics associated with labour market disadvantage:			
Disability	19%	37%	20%
	(12% disabled adult only, 4% disabled child only, 3% both)	(30% disabled adult only, 5% disabled child only, 1% both)	(11% disabled adult only, 9% disabled child only)
More than 3 children	41%	39%	18%
Child under 5	46%	43%	14%
Caring responsibilities	15%	17%	15%
Ethnic minority	24%	36%	9%
Social housing	31%	24%	43%
At least one of the above characteristics	82%	83%	60%
<i>Source: Child Poverty Unit analysis of HBAI data 2005-06, based on a sample survey, numbers rounded to nearest 100,000 and whole percentage</i>			
^a Includes the very few cases where both parents work part-time			

Potential additional earners

2.15 The group with the highest risk of poverty among working families is children in couple families with one part-time earner. As Table 2.2 shows the presence of disability, young children and large families may distance these families from participating more fully in the labour market. Of the children in poverty in couple families where one adult works part-time, around two fifths have a disabled member and two fifths have a child under the age of five. In the majority of these families the working parent is likely to be the mother: 75 per cent of the non-workers in this group of families are male.⁹

2.16 In contrast, children in families with one full-time earner have a lower risk of poverty: nine out of ten of the non-working parents in these households are women.¹⁰ Of the children in poverty in couple households with one full-time earner just under half have a child under five, and around two fifths have more than three children. For

⁹ *Delivering on Child Poverty: What would it take?* Harker, L., for the Department for Work and Pensions, 2006

¹⁰ *Delivering on Child Poverty: What would it take?* Harker, L., for the Department for Work and Pensions, 2006

children in poverty that live in couple households the priority must be supporting additional earners to move into sustainable work when appropriate, and improving retention and progression for those in work. Children in families with one parent in full-time work and one parent in part-time work have only a four per cent risk of poverty, so the benefits of moving the additional earner to part-time work are clear.

Lone parents **2.17** Children in lone parent families where the lone parent works part-time have a lower than average risk of poverty, at 17 per cent.¹¹ Children in workless lone parent households have a much higher risk of poverty, at 56 per cent. The age of the youngest child is likely to be a critical factor: of the children in poverty in lone parent families where the parent works part-time, around a tenth had a child under the age of five. In contrast, of those children in poverty in workless lone parent households around half had a child under five.

The self employed **2.18** The risk of being in poverty for children growing up in self-employed households is above average, at 28 per cent: 400,000 children in poverty live in a self-employed family.¹² Research on the experiences of children in low-income self-employed families is extremely limited. Little is known about their situation or the supports and incentives that might be necessary to lift this group out of poverty. The data is conflicting. Income poor self-employed families report half the level of material deprivation as income poor employed working families. And since information about incomes from self-employment in surveys and data is generally considered less reliable than the earnings of employees, it is difficult to draw robust conclusions about the characteristics of those in self-employment. However, poverty does exist among the self-employed and a better understanding of their situation is required to analyse the causes and policy action required.

Ethnic minority groups **2.19** In-work poverty is higher among some ethnic minority groups in the UK than white groups.¹³ Pakistani and Bangladeshi children in couple parent families with at least one full-time earner have a higher risk of living in poverty than Indian children living in this type of family. This difference reflects the significant labour market disadvantages faced by some minority ethnic groups, for example, the high risk of low pay among Pakistani and Bangladeshi groups.¹⁴

CAUSES OF LOW PAY AND PARENTAL WORKLESSNESS

2.20 Worklessness and low pay are the biggest direct causes of poverty. Living in a family where no adult is working puts a child at a 58 per cent risk of poverty, meaning that worklessness is a large risk factor of child poverty. Work remains the most sustainable route out of poverty: a child's risk of being in poverty falls from 58 per cent to 14 per cent when one or both of their parents is working. However, various constraints can prevent parents from entering, and staying in, work and many families will choose not to have all adults in work or to limit their hours, for example where there are substantial caring responsibilities.

¹¹ Children in a lone parent household where the lone parent works full time have a very low risk of poverty and are therefore not included in this analysis.

¹² This figure refers only to couple households; very few lone parents are self-employed.

¹³ These figures represent poverty estimated after housing costs. *Ethnicity and Child Poverty. Paper for the Ethnic Minority Employment Task Force*, Platt, L, 2006

¹⁴ *Delivering on Child Poverty: What would it take?* Harker, L for the Department for Work and Pensions, 2006

2.21 Work is the surest route out of poverty but not an immediate guarantee: a combination of low wages and/or low hours in low skilled jobs may mean that working families remain in poverty. Parents may face constraints that limit their ability to earn a sufficient income or progress in the workplace.

2.22 The figures on work and worklessness presented in this chapter are a snapshot: they reflect families situations at a particular point in time. In reality, families' experiences of work and poverty are dynamic rather than static. Low-paid work and worklessness are closely related: people who are low-paid are more likely than those who are better paid to be unemployed in the next year.¹⁵ Lone parents¹⁶ and those in persistent poverty¹⁷ may be at particular risk of 'cycling' between having a job and being out of work. Evidence suggests that such moves may be hard for parents to manage both in relation to care needs and financially.¹⁸ Parents' frequent movement in and out of low-paid employment may pose an additional risk to children's wellbeing and their belief in the value of work.¹⁹ Supporting parents to improve retention and progression in work is vital to lifting working families out of poverty.

Education and skills

2.23 A range of personal attributes including non-cognitive (social and emotional) skills, basic skills and formal qualifications all affect an individual's ability to get a job and get on in work. Lack of education and skills is a key driver of worklessness. Currently half of those with no qualifications are in employment, compared to 90 per cent of those with a degree.²⁰ Formal qualifications are associated with a higher probability of being in work, increased opportunities for progression, and better earnings: for example the wage returns to academic qualifications, such as A-levels and GCSEs, are in the order of 15 per cent and 25 per cent respectively.²¹ The importance of non-cognitive skills to employment and earnings is becoming increasingly apparent: research has shown that non-cognitive skills improve educational attainment but have an effect on earnings above and beyond this.²²

2.24 Once in work, poor skills can reduce job stability and progression, and thereby limit an individual's earning capacity. Training by employers is disproportionately focused on highly-skilled workers, who are five times more likely to be trained at work than low-skilled workers.²³

Health

2.25 Poor physical and mental health can seriously limit opportunities for parents to enter the workforce. One in four children in poverty lives in a family with at least one disabled adult²⁴ and this accounts for around 700,000 children in poverty. A significant proportion of disabled parents say they would like to work.²⁵ Mental health represents a

¹⁵ *Low Pay in Britain*, Stewart, M.B., in *The State of Working Britain*, P. Gregg and J. Wadsworth (eds), 1999

¹⁶ *Lone parents cycling between work and benefits* Evans, M., Harkness, S, Ortiz, R. and Harker, L., Department for Work and Pensions, 2004

¹⁷ *Britain's Poorest Children: Severe and persistent poverty and social exclusion*, Save the Children, Adelman, L., Middleton, S. and Ashworth K., 2003

¹⁸ *Work and Well-being: lone mothers, their children and social relationships*, Millar, J. and Ridge, T., Conference paper for the fourteenth International Research Seminar on Issues in Social Security, 'Social Security, Happiness and Well-being' June 2007, Sweden

¹⁹ *It's a Family Affair: Low-income children's perspectives on maternal work*, Ridge, T., *Journal on Social Policy*, 36 (3) 2007

²⁰ *Fairness and Freedom: the Final Report of the Equalities Review*, The Equalities Review, 2007

²¹ *Skills in the UK: The Long Term Challenge, Interim Report of the Leitch Review of Skills*, HM Treasury, 2005

²² *The effects of non-cognitive abilities on labour market outcomes and social behaviour*, NBER working paper, Heckman., J. Stixrud., J. and Urzua, S., 2006,

²³ *Prosperity for all in the global economy-world class skills: The final report of the Leitch Review of Skills*, HM Treasury, 2006

²⁴ *Households Below Average Income*, Department for Work and Pensions, 2007

particular barrier; only 24 per cent of adults with long-term mental health problems are in work, the lowest employment rate for any of the main groups of people experiencing ill-health or disability.²⁶ Evidence suggests that this issue may be particularly salient for some minority ethnic groups, for whom it is compounded by other factors. Children living in Bangladeshi and Pakistani families where there is a disabled adult face a much higher risk of poverty than white children in similar circumstances.²⁷

Caring responsibilities **2.26** Balancing work and family life is difficult. Caring responsibilities (for example caring for a disabled, elderly or sick family member), large families and relationship breakdown can make it more difficult. Parents of disabled children face particular constraints, often due to problems finding childcare to meet their child's particular needs. Research suggests that around six in ten mothers with disabled children are in work, compared with around seven in ten mothers with non-disabled children. A higher proportion of children in families with a disabled child are in lone parent families, which increases their risk of poverty and worklessness. Families that receive the Disability Living Allowance have a relatively low risk of relative income poverty (although families with disabled children still have higher costs which may affect living standards), and ensuring that all families receive the support to which they are entitled could play an important part in securing a route out of poverty.²⁸

CAUSES OF MATERIAL DEPRIVATION

2.27 The Government is concerned about the experiences and opportunities which support children's development. These go much wider than income and can include, for example, housing and accessibility of public services. Financial resources and capabilities, such as savings and debt, are also important determinants of a family's standard of living.

Housing **2.28** Material deprivation is a problem for poor families, who may live in poor quality or overcrowded housing, or go without valuable goods and services. It is estimated that one in ten of all children, and one in five children in social housing, live in overcrowded conditions.²⁹ Kate Barker's *Review of Housing Supply*³⁰ outlined the gap between demand for housing and supply leading to unaffordable housing in the private sector and unmet demand for social housing. This can lead to an increase in the number of families in temporary accommodation which can be particularly disruptive to children's wellbeing.³¹

Financial exclusion **2.29** Family incomes can also depend on parents' degree of financial inclusion, for example whether they have access to a bank account, affordable credit or effective and impartial debt advice. Regardless of how well low-income families manage their finances, exclusion from mainstream financial services can lead to extra charges; for example, paying to cash a cheque, or paying higher charges for utilities through 'pay-as-you-go' schemes because they cannot use direct debit.

²⁵ *Child Poverty Review*, HM Treasury, July 2004

²⁶ *Mental Health and Social exclusion*, Social Exclusion Unit, ODPM, 2004,

²⁷ *Delivering on Child Poverty: What would it take?* Harker, L., for the Department for Work and Pensions, 2006

³⁰ *Households Below Average Income*, Great Britain figures, Department for Work And Pensions, 2007

²⁹ Three year averages from *Communities & Local Government analysis of the Survey of English Housing, 2004/05-2006/07*. Communities and Local Government 2007

³⁰ *Review of Housing Supply: Securing our Future Housing Needs*, Barker, K., 2004

³¹ *Chance of a lifetime: the impact of bad housing on children's lives*, Harker L, London Shelter, 2006

2.30 Low-income families are also vulnerable to overindebtedness when they turn to poor value sources of credit. Research suggests that 57 per cent of low-income families and 72 per cent of lone parents have no savings.³² When these families face unexpected costs or emergencies they are often forced to turn to credit. However, these families may find they have limited credit options meaning they must turn to high cost providers, including illegal money lenders who can pressure them into a series of unsustainable loans and threaten and intimidate them to secure a return on their 'investment'. Families end up paying a 'poverty premium', paying a higher price for credit, and bearing continuing social and financial costs from their debts.³³

Experiences of disabled people

2.31 Families with at least one disabled member, and families with disabled children (regardless of adult disability status) report higher levels of material deprivation than families with no disabled members.³⁴ Greater accessibility of services will play an important part in improving the experiences and opportunities of disabled parents and disabled children.

COMMUNITY AND NEIGHBOURHOOD CAUSES OF POVERTY

2.32 Community and neighbourhood factors can also have an impact on families' quality of life. In London, particular problems include low wages and high transport costs which create poor work incentives, especially for part-time work.³⁵ Poorer areas also experience higher demands on public services which may make it more difficult to deliver high quality services. This contributes to lower educational achievement and poor health. This may make it more difficult to escape low income and deprivation. In addition, low-income families living in more affluent areas may also experience problems, such as a lack of affordable services tailored to the needs of low-income families with children.³⁶ More detail on the problems suffered by deprived communities can be found in Chapter 3.

Availability of services

2.33 Local shops and services determine the availability and affordability of goods and opportunities. Areas of deprivation can suffer from a lack of local shops and private sector services leading to decreased choice and increased prices, which in turn contribute to families' material deprivation.³⁷ Poverty can be particularly prevalent in rural areas where it may be harder or more costly for families to access services and opportunities.³⁸ Families will be more reliant on transport to access services, work or leisure activities, which introduces additional difficulties and costs. People in the lowest income group in rural areas spend, on average, almost 50 per cent more than urban equivalents on transport.³⁹

Quality of services

2.34 Public services play a critical role in enabling children and families to avoid poverty, or escape its effects. High demand on health, education and children's services in deprived areas can affect quality of service provision and make access more difficult,

³² *Robbing Peter to Pay Paul*, Save the Children Briefing Report, 2007

³³ *The Poverty Premium*, Save the Children and the Family Welfare Association, 2007

³⁴ *ODI Annual Report 2007*

³⁵ *Capital Gains: London Child Poverty Commission Final Report*, London Councils, 2008

³⁶ *Poverty and Place: Does Locality Make a Difference?*, Hooper C, Gorin S, Cabral C and Dyson C Poverty Vol 128, 2007

³⁷ *Poverty and Place: Does Locality Make a Difference?* Hooper C, Gorin S, Cabral C and Dyson C, Poverty Vol 128, 2007

³⁸ *Report of the Rural Advocate, Commission for Rural Communities: Tackling Rural Disadvantage*, 2007.

³⁹ *Rural Child Poverty Briefing Paper*, End Child Poverty, NCH and Forum for Rural Children and Young People (2003) JRF Transatlantic perspectives on mixed communities May 2005

which can have negative impacts on educational attainment and health.⁴⁰ Schools in deprived areas can suffer from a concentration of low pupil aspiration and attainment and struggle to attract good staff.

Social capital and aspirations **2.35** Community links, social networks and local activities are important supports to families with children who are living on low incomes.⁴¹ Social capital has a role in alleviating poverty: extensive and diverse social networks are associated with employment, career advancement and pay.⁴²

Concentrated deprivation **2.36** Within communities, some families, for example Gypsy and Traveller households, live in particularly poor environments. At present, around 4,000 (one in four) Gypsy and Traveller households living in caravans have no authorised site on which to stop.⁴³ This has serious implications both for community cohesion (with tensions arising around unauthorised encampments and developments) and for the outcomes of Gypsies and Travellers themselves, who suffer material deprivation and lack a stable base to access education, employment and other key services.⁴⁴

POVERTY TODAY CAUSES POVERTY TOMORROW

2.37 Growing up with poverty and deprivation can have serious impacts on children's experiences and life chances. Poor childhood development and experiences can lead to negative outcomes including lower educational attainment and employability, poor health and poor non-cognitive skills. Such outcomes increase the likelihood that children will face poverty and deprivation later in life leading to intergenerational cycles of deprivation. Further details on the consequences of child poverty are set out in Chapter 3.

Protective factors **2.38** While poverty in childhood increases the risk of adult poverty, intergenerational cycles of poverty are not unbreakable or inevitable. Chapter 3 describes some of the protective factors that can help children who grow up in poverty to overcome the effects of their situation and go on to prosper. Similarly the policies and initiatives outlined in Chapters 4 and 5 will improve the life chances of poor children, to help them to escape poverty in later life.

⁴⁰ *Disentangling Area Effects: Evidence from Deprived and Non-Deprived Neighbourhoods*, Urban Studies, vol. 38, November, pp.2277-98, Atkinson, R. & Kintrea, K. 2001; *Poverty and 'Place': Does Locality Make a Difference?*, Poverty, vol. 128, Autumn, pp.7-10, Hooper, C., Gorin, S., Cabral, C. & Dyson, C., 2007, and *Rural Child Poverty*, NCH/End Child Poverty briefing paper, 2005

⁴¹ *City Survivors: Bringing up children in disadvantaged neighbourhoods*, Power A, Bristol, Policy Press, 2007

⁴² *Investing in each other and the community: the role of social capital*, Haezwindt, P., Social Trends 33, 2003

⁴³ This is the count of Gypsy and Traveller caravans published bi-annually by Communities and Local Government.

⁴⁴ *The Social exclusion of Gypsy and Traveller children*, Cemlyn, S and Clark, C in *At Greatest Risk: the children most likely to be poor*, Preston G, London Child Poverty Action Group 2005, and *Moving on: Reconnecting Frequent Movers*, Department for Communities and Local Government, 2006

Box 2.3: International examples

Evidence from other countries shows that parental income need not predict a child's future earnings. An OECD review of all known international studies on mobility indicates that the UK has the lowest intergenerational earnings mobility of 12 advanced countries. In the UK, somewhere between 43 per cent and 55 per cent of fathers' earnings advantage is passed on to their sons; Denmark, Norway, Finland, and Canada are more mobile, with about 15 to 20 per cent of earnings advantage passed across generations.^a

A decline in Denmark and Sweden in the impact of parental factors on children's educational attainment coincided with the introduction of universal high-quality childcare. The likelihood of completing upper secondary education for children of parents with low levels of education have almost doubled in Denmark for those born in the 1970s compared to the previous generation.^b

^a *Intergenerational Transmission of Disadvantage - Mobility or Immobility Across Generations*, OECD d'Addio, A.C., 2007.

^b *Untying the Gordian Knot of Social Inheritance*, Esping-Andersen, G., 2004

CONCLUSION

2.39 Chapter 2 has set out some of the evidence available about the characteristics of families in poverty, and the key factors which can lead to poverty and material deprivation. Any effective strategy to tackle child poverty must offer a route out of poverty for all families. In order to create sustainable change, the Government must act on all the causes of poverty. Work is the best route out of poverty but in the modern economy people will experience interruptions to their income as a result of life events such as unemployment, family breakdown, onset of disability and caring responsibilities. The challenge for the Government now is to enhance the incentives and support which enable parents to cross the bridge back into work and, wherever possible, to stay there and progress. This will require the efforts of central government, local government, public services and their partners. Families also have a critical role to play: progressing into work where possible; accessing the support that is available; and helping their children to avoid poverty in the future.

The costs of poverty are widespread and affect everybody. Children who experience poverty in childhood may lack many of the experiences and opportunities that others take for granted, and can be exposed to severe hardship, deprivation, and the negative effects of inequality and exclusion. Their childhood is likely to suffer as a result.

Childhood experience lays the foundations for later life. Growing up in poverty can damage cognitive, social and emotional development, which are all determinants of future outcomes. While some children who grow up in low-income households will go on to achieve their full potential, many others will not. Experiencing poverty in childhood affects children's outcomes as adults, and these, in turn, affect their children, thus creating cycles of deprivation.

Child poverty does not only hinder children from achieving their full potential. It also limits the potential of communities, and the UK as a whole. Low educational achievement and poor health reduce productivity, which in turn reduces economic growth and the ability of the UK to compete in the global economy. Entrenched cycles of crime or poor health create costs for public services and prevent them from operating effectively for everyone in society. Deprivation and inequality make it harder for communities to prosper.

Child poverty is not only a moral issue but also a key component of economic and social prosperity in the UK. This is why child poverty is everybody's business, and why it is in everybody's interest to do all they can to make a difference.

3.1 Poverty affects children's experiences: children who grow up in poverty can lack opportunities and suffer hardship, deprivation and exclusion. These negative experiences can lead to worse outcomes, particularly health and educational attainment, both in childhood and beyond.

3.2 Not all children in poverty will experience the same risks or outcomes. Children's life chances are influenced by many factors which often interact and depend on the child's individual circumstances. Children's experiences of poverty may also vary according to when they experience poverty, and for how long. Some spells of poverty are short-lived and there are fewer children who experience persistent poverty than poverty measured at a single point in time.¹ However, the persistence of poverty is important. Research shows that children who live in persistent poverty have worse outcomes than those who experience temporary poverty.²

3.3 Tackling child poverty also has benefits that go beyond the individual child. There are substantial social and economic costs associated with children growing up in poverty. For example, the poor health and increased crime that many people in poverty suffer place a burden on public services and lower skills reduce productivity and economic growth. The outcomes of poverty today can also be the causes of poverty tomorrow thus perpetuating a vicious cycle where the costs can only escalate.

¹ *Low Income Dynamics*, DWP, 2007

² *The Circumstances of Persistently Poor Families with Children: Evidence from the Families and Children Study (FACS)*, DWP Research Report, Forthcoming

3.4 Clearly, the outcomes for poor children are not pre-determined by their situation. Poverty, and factors associated with poverty, can increase the risks children face, but with the right support and other protective factors, poor children can go on to achieve success.

3.5 The following sections consider the consequences of child poverty for children today, for children's life chances as adults, and for society and the economy as a whole.

Education, skills and labour market participation

Childhood experiences **3.6** Experiencing poverty as a child can have a substantial impact on a child's experiences at school, where they can miss out on opportunities to learn and socialise because their families may have difficulty meeting costs of uniforms, school trips, music, art and out-of-school activities.³ Poverty can also affect a child's social confidence and relationships with other children: children report that being seen to be poor carries a great stigma and a fear of being excluded by their better-off peers.⁴

Child outcomes **3.7** Early social experiences are important determinants of later life chances and children in low-income families can face a 'double disadvantage' as they may be less likely to receive the stimulation and resources they need at home⁵ and disadvantaged children tend to attend pre-school education for shorter periods of time than those from more advantaged groups.⁶ This can have a profound effect on children's educational attainment. Studies that assess children's ability over time show that those children who scored highly on tests aged 22 months, but were from low socio-economic groups, were overtaken by children from high socio-economic groups in tests when they reached primary school.⁷ These differences persist so that only 35.5 per cent of children eligible for Free School Meals achieve five good GCSEs compared to 62.8 per cent of other children.⁸ However, there is steady progress to report against this measure and the Government's commitment is to narrow the gap further by 2010-11 as set out in Chapter 4.

3.8 There are also significant and sustained gaps in participation in post-16 full-time education and training. Much, but not all, of the social class gap in participation can be explained by differences in prior attainment.⁹ Those with lower levels of attainment at GCSE are much more likely to not be in employment, education and training (NEET) between age 16 and 18: 8 per cent of those gaining five A*-C grades at GCSE are NEET at age 18 compared to 20 per cent of those with no GCSEs.¹⁰

³ *The impact of poverty on young children's experience of school*, JRF, 2007

⁴ *Children and Young people Today, Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

⁵ *Social Mobility, Life Chances and the Early Years*, CASE Paper 88, Waldfogel, J. ESRC, 2004

⁶ *The Effective Provision of Pre-School Education (EPPE) Findings from Pre-school to the end of key stage 1*, Sylva, Melhuish et al, November 2004

⁷ *Inequality in the Early Cognitive Development of British Children in the 1970 Cohort* Feinstein, L. *Economica*, Vol. 70 pp.73-97 2003

⁸ *National Statistics First Release (2007) National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics in England, 2006/07*. DCSF, November 2007.

⁹ *Children and Young people Today, Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

¹⁰ *National Statistics First Release (2006) Youth Cohort Study: The activities and experiences of 18 year olds: England and Wales 2006*. Department for Children, Schools and Families, November 2006

Adult outcomes **3.9** All of the above outcomes can have an impact on children's employability as adults: children who grow up in low-income households are more likely than others to become unemployed or to do low paid jobs.¹¹ This is partly driven by gaps in educational attainment. But evidence suggests that children growing up in families with financial difficulties have worse employment prospects aged 23, and lower employment prospects and wages (for men) aged 33, independently of other aspects of home background and of educational outcomes.¹²

Effects on the economy **3.10** As well as affecting an individual's future employment and earnings, lower levels of attainment and participation have repercussions for the economy as a whole. Education and skills have a key impact on productivity, and can also help to generate new innovations, technologies and ideas that benefit the economy. The effects of globalisation make this impact more pronounced as greater international competition, accelerating technological change and changing patterns of consumer demand are likely to increase the demand for higher-level skills and greater adaptability on the part of individuals.¹³

Wider costs **3.11** Poor educational outcomes also have a wider impact on society and generate costs for public services. For example, analysis of the costs associated with young people that are NEET aged 16-18 concluded that the total estimated additional lifetime costs at 2000-01 prices were £7 billion in resource costs and £8.1 billion in public finance costs at a conservative estimate. The costs considered included educational underachievement; unemployment; crime; poor physical and mental health; and substance abuse.¹⁴

Staying safe and healthy

Childhood experiences **3.12** Despite significant cross-government priority placed on reducing health inequalities,¹⁵ children who experience poverty in childhood can still experience poorer health outcomes as a result of growing up in poverty. Poor housing and overcrowding means that children lack suitable and safe places to play and study, leading to worse experiences and health outcomes, including diminished resistance to respiratory infection, hypothermia and asthma.¹⁶ Analysis by the Joseph Rowntree Foundation¹⁷ estimated that some 1,400 lives would be saved per year among those under 15 if child poverty were eradicated.

Child outcomes **3.13** Children in poverty have worse health outcomes across a range of indicators. For example:

- they are more likely to be born prematurely, have low birth weight, and die in their first year of life;¹⁸

¹¹ *Child Poverty Review*, HM Treasury, July 2004

¹² *Child development and family income*, Joseph Rowntree Foundation, Gregg, P., Harkness, S and Machin, S. 1999

¹³ *Productivity in the UK 7: Securing long-term prosperity*, HM Treasury

¹⁴ *Estimating the Cost of being "Not in Education, Employment or Training" at Age 16-18*, Department for Education and Skills Research Report RR346, June 2002

¹⁵ *Tackling Health inequalities: 2004-06, data and policy update for the 2010 National Target* Department of Health, 2007

¹⁶ *Child Poverty Review*, HM Treasury, July 2004

¹⁷ *Reducing Health Inequalities in Britain*, Joseph Rowntree Foundation, September 2000

¹⁸ *Child Poverty Review*, HM Treasury, July 2004

- children and young people from lower income households are more likely to report longstanding illness and less likely to report good or very good general health;¹⁹
- children from unskilled, working-class backgrounds are three times as likely to have a mental disorder as children from professional backgrounds (14.5 per cent compared to 5.2 per cent). The rate for families where the parents had never worked was 21.1 per cent;²⁰
- children living in deprived areas are significantly more likely to be obese: levels of obesity in Year 6 children (age ten-eleven years old) are about 10 percentage points higher in the most deprived local authorities compared with the least deprived;²¹ and
- despite a good record overall, children from poorer backgrounds remain most vulnerable to accidents. They are 13 times more likely to die from unintentional injury, and 37 times more likely to die as a result of exposure to smoke, fire or flames.²²

Adult outcomes **3.14** These childhood experiences can continue into adulthood and affect adult outcomes. For example, children with low birthweight tend to have a lower IQ, impairing performance in school and job opportunities as an adult.²³ Children from low income households are also more likely to have reported problems with alcohol or are likely to smoke.²⁴ Smoking is also a key causal factor for the significant socio-economic differences in the incidence of cancer and heart disease: among males aged 35-69 it has been estimated that if smoking rates among social class V were the same as those in social class 1 this would remove around 50 per cent of the inequality in the incidence of these diseases.²⁵

3.15 Levels of teenage conception fell between 1998 and 2006 by 13.3 per cent. However, growing up in poverty is associated with a substantially higher risk of teenage pregnancy, especially for girls who experience life in a workless household when aged 11-15.²⁶ Teenage parenthood can have a negative impact on a mother's health and life chances but also on the outcomes of her children: children born to teenage parents have a high risk of poverty and are twice as likely as other individuals to become teenage parents themselves, creating intergenerational cycles of deprivation.²⁷

Wider costs **3.16** The above outcomes negatively affect the quality of life of children experiencing poverty both as children and adults, but they can also be expensive for public finances and the economy. For example, it is estimated that obese and overweight individuals

¹⁹ *Child Poverty Review*, HM Treasury, July 2004

²⁰ *Children and Young people Today, Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

²¹ National Child Measurement Programme: 2006-07 school year. The Information Centre for Health and Social Care, 2008. Deprivation is measured by the 2007 IMD score.

²² *Better safe than sorry*, Audit Commission, 2007

²³ *Families with children in Britain: Findings from 2005 Families and Children Study (FACS)* Department for Work and Pensions Research Report 424 Hoxhallari, L., Connolly, A. and Lyon, N. 2007

²⁴ *ibid*

²⁵ *Tackling Health Inequalities*, Department of Health, 2002

²⁶ *The outcomes for poverty of children: DWP Research Report 158*, Ermisch, J., Francesconi, M and Pevalin, D. J. 2001

²⁷ *Children and Young people Today, Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

cost the NHS £4.2 billion, and that this will double by 2050.²⁸ Illness also brings costs to the economy more broadly. For instance, sickness absence reduces productivity. It is estimated that about 34 million work days are lost in England and Wales each year due to sickness absence caused by smoking. In Scotland, this productivity loss is estimated to be £400 million per annum. While these figures relate to sickness caused by smoking only they give some indication of the economic costs of avoidable ill health.²⁹

Crime

Childhood experiences **3.17** Overall crime levels have fallen since 1997 but children living in deprived areas are still more likely to be exposed to crime than the national average: in 2006-07, in deprived areas, the proportion of adults experiencing crime was 29 per cent compared to 20 per cent in the least deprived areas.³⁰ Such exposure to crime can increase young people's risk of emotional and behavioural problems.³¹

Child outcomes **3.18** There are associations between youth crime, parental crime and child poverty. Children in families with parents in prison are vulnerable to financial instability, poverty and debt.³² It has been estimated that during 2005 around 162,000 children had a parent in prison, and this has significant consequences for these children's outcomes.³³

3.19 Poverty can lead to an increased risk of being a perpetrator of crime and anti-social behaviour. However, it is not a direct link; other factors associated with being a perpetrator, such as parental depression and family conflict, can mediate the effects.³⁴ Another key factor is being a victim of crime, as being an offender and victim of crime are closely related³⁵ and children growing up in poverty are more likely to be victims of crime than others.³⁶

Adult Outcomes **3.20** The vast majority of children growing up in poverty do not become involved in crime. However, involvement in crime can negatively impact on children's immediate and adult life chances: young offenders stand a disproportionate chance of suffering other problems including educational underachievement, mental health problems, teenage pregnancy and poor employment prospects. When these young people have children of their own, these children are more likely to live in poverty.³⁷

Wider costs **3.21** The impact of crime is much broader and covers the whole of society. Victims of crime face substantial costs, for example through having property stolen, damaged or destroyed, or through the opportunity cost of time spent dealing with the crime and through the emotional and physical impacts of crime. In addition, protecting against

²⁸ *Foresight Tackling Obesity: Future Choices*, Government Office for Science 2007.

²⁹ *Economics of smoking cessation*, Parrot, S. and Godfrey, C. *BMJ* 2004; 328; pp.947-949, 2004

³⁰ *Crime in England and Wales 2006-07*, Home Office, 4th Edition, Ed. Nicholas, S., Kershaw, C., & Walker, A., 2007

³¹ *Child victims: crime, impact and criminal justice*. Morgan, J. and Zedner, L., Oxford: Clarendon Press, 1992

³² *Poverty and disadvantage among prisoners' families*, Smith, R., Grimshaw, R., Romeo, R., & Knapp, M., Joseph Rowntree Foundation, 2007

³³ *Children of Offenders Review* Department for Children, Schools and Families/Ministry of Justice, 2007

³⁴ *Children, crime and illegal drug use*, Neale, J in Bradshaw, J and Mayhew E (ed) *The well-being of children in the UK*, 2nd Edition, Save the Children, 2005

³⁵ *Young people and crime: Findings from the 2005 Offending, Crime and Justice Survey*, Home Office Statistical Bulletin and *Child victims: crime, impact and criminal justice*, Morgan, J., and Zedner, L., Oxford: Clarendon Press, 1992

³⁶ *Child Poverty Review*, HM Treasury, July 2004

³⁷ *Child Poverty Review*, HM Treasury, July 2004

crime can incur costs such as defensive expenditure or measures to reduce the consequences of being a victim, such as insurance.³⁸

3.22 Crime also places a burden on public services. The direct financial costs to the public sector of disruptive, antisocial and criminal behaviours among children include: the costs of the youth justice system; the cost of pupil referral units and other measures to deal with school children with behavioural issues; and the cost of programmes to combat drug abuse and support drug users.³⁹

The costs of living in a deprived community

Child outcomes 3.23 Poor opportunities and experiences in the community often accompany poverty and exacerbate its effects.⁴⁰ Since 2001 substantial investment has funded improvements in some of the most deprived communities⁴¹ but children in deprived areas can still lack safe environments to socialise and play: for example, 25 per cent of children in the poorest fifth of the population do not have access to outdoor space or facilities to play safely compared to 15 per cent of all children.⁴² Fear of crime and unsafe, poorly maintained public spaces in deprived areas means children are often kept inside. This can impact on their cognitive development, communication skills and health.⁴³

Wider costs 3.24 Poverty can also affect the ways in which individuals participate in society, form social networks and develop shared values. The concept of social capital is complex; as the Office for National Statistics⁴⁴ explains ‘while definitions of social capital vary, the main aspects are citizenship, neighbourliness, trust and shared values, community involvement, volunteering, social networks and civic participation.’ Evidence shows that low social capital is related to poverty and other associated factors including employment, community deprivation and level of education. For example, 86 per cent of people with an A level qualification or above had three or more people to turn to in a crisis, compared with only 77 per cent of people without any qualifications.⁴⁵

3.25 There are a number of ways in which poverty might damage social cohesion:

- poverty can affect the ability of families to participate in society and form social networks. For example, a lack of income may affect their ability to join clubs or attend events and a lack of safe, pleasant spaces in the community can reduce opportunities to meet and socialise with others;⁴⁶

³⁸ *The Economic and Social Costs of Crime: Home Office Research Study 217*, Brand, S. & Price, R., 2000

³⁹ *The Cost of not ending child poverty: how can we think about it, how it might be measured, and some evidence*, Hirsch, D., Joseph Rowntree Foundation, 2006

⁴⁰ *Parenting and children's resilience in disadvantaged communities*, Seaman, P., Turner, K., Hill, M., Stafford, A., & Walker M., National Children's Bureau, 2006

⁴¹ *New Deal for Communities: A synthesis of new programme wide evidence: 2006-07*, Centre for Regional, Economic and Social Research at Sheffield Hallam University, 2008

⁴² *Households Below Average Income*, Great Britain figures, Department for Work And Pensions, 2007

⁴³ *Poverty and Place: Does Locality Make a Difference?*, Hooper C., Gorin S., Cabral C. & Dyson C., Poverty, vol. 128, pp.7-10. Autumn 2007; *City Survivors: Bringing Up Children in Disadvantaged Neighbourhoods*. Power, A., The Policy Press, 2007; and *Parenting and Children's Resilience in Disadvantaged Communities*, Seaman, P., Turner, K., Hill, M., Stafford, A. & Walker, R., Joseph Rowntree Foundation, 2006

⁴⁴ Office for National Statistics, <http://www.statistics.gov.uk/socialcapital/>

⁴⁵ *Investing in each other and the community: the role of social capital*, Haezwindt, P., Social Trends 33, 2003

⁴⁶ *City Survivors: Bringing Up Children in Disadvantaged Neighbourhoods*, Power, A., The Policy Press, 2007

- poverty can affect relationships between people and create social divides: different expectations, attitudes and experiences make it more difficult for individuals from different social groups to bond. Differences in spending power mean that different groups pursue different activities;⁴⁷ and
- there can be a stigma attached to poor communities, which affects perceptions of the individuals who live there by others. This stigma can be damaging to relationships, as it affects trust and reinforces inequalities.⁴⁸ Similarly, children who grow up in poverty report a stigma attached to poverty which makes it harder for them to make friends and increases the likelihood of bullying.⁴⁹

3.26 Relationships between individuals and cohesion in communities matter because they affect the quality of people's everyday experiences. Social capital also has a range of positive consequences for individuals and society including improvements in wellbeing, health, education and crime. Social capital can help individuals to find a route out of poverty; extensive and diverse social networks are associated with employment, career advancement and pay.⁵⁰

PROTECTIVE FACTORS

3.27 It is important to recognise that none of the above consequences of poverty are a foregone conclusion. The outcomes for poor children are not pre-determined by their situation, and with the right support children in poverty can go on to achieve success in life:

- educational attainment can help to mitigate against poverty experienced during childhood and its impact on adult outcomes;⁵¹
- parents have an important impact on children's well-being and outcomes. Good relationships between children and their parents help children to cope with adversity. A positive parenting style can reduce the likelihood that disadvantages such as growing up in a low-income household or deprived neighbourhood will have a negative impact;⁵²
- parental interest in their child's education throughout life has an impact on attainment.⁵³ Some studies suggest that parent involvement in a child's schooling between ages 7 and 16 is a more powerful force on achievement than family background and parent education levels;⁵⁴

⁴⁷ *Poverty and Place: Does Locality Make a Difference?*, Hooper C.-A., Gorin S., Cabral C. & Dyson C., Poverty, vol. 128, pp.7-10. Autumn 2007; and *Living with hardship 24/7: The diverse experiences of families in poverty in England*, Hooper C.-A., Gorin S., Cabral C. & Dyson C., London: Frank Buttle Trust, 2007

⁴⁸ *Challenging Images, Housing Estates, Stigma and Regeneration*, Dean, J., & Hastings, A., Joseph Rowntree Foundation, 2000

⁴⁹ *Children and Young People Today: Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

⁵⁰ *Investing in each other and the community: the role of social capital*, Haezwindt, P., Social Trends 33, 2003

⁵¹ *Bucking the Trend: What enables those who are disadvantaged in childhood to succeed later on in life*, Blanden, J., Department for Work and Pensions, 2006

⁵² *Competence in the Face of Adversity: The Influence of Early Family Environment and Long-Term Consequences.*, Schoon, I. and Parsons, S. *Children and Society*, 16 (4), 260-72, 2002

⁵³ *Reaching Out: Think Family*, Cabinet Office 2007

⁵⁴ *Children and Young People Today: Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

- high quality early education can have a marked effect on children's early development, and has been shown to produce cognitive gains with lasting effects including reductions in delinquency, crime and teenage pregnancy. The positive effects of high quality early years education and care are larger and longer lasting for low-income families and can reduce differentials between children from different backgrounds;⁵⁵
- social and emotional skills are important determinants of a range of outcomes. High levels of these non-cognitive skills can have a positive impact on attainment, employment, mental and physical health, and lower the likelihood of involvement in crime or risk-taking behaviour. Children with good social and emotional skills create friendships and support networks, and develop greater resilience, which helps them to overcome the effects of poverty;⁵⁶ and
- friendship is a key protective factor and can help children to cope with negative experiences, such as bullying and family breakdown. Having friends not involved in delinquent behaviour reduces the likelihood of otherwise high risk individuals engaging in it.⁵⁷

3.28 Given the importance of these protective factors in improving outcomes for children today and in the future, the Government has made them a key policy priority in its strategy to tackle child poverty as set out in Chapter 4.

CONCLUSION

3.29 Child poverty does not just damage the lives and life chances of poor children but affects the day to day lives of everyone in the UK. It has substantial costs to society as a whole as well as to individuals. These costs will only escalate if child poverty is not effectively tackled. Similarly, reductions in child poverty will benefit everyone: more children will fulfil their potential, more families and communities will prosper and the UK will succeed. This is why it is in everyone's interests to play their role in eradicating child poverty.

⁵⁵ *Social Mobility, Life Chances and the Early Years*, Waldfoegel, J., CASE Paper 88, 2004

⁵⁶ *Reaching Out: Think Family*, Cabinet Office 2007 and *Children and Young People Today: Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

⁵⁷ *Children and Young People Today: Evidence to support the development of the Children's Plan*, Department for Children, Schools and Families, 2007

GOVERNMENT ACTION: INVESTMENT AND PROGRESS SO FAR

The Government has taken concerted, strategic action to tackle all of the causes and consequences of child poverty in order to create long-term benefits for families and communities, raising incomes and improving outcomes now and in the future. The Government's strategy to date can be split into four broad themes:

- **Increasing employment and raising incomes: helping people who can work to move into employment and progress in work.** There have been increases in support and services to help parents overcome the constraints that may make work difficult. In particular, the Government has made a substantial improvement in the quality, availability and affordability of childcare.
- **Financial and material support: providing additional resources to make sure that work pays and to help families who cannot work.** The tax and benefit system has been substantially reformed to provide help for all, and extra help for those who need it most, while still maintaining incentives to work. These reforms have been key to alleviating child poverty: had the Government done nothing other than simply uprate the 1997 tax and benefit system child poverty might be 1.7 million children higher than today.
- **Ensuring that communities are safe, sustainable places where families can thrive.** Over the past decade the New Deal for Communities (NDC) and the Neighbourhood Renewal Fund (NRF) have tackled the problems faced by some of the most deprived communities.
- **Improving poor children's life chances: improving opportunities and outcomes for children from low-income families.** The Government is improving poor children's life chances: tackling the effects of poverty now, and preventing it occurring in the future. The Every Child Matters reforms are driving system-wide integration across children's services and improving opportunities and outcomes for children from low-income families. Improvements in early education and in school standards are closing the gaps in attainment between poor children and their peers. The Government set out in the *Children's Plan* a far-reaching agenda with new ambitions for children's services to improve the outcomes for children and young people.

4.1 The Government is committed to tackling child poverty in a sustainable way; supporting parents to move into, remain and progress in work, but also improving children's outcomes so that their quality of life and life chances are improved, and future poverty is prevented. The *Child Poverty Review*¹ set out a comprehensive strategy for tackling child poverty based around the principles of work for those who can and financial support for those who cannot; tackling material deprivation; and improving the life chances of children. As a result of the Government's policies and investment some 600,000 children were lifted out of relative poverty between 1998-99 and 2005-06.

¹ *Child Poverty Review*, HM Treasury, July 2004

Box 4.1: The devolved administrations

This document focuses only on policies generated from Westminster: some of these policies, such as work and benefits policy, will effect change across the UK, whereas others, such as childcare and education, may not apply to some, or all, of the devolved administrations. Measures discussed in the rest of this document that relate to the Department for Children, Schools and Families (DCSF) are for England only.

The devolved administrations also have a strong story to tell, and have made good steps towards eradicating child poverty. More detail on relevant policies and progress made in the devolved administrations can be found in their individual child poverty strategies:

- The Scottish Government's Economic Strategy has targets on solidarity and cohesion that will help to tackle child poverty. The Scottish Government has also recently launched a discussion paper on *Taking Forward the Government Economic Strategy: Tackling Poverty, Inequality and Deprivation in Scotland*. Other policies also contribute to addressing child poverty, such as those relating to health inequalities or focussing on children's early years.^a
- The Welsh Assembly published their child poverty strategy, *A Fair Future for Our Children*, in 2005. On the 20 February 2008 the Welsh Assembly Government also issued a Written Statement on Child Poverty.^b
- The Northern Ireland Executive's first 'Programme for Government' set out plans and priorities for 2008-11, including targets to tackle child poverty. *Lifetime Opportunities, Government's Anti-Poverty and Social Inclusion Strategy* was launched under direct rule but has not yet been formally adopted by the devolved administration in Northern Ireland. In line with its statutory obligation under Section 16 of the Northern Ireland (St Andrews Agreement) Act 2006, the Executive Committee will shortly consider proposals on the adoption of a strategy to tackle poverty, social exclusion and patterns of deprivation based on objective need.^c

^aFurther details of both these papers are available at <http://www.scotland.gov.uk>

^bFurther details are available at <http://www.assemblywales.org>

^cMore information is at www.pfgbudgetni.gov.uk and www.ofmdfmni.gov.uk/central-anti-poverty-unit

4.2 Poor families are not only better off in income terms since 1997, but they have also benefited from increased spending through public services.² Some of this spending has benefits that cannot be reasonably attributed to households. However, many other public services have a direct impact on households' income through providing free or subsidised services such as the National Health Service, state education, and social housing, which improve families' situation and reduce their need to spend income on goods and services.

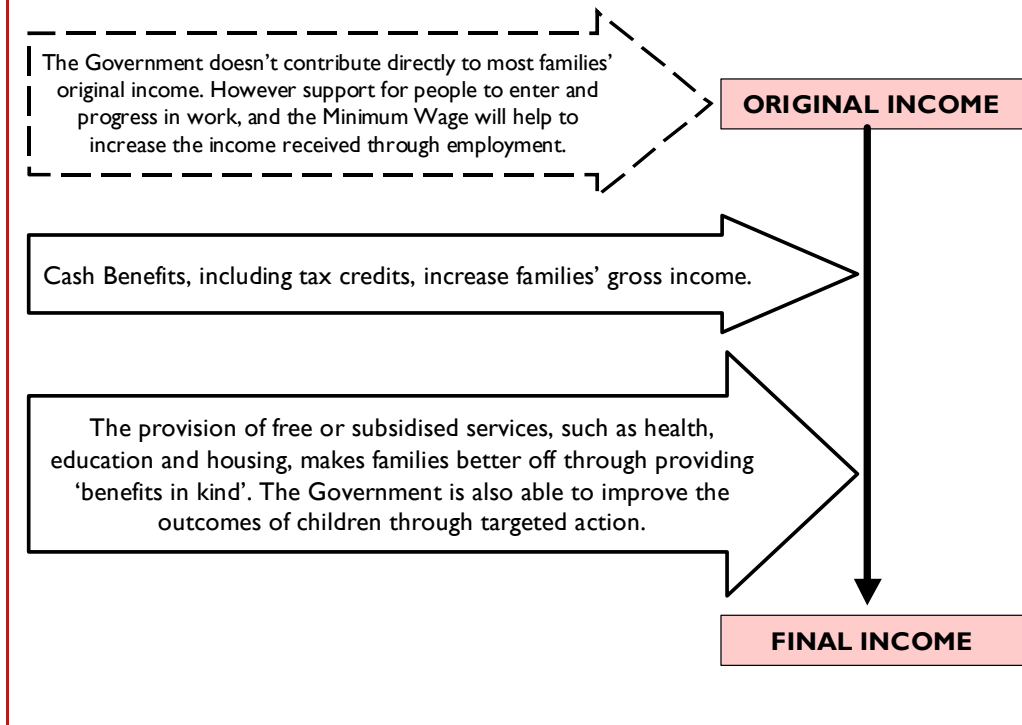
4.3 Poor families are receiving a greater proportion of this increased spending on public services.³ The Office for National Statistics estimated that, in 2004-05, the impact of these welfare services on household income was equivalent to £6,700 for all

² *That's the Way the Money Goes: Expenditure patterns as real income rise for the poorest families with children*, Gregg, P., Waldfogel, J. and Washbrook, E., in *A more equal society? New labour, poverty, inequality and exclusion*, Hills, J and Stewart Policy Press, 2005

³ *The Changing Distribution of the Social Wage*, Sefton, T., Joseph Rowntree Foundation, 2007

households in the bottom quintile compared with £3,900 by the top fifth.⁴ However, this is likely to underestimate the difference in benefits received between social groups: it does not include services targeted at low income areas, such as Sure Start, and does not take into account the differences in use of welfare services related to income and other socio-economic characteristics.⁵

Figure 4.1: Ways the Government can supplement a household's income



4.4 Chapter 2 discussed the diverse range of factors that contribute to child poverty, including parental worklessness or low pay, material deprivation, financial exclusion and community level factors. It also showed that the causes of worklessness and low pay are multiple, complex and overlapping and can be influenced by childhood development and early experiences.

4.5 Recognising the multiple factors that cause child poverty, the Government's strategy is also broad-ranging, aiming to eradicate all the causes of child poverty now and in the future. The Government strongly believes that work is the most sustainable route out of poverty and supporting parents into work is at the heart of the Government's strategy to tackle child poverty. The Government is also committed to supporting parents in their parenting role and delivering excellent public services that improve children's lives in the short term and break cycles of deprivation in the long term. Key to the Government's approach to tackling child poverty is the principle of progressive universalism: delivering help for all families and more help for those who need it most, when they need it most.

⁴ *The effects of taxes and benefits on household income 2004-05*, Jones, F., Office for National Statistics, 2006

⁵ *The Changing Distribution of the Social Wage*, Sefton, T., Joseph Rowntree Foundation, 2007

4.6 The following sections set out the Government's strategy and the progress that has been made. Annexes A, B, C and D summarise some of the key measures that have been implemented.

INCREASING EMPLOYMENT AND RAISING INCOMES

4.7 Workless families have the highest risk of poverty but work also has positive impacts that go beyond increased income: improving wellbeing and raising aspirations for both children and their parents. The Government's aim is to see more parents in work, to help them to balance work and family life, and to ensure that those in work can escape poverty. The Government is committed to a vision where everyone who is able to work should have the opportunity to do so and should be given the support appropriate to their individual needs.

4.8 The Government's strategy to date has been to ensure that there are opportunities for parents to find suitable jobs, and that they have the support that they need to overcome constraints and make positive choices about entering work. When parents are working the Government is committed to ensuring that individuals are supported to stay, and progress, in work. This is achieved through:

- active labour market policies that provide targeted support for groups who are disconnected from the labour market and need extra help to tackle practical constraints to work and find employment;
- making work pay and improving incentives for individuals to participate in the labour market. The National Minimum Wage guarantees a minimum level of income for those entering work complemented by the Working Tax Credit (WTC);
- ensuring that all parents who want to can access flexible, affordable, good quality childcare delivered locally;
- increasing opportunities for parents to develop the employment-related skills they need to enter and progress in work through fully funding literacy and numeracy programmes and first full level 2 qualifications, as well as encouraging all employers to make a 'Skills Pledge' to support their employees to become better-skilled; and
- making it easier to balance work and family life, through rights to flexible working and parental leave. The law places a duty on employers to consider such requests seriously and only reject them for good business reasons.

4.9 Recent years have seen an increase in the numbers of parents in work: the proportion of children under-16 living in workless households in Great Britain has fallen in most years since 1997, standing at 16 per cent in the second quarter of 2007, compared with 18.7 per cent in 1997.⁶ Particular improvements have been seen in the number of lone parents in work: in the second quarter of 2007 there were more than one million lone parents in work, 335,000 more than in 1997.⁷

⁶ ONS *Labour Force Survey* (spring quarters 1997-2006) taken from *The Children's Plan Evidence Paper*, Department for Children, Schools and Families, 2007

⁷ ONS *Labour Force Survey* 2nd quarters 1997 to 2007

Active labour market policies

4.10 Active labour market programmes available through Jobcentre Plus offer packages of targeted support and incentives to parents, to encourage them to grasp the opportunities available to help them enter and progress in work. As outlined in Box 4.2, these packages are tailored to the particular needs of lone parents, parents on Jobseeker's Allowance (JSA) and disabled parents.

The New Deal 4.11 The New Deal has been fundamental to the success of the Government's Welfare to Work policies. The New Deal provides a range of support based around Personal Adviser interventions and access to a range of more intensive interviews. The New Deals for lone parents and for partners offer further support tailored to meet the specific needs of parents, including support for childcare and progressively, the In-Work Credit which will be available to lone parents nationally from 2008 and to couple parents in the New Deal Plus pilot areas from July 2008. The Government is introducing further specialist support for disabled people through the national roll-out of the successful Pathways to Work pilots. In the 10 years since its inception, the New Deal has, in total, helped find over 1.8 million jobs for people, including young people, the long-term unemployed and lone parents.⁸

⁸ *Ten years of the New Deal*, Department for Work and Pensions, January 2008

Box 4.2: Helping parents back to work

Children living with a workless lone parent are eight times more likely to be in poverty than those living with a lone parent in full-time work. The Government's support for lone parents has focused on ensuring that work pays, that barriers to employment are addressed and that lone parents are made aware of the employment opportunities available to them through Work Focused Interviews and the New Deal for Lone Parents (NDLP). Since October 1998, the NDLP has helped over half a million lone parents into work; of these, 60 per cent are recorded as having entered sustained employment. With increased childcare and employment support in place, it is now reasonable that lone parents who are able to look for work should move from being passive benefit recipients to active jobseekers. From October 2008, lone parents with children over 12 years old will lose eligibility to Income Support solely on the grounds of being a lone parent. They will move to JSA where they will be expected to actively seek work in return for extra advisory support, or another benefit appropriate for their circumstances. It is estimated that this will increase the number of lone parents in work by between 75,000 and 100,000 and lift 70,000 children out of poverty. An in-work support package will be launched from April 2008 to help lone parents to sustain and progress in work.

There are around 90,000 parents on JSA and this will increase when the conditionality changes for lone parents come into effect. The Flexible New Deal is being introduced from October 2009 to modernise and streamline the existing New Deal support programmes, for those who fail to find work in the early stages of the claim. This will offer greater flexibility and more personalised work-focused support, in partnership with specialist employment providers.

Over 400,000 Incapacity Benefit (IB) claimants have dependent children, including 140,000 lone parents. From late 2008, an integrated and simplified Employment and Support Allowance (ESA) will replace the current system of IB for new claimants. ESA will have a clearer balance of rights and responsibilities. This will be supported by the national rollout of the successful Pathways to Work programme in 2008, delivered primarily by the private and third sectors. From April 2008 Return to Work Credit will be available across the country for IB claimants moving into work paying less than £15,000 per year, ensuring the move into work lifts them out of poverty.

Reaching partners 4.12 As noted in Chapter 2 more than a third of all ethnic minority groups live in poverty. The Government has examined some of the barriers to ethnic minority participation in the labour market and recognises that certain groups of parents are less likely to take advantage of work support and opportunities available. As a result, ten Partners Outreach for Ethnic Minorities pilots have been established that are testing ways to help non-working partners who may not have contact with Jobcentre Plus, especially in Bangladeshi, Pakistani and Somali communities, by working through private, voluntary and community sector organisations who have close links with target groups.

Sustainable employment and progression

4.13 Tackling poverty requires employment support focused not just on job entry, but also on helping people stay in work and progress in the labour market. The Government has taken steps to promote progression in employment by improving the integration of employment and skills. Central to this is the need for Jobcentre Plus and the Learning and Skills Council to work together more closely on longer-term support, retention and

advancement – delivering a seamless, personalised service that enables low-skilled individuals to access the training they need to get a job, stay in a job and progress in their working lives.

Making work pay

National Minimum Wage **4.14** The introduction of the National Minimum Wage in 1999 guaranteed a fair minimum income from work, reversing the long-term trend of wages at the bottom end of the income distribution growing more slowly than median earnings. Annual increases have benefited around 1 million workers, although some workers may have gained from more than one increase.⁹ From October 2008 the National Minimum Wage will rise to £5.73 an hour for adults.

The Working Tax Credit **4.15** The Working Tax Credit (WTC) provides financial support on top of earnings for households with low incomes. In December 2007, around 2.3 million families with children and 350,000 households without children were benefiting from the WTC. Some 110,000 families benefited from the disabled workers element of WTC; over double the number who received support through its predecessor, the Disabled Person's Tax Credit.

4.16 The unemployment trap occurs when those without work find the difference between in-work and out-of-work incomes too small to provide an incentive to move into work. The combination of the National Minimum Wage and the Working Tax Credit means the Government has increased the minimum income that people can expect on moving into work, thereby reducing this problem.

Access to affordable childcare

Increased childcare provision **4.17** Since 1997 the Government has invested well over £21 billion in early years and childcare services. As a result the number of registered childcare places has more than doubled, so that there is now a registered childcare place for 1 in 4 children under 8.¹⁰ At present, every 3 and 4 year old is entitled to at least 12.5 hours free early education each week for 38 weeks a year. While take up of the free childcare entitlement is high, there is a gap in take up levels between those in the highest and the lowest income groups.¹¹ To resolve this issue the Department for Children, Schools and Families (DCSF) is working in conjunction with local services to spread messages about the benefits, availability and affordability of childcare more widely, and exploring how best to increase the take-up of formal childcare in minority ethnic communities.

4.18 By 2010 the Government is committed to ensuring that there is a children's centre in every community, and that every school will offer the full package of extended services. However, constraints, fear or unwillingness to engage may mean that some families still do not access and benefit from these services. As a result, the Government has committed funding for a minimum of two outreach workers in each children's centre in the most disadvantaged areas and the quality of outreach work will be improved through training and development.

⁹ *National Minimum Wage: Low Pay Commission Report 2007*

¹⁰ *The Children's Plan: Building brighter futures*, Department for Children, Schools and Families, 2007

¹¹ *The Children's Plan: Building brighter futures*, Department for Children, Schools and Families, 2007

Support for parents of disabled children **4.19** Parents of disabled children may find it particularly difficult to access childcare that meets their family's needs. As discussed in Chapter 2 just six in ten mothers with disabled children are in work compared to seven in ten mothers with non-disabled children. *Aiming high for disabled children: better support for families*¹² announced additional resource to fund a childcare accessibility pilot that will test ways in which local authorities can meet their duty to provide childcare for disabled children, with best practice rolled out more widely.

Improvements in basic skills

4.20 There have also been steady improvements in basic skill levels. The proportion of people with no qualifications has fallen from 22 per cent in 1994 to 13 per cent in 2005.¹³ More than 1.7 million adults have achieved a first qualification in literacy, language and numeracy through the Government's Skills for Life strategy.¹⁴ As of end December 2007 more than 962 employers have committed to the Skills Pledge, covering more than 2.7 million employees.

Flexible working

4.21 Flexibility is becoming a reality for more employees in the UK. Some 3.6 million employees are now entitled to make a request for flexible working.¹⁵ Research estimates that among UK employees at least 1.5 million successful requests for flexible working are made each year.¹⁶ Recent research indicates that, of mothers surveyed, 86 per cent whose employer offered five or more family-friendly arrangements returned to work compared with 64 per cent of mothers whose employers offered one or two family-friendly arrangements, and 42 per cent of those with no such arrangements available to them.¹⁷ The extension of Statutory Maternity Pay from 26 weeks to 39 weeks in April 2007 provides parents with more choice about the way they balance their childcare and work responsibilities, and allows parents to remain in the workforce while also spending valuable time with their children. The Government has committed to further increase the support given to working parents. The right to request flexible working will be extended to parents of older children. In addition there is a goal to extend statutory maternity pay and to introduce additional paternity leave and pay by the end of this Parliament. The Government will also look at going further for those with caring responsibilities.

¹² *Aiming High for Disabled Children: Better Support for Families*, Department for Children, Schools and Families, 2007

¹³ *Prosperity for all in the global economy-world class skills: Final Report of the Leitch Review*, HM Treasury, 2006

¹⁴ *World Class Skills*, Department for Innovation, Universities and Skills, 2007

¹⁵ Department for Business, Enterprise and Regulatory Reform, November 2007

¹⁶ *The 3rd Work-Life Balance Employee Survey*, *Employment Relations Research Series No 86*, Department for Business, Enterprise and Regulatory Reform, March 2007

¹⁷ *Maternity Rights and Mothers' Employment Decisions: Final Report*, La Valle, I., Clery, E., & Huerta, M. C. Department for Work and Pensions Research Report (to be published April 2008).

Box 4.3 Case study: helping lone parents into work

Nicola Bedford is a lone parent with two children. After eight years of unemployment, Jobcentre Plus helped Nicola to find a job providing secretarial support at Basildon University Hospital.

When Nicola first visited Jobcentre Plus, she met with an adviser to discuss job goals, training needs and developed a personal learning plan. After a couple of meetings, Nicola was referred to a local training course to help build her confidence and get practical advice. While on the course, Nicola's Jobcentre Plus adviser kept her informed of possible suitable vacancies. When Nicola found a suitable job and was ready to start work, her adviser helped her to sort out all her paperwork, including helping her apply for tax credits and Child Tax Credit.

Nicola explained:

"When I first came in to see Lorraine, my Jobcentre Plus adviser, I wasn't initially looking for work. To be honest I thought my skills were out of date as I hadn't worked since 1999. Being out of work for over eight years, I was feeling unconfident about my abilities although I had a secretarial background, my computer skills were out of date. Right from the very first meeting, Lorraine helped put me at ease. She listened to my concerns and without pressure made suggestions about my job options and training that I could access. In addition she explained about all the help I could receive if I returned to work, including financial help I could receive and advice on childcare".

FINANCIAL AND MATERIAL SUPPORT

4.22 While work is the most sustainable route out of poverty, the Government believes that a child's life chances should not be determined by their parents capacity to earn. It recognises that some parents face constraints that make it very difficult for them to work, such as poor health or disability. Others may find that, even if they work, they struggle to earn a sufficient income to escape poverty and deprivation. Financial exclusion can also exacerbate the problems facing poor families, directing their already low income away from valuable goods and services thus increasing material deprivation.

4.23 The tax and benefit system provides financial and material support to assist these families while maintaining incentives to work. The Government wants the system of support to be transparent, accessible, responsive and non-stigmatising. Recognising that some groups will always find working particularly challenging, the Government also aims to ensure that those unable to work are properly supported.

4.24 The Government's strategy for providing material and financial support for families is based on six elements:

- providing financial support through the tax and benefit system based on the principle of progressive universalism: support for all but more for those who need it most, when they need it most;
- designing the financial support system to maintain incentives to work, and to improve them where possible: the Working Tax Credit tops-up income from low-paid work and contains a childcare element, which provides support with up to 80 per cent of childcare costs, up to a maximum eligible amount;
- supporting families with children to maintain their income after family breakdown, through a child maintenance system which promotes parental

responsibility, provides a cost effective and professional service and ensures simplicity and transparency;

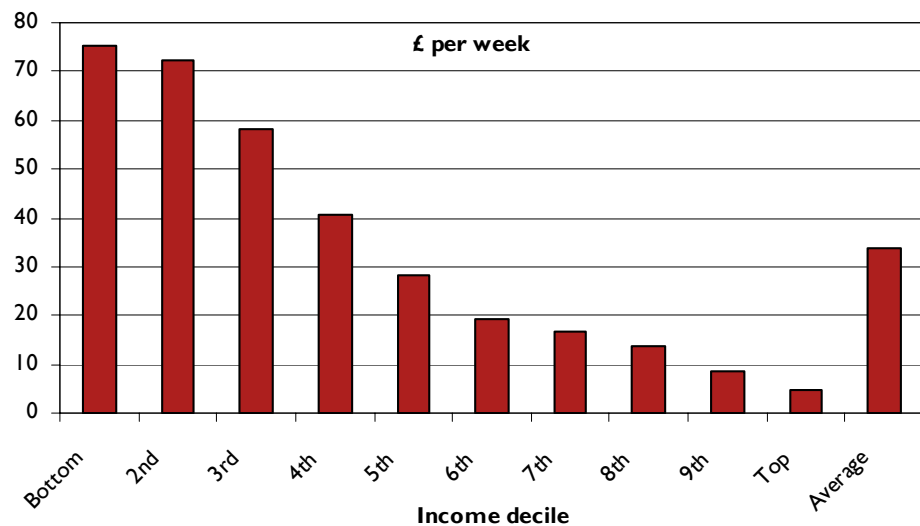
- improving living conditions by taking sustained action to increase the number of decent and affordable homes for families, and tackle homelessness and overcrowding, so that everybody has the opportunity to live in a decent home;
- tackling fuel poverty, through improving household heating and insulation to increase energy efficiency; and
- providing families with support to manage their finances, protect and grow their assets, and access the financial services which others take for granted.

Financial support

4.25 In line with the principle of progressive universalism, it is not just poor households who receive financial support. Child Benefit is a universal payment to help with the costs of raising children: it is available to all parents, whether in or out of work and regardless of income. Additional help then goes to those who need it most through the Child Tax Credit, Housing Benefit and Council Tax Benefit. Groups who find work particularly challenging such as lone parents, sick or disabled people and carers are eligible to claim Income Support or Incapacity Benefit. Take-up of tax credits is higher than any previous system of income-related support for in-work families. In 2005-06 take up of the Child Tax Credit was 82 per cent, with take-up among those with incomes less than £10,000 being 96 per cent and among lone parents 95 per cent.

4.26 Since 1997 the Government has radically reformed the system of financial support for families which, along with other changes to the personal tax and benefit system, mean that by April 2010, families with children will be on average £2,000 a year better off in real terms. Families with children in the poorest fifth of the population will be on average £4,500 a year better off in real terms.

Chart 4.1 Gains for families with children as a result of changes in financial support for families by April 2009



Source: HM Treasury

Chart includes policies up to and including Pre-Budget Report 2007 and only includes changes to measures that affect families with children such as Child Benefit and Tax Credits

Improving living conditions

Fewer families in low-quality accommodation

4.27 Far fewer families are now living in low quality or temporary accommodation. The Government has committed to reducing the number of families who are homeless and has a target to halve the numbers in temporary accommodation between 1997 and 2010. On 30 September 2007 there were 82,750 households in all forms of temporary accommodation in England, well on the way to meeting the 2010 target.¹⁸ Since 1997 there has also been a net reduction of 1 million children in non-decent homes among the poorest households.¹⁹ **By the end of 2010 over £40 billion will have been invested to improve the quality of social homes and 95 per cent of social homes are expected to be decent. In addition the Government has committed to build an additional 3 million homes by 2010 and over the next three years £8.4 billion will be invested in affordable housing.**

¹⁸ Figures from the Communities and Local Government Statistical Release, based on quarterly returns completed by local authorities in England and estimates for non-respondent authorities.

¹⁹ English House Condition Survey 1997-2006, Communities and Local Government, 2006

4.28 Too many children still live in overcrowded homes. In recognition of this, **in December 2007, the Government launched its Overcrowding Action Plan²⁰** which announced:

- £15 million additional funding to tackle overcrowding over the next three years;
- £3.8 million in 2008-09 for 38 pathfinder schemes which will join up existing funding streams and use a range of means to tackle overcrowding; and
- a commitment to updating the minimum standard against which local authorities assess overcrowding. Evidence secured through the pathfinders will be used to inform future strategy and establish a suitable timeframe for updating the statutory standards.

Steps to tackle fuel poverty

4.29 Fuel poverty is a particular problem for some families, and can lead them to live in uncomfortable and unhealthy environments. The Warm Front Scheme is a key element of the Government's strategy to tackle fuel poverty, providing a package of heating and insulation measures to private sector households in receipt of certain benefits. Warm Front has assisted 1.6 million households in England since 2000.²¹ Of these, 325,000 are known to have a child under 16. The Government successfully reduced fuel poverty between 1996 and 2004 by three million households across England. However, rising energy prices have had an impact on progress and in 2005, the number of households in the UK in fuel poverty rose.

Supporting families in managing their finances

Increased financial inclusion

4.30 Low-income households can be impoverished further because of restricted access to financial services such as bank accounts, money advice and affordable credit. In recognition of this the Government has made a substantial investment in financial inclusion. In December 2004 the Government created a dedicated Financial Inclusion Fund of £120 million to support a step-change in the three areas of access to banking, affordable credit and free, face-to-face money advice. The result has been a significant impact on financial exclusion in the UK.

4.31 Between 2002-03 and 2005-06, Family Resources Survey data shows that the number of adults without access to a bank account fell from 2.8 million living in 1.8m households to 2 million living in 1.3 million households.²² The fund has provided capital for lending to financially excluded customers through third sector lenders and has provided over 60,000 affordable loans to date. The fund has also enabled the Department for Business, Enterprise and Regulatory Reform to recruit and train money advisers through third sector advice providers across the country. So far over 90,000 clients struggling with debt have received free advice.²³ **In recognition of the value of this investment, the Government has announced that in 2008-11 there will be a new Financial Inclusion Fund of £130 million, which will support further face-to-face debt advice, continued support for third sector providers of affordable credit and a new financial inclusion 'champions initiative' to work strategically with local authorities and other key partners.**

²⁰ *Tackling Overcrowding in England: An Action Plan*, Communities and Local Government, 2007

²¹ *The UK Fuel Poverty Strategy: The 5th Annual Progress Report*, Department for Business, Enterprise and Regulatory Reform, 2007

²² *Financial inclusion: The Way Forward*, HM Treasury, 2007.

²³ *Financial inclusion: an action plan for 2008-11*, HM Treasury, December 2007

- Financial capability and Money Guidance** **4.32** The Government's approach on financial capability complements its work in tackling financial exclusion by taking a preventative approach, providing independent guidance on financial matters tailored to an individual's own needs. The Government has welcomed the conclusions of an independent review, led by Otto Thoresen,²⁴ which concluded on 3 March 2008 and sets out a blueprint for a new service providing 'Money Guidance'. The Government has announced that it will implement the review's central recommendation to launch a £12 million Money Guidance Pathfinder scheme in partnership with the Financial Services Authority. The Government will provide further detail in its financial capability action plan later in the spring.
- Incentives to save** **4.33** Savings are important in providing people with independence throughout their lives and security if things go wrong. Since 1997, the Government has aimed to support saving and asset ownership for all from childhood, through working life and into retirement. The Government has introduced Individual Savings Accounts (ISAs) which seek to develop and extend the saving habit and ensure a fairer distribution of tax relief. The Government has also introduced the Child Trust Fund (CTF), which seeks to promote saving and financial education and will ensure that in future all young people have a financial asset at the age of 18. Personal Accounts, for pension saving, will be introduced in 2012 and will promote saving for retirement. The Government has also piloted the Saving Gateway to promote saving and financial inclusion for those on lower incomes.
- Increases in the Social Fund** **4.34** The Social Fund provides a safety net of grants and loans for the most vulnerable in times of crisis, supporting those without a stock of savings and assets to fall back on. The Government sees the Social Fund as playing a valuable role in poverty reduction, and has invested heavily in Social Fund reform, most recently through the package of reforms announced in the 2004 Pre-Budget Report. These were designed to simplify the Budgeting Loans scheme, and to make it more accessible to customers. These measures were accompanied by an increase in funding of £210 million over the three years from April 2006. Additional support is available to families with severely disabled children through grants from the Family Fund.

TACKLING DEPRIVATION IN COMMUNITIES

4.35 Chapters 2 and 3 set out the impact that poor environments and deprived communities can have on the outcomes of individuals who live there. Poor opportunities and experiences in the community often accompany poverty and exacerbate its effects. The Government is committed to ensuring that no-one should be seriously disadvantaged by where they live, but tackling deprivation in communities requires more than just central government intervention: local authorities have a critical role to play in leading local action, working with local partners and improving local services to support poor families and improve their outcomes.

4.36 The Government's aim is to support local and regional agencies to make a difference in their areas, and to improve communities so that more families live in safe, sustainable and cohesive communities that offer the services and opportunities that they need to thrive. The Government's strategy to date has been based on the following key themes:

- support for all communities to develop family-friendly environments, particularly safe spaces to socialise, exercise and play;

²⁴ Thoresen review of generic financial advice: final report, HM Treasury, March 2008

- building a stable society where individuals feel secure and protected, by encouraging local partners to work together to tackle crime; and
- focusing resources on regeneration in deprived areas to overcome problems and stimulate economic growth.

The role of local authorities **4.37** Local authorities have a key part to play in leading local action, working with local partners and improving local services to support poor families and improve their outcomes. The Government is committed to supporting them in this role. The Local Area Agreement (LAA) process, alongside new governance and funding arrangements, gives local authorities and their partners the flexibility to find local solutions to local problems and prioritise spending to achieve the identified outcomes.

4.38 By June 2008, all areas will have a LAA: an agreement between local and central government including targets of both national and local interest and purely local targets. The framework of LAAs provides an opportunity for local authorities to recognise child poverty as a priority and build it into their mainstream programmes. Local authorities who are making good progress on delivering services that tackle child poverty will wish to apply for Beacon Status: the Beacon Scheme identifies and celebrates excellence in local authority services and highlights good practice that other areas can learn from.

Investment in deprived areas

New Deal for Communities **4.39** The New Deal for Communities (NDC) provides 39 of the most deprived neighbourhoods with £2 billion to tackle worklessness, crime, educational under-achievement, poor health outcomes and problems with housing and the physical environment. The long-term nature of this funding has facilitated community involvement and ownership and enabled innovative local level partnerships between key agencies.

Child-friendly public space **4.40** In December 2007 the Government announced substantial new investment to support local authorities, parents and communities in providing safe and fun play opportunities for children. **Some £225 million will be invested over the next three years to rebuild 3,500 playgrounds nationally focused on areas of greatest deprivation,** recognising that children in these areas have the greatest dependence on community play areas but are currently reliant on the poorest quality experiences.

Building a stable society

Decreases in crime and anti-social behaviour **4.41** Crime levels overall have fallen by around a third since 1997.²⁵ The risk of being a victim of crime for adults in 2006-07 was 24 per cent, significantly lower than the 40 per cent recorded in 1995.²⁶ There is also strong evidence that the Government's approach to tackling anti-social behaviour is working. Government has given local areas new tools to tackle antisocial behaviour through tiered powers and a combination of support and enforcement. There are also increased numbers of Police Community Support Officers patrolling the streets addressing low-level crime and anti-social behaviour, and building relationships with local people. In 94 per cent of local authorities high perceptions of anti-social behaviour have dropped over three years (2003 to 2006).²⁷

²⁵ *Cutting Crime - a new partnership*, Home Office, 2007

²⁶ *Crime in England and Wales 2006-2007*, Home Office, 2007

²⁷ *Cutting Crime - a new partnership*, Home Office, 2007

IMPROVING POOR CHILDREN'S LIFE CHANCES

4.42 The Government is committed to giving every child the best possible start in life and reducing the impact of poverty on children's experiences, opportunities and life chances. This is critical to overcome the injustices and effects of child poverty now and to prevent it in the future. Public services play a key role in tackling child poverty by ameliorating some of the immediate effects of growing up in poverty and providing poor children with opportunities to enhance their life chances and break cycles of deprivation. The Government is committed to delivering high quality public services that meet the additional needs of children in poverty and their families.

4.43 Some groups of children are particularly vulnerable and at risk of poor outcomes. These include children in care, young carers, disabled children and some children from ethnic minority backgrounds. The Government recognises the particular vulnerability of these groups and is committed to improving outcomes for these children so that equality of opportunity becomes a reality for all children. The Government has set out in the *Children's Plan* a far-reaching agenda with new ambitions for children's services to improve the outcomes for children and young people and reduce inequalities: from universal services covering health, early learning and education to targeted support for families and individuals.

4.44 The Government's strategy for improving the life chances of children in poverty focuses on boosting those protective factors which play a substantial role in supporting children to succeed, including:

- providing high quality early years education, proven to be a crucial determinant of later outcomes;
- improving schools and narrowing the gaps in educational outcomes, and supporting more young people from disadvantaged backgrounds on the path to success;
- promoting good social and emotional development through access to positive activities and an increased focus on personal, social and emotional skills;
- supporting parents to bring up their children and provide a good home learning environment through accessible, high quality information and support, family learning opportunities and targeted support where required; and
- system-wide integration across children's services bringing together universal and targeted services to improve outcomes for children and young people delivering more integrated and effective frontline services.

4.45 The strategy also addresses areas where children and young people from poorer backgrounds are at greater risk of harm including:

- safeguarding children through targeted actions to reduce the risks of vulnerable groups and responding quickly when harm does occur to reduce the long-term impact; and
- early intervention and ongoing support for young people who have additional needs or are at high and growing risk of poor outcomes, such as poor health, and crime and anti-social behaviour.

High quality early years education

More high quality early education

4.46 The Government provides £3 billion per year to fund the free entitlement for 3 and 4 year olds. Almost all 4 year olds, and 96 per cent of 3 year olds are taking up the offer.²⁸ The quality of early years education is critical to its success. The Early Years Foundation Stage sets standards for learning, development and care that every child should achieve in their early years, and provides a means to ensure quality across all settings. Achieving high quality provision also requires a well-trained workforce. The Government's aim is that, by 2015, all full daycare settings across England will have a graduate early years professional. A Graduate Leader Fund has been introduced specifically to support this to enable providers in the private, voluntary and independent sectors to be able to employ a graduate to lead learning and development. Alongside this, the Children's Workforce Development Council has developed the Early Years Professional Status (EYPS) as recognition of competence for those working with children in the 0-5 age range.

²⁸ *Provision for Children Under Five years of age in England*, Statistical First Release, 2007. Data based on returns from local authorities in England

Box 4.4: Children's centres and extended schools play a key role in raising incomes for families and improving outcomes for children

Children's centres and extended schools have made a significant contribution to the availability and affordability of childcare for all families. They also bring together other services – making it easier for families to receive the help they need, and for parents to access the support they need to work. Children's centres are one-stop central hubs for children under the age of 5 and their families. Centres serving the most deprived areas have access to family healthcare, advice and support for parents including drop-in sessions, outreach services, integrated early education and childcare and links through to training and employment. There are currently over 2,500 children's centres offering services to around 1.9 million children under 5 and their families and the Government is committed to delivering a children's centre for every community by 2010.^a Recent research on the impact of Sure Start Local Programmes (SSLPs, the first children's centres) on three year olds and their families suggests that:

- 3 year old children in SSLP areas had better social development than children in similar areas not having a SSLP; and
- families living in SSLP areas used more child- and family-related services than those living elsewhere.^b

Children's centres help parents find and use a range of employment related services. By working with centres, Jobcentre Plus can overcome problems about accessibility and trust among customers who might otherwise be excluded and better support parents and carers, particularly from the most disadvantaged families, who wish to consider training and employment.

Extended schools work with local providers, agencies, and in many cases other schools to provide access to the core offer of extended services: a varied range of activities including study support activities; childcare from 8am-6pm, all year round for primary schools and a safe place to be from 8am-6pm in secondary schools; parenting and family support; swift and easy access to specialist services such as speech therapy, and community use of facilities including adult and family learning and ICT. There are currently over 9,500 schools (around 2 in 5) providing access to the core offer of extended services in partnership with local providers.^c All schools will deliver access to the core of extended services by 2010. Evidence shows this approach is working and found positive impacts on pupil attainment and life chances, pupil engagement with learning and wider family outcomes. The Government has invested £680 million to deliver this vision and committed a further £1.3 billion over the next three years.

^a As of start of March 2008

^b *The Impact of Sure Start Local Programmes on Three Year Olds and Their Families*, National Evaluation of Sure Start (NESS), 2008

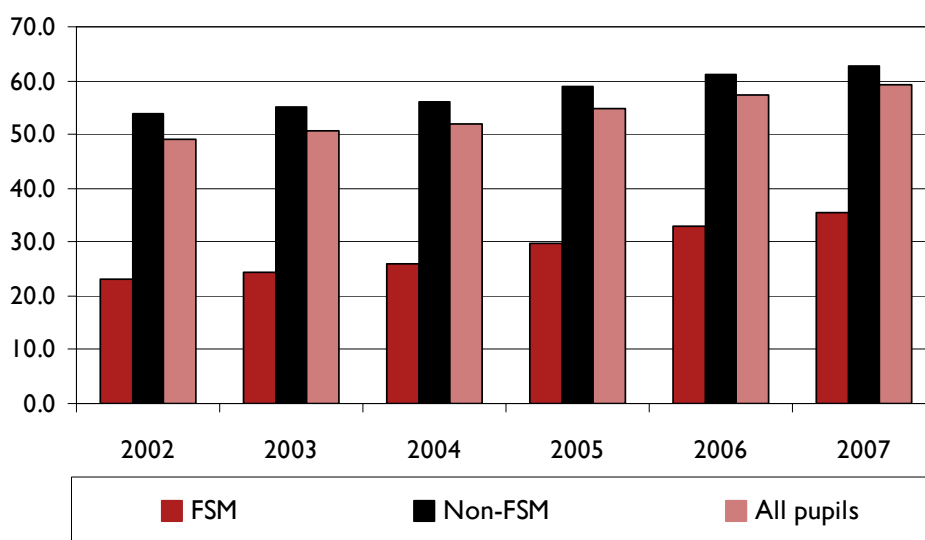
^c As of start of March 2008

Narrowing the attainment gap

4.47 Closing the achievement gap is crucial to long term employability and equality of opportunity. It will also break intergenerational cycles of poverty by helping children with low-income, poorly educated parents to achieve more and thus give their own children a better start too. Since 1997, standards in schools have been lifted across the board, with results at ages 11, 14, 16 and 19 now at or about their highest ever levels, and

far fewer weak or failing schools.²⁹ As standards have risen, more pupils from all socio-economic groups are reaching higher thresholds of achievement. The performance gap between the most and least deprived schools has fallen on most indicators. For example, the proportion of pupils in the most deprived schools obtaining 5 or more A*-C GCSEs (and equivalents) increased by 23 percentage points between 1999 and 2005 compared to an increase of four percentage points in the least deprived, thus narrowing the attainment gap by 19 percentage points.³⁰

Chart 4.3: Percentage of children achieving 5 or more Grades A*-C at GCSE and equivalent



Source: Data from National Pupil Database, DCSF Statistical First Releases 2002-2007

4.48 As set out in Public Service Agreement 11 the Government remains committed to narrowing the gap in educational achievement between children from lower income and disadvantaged backgrounds and their peers. This PSA objective will be reflected in plans at all stages of the education system – driving action and focusing attention in central government, local government and schools. The overall objective includes specific indicators namely: the achievement gap at Early Years Foundation Stage; the gap between pupils eligible for free school meals (FSM) and their peers achieving the expected level at Key Stages 2 and 4, and making two levels of progress in the course of each Key Stage; and the gap between the initial participation in full time higher education rates for young people aged 18, 19 and 20 from the top three and bottom four socio-economic classes.

4.49 The main lever to help deliver this ambition is a new approach within schools to personalisation. By improved assessment of each child's starting point and regular, light-touch but effective tracking of progress, schools are better able to ensure that every child achieves two levels of progress, and to engage parents more effectively in their child's

²⁹ *The Children's Plan: Building brighter futures*, Department for Children, Schools and Families, 2007

³⁰ *DfES Statistics of Education: Trends in Attainment Gaps: 2005*, National Statistics Bulletin, 2006

learning. The evidence shows that this is beginning to have a real impact. The next three years will see a vigorous implementation of the principles of personalisation and progression across the whole education system.

Supporting young people on the path to success

Increased participation in education

4.50 The Government is making substantial changes to the education system to ensure all young people stay on a path to success. The 14-19 reforms should enable every young person to engage in a course of learning that is improving their life chances and preparing them for the world of work. Recognising that some young people face financial barriers to participation after the age of 16, the Government provides financial support through financial packages such as the Education Maintenance Allowance.

4.51 The Government is committed to helping more people from under-represented groups, particularly low socio-economic groups, to participate successfully in higher education. Since the late 1990s, there have been some improvements in the social mix of higher education students, but progress has been slow and there are some signs of levelling off in recent years.³¹

Social and emotional development

4.52 Recent years have seen an increased focus on personal, social and emotional skills throughout the school system. By July 2008, 80 per cent of primary schools and 20 per cent of secondary schools will be undertaking the Social and Emotional Aspects of Learning programme, a comprehensive programme to develop social and emotional skills of all pupils through a whole school approach, and across the curriculum.

4.53 However, many young people from low-income households or deprived communities still miss out on activities and broader experiences in and out of school. Particular gaps have been identified in children's participation in positive activities. These can make a big difference in developing children's social and emotional skills, which play an increasingly important role in today's society and workplace. Therefore:

- the Government has invested £265 million in extended schools so that every child on free school meals will have access to 2 hours of free, positive activities per week by 2010;
- the Government wants to give every young person the access to five hours a week of high quality cultural activities in and out of school, and has provided £25 million to fund a series of pilots around the country to trial different approaches to delivering this offer; and
- recognising that positive activities and experiences are a vital part of happy and enjoyable teenage years, the Government has established a new Youth Taskforce has been established to improve the delivery of services for young people at a local level.

Positive activities

4.54 Boredom and a lack of facilities for young people have been linked to wider problems for society, such as youth crime, alcohol and drug abuse, and anti-social behaviour.³² The Government has increased opportunities for all children to enjoy their childhood and engage in positive activities, which also support future development. The Youth Opportunity Fund and Youth Capital Fund are available for young people to control to spend on positive activities and facilities in their neighbourhood. Local

³¹ *Participation Rates in Higher Education by Social Class: Social Trends*, Office for National Statistics data

³² <http://www.childreninwales.org.uk/areasofwork/childpoverty/endchildpoverty/network/2156/2160/index.html>

authorities are required to ensure that disadvantaged young people participate in decision-making and benefit from these funds. In 2006-08 the funds received a total of £115 million, which has so far benefited approximately 1 million young people. **The funds will now continue until at least 2011 at the current rates of funding, with an additional £25 million for the Youth Opportunity Fund to be distributed through the 50 most disadvantaged local authority areas.**

Improvements in health

4.55 Poor children are at risk of poor physical and mental health. Schools are playing an important role in promoting healthy living for all young people through offering high quality sporting opportunities, better school meals, and personal, social and health education (PSHE). Through their extended services schools are offering sporting activities outside the school day and access to specialist health and social care services. The provision of health services in children's centres has always been a key priority. In the most disadvantaged areas the Government would expect to see health services provided from, or at least have strong links with, centres. Health outcomes for all young people have been improved by better integration between health and other services. Infant mortality rates are the most commonly used indicator for comparing standards of health: the infant mortality rate for all groups has fallen since the mid 1990s, although the gap between high and low socio-economic groups persists.³³

Lower rates of teenage pregnancy

4.56 Children who grow up in poverty are at particular risk of teenage pregnancy which can perpetuate cycles of disadvantage as children of teenage parents are more likely to be poor and suffer poor outcomes. Good progress has been made in reducing levels of teenage pregnancy: between 1998 and 2006 the under-18 conception rate in England fell by 13.3 per cent to its lowest level for 20 years.³⁴

Increased safety

4.57 In many ways, children today are safer than ever before and children in the UK are some of the safest in the world: when compared to 23 other OECD countries, the UK is second only to Sweden in terms of protecting children under 19 from death due to accident, suicide, violence or murder.³⁵ However evidence shows that children from lower socio-economic groups are more likely to be victims of crime, abuse and neglect, and accidents.³⁶ **The Government set out its commitment in the Children's Plan to provide disadvantaged families with essential equipment and facilities. The Government will fund a new home safety equipment scheme to prevent the accidents which happen to young people in the home.**

Supporting parents

4.58 It is parents, not public services, who bring up children. They are a key influence on children's life chances, and effective parenting can be critical in helping children to overcome the negative effects of living in poverty and achieve success in life. What parents do is more important than who parents are.³⁷ Poor parents, like other parents, can benefit from increased support in their important role. Achieving a vision where there is a shared responsibility to improve the life chances of poor children will require working with parents as much as it will working with children and the professionals who directly support them. **This is why the Government is investing in new services at a local**

³³ OECD Health Data 2007, quoted in the Children's Plan

³⁴ *Conception Statistics*, Office of National Statistics, 2008 available at <http://www.everychildmatters.gov.uk>

³⁵ *Childhood injuries: extent of the problem, epidemiological and costs*, Injury Prevention Roberts, I., DiGiuseppi, C. & Ward, H., 1998

³⁶ *Child Poverty Review*, HM Treasury, July 2004

³⁷ *The Effective Provision of Pre-School Education (EPPE) Project: Findings from Pre-school to end of Key Stage 1*, Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. & Taggart, B., 2004

and national level to support parents. All parents can now benefit from more accessible, high quality information and support, including additional services at key times in their child's lives.³⁸

4.59 To help every parent do the best for their child the Government is allocating £34 million over the next three years to provide two expert parenting advisers in every local authority; expanding school-based Parents Support Advisers; developing for parents a personal progress record on their child's development from the early years to primary school; and putting parent's views at the heart of Government by creating a new Parents Panel to advise us on policies affecting parents. **The Government also set out in the Children's Plan commitment to invest £90 million over the next three years to improve facilities for disabled children to take short breaks in recognition of the additional strains on families with disabled children.**

CONCLUSION

4.60 The Government has taken concerted, strategic action to tackle all of the causes and consequences of child poverty in order to create long-term benefits for families and communities, raising incomes and improving outcomes now and in the future. Good progress has been made in many areas. However, in some areas progress has been slow, and there are still unacceptable gaps in outcomes and opportunities between poor families and the rest. While the Government's action so far has reduced child poverty rates, much more needs to be done to meet the 2010 and 2020 targets.

³⁸ *Every Parent Matters*, Department for Education and Skills, March 2007

GOING FORWARD: TOWARDS A CONTRACT OUT OF POVERTY

The Government has set ambitious targets to eradicate child poverty by 2020 and halve it by 2010. Substantial progress has already been made and reversing the sharp rises in poverty seen in the 1980s and 1990s is a significant achievement.

Budget 2008 sets out the next steps, including measures that will make significant further progress in halving child poverty by 2010:

- **increasing the first child rate of Child Benefit to £20 a week from April 2009**, reinforcing the Government's commitment to Child Benefit as the foundation of financial support for all families;
- **disregarding Child Benefit in calculating income for Housing and Council Tax Benefit from October 2009**, improving work incentives for many of the lowest paid families and boosting their incomes. A working family with one child on the lowest incomes will gain up to £17 a week from this change; and
- **increasing the child element of the Child Tax Credit by £50 a year above indexation from April 2009** to further help low to middle income families.

To eradicate child poverty by 2020 requires a renewed drive on child poverty for the next decade. This needs to draw on new ideas and approaches to ensure sustainable progress is made, improving children's life chances for the longer term. This chapter therefore sets out new approaches the Government will pilot and further areas of work that will help develop the strategy for 2020. In addition it sets out the long-term vision for 2020.

The Government cannot achieve these objectives alone. Ending child poverty requires a sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and business. Families need to be active participants in this process.

These commitments are the beginnings of a contract out of poverty: a pledge that all parts of society will do their bit to tackle this blight on children, communities and future prosperity. The Government wants to demonstrate its commitment to supporting parents in their role through a contract. A contract in which the Government undertakes to provide the support to families, to close the gaps in opportunities and achievements for poor children, and to provide financial security for those who temporarily or permanently cannot work. On the other side of this contract, the Government looks to families to make a commitment to improve their situations where they can and to take advantage of the opportunities on offer. The Government believes that only through working in partnership can child poverty be eradicated.

5.1 As outlined in Chapter 4, considerable progress has already been made in tackling child poverty. Budget 2008 sets out the next steps, including the measures to make further significant progress towards halving child poverty by 2010.

5.2 However, eradicating child poverty by 2020 is an ambitious target, made more so by the strategic challenges that face the UK. As outlined in *Realising Britain's Potential: Future Strategic Challenges for Britain*¹ the opportunities of globalisation, demographic change and dynamic family structures will all have implications for the Government's child poverty strategy.

¹ *Realising Britain's Potential: Future Strategic Challenges for Britain*, Cabinet Office Strategy Office, 2008

5.3 Chapter 3 concludes that not tackling child poverty may have significant costs to society and the economy; in contrast tackling child poverty will put the UK on a strong footing to meet the challenges of the future. The following sections set out how the Government will build on the progress that has been made over the last ten years. They include significant new measures that are to be implemented over the next few years. In addition to this the Government will develop a strategy for the next decade. The Government is aware that there are a number of areas where its knowledge is imperfect. As a result, a key part of preparation for the next decade will be undertaking research and piloting new approaches towards a contract out of poverty as set out later in this Chapter.

5.4 These aspirations cannot be achieved by Government alone. The Government's vision for the next decade is a situation where everyone plays their role in tackling child poverty. The Government, communities, local authorities, service providers, employers and families should all play their part in a 'contract out of poverty'. This is a pledge that all parts of society will do their bit to tackle this blight on children, communities and future prosperity. The Government believes that only through working in partnership can child poverty be eradicated:

- the Government is committed to putting child poverty at centre stage: making the public case for ending child poverty, modernising the tax and benefits system and setting a national policy framework in which everyone can play their part;
- front line workers involved in the delivery of public services need to ensure their work benefits children from poor backgrounds and closes the gap in outcomes between children from low income families;
- the devolved administrations, regional institutions and local authorities have a critical role in helping to eradicate child poverty by leading local action and developing joined up local strategies which integrate children's services and economic regeneration;
- third sector organisations, such as community organisations, social enterprises, charities and faith groups, should be key partners in planning and delivery at all levels. These groups can make a valuable contribution, particularly in supporting the most hard-to-reach groups and raising aspirations;
- employers must play a part in helping parents to enter and progress in work, balance work and family life and develop skills; business organisations and trade unions can support them in this role; and
- in return families must play their role in making the most of the opportunities available to them to find work and support their children's development.

NEXT STEPS IN TACKLING CHILD POVERTY

Increasing employment and raising incomes

5.5 As set out in Chapter 4, the Government has already made good progress in raising the employment rate of parents. Improving the employment rates of lone parents was a key priority of the previous decade with visible results. The Government is committed to continuing to support parents into work.

Supporting lone parents

5.6 With accessible childcare and support in place it is now possible for more lone parents to seek work. That is why the Government announced that the conditions on which lone parents qualify for Income Support will change to encourage lone parents with older children to make the valuable step into work. **From October 2008, a lone parent whose youngest child is 12 or over will no longer be entitled to receive Income Support on the grounds that he or she is a lone parent. This will be extended in 2009 for those whose youngest child is aged 10 or over, and in 2010 for those whose youngest child is 7 or over.** In the months before the change a package will be available to support parents to move into work. It is estimated that this will increase the number of lone parents in work by around 100,000, and reduce child poverty over the longer term by around 70,000 children.

Employment Retention and Advancement projects

5.7 Jobcentre Plus have tested ways to help participants keep paid jobs and then to advance in work. The Employment Retention and Advancement demonstration projects ran between 2003 and 2007 to test the effects of two main features: job coaching to support customers for two years after entering employment, and a set of financial incentives to encourage the take-up and retention of full-time work and the completion of training opportunities while employed. Early results were promising. **From April 2008, a package of in work support will be available to lone parents, including in work advisory support from Jobcentre Plus advisers and access to financial assistance to overcome unexpected financial barriers in the transition to work.** Further results from the Employment Retention and Advancement demonstration projects will continue to inform future policy. **From autumn 2008 aspects of the new integrated employment and skills service will be tested through Jobcentre Plus and the adult advancement and careers service.** This new service will offer employment related skills support to parents and others, helping them to develop the skills they need to positively influence their employment prospects and enable them to actively participate in the labour market.

Employment and support allowance

5.8 Disabilities and poor health need not always prevent work; many disabled parents want to work, and are able to work if their requirements for support are met. The 2007 Welfare Reform Act provided for a new Employment and Support Allowance (ESA). **From October 2008, ESA will, for new claimants replace Incapacity Benefit and Income Support based on incapacity or disability.** As part of the new benefit structure there will be a new test at the start of an ESA claim (the 'Work Capability Assessment') which will assess whether an individual is entitled to benefit on the grounds of having limited capacity for work and, if so, what support can be given to them to help them start or return to work. To ensure this increased work focus can benefit current as well as future claimants, from April 2010 all existing incapacity benefits claimants will be required to take the Work Capability Assessment.

Better off in work credit

5.9 Some benefit customers, particularly those who face the greatest challenges to finding work, are wary of taking employment for fear that their income in work will be less than they receive from out of work benefits. This is why **from October 2008 the**

Government will pilot a new Better off in Work Credit which will reassure long term recipients of Incapacity Benefit (and Employment Support Allowance on its introduction), Income Support or Jobseeker's Allowance that if they enter full time work they will have an in work income, including any in work benefits or tax credits, of at least £25 per week more than they receive from their out of work benefits. If the pilot proves successful, the Government has committed to extend the scheme nationally in 2009.

Expanding Childcare

5.10 Access to affordable childcare is an important determinant of parents' decisions to enter the labour market. Ensuring that all parents have access to high quality affordable childcare is a key priority of the Government. However, despite the extensive childcare provision available and the support offered by the Government, not all families are accessing the right childcare arrangements for them. Parents who work unusual hours, such as those on shift work, or who work on a seasonal basis, can face particular problems in finding childcare when they need to work. **The Childcare Act places a new duty on local authorities, from April 2008, to secure sufficient childcare for working parents. This duty includes ensuring that there is sufficient suitable childcare for disabled children. The Government has also committed to extending the free entitlement to childcare for three and four year olds to 15 hours per week by 2010, and will pilot free childcare for 20,000 disadvantaged two year olds.**

Financial and material support

5.11 The Government is committed to providing support to families through a modern welfare system that recognises the additional barriers that families face, while maintaining incentives to work. As set out in Chapter 4, the Government has radically reformed the system of financial support for families. Support is available for all families, with additional support for those who need it most through the Child Tax Credit, Housing Benefit and Council Tax Benefit.

Changes in Budget 2008

5.12 Budget 2008 sets out the next steps, including measures that will make significant further progress in halving child poverty by 2010:

- **increasing the first child rate of Child Benefit to £20 a week from April 2009**, reinforcing the Government's commitment to Child Benefit as the foundation of financial support for all families;
- **disregarding Child Benefit in calculating income for Housing and Council Tax Benefit from October 2009**, improving work incentives for many of the lowest paid families and boosting their incomes. A working family with one child on the lowest incomes will gain up to £17 a week from this change; and
- **increasing the child element of the Child Tax Credit by £50 a year above indexation from April 2009** to further help low to middle income families.

Child maintenance

5.13 Changes in family formation mean that children are now more likely to spend some part of their childhood in a lone parent household. Where a relationship ends it is important that parents continue to meet their responsibilities to their children. This includes the payment of child maintenance, which, when received, can make a significant difference to the lives of low-income families. But the current child maintenance system often works against the parents, instead of supporting them to achieve the best outcomes for their children. **That is why, the Government is introducing a more client focused system that empowers and supports parents to**

make their own maintenance arrangements and tackles child poverty more effectively than the existing arrangements.

Health in Pregnancy Grant

5.14 The birth of a new baby puts particular financial pressure on families, at a time when it is critical that they have the resources needed to support health and early development of their child. **This is why the Government will be introducing a Health in Pregnancy Grant, worth £190. It will be available to all expectant mothers from April 2009.** It will be payable from the 25th week of pregnancy to support the general health and well-being of women in the later stages of pregnancy and to help them to meet wider costs in the run up to birth.

Tackling deprivation in communities

5.15 Many local areas are already making a real impact by delivering locally informed-solutions to the multi-faceted problems faced by their most deprived communities, but more needs to be done. This will require not only looking at how the economic and structural situations of local communities can be improved, but also exploring how services can best be delivered, to meet the diverse needs of families in different areas.

The Neighbourhood Renewal Fund

5.16 The Neighbourhood Renewal Fund (NRF) provided £1.875 billion over 2001-2006 to 88 of the most deprived authorities in England. In 2004 a further £1.05 billion of NRF resources were announced for the years 2006-08 to 86 local authority areas following consultation with key stakeholders involved in delivering neighbourhood renewal. This funding has been used to narrow deprivation gaps between these communities and the rest of the country. In education between 1997-98 and 2005-06 the gap in pupil attainment of 5+ GCSEs at grades A*-C narrowed from 10.0 to 5.4 percentage points between NRF areas and the average for England.² **From April 2008, the Neighbourhood Renewal Fund will be replaced by the Working Neighbourhoods Fund. This Fund will have a renewed emphasis on tackling worklessness and economic development as a means of reducing disadvantage in the most deprived areas.**

Improving poor children's life chances

5.17 The Government has already set out a far-reaching agenda to improve outcomes for children and young people and reduce inequalities as outlined in the *Children's Plan*. The Government recognises that much can and should be done through the school system, and through high quality early learning and childcare, but the biggest challenge it faces is the support and opportunities children receive outside the classroom, within their communities and the home.

Narrowing the attainment gap

5.18 The Government is committed to narrowing the gap but recognises that further work is required to understand the exact impact of this on its goal to eradicate child poverty. The Government set out a number of ambitious goals in the *Children's Plan* that will make an important contribution to tackling child poverty. **In addition Narrowing the Gap is a two-year research and development project, which is funded by DCSF, hosted by the LGA and supported by the Improvement and Development Agency for Local Government (IDeA), with involvement from more than 100 Local Authorities.** Its purpose is to make a significant difference, on a national scale, to the performance of Children's Trusts in narrowing the gap in the outcomes between

² *Community, Opportunity, Prosperity: Annual Report 2007*, Communities and Local Government, 2007

vulnerable and excluded children and the rest, against a context of improving outcomes for all.

Encouraging young people to stay on

5.19 Despite the improvements made, too many young people are still dropping out at 16, and are not engaged in education, employment or training. This is why the Government is introducing a new compulsory participation age – **by 2015 all young people should be participating in education or training to age 18** – which can include work-based learning or a job with training. These changes will be crucial not just in ensuring that children and their families fulfil their side of the commitment to end child poverty, but to encourage employers and training providers to take their responsibilities seriously to provide appropriate training opportunities that meet all young people's needs. In the shorter term, **the Government is investing £31.5 million over the next three years to re-engage those currently not participating in learning post 16 which will fund entry to learning programmes on a pilot basis, building on the many valuable programmes already offered by the third sector.**

Giving the right support to every child at the right time

5.20 As set out in Chapter 2 growing up in poverty does not have to, and should not, dictate children's future outcomes but children in poor families may face additional challenges to achievement and development, and overcoming these challenges can be frustrated by institutional and professional boundaries. **The Government is committed to overcoming these challenges and ensuring that every professional working with children is committed to eradicating child poverty. The Government will work with local commissioners and service providers from the public, private and voluntary sector to work together to make a reality of the vision of joined up services around the child.**

5.21 The Government is committed to ensuring that, in all schools, more than 30 per cent of pupils achieve 5 A*-C at GCSE including English and Maths. At present too many schools – 638 in 2007 – fall below this key benchmark. **Budget 2008 announces new plans to empower and enable more of the best headteachers to help improve or turn around under-performing schools, create new Trusts and federations around successful schools, and in areas of greatest need drive forward a faster expansion of the Academies programme.** These plans will help drive up standards across the system, and ensure that every under-performing school is fully supported and challenged to improve.

A RENEWED APPROACH TO ERADICATING CHILD POVERTY

5.22 Significant progress in reducing child poverty has been made, but eradicating child poverty by 2020 is an ambitious target. In addition, the task of tackling child poverty faces the challenge of low public awareness of the existence and meaning of child poverty in the UK, as outlined in the public attitudes to poverty research.³ Chapter 2 highlighted some of the challenges that lie ahead, and they are addressed more specifically below. The Government will continue to build on the progress that has been made, and on the strategy set out in the *Child Poverty Review*. But it recognises that it needs a renewed approach that considers new options and explores new areas. The commitments set out in this section are the beginnings of a contract out of poverty: a pledge that all parts of society will do their bit to tackle child poverty and enhance future prosperity.

³ *Public Attitudes to Poverty* DWP research summary, Leeds: Corporate Document Services, Kelly, M. forthcoming, to be published shortly

5.23 The Government needs to begin now, working with stakeholders, to develop a strategy for the next decade to reach the 2020 goal. In preparation for the strategy, the Government will undertake further research and establish new pilots and approaches that will inform and shape future policy. **The Government is therefore investing an additional £10 million in 2008-09, £35 million in 2009-10 and £80 million in 2010-11 across the UK to help prepare for the next decade. It will also look more widely at other emerging evidence and research. As part of this process, the Government intends to host a series of seminars and debates on the route to 2020.**

5.24 The Government wants to demonstrate its commitment to supporting parents in their role through a contract. A contract in which the Government undertakes to provide the support to families, to close the gaps in opportunities and achievements for poor children, and to provide financial security for those who temporarily or permanently cannot work. The Government will provide all families with a clear route out of poverty. On the other side of this contract, the Government looks to families to make a commitment to improve their situations where they can and to take advantage of the opportunities on offer. Others also have a role to play: local authorities have a critical role in helping to eradicate child poverty by leading local action, engaging with and harnessing the resources of local communities to increase employment opportunities for all, preventing those at risk from falling into poverty and improving the life chances of children.

5.25 The Government is committed to building on the solid foundations set out in the *Child Poverty Review* and as part of the preparation for the strategy to 2020, is setting itself the following aspirations:

- **further increases in parental employment**, work will remain the surest and most sustainable route out of poverty and many non-working parents want to and can work;
- **working families should see a clear path out of poverty**: with parents supported into work, improving their skills, supported through the tax credit system, and moving into full time work where appropriate, lifted out of poverty;
- 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 poverty;
- **families will live in safe, cohesive and prosperous communities** where children can thrive, with safe places to play, opportunities to develop, and high-quality public services; and
- **every child, whatever their background, can achieve the five every child matters outcomes**: to be healthy, to stay safe, to enjoy and achieve, to make a positive contribution, and to achieve economic well-being – giving every child the best start in life.

Increasing employment and raising incomes

5.26 The Government believes that helping parents into work is the most sustainable way to tackle child poverty and although substantial progress has been made more must be done to further improve employment rates, and support retention and

progression in work. By 2020 the Government wants to ensure that families in work can see a clear route out of poverty and that all groups who can should be supported to move into sustainable employment. **The Government will be bringing forward a radical reform package to extend and improve opportunities and incentives to work, make progress towards the target on child poverty, and to encourage independence, choice and control for disabled people.** The Government will also propose more work to analyse the remaining obstacles that face particular groups in finding routes out of poverty.

Supporting the most disconnected from the labour market **5.27** Targeted labour market policies are vital to encourage those most removed from the labour market to grasp the opportunities available to them to help them enter and progress in work. As outlined in Chapter 4 the Government has introduced a range of packages tailored to the particular needs of lone parent, parents on Jobseeker's Allowance and disabled parents. **The Government will continue to support those groups that are most disconnected from the labour market to acquire 'soft skills' and confidence before entering training and employment. Going forward, the Government, local partners and the voluntary sector will work together to increase pre-employment opportunities, which can include practical support and volunteering as well as training.**

Helping parents into work **5.28** The Government wants to ensure that parents can access the support and advice necessary to help them into work in the most appropriate setting. It is therefore planning to **pilot enhanced work-focused services for parents in 30 children's centres across 10 Local Authorities.** It will also pilot **placing HM Revenue and Customs advisers in children's centres to help people claim tax credits, in particular providing help with claims for the childcare element of the Working Tax Credit, and keeping their awards up to date.**

Engaging and supporting partners into work **5.29** As Chapter 2 concluded, the group with the highest risk of poverty among working families is children in couple families with one or more part-time earners. However this risk falls dramatically when there are additional earners in the family. There are also significant numbers of children in poverty living in couple families where only one adult was in part-time work. The Government believes more analysis is required to better understand these groups and will **build on existing research to understand why so many couple families in poverty only have a single, part-time earner.** The outcome of this research will inform future policy development.

5.30 The Government believes that supporting additional earners, where appropriate, to move into work is a key priority. The Government has very little engagement with non-working partners of benefit claimants and partners of low paid workers, yet these parents could increase family incomes and standards of living substantially. The Government is committed to better understanding the support needs of these potential earners and exploring how they could become increasingly engaged with the labour market, and **will pilot an in-work credit for second earners and partners of the unemployed.**

5.31 The Government has already embarked upon a series of London Childcare Affordability Pilots. As part of the renewed strategy, **the Government will extend these pilots to support new approaches to childcare.** In particular, it will look to see how further childcare support for additional earners can be provided, and consider the barriers faced by families with three or more children. **In addition, building on the solid foundations already laid, the Government, working with providers and local authorities, will look to ensure that provision, take-up and access of childcare is developed so that parents and families are able to use a supply of year-round high**

quality, flexible and affordable childcare that also meets the particular needs of different groups, e.g. parents that work shift patterns, families with disabled children.

The self-employed

5.32 There are 400,000 children in poverty that live in self-employed families. However, little is known about their situation or the support and incentives that might be necessary to lift this group out of poverty. Information on the incomes of the self-employed is generally less reliable than income information for employees making it difficult to draw robust conclusions. **The Government is committed to better understanding the experiences of self-employed families** and the support they need to see a route out of poverty, as a result the Government will commission further research to inform future policy development.

Piloting ways of tackling worklessness in London

5.33 While good progress has been made nationally, child poverty in London has fallen by less than elsewhere in the UK. This is primarily driven by lower rates of parental employment, and smaller increases in employment, than the rest of the country. In recognition of this, **the Government is asking delivery agencies in London to identify better ways of working together to tackle child poverty and increase parental employment in the capital.** Stephen Timms, the Minister of State for Employment and Welfare Reform, will lead this work jointly with Beverley Hughes, the Minister of State for Children, Young People and Families.

5.34 The specific aim of this joint working will be to increase the take up of existing financial support to help parents enter work, to ensure that lone parents can access flexible work opportunities and to coordinate support for parents to enter work, across delivery agencies. It will take forward specific recommendations from the London Child Poverty Commission's final report and support the strategic work of the London Skills and Employment Board. In addition, **the Government intends to pilot additional incentives for parents in London to return to work, building on lessons learned from ongoing pilots.**

Promoting retention and progression

5.35 Work is the surest route out of poverty but it is not always guaranteed to lift families out of poverty. Families can get stuck in low pay-no pay cycles, where frequent transitions cause uncertainty and instability in incomes and parent's schedules. This can have a particularly unsettling effect on children. The very poorest children are living in families where there is frequent movement in and out of low paid work, not in families on long-term income support.⁴ **The Government is committed to ensuring that all parents have the support they need to stay in work and progress to higher paid jobs through training and development.**

5.36 Integrated skills and employment support are crucial to delivering more personalised support that helps low-skilled people access the training they need to stay and progress in work. Significant progress has already been made in this direction. **Over the period to 2011, funding for training is increasingly driven by the specific needs of employers and individuals: Train to Gain will be expanded significantly and the Government will aim to expand the number of apprenticeships to around 300,000.** Employers are being encouraged and supported to develop the skills and qualifications of their workforce by making a Skills Pledge – a promise to support all eligible employees to develop their basic skills and work towards relevant qualifications. Through Local Employment Partnerships, employers will work with Jobcentre Plus and training providers to provide support and employment opportunities once benefit claimants are ready for work. This will all be supported by the UK Commission for Employment and Skills, strengthening the collective employer voice in the skills system.

⁴ *It's a Family Affair: Low-income children's perspectives on maternal work*, Ridge, T., Journal on Social Policy, 36 (3) 2007

5.37 The Government believes that more needs to be done, and will look to learn the lessons from current programmes and to continue to develop new and innovative approaches to promoting skills.

Improving the financial and material support for families

5.38 The Government firmly believes that work is the most sustainable route out of poverty but that no child should suffer from their parents' capacity to earn. The Government recognises that people may experience interruptions to their income from work and its aims is to create a stable income bridge for families with children and enable them to deal with changes in circumstances.

5.39 However, families do not always take-up the benefits to which they are entitled, either due to a lack of information or unwillingness to engage with the benefits system. Increasing take-up for these families will immediately increase their incomes and improve standards of living. **The Government will continue to work with public service providers and third sector organisations to ensure that more people take up the benefits that they are entitled to.**

Housing Benefit **5.40** The Government spends around £10 billion on Housing Benefit for working-age people. However, it is aware that Housing Benefit can, and is seen to, dampen work incentives, and expenditure is rising even though the caseload has been falling. **The Government will therefore undertake a fundamental review of the working age Housing Benefits system to look at its effectiveness in promoting work, efficiency and fairness, and to ensure that it represents value for money for the taxpayer.**

Building financial security **5.41** As set out in Chapter 2 the experiences of low-income families can be exacerbated by overindebtedness causing severe financial hardship and keeping families trapped in a cycle of poverty. In recognition of this the Government has already made a substantial investment in financial inclusion.

5.42 The Government also wants to expand the availability of affordable housing and is embarking on a period of increased housing development. **The Government will work with others to ensure that poor families have opportunities to benefit from greater financial security, while avoiding being over-stretched in the short term through high risk loans. The Government will also continue to promote saving as savings are important in providing people with independence throughout their lives and security if things go wrong.**

Tackling deprivation in communities

5.43 To achieve the goal of eradicating child poverty, national, regional, local and devolved administrations will need to explore what a community free of child poverty looks like and question what more can be done to tackle deprivation, drawing on the energy and expertise of local partners and families, children, young people and communities themselves, making a reality of the contract out of poverty. Ensuring that child poverty is a priority locally, understanding what really makes a difference and ensuring that lessons from local areas are spread more widely will be critical to meeting the target. **The Government is committed to supporting local authorities to set out and champion a vision for tackling child poverty in their areas, and to build a local consensus with families, communities, partners, employers and local leaders to drive this forward.** Local Area Agreements and local planning and commissioning processes will help provide the framework for doing this.

5.44 The Government is committed to supporting local authorities to develop innovative solutions reflecting the local conditions and experiences of poor families. And the Narrowing the Gap project is working with Local Authorities to narrow the gap in outcomes between vulnerable and excluded children and the rest. However, the Government will go further and is allocating **additional resources in 2009-10 and 2010-11 for Local Authorities to develop and pilot locally new approaches to tackling child poverty**. The Government will look to learn the lessons from these pilots to inform future policy development.

5.45 Low quality housing can damage children's life chances. The Government is taking action to increase the supply of good quality social housing and there are now 1 million fewer children in non-decent housing. It will **continue to explore the relationship between low quality housing and child poverty and consider whether there are lessons for future policy development**.

Improving poor children's life chances

5.46 The ambition of the Government is that every child, whatever their background, should achieve the five 'Every Child Matters' outcomes: to be healthy, to stay safe, to enjoy and achieve, to make a positive contribution and to achieve economic wellbeing. The Government believes that a child's experiences, opportunities and life chances should not be set by who their parents are and how much they earn.

Child Development Grants

5.47 High quality early years provision ensures that all children are ready to succeed at school and is particularly beneficial for children from low-income backgrounds. However, the most vulnerable families and those at the most risk of poverty are the least likely to take up their entitlement to early free childcare. Therefore the Government wants to promote awareness and take-up of the free childcare available for 3 and 4 year olds, and the services provided by Children's Centres. The Government also wants to encourage the parents of the youngest children, 1 and 2 year olds, to engage with services that promote their child's development.

5.48 **The Government will pilot new child development grants of £200 in 10 Local Authority areas, payable where parents take up their childcare places and have contact with their local Children's Centre.** The Government will also look to build on this approach with pilots of grants for the youngest children and conditional support in other areas, learning lessons from international examples of these approaches, including programmes in New York.

Overcoming class and social barriers

5.49 Recent evidence confirms that poor children, especially those in generational poverty, typically get least support from family or peer networks, mainly for reasons of low aspiration. Successful schools are applying techniques which go some way to compensating for this, and deliver greater equity across all groups of pupils. **The Government is committed to developing strategies which overcome class and social barriers to success and spreading best practice to schools.**

Supporting parents

5.50 Parents' attitudes to and involvement in learning is a large determinant of educational achievement.⁵ Realising the step changes required in skill levels must involve reaching out beyond the classroom. The Government is committed to helping the education sector work in partnership with parents to boost the support that poor children receive outside early years and school settings. As Chapter 4 described, the

⁵ *Attainment in secondary school*, Oxford Economic Papers, 51, Feinstein, L. & Symons, J., 1999 and *The impact of parental involvement, parental support and family education on pupil achievement and adjustment*, Desforges, C., Department for Education and Skills Research Report 433, 2003

Government has committed funding for more outreach workers in children's centres, and for more school-based Parent Support Advisers to help involve and engage parents. **The Government, local authorities and service providers will improve their understanding of how to improve the aspirations and confidence of young people today, many of whom will be parents in 2020, and break intergenerational cycles of disadvantage once and for all.** As set out in Chapter 2, children of teenage parents are at greater risk of disadvantage in later life. **The Government will therefore pilot new approaches to supporting the children of teenage parents.**

5.51 Family Intervention Projects have shown that a key worker who takes a 'whole family' approach and coordinates a support package from other services is very effective in supporting families with complex needs, for example, parents with drug addictions, to progress. To support some of the most disadvantaged families, **the Government will extend Family Intervention Projects to an additional 500 families with a particular strand focusing on parents with drug addictions.**

Further innovations

5.52 The Government is committed to testing out further innovative approaches to helping tackle child poverty, as part of the contract out of poverty. The pilots above are the immediate areas where the Government will be exploring new approaches for the next decade. There are, however, other areas where the Government wants to undertake pilots, and is considering how best to proceed. This includes:

- whether the Child Development Grant proposals could be extended to 1 and 2 year olds, payable where parents are making use of children's centres and engaging in other activities to support their child's development;
- how the approaches set out in the pilots above could be tailored to the needs of different ethnic minority groups; and
- how to pilot increased support for childcare for additional earners in couple families, including offering them free childcare for a temporary period on moving back into work.

CONCLUSION

5.53 Tackling child poverty is in everybody's interests and it needs to be everybody's business. The Government's vision for the next decade is a situation where everybody plays their role in tackling child poverty. The Government, communities, local authorities, service providers, employers and families all have an important part to play in a 'contract out of poverty'. The Government believes that only through working in partnership can child poverty be eradicated. The Government looks forward to working with stakeholders, families, and children to explore how everyone can take forward their responsibilities to meet this historic goal.



GOVERNMENT POLICIES TO INCREASE EMPLOYMENT AND RAISE INCOME

Fair standards for those in work

Parents of children under the age of 6, or 18 in the case of a disabled child, have a **right to request flexible working**: the law places a duty on employers to consider such requests seriously and only reject them for good business reasons.

The right to request flexible working will be extended to parents of older children: Imelda Walsh is conducting a review of where the age cut-off for older children should be set, and will make recommendations in spring 2008.

Parents' entitlements to paid and unpaid leave have increased substantially in recent years. For example, **statutory Maternity Pay** was extended from 26 weeks to 39 weeks in April 2007. The Government has a goal to extend statutory Maternity Pay, and to introduce additional paternity leave and pay, by the end of this parliament.

The **National Minimum Wage** guarantees a fair minimum income from work.

Meeting the needs of parents and their children

The **Childcare Act** placed a new duty on local authorities, from April 2008, to secure sufficient childcare for working parents and those wishing to work, and to improve the availability and flexibility of childcare provision in response to parents' needs, as far as reasonably practical. This duty includes ensuring that there is sufficient suitable childcare for disabled children.

Every 3 and 4 year old is entitled to at least 12.5 hours free early education each week, for 38 weeks a year. By 2010, all children in this age group will be entitled to 15 hours free early education per week, and it will be available more flexibly.

£100 million will be invested over three years to extend the offer of up to 15 hours of free early years education and childcare places to 20,000 2 year olds in the most disadvantaged communities.

Budget 2007 allocated £75 million over three years to provide free childcare provision for 50,000 workless parents undertaking training leading to work.

Care to Learn (C2L) offers financial support to cover costs of childcare and associated travel costs to enable young parents to participate in learning.

A joint Greater London Authority, London Development Agency and DCSF **Childcare Affordability Pilot** is running from 2005 to 2008 to increase understanding of how best to address affordability issues.

Aiming high for disabled children: better support for families announced £35 million additional resource to fund a childcare accessibility project in which ten pilots will test ways in which local authorities can meet their duty to provide childcare for disabled children, with best practice rolled out more widely.

Children's centres are one-stop central hubs for children under the age of 5 and their families. Centres serving the most deprived areas have access to family health care, advice and support for parents including drop-in sessions, outreach services, integrated early education and childcare and links through to training and employment. There are currently over 2,500 children's centres supporting 1.9 million children and their families, and by 2010 there will be a children's centre in every community.

Children's centres in the most disadvantaged areas will have funding for an additional two outreach workers from April 2008 and the quality of outreach work will be improved through training and development.

Extended schools work with local providers, agencies, and in many cases other schools, to provide access to the core offer of extended services: a varied range of activities including study support activities; childcare from 8am-6pm, all year round for primary schools, and a safe place to be from 8am-6pm in secondary schools; parenting and family support; swift and easy access to targeted services such as health services, and community use of facilities including adult and family learning and ICT. There are currently over 9,500 schools (around 2 in 5) providing access to extended services in partnership with local providers.¹ All schools will deliver access to the core of extended services by 2010.

Increased skills

Skill for Life, launched in 2001, is the Government's strategy for improving adult language, literacy and numeracy skills. Since its conception, 1.7 million adults have achieved a first qualification in literacy, language or numeracy through the programme.

All employers in England are being encouraged to make a **Skills Pledge** to support their employees to become more skilled and better qualified.

The Government helps employers to improve the skills of their employees through fully funding literacy and numeracy programmes and first full level 2 qualifications.

Train to Gain offers a skills brokerage service for employers to enable them to meet their training needs.

Support for lone parents and partners

The **New Deal for Lone Parents** (NDLP) is a voluntary programme offering a tailored package of advisory and financial support specifically designed to help lone parents move into work. This is delivered by Personal Advisers in Jobcentre Plus who can:

- assist with job search and making the transition from benefit into work;
- offer financial help for registered childcare, through Childcare Assist and the Childcare Subsidy;
- provide advice on training and skills, as well as help with the costs of training material, travel and childcare and a training premium additional to standard benefit payments;
- arrange Work Trials, to enable an employer to assess the candidate before offering permanent work; and
- help with the costs of looking for work or accepting a job offer, through the Advisor Discretion Fund.

The **New Deal for Partners** (NDP) is a voluntary programme offering a tailored package of advisory and financial support to help partners of certain benefit claimants to move into work.

Work Focused Interviews (WFIs) provide lone parents and partners of certain benefit claimants with children the opportunity to discuss the benefits of work with a Personal Adviser. They also set out the support available through the New Deal programmes. By April 2008, all lone parents on Income Support will be required to attend WFIs at least every six months. From October 2008, lone parents will be required to attend quarterly WFIs in the final year before losing eligibility to IS. From April 2008, partners of Job Seeker's Allowance Claimants with children will be required to attend WFIs every six months.

¹ As of the beginning of March 2008

The **New Deal Plus for Lone Parents** is a voluntary programme, being piloted in seven Jobcentre Plus districts, offering a wide-ranging, coherent package of support to lone parents. This includes enhanced adviser support, financial incentives such as In Work Credit and In Work Emergency Discretion Fund, and Discovery Events to build personal confidence. From April 2008, elements of the New Deal package (In Work Emergency Discretion Fund, In Work Credit and In Work Advisory Support) will be extended nationally for all lone parents. In addition, elements of the New Deal Plus package are being extended to all couple parents in the existing pilot areas.

In Work Credit (IWC) is a payment of £40 per week (£60 in London) for lone parents (and couple parents in London) who have been on benefits for at least a year, during their first year back in work. The payments increase the financial gain of entering paid work, helping lone parents to move away from benefit dependency. This will be rolled out nationally from the pilot areas to all lone parents in April 2008.

The command paper, *Ready for work: full employment in our generation* (published in December 2007), announced increased obligations for lone parents. Therefore, lone parents who are claiming Income Support solely based on being a lone parent will have to move onto a more appropriate benefit when their youngest child is: 12 and over from October 2008; 10 and over from October 2009; and 7 and over from October 2010.

In addition the command paper announced the introduction of a support package of pre- and in-work support measures to help lone parents move into work, make work pay, and help sustainability and progression in work.

Pre-employment support includes:

- increasing Work Trials from 3 to up to 6 weeks;
- the introduction of Options and Choices events to help prepare for work;
- Job Interview Guarantee, whereby Jobcentre Plus will aim to guarantee lone parents a job interview with an employer; and
- work focused pre-work training to give individuals the basic employability skills and/or specific skills required to meet an employer's recruitment needs.

In-work support includes:

- national extension of In Work Credit;
- piloting the use of In Work Credit as an aid to retention;
- in work advisory support from Jobcentre Plus to help resolve any difficulties and direct individuals towards other support; and
- national rollout of the In-Work Emergency Discretion Fund to provide in-work financial help to overcome unexpected barriers which crop up when a lone parent first starts work.

The provision of **Up-Front Childcare costs** in London will be piloted: personal advisers and lone parents, particularly in London, tell us that there can be a problem in meeting the up-front childcare costs that most providers require. These can include registration fees, deposits and advance payments. To address this we will pilot providing up-front financial support for childcare for lone parents in London.

Support for other disadvantaged groups

Ten **Partners Outreach for Ethnic Minorities** (POEM) pilots are testing ways to help non-working partners who may not have contact with Jobcentre Plus, especially Bangladeshi, Pakistani and Somali communities, by working through private, voluntary and community sector organisations who have close links with target groups.

From October 2008, a pilot will test a new **Better Off in Work Credit**, which will seek to ensure that long-term recipients of Incapacity Benefit, Income Support or Jobseeker's Allowance who enter full time work will have an in work income² of at least £25 per week more than they receive from their out of work benefits. If the pilots prove successful, the scheme will be rolled out nationally in 2009.

² Including any in-work benefits or tax credits.

B

GOVERNMENT POLICIES TO PROVIDE FINANCIAL AND MATERIAL SUPPORT

Financial support

Child Benefit is a universal payment, available to all parents whether in or out of work and regardless of income, to help with the cost of raising children.

A **Health in Pregnancy Grant**, worth £190, will be available to all expectant mothers from April 2009. It will be payable from the 25th week of pregnancy to support the general health and well-being of women in the later stages of pregnancy and to help them to meet wider costs in the run up to birth.

Child Tax Credit is a means-tested allowance for parents and carers of children or young people who are still in full-time non-advanced education or approved training. It is a single system of support for families, independent of parents' employment status, thus providing a stable source of income as parents move into work.

Housing Benefit and **Council Tax Benefit** are income-related benefits paid to low income tenants with a rental liability or council tax liability respectively. They are available both in and out of work.

The **Working Tax Credit** (WTC) 'tops-up' income from low-paid work, improving incentives to work while also helping to ensure a decent income for families. The WTC contains a childcare element, which provides support with up to 80 per cent of childcare costs, up to a maximum eligible amount of £175 per week for one child or £300 per week for two or more children.

Unemployed people are eligible for **Jobseeker's Allowance** if they demonstrate that they are actively seeking, and available for work.

Lone parents, sick and disabled people, and carers may be eligible to claim **Income Support**.

People caring for 35 hours per week or more are eligible for **Carer's Allowance**.

Currently, sick and disabled people with national insurance contribution records may be eligible for contributions-based Incapacity Benefit. The **Welfare Reform Act (2007)** provided for a new **Employment and Support Allowance** (ESA). From October 2008, ESA will, for new claimants replace Incapacity Benefit and Income Support based on incapacity or disability. As part of the new benefit structure there will be a new test (the 'Work Capability Assessment') which will assess whether an individual is entitled to benefit on the grounds of having limited capacity for work and, if so, what support can be given to them to help them start or return to work.

The Government is creating a new and more effective **child maintenance** system to: tackle child poverty; promote parental responsibility; provide a cost effective and professional service; and to ensure simplicity and transparency.

At Pre-Budget Report 2007 the Government committed to increase the level of the child maintenance disregard, in the main income related benefits, to £20 a week by the end of 2008 and increase it further to £40 a week from April 2010.

The **Child Trust Fund** ensures that all children will have a financial asset when they reach 18, and encourages families to save for their children's future. All newborn children receive a Government contribution of £250 (£500 for children in lower-income families). Government contributions will also be made to all children at age 7.

The UK-wide **Family Fund** provides additional financial support to low-income families with severely disabled children. The fund distributed 38,857 grants in 2006-07, averaging £549 per grant. The Family Fund is currently available to families with severely disabled children under 16, but the *Children's Plan* announced an additional investment over the next three years to increase the age threshold to 18. This will provide up to 16,200 grants to enable disabled young people to make the transition to adulthood.

Material support

The Government aims to reduce the number of homeless households and has a target to halve the numbers in temporary accommodation between December 2004 and 2010. All local authorities should have a strategy to tackle homelessness, focusing on prevention.

By the end of 2010, over £40 billion will have been invested to improve the social housing stock and 95 per cent of social homes are expected to be decent.

The Government has committed to build an additional three million homes by 2010. Over the next three years £8.4 billion will be invested in the provision of affordable housing, initially through the Housing Corporation and then by the new **Homes and Communities Agency**.

In December 2007, the Government launched its *Overcrowding Action Plan* which announced: £15 million additional funding to tackle overcrowding over the next three years; £3.8 million in 2008-09 for 38 pathfinder schemes which will join up existing funding streams and use a range of means to tackle overcrowding; and a commitment to updating the minimum standard against which local authorities assess overcrowding. Evidence secured through the pathfinders will be used to inform future strategy and establish a suitable timeframe for updating the statutory standards.

The **Warm Front Scheme** is a key element of the Government's strategy to tackle fuel poverty, providing a package of heating and insulation measures to private sector households in receipt of certain benefits. Warm Front also offers households a benefit entitlement check.

The Department for Children Schools and Families funds Booktrust in England to provide free book packs for children of different ages through the **Bookstart**, **Booktime** and **Booked Up** schemes.

Between 2006 and 2008 £60 million was allocated to the **Computers for Pupils** initiative to put information and communications technology (ICT) with internet access into the homes of disadvantaged pupils. In April the **Home Access Taskforce** will advise the Government on possible solutions for universal home access for all school age children in England.

The **Healthy Start** programme provides low-income families with young children with vouchers to exchange for fresh fruit and other products.

Local authorities have a duty to provide **free school meals** to certain families on benefits and have been encouraged to improve take-up of this entitlement. Wider work taken forward by the School Food Trust will ensure that school food is high quality and by 2011 DCSF will have invested £650 million to support this goal.

The **Education and Inspections Act 2006** extended the entitlement to free school travel for pupils from low-income families to prevent transport costs stopping them from accessing the school of their choice.

Financial capability and inclusion

Between 2005 and 2008 the Government used a £120 million **Financial Inclusion Fund** to support a significant increase in the availability of affordable credit and free, face-to-face debt advice. Projects supported included: the recruitment of over 450 new debt advisers, support for over 100 credit unions and community development finance institutions; and a £5.4 million campaign, 'Now let's talk money', to increase awareness and take-up of appropriate financial products and services amongst low-income and vulnerable consumers.

From 2008 to 2011, there will be a new Financial Inclusion Fund of £130 million, which will support further face-to-face debt advice, continued support for third sector providers of affordable credit and a new financial inclusion champions initiative to work strategically with local authorities and other key partners.

The **Social Fund** provides crisis support and emergency interest free loans to help those low income families most in need to meet the costs of intermittent expenses and enable them to avoid costly debt.

In response to the Thoresen Review of generic financial advice, the Government will take forward a £12 million **Money Guidance Pathfinder** scheme, in partnership with the Financial Services Authority.

From September 2008, the new secondary school curriculum in England includes a dedicated Economic wellbeing and financial capability strand at Key Stages 3 and 4, as part of a revised curriculum for **Personal, Social, Health and Economic** (PSHE) education. In addition, £11.5 million will be made available from 2008 to 2011 to support the provision of personal finance education in schools, including resources linked to the Child Trust Fund.

£3 million over the past 5 years has been invested in a **Skills for Life Financial Literacy** project to support adults to develop the skills they need to manage their finances.



GOVERNMENT POLICIES TO TACKLE DEPRIVATION IN COMMUNITIES

Support for all communities

Planning Policy Statement 3 (PPS3) seeks to create sustainable, inclusive, mixed communities with a choice of high quality housing including affordable and family homes. PPS3 introduces a requirement that the housing needs of children be considered: with an emphasis on the provision of family friendly developments, including access to green spaces and parks.

The Government funds **CABE Space** to be a dedicated champion for parks and public spaces, and develop 'enabling schemes' to help local authorities and the community to deliver better green spaces, particularly in deprived areas.

Local authorities are being encouraged to introduce traffic calming measures in residential areas and places where children play, including more 20mph zones and Home Zones where appropriate.

The new Home Office crime strategy, *Cutting Crime: A New Partnership 2008-11* described a fresh approach to tackling crime and increasing community safety.

Every community will benefit from a national roll out of **Neighbourhood Policing**. There are already increased numbers of Police Community Support Officers (PCSOs) patrolling their streets addressing low-level crime and anti-social behaviour, and building relationships with local people.

Anti-social behaviour is being tackled through the tiered use of tools and powers, with a focus on support alongside enforcement. New tools include written warnings, home visits, Acceptable Behaviour Contracts, Anti-Social Behaviour Orders (ASBOs), dispersal zones and Parenting Orders.

52 local areas have been asked to bid for **Challenge and Support** projects and £13 million will be available to help deliver them in the forthcoming *Youth Taskforce Action Plan*. Challenge and Support projects will intervene early at the first sign of problems like truancy, bad behaviour in school or contact with the police to stop future offenders. Where young people persist in behaving badly the projects will ensure that they get a twin track of enforcement and support to stop antisocial behaviour and address its causes by including Individual Support Orders (ISOs) alongside ASBOs.

Regeneration in deprived areas

The **New Deal for Communities** provides 39 of the most deprived neighbourhoods with over £2 billion. This funding is used to tackle problems and regenerate communities through local partnerships comprising key local bodies and organisations and residents.

From April 2008, the Neighbourhood Renewal Fund will be replaced by the **Working Neighbourhoods Fund**. This Fund will support the most deprived neighbourhoods to increase employment and economic development.

The **Gypsy and Traveller Site Grant** enables local authorities and Registered Social Landlords to refurbish existing sites and provide new ones. Over 2006-08, £56 million was made available through the grant, and over 450 pitches were created or improved. £97 million will be available over the next three years.

The **New Communities Fund**, announced in December 2007, will support councils and local partners to adopt a 'mixed communities' approach to regenerating some of our most deprived areas.

Local partnerships

New governance and funding arrangements enable local authorities to work in partnership with a range of other local services to find the best solutions to local problems.

Local Strategic Partnerships (LSPs) are non-statutory, multi-agency partnerships, which match local authority boundaries. LSPs bring together at a local level the different parts of the public, private, community and voluntary sectors, allowing different initiatives and services to support one another so that they can work together more effectively.

Every local authority has a **Children's Trust** arrangement. Children's Trusts are local partnerships of key agencies, including third sector, primary care trusts, strategic health authorities, and other statutory agencies, who work together to improve the outcomes for children and young people.

By June 2008, all areas will have a **Local Area Agreement** (LAA): an agreement between local and central Government including targets of both national and local interest and purely local targets. The LAA process gives local authorities and their partnerships the flexibility to find local solutions to local problems and to prioritise spending to achieve the identified outcomes. A number of local authorities will include specific priorities to alleviate child poverty.

The *Third Sector Review* reported in November 2007 and set out plans to promote partnership between Government and the third sector. The Office of the Third Sector will invest more than £515 million in third sector programmes to support thousands of organisations around the country.

The local authority **Beacon Scheme** identifies and celebrates excellence in local authority services and highlights good practice that other areas can learn from. Round 10 of the Beacon Scheme, to be launched later this year, will recognise local authorities who are making good progress on delivering services that tackle child poverty.

D

GOVERNMENT POLICIES TO IMPROVE CHILDREN'S LIFE CHANCES

Radical reforms introduced through the **Every Child Matters** agenda are driving system-wide integration across children's services, bringing together universal and targeted services to improve outcomes for children and young people. These reforms have driven change at all levels of the system, from local strategy and governance through to the delivery of more integrated and effective frontline services.

The Children's Plan set out a clear agenda of ambitious reform and targets for the future, which build on Every Child Matters.

Vulnerable groups

Aiming High for Disabled Children: Better Support for Families set out specific action in three priority areas to improve outcomes for disabled children: access and empowerment; responsive services and timely support; and improving quality and capacity. The strategy is backed by £340 million over the next three years from the Department for Children Schools and Families with additional resources from the Department for Health, and a further £90 million of capital funding in the Children's Plan in December 2007.

Care Matters: Time for Change, published in June 2007, set out a range of new policies to improve the experience and outcomes of children in care.

The **Children and Young People Bill**, which is currently before Parliament, will make the reforms needed to transform the life chances of children and young people in care, to ensure good parenting from everyone in the system and the centrality of the voice of the child.

National Strategies support and challenge Local Authorities to improve the application of the Special Educational Needs (SEN) framework in their areas. *The Children's Plan* also committed to spending £18 million to: improve the workforce's knowledge, skills and understanding of SEN and disability through better Initial Teaching Training and Continuing Professional Development; provide better data for schools on how well children with SEN are progressing, and strengthen the position of the SEN co-ordinator in schools.

Through the new **Youth Sector Development Fund**, DCSF is providing 5 pathfinders with funding totalling £27m and business support from April 2008 to help achieve long-term sustainability. Kids Company, UK Youth, Fairbridge, Speaking Up and LEAP will expand the innovative work they do in helping young people who face difficult issues such as substance misuse, teenage pregnancy, coping with disability and homelessness and will ensure that thousands more vulnerable young people have access to support when they need it most.

The Department of Health (DH) is currently conducting a review of its **Carers Strategy** and in the light of this DCSF will set out its plans to support young carers.

Narrowing the Gap is a two-year research and development project, which is funded by DCSF, hosted by the LGA and supported by the Improvement and Development Agency for Local Government (IDeA). Its purpose is to make a significant difference, on a national scale, to the performance of Children's Trusts in narrowing the gap in outcomes between vulnerable and excluded children and the rest, against a context of improving outcomes for all.

Early years education

The Government has a PSA target to narrow the gap in educational achievement between children from lower income and disadvantaged backgrounds and their peers. This PSA target will be reflected in targets at all stages of the education system – driving action and focusing attention in central government, local government and schools. The overall target includes specific indicators that measure the achievement gap at Early Years Foundation Stage; the gap between pupils eligible for free school meals (FSM) and their peers achieving the expected level at Key Stages 2 and 4; and the gap between the initial participation in full time higher education rates for young people aged 18, 19 and 20 from the top three and bottom four socio-economic classes.

£3bn a year funds the free entitlement for three and four year olds to enable all children to attend early education.

The **Early Years Foundation Stage** sets standards of learning, development and care that every child should achieve in their early years, and provides a means to ensure quality across all settings.

The **Early Years Professional Status** (EYPS) has been introduced as recognition of competence for those working with children in the 0-5 age range. By 2015, all daycare settings across England will have a graduate early years professional.

There are statutory local authority targets to improve achievement in the foundation stage and to narrow the gap in attainment between disadvantaged young people and their peers.

School education

In 2007-08, the **Dedicated Schools Grant** allocated £2.8 billion to local authorities to direct to pupils from deprived backgrounds, to assist schools in closing the attainment gap between deprived pupils and their non-deprived peers.

The **Academies Programme** has been key to raising standards and creating good schools in deprived areas. Academies are all-ability state-funded schools established by independent sponsors, who challenge traditional thinking on how schools are run and help to raise standards and foster innovation and best practice.

The **London Challenge** programme was set up in 2002 as a five-year programme to tackle low standards in London's schools. The programme was expanded into **City Challenge**, a three-year programme aiming to break the link between disadvantage and educational underachievement in the Black Country and Greater Manchester and to make further progress on doing so in London. Over three years from April 2008, the Challenge will bring around £160 million additional funding for schools in some of the most deprived communities across all 3 cities to crack the cycle of low achievement among disadvantaged children.

The **Excellence in Cities** (EiC) programme ran between 1999 and 2006, during which time it invested a total of £1.7 billion to raise attainment in disadvantaged schools in areas of significant deprivation. EiC schools have been encouraged to continue their collaborative working through Education Improvement Partnerships.

The **School Admissions Code** came into force in February 2007, and creates a system in which all children, regardless of their background, have fair access and the opportunity to gain a place at the school they want to attend.

The **Education and Inspections Act 2006** extended the entitlement to free school travel for pupils from low-income families to prevent transport costs stopping them from accessing the school of their choice.

Targeted choice advice is being provided to parents who are most likely to struggle navigating the admissions system. **Choice Advisers** are now operating in 133 local authorities and it is expected that all local authorities will be offering this service by September 2008.

Personalised learning allows all children to receive tailored support that helps them to overcome their difficulties, build on their strengths and achieve their full potential. £1.6 billion has been allocated from 2008 to 2011 to fund personalisation in schools.

There has been an increased focus on personal, social and emotional skills throughout the school system. By July 2008, 80 per cent of primary schools and 20 per cent of secondary schools will be undertaking the **Social and Emotional Aspects of Learning Programme** – a comprehensive programme to develop social and emotional skills of all pupils through a whole school approach, and across the curriculum.

The **National Healthy Schools Programme** (NHSP) engages everyone - staff, pupils, governors, parents and the wider community - in a whole school approach that aims to improve educational achievement, health and emotional well-being, and make schools a safe, secure and healthy environment in which young people can learn and develop.

Post-compulsory education

The **Education and Skills Bill** will transform the system of 14-19 education by increasing support to stay in learning, reform the curriculum and qualifications to give young people more choice and flexibility, and transform delivery on the ground by ensuring everyone involved in working with 14-19 year old age groups works together to take a strategic view of young people's needs.

The 14-19 reforms should enable every young person to engage in a course of learning that is improving their life chances and preparing them for the world of work. By 2013, every 14-19 year old will have an entitlement to choose from the first 14 lines of the new Diplomas: qualifications which combine theoretical and applied learning, delivered in work-related contexts.

Access to high quality information, advice and guidance about options and pathways is critical to help young people raise their aspirations and ambitions and take advantage of all the opportunities available. From April 2008, local authorities will be responsible for commissioning and managing information, advice and guidance, guided by new quality standards.

The **Education Maintenance Allowance** (EMA) is given to young people from low-income families that stay on in post 16 education or training.

A new compulsory participation age will be introduced, so that by 2015 all young people should be participating in education or training to age 18 – this can include work-based learning or a job with training.

Aim higher is a national programme which brings together universities, colleges and schools in partnership to raise the attainment and aspirations of young people, through activities such as class visits to university, mentoring of young people by undergraduates, Summer Schools and Master classes. The programme works most intensively in disadvantaged areas.

Reforms to student financial support creates a better, fairer, system in which those from poorer households will get significantly more support from the state.

Health services

Schools play an important role in promoting healthy living for all young people through offering high quality sporting opportunities, better school meals, and personal, social and health education (PSHE).

Children's centres and **extended schools** are promoting healthy lifestyles and access to key health services for all families, and improving access to specialist services.

The Department for Children, Schools and Families and the Department for Health are developing a **Children and Young People's Health Strategy**, which is due to be published in spring 2008.

A **review of Child and Adolescent Mental Health Services** (CAMHS) to look at both universal and specialist services for children with severe complex and persistent needs and their families will report by summer 2008.

The Government set out what local authorities need to do to drive further improvements in preventing teenage pregnancy in *Teenage Pregnancy Next Steps* published in July 2007.

Joined up services for families at risk

In January 2008 *Think Family: Improving the Life Chances of Families at Risk*, set out the Government's vision for a system in which both adults' and children's services join up around the needs of the whole family. The Review announced £16 million funding for a series of **Family Pathfinders**, in which local authorities will develop and test innovative approaches to enhancing the system of support around families affected by complex and interrelated problems. In addition, some of the pathfinders will also be testing out new approaches to working with young carers.

Family Intervention Projects (FIPs) work with anti-social families, employing a twin-track approach which combines intensive support and focused challenge. A key-worker co-ordinates the delivery of services, trying to tackle all the interacting issues the family face. FIPs have been shown to have valuable outcomes for children, families and local communities: for example 53 per cent of children engaged with the projects showed improvement in their physical health and 40 per cent showed improvement in their mental health.

Family Nurse Partnership (FNP) is a nurse-led intensive home visiting programme offered to the most disadvantaged families during pregnancy and the first two years of a child's life. FNP promotes changes in behaviour to improve pregnancy and child health outcomes, supports better parent-infant attachment, and helps women build supportive relationships, become economically self-sufficient and link into other support services. There are currently 1,000 families on the programme across ten sites. It is anticipated that there will be 3,000 families on the FNP by summer 2009.

Positive Activities

Since 2002 over £165 million has been invested in **Creative Partnerships**: long term partnerships between schools, creative practitioners and organisations in 36 areas of economic and cultural deprivation and areas of rural isolation.

In November 2007 the Government committed £332 million over the next 3 years to deliver the ambition that by 2011 all primary school aged children will have had an opportunity to learn a musical instrument and every primary school will be a singing school.

The Government has a target to increase: the percentage of all 5-16 year olds participating in at least two hours per week of high quality PE and sport at school; and the percentage of 5-19 year olds participating in at least three further hours per week of sporting opportunities, regardless of their background or financial circumstances.

The Government wants to give every young person the access to 5 hours a week of high quality cultural activities in and out of school, and has provided £25 million to fund a series of pilots around the country to trial different approaches to delivering this offer.

In December 2007 the Government announced substantial new investment to support local authorities, parents and communities in providing safe and fun play opportunities for children: £225 million will be invested over the next three years to fund up to 3,500 playgrounds nationally to be rebuilt or renewed and made accessible to children with disabilities and to create 30 new adventure playgrounds for 8 to 13 year olds in disadvantaged areas supervised by trained staff. A **play strategy** consultation will be published in Spring 2008.

Youth Matters, published in July 2005, introduced a number of measures to improve positive activities for young people, particularly those who are disadvantaged. It introduced the **Youth Opportunity Fund** and **Youth Capital Fund**, funds for young people to control, which can be spent on positive activities and facilities in their neighbourhood. Local authorities are required to ensure that disadvantaged young people participate in decision-making and benefit from these funds.

The **2006 Education and Inspections Act** introduced a new duty on local authorities to secure access to sufficient positive leisure time activities to young people in their area.

Building on the *Youth Matters* reforms, *Aiming high for young people: A ten year strategy for positive activities* set out a total investment package of £679 million over three years for increasing young people's access to positive activities outside of school. The *Children's Plan* published in December 2007 announced additional investment of £160 million to improve the quality and range of places for young people to go and things for them to do.

From 2008 £6 million will be available for young leadership organisations, to unlock the talent of young leaders so that more young people are able to champion local and national issues and to become positive role models for their communities. This will include helping young people from disadvantaged backgrounds to overcome the barriers that prevent them from fulfilling their potential.

Safety

There is a robust legislation and guidance framework in place to keep children safe. The **Children Act 2004** introduced a new duty to safeguard and promote the welfare of children on a range of organisations, including local authorities, health services, police forces and youth offending teams. A **Local Safeguarding Children Board** has been established in all local authority areas, providing an important mechanism to co-ordinate local safeguarding work.

The *Staying Safe Action Plan*, published in February, set out action in three areas: universal safeguarding for all children; targeted action to reduce risks to vulnerable groups of children, and responsive actions to support children when harm does occur and reduce the long impact. The new initiatives introduced in the plan should deliver improved outcomes for children in lower socio-economic groups, and some are specifically targeted at this group, including a new £18 million home safety equipment scheme for families in disadvantaged areas to fund safety equipment such as stair gates, smoke alarms and socket covers.

Crime

Targeted youth support is the coordinated delivery of action to help young people who have additional needs that cannot be met by universal services and are at high or growing risk of poor outcomes. **Targeted Youth Support Pathfinders** were established in 14 areas in 2005 to test ways to simplify and reform targeted services for young people at risk. Learning from these pathfinders has been shared to help all local authorities reform their services.

Dedicated Youth Offending Teams include representatives from the police, social services, health, education and housing. Their job is to identify the needs of each young offender; the problems that make the young person offend, and to identify suitable programmes to address the needs of the young person.

A *Youth Crime Action Plan* will be published later this year, setting out the ways that mainstream services should work together to prevent crime, improvements to deal swiftly with those involved in youth crime and what will be done to prevent re-offending.

Support for Parents

From April 2008, **Parent Support Advisers** in schools will support parents in a school context, in particular to improve pupil attendance, behaviour and attainment.

By 2010 all schools are expected to offer **Transition Information Sessions** for parents with a child joining reception or secondary school to give all parents information, ideas and an opportunity for discussion about parenting issues.

From April 2008, local authorities will increase the information they provide to parents through their Families Information Services.

Parent Know How will improve the provision of information and support for parents nationally from April 2008, enabling them to access support through a range of mediums including telephone helplines, online resources, instant messaging and social networking tools.

The **National Academy of Parenting Practitioners** will improve the quality of parenting support through providing training for a range of professionals and researching effective practice.

Family Literacy Language and Numeracy (FLLN) enables parents and their children to improve their literacy, language and numeracy skills together. Funding is focused on the most deprived local authorities in England, and programmes are delivered through a number of forums, including schools, extended schools and children's centres.

The Department for Innovation, Universities and Skills (DIUS) allocates £12 million per year through the Learning and Skills Council (LSC) to **Wider Family Learning**, a very diverse range of local family learning activities that can be tailored to meet the needs of individual families.

In December 2007 the Government committed an additional £30 million (£10 million per year) to support family learning.

The **Early Learning Partnership** project is exploring approaches to support parents to get involved in their children's early learning, with a focus on children aged 1-3 who may be at risk of learning delay. Evaluation evidence on successful approaches will be disseminated.

The **Parenting Early Intervention Pathfinders** support parents of children aged 8-13 at risk of negative outcomes, particularly anti social behaviour, in 18 local authorities. The pathfinders aim to ensure that these families receive an earlier, more effective, coordinated package of relevant support.

Building on the work of the **Respect Parenting Practitioners**, there will be two expert parenting advisors in every local authority to provide extra support to parents who are finding it hard to deal with their child's behaviour. They will work through extended schools and across the local authority to deliver structured parenting programmes.

Parenting Contracts and Orders recognise the powerful impacts that parental behaviour can have on children's outcomes and are designed to reinforce parental responsibilities. They can include a parenting programme to help parents address their child's misbehaviour and a specification of particular ways in which parents are required to exercise control over their child's behaviour.

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