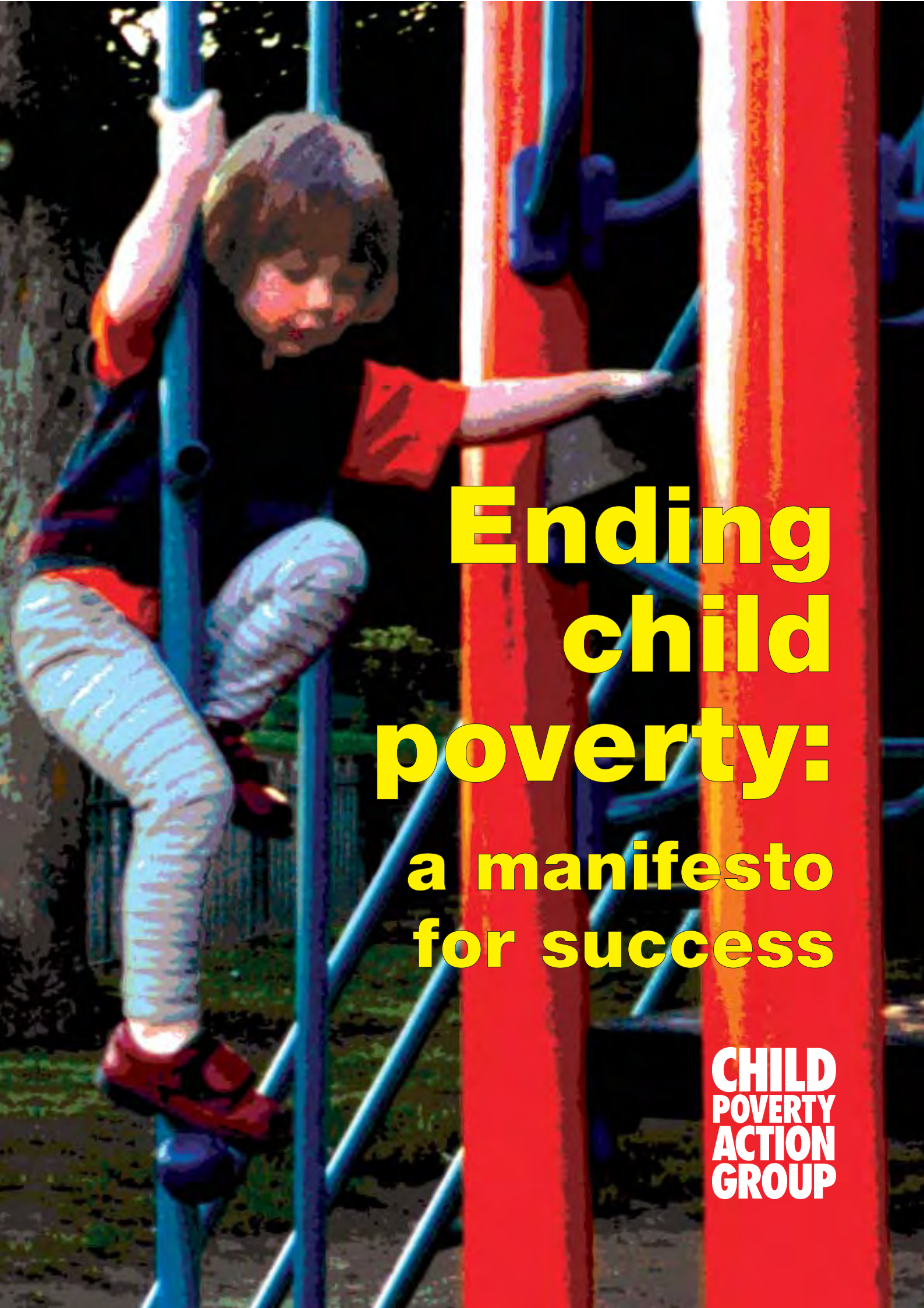

Ending child poverty:

a manifesto for success

CHILD POVERTY ACTION GROUP

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

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Ten steps to reduce inequality and put children first

One	Protect jobs
Two	Mend the safety net
Three	Move away from means tests
Four	Remove barriers to work
Five	Stop in-work poverty
Six	Put in place a child-first strategy for childcare
Seven	End the classroom divide
Eight	Provide fair public services for those who need them most
Nine	End poverty premiums in taxes and services
Ten	Ensure a decent home for every family

Preface

The fall of Lehman Brothers seems likely to prove to be one of history's tipping points: no one can be left in serious doubt of the folly of letting the market rip. Following the economic crisis, governments have reacted with speed and on an unprecedented scale, spending large amounts of taxpayer money to stabilise the financial system, with the expressed wish of reducing the extent of the slump and protecting jobs. While action is needed to stabilise the market, the public is ahead of politicians in diagnosing both the underlying causes of the recession, and in identifying what needs to be done, not only to enable the market to recover but to develop a more just and sustainable economic model.

This manifesto is about fairness for children in the UK. Even before the current crisis and in an era of apparent prosperity, too many children were being left behind, their health, wellbeing and life chances damaged by exceptionally high levels of poverty. A deeply unequal society generates costs to children and the community, which the UK cannot continue to bear. High levels of poverty are linked closely and causally to high inequality: great wealth and opportunity are concentrated in the hands of the few, but denied to a significant minority of children. The 1980s saw policy that encouraged growing inequality in the UK. The market was good, so the action of its 'invisible hand' must be just. Although inequality stabilised after the 1990s, it has not fallen.

One of the most telling critiques of recent economic policy is that we privatised profit in the good times but were left to socialise debt when things went bad. Large and unequally shared profits attract little tax, but still the ordinary taxpayer has been forced to step in to cover losses once things have turned sour. Such a one-sided deal has bred massive and deeply corrosive social inequality in our society. This is no longer acceptable. The combination of a major recession, a planet with finite resources experiencing the challenges of climate change and a new political wind from the US show that the time is right for change. The extreme concentration of wealth in the hands of an often unaccountable few is a measure of social failure, not success. Tackling inequality must be part of the solution to our economic problems.

In many ways, the UK has already moved down the path of greater social justice. Ten years ago, the then Prime Minister, Tony Blair, made a historic commitment to eradicate child poverty. Following this pledge, the Government implemented social policies that helped reduce the number of children living in poverty by 600,000. Each of the main UK political parties has now signed up to the 2020 goal to eradicate child poverty. The Government's commitments have been complemented by promises from the devolved governments in Scotland, Wales and Northern Ireland to do all they can to end child poverty.

Most recently, as we approach the interim target to halve child poverty by 2010/11, the Government is to place the 2020 target to eradicate it on the statute book. Investing more in our children will no longer be the whim of a single government. Child poverty is everybody's business and tackling it should be the responsibility of the country as a whole.

Nevertheless, reductions in child poverty have been slow and disappointing. The first interim target was missed at a UK level (with policy and rhetoric often working against the goal) and comparative wellbeing research continues to show that other countries do much better than us.

But perhaps the most important change wrought by ten years of focus on child poverty is its presence in mainstream politics. Consensus now exists around the goal of a society free of child poverty, if not on the means to achieve that goal. Published on the tenth anniversary of Tony Blair's promise to eradicate child poverty, this manifesto outlines ten steps that will bring us closer to that aim. As political parties prepare manifestos for the next general election, the economic situation and the public mood demand we move from treating symptoms of economic crisis toward addressing the causes of social sickness and wasted potential.

Ending child poverty: a manifesto for success

This manifesto argues that, as a society, we should put children first. In 2009, ten years into the twenty-year mission to end child poverty, poverty is on the policy agenda and there is consensus we must end it. But progress on tackling poverty in the first ten years has been slow and some policy has actively undermined the steps forward.

The 2010 target to halve child poverty is the bedrock for meeting the 2020 goal. This target date is fast approaching and, although 600,000 children have been lifted out of poverty, without more effort the UK will miss it. Meeting the 2010 target means investing in family incomes, with the double benefit of protecting children at a time of increased hardship and providing an effective fiscal stimulus, delivered through family spending. This manifesto lays out ten tangible steps to help reduce inequality and put children first.

1 **Protect jobs.** Parental job loss is a fast track to child poverty, generating immediate stress and long-term damage. The Government must protect existing jobs by investing in people, as well as institutions. Putting money into people's pockets enables them to spend cash, thereby boosting community businesses and protecting employment.

2 **Mend the safety net.** The current safety net leaves many families struggling well below the official poverty line, with some families actively excluded from provision. Benefits and tax credits need to be increased to ensure they meet an acceptable minimum income standard the public says is necessary just to get by. Much more effort is needed to increase take-up of benefits and tax credits.

3 **Move away from means tests.** Tax credits and means-tested benefits are complex and expensive to administer. They generate high levels of error, which prevents families from getting their full entitlement. By contrast, universal benefits, such as child benefit, are simple, effective and popular. When combined with progressive taxation, universal benefits do not squander money on those who do not need it; they ensure that everyone who is entitled gets what they need.

4 **Remove barriers to work.** Decently paid jobs can provide a route out of poverty, but not for those who are excluded from the labour market. Unsuitable and expensive childcare, low skills and discrimination by employers generate tremendous barriers to work – even before the recession. High quality, personally tailored support is needed to enable those unable to access work to acquire the skills they need to do so. The Government must get tough with employers who continue to discriminate against some groups.

5 **Stop in-work poverty.** More than half of poor children have a parent in paid work. Employment can only provide a route out of poverty when it is decently paid and barriers to working additional hours are tackled. In-work benefits make a huge difference to those in poorly paid jobs, but it is not right that the taxpayer is left to subsidise poorly paid jobs.

6 **Put in place a child-first strategy for childcare.** Childcare lies at the heart of a child poverty agenda that has focused on paid employment as the route out of poverty. But a work-first rather than a child-first approach is at odds with the current every child matters agenda. The provision of childcare and extended school services in which children thrive and parents trust is essential to reduce child poverty in the short and the longer term. But expensive, inaccessible and inadequate provision excludes some of the poorest children and may damage others. Children's needs, not just parents' employment, must be placed at the forefront of childcare strategies.

7 **End the classroom divide.** Children growing up in poverty do worse on average at school. Barriers to schooling, such as selection, high costs and stigma, blight children's educational experiences and reduce future opportunities. Increasing per-pupil spending and reducing extra school costs are essential, but a great deal of learning also takes place outside school. Ending child poverty outside the school gates will help reduce educational inequalities in the classroom.

8 **Provide fair public services for those who need them most.** Low-income families rely on public services to provide the sort of educational, health and social support that better-off families take for granted. But the 'inverse care law' results in poorer families who need more support getting less out of public services. Tracking patterns of service usage, targeting funding and ensuring that services reflect and meet the needs of poorer communities will help extend valuable support to families and reduce the educational and health divide.

9 **End poverty premiums in taxes and services.** Poor families pay more for basic goods, utilities and services. Low-income families also pay a greater proportion of gross income in taxes. Premiums, pre-pay rates and high interest rates increase prices, while special deals are often available only to those who can pay upfront or through direct debits. Regulators need to get tough on unfair practices. Tax policy must get fair too. Loopholes, dodges and special treatment for the 'low-tax elite' must be replaced with fairer taxes for the poorest groups.

10 **Ensure a decent home for every family.** The quality of the home environment is important to children's health, socialisation and education. The UK needs more decent and affordable family houses to end overcrowding, reduce housing costs and provide safe, healthy environments for children and families. Now is the time to invest in a programme of 'social housing' that ensures that all children live in good homes.

The severity of the economic situation should not knock the Government and devolved administrations off course in their commitment to end child poverty. The economic crisis makes tackling poverty doubly important: the way out of the recession should be to invest in all our children and make Britain a more equal society. This manifesto for success in ending child poverty lays out how and why we should step up the pace.

Introduction

18 March 2009 is the tenth anniversary of Tony Blair's commitment to eradicate child poverty within a generation. His speech fundamentally changed the terms of the debate on social justice in the UK.[1] Poverty would no longer be denied; it would be eliminated. New Labour deserves its laurels for placing centre stage the condition of children in poverty. In the last ten years, a raft of policies has been introduced to reduce child poverty. Economic stability and paid employment were placed at the heart of the Government's child poverty strategy. By moving off benefits into a buoyant and expanding labour market, it was argued, people could lift their children out of poverty and participate in the country's rising prosperity. 'Rights and responsibilities' have become an integral part of the rhetoric: in return for redistribution toward families with children through child benefit and the tax credit system, improved childcare, the introduction of Sure Start and improvements in health and education services, benefit claimants have an increased responsibility to look for work. But there is an uneasy tension between concern about child poverty (a 'scar on the soul of Britain', according to Gordon Brown[2]) and an apparent disregard for high inequality (with Peter Mandelson being 'intensely relaxed about people getting filthy rich, as long as they pay their taxes'[3]). This has generated tensions and contradictions within the Government's overall strategy. Unless it addresses inequality, the Government will be forever running up a down escalator, with slow and painful progress at constant risk of reverse – as has happened in recent years.

The green shoots of concern about inequality are evident in public service targets to narrow gaps in health and education outcomes, targets to reduce income inequality in Scotland, and a proposed duty on public bodies to consider class disadvantage. But if politicians of all parties are serious about tackling poverty, improving child wellbeing and enhancing life chances, much more needs to be done.

This manifesto is written at a crucial moment. The economic crisis not only demands a change in direction, it demonstrates problems with an untrammelled market and a public willingness for change. This document lays out steps toward a society in which we value our children as much as growth in gross domestic product. Our manifesto highlights practical ways to achieve a goal on which there is widespread agreement. But it is also a moral statement about how the UK should value children in the early twenty-first century. The simple conclusion is that we can, and must, do better.

Ten reasons to be angry about child poverty

Child poverty reduces the quality of childhoods and damages children's ability to fulfil their potential. Poverty not only blights valuable and vulnerable young lives in a way that is likely to generate long-term problems for them as young people, adults and parents, but social failure generates costs that attack the heart of our society. Research on the impact of poverty abounds. While growing up in poverty does not mean a bad outcome for all children, the cards are heavily stacked against them. The injustices poverty generates are many. We list ten particular reasons to be angry.

1 **More than half of the children living in poverty have a parent in employment.** Although moving into employment lifts some children out of poverty, in one in four families in poverty all the adults are working.[4] Many low-income working families are reliant on in-work benefits to escape poverty. For one in three poor families, moving into work means simply replacing out-of-work poverty with in-work poverty.[5]

2 **Current benefit and tax credits leave many children living below the poverty line.** Independent research has estimated a 'minimum income standard' (excluding rent) for a couple with two children as being £349.32 a week (about £12.50 per person per day) – £124.52 more than the safety-net benefits for which most families would qualify.[6] Those subject to immigration restrictions may well get even less. Not only is the safety net set too low to lift children out of poverty, but problems associated with complexity, poor administration, error and social stigma mean that one in five families entitled to child tax credit, for example, do not receive the support intended for them.[7]

3 **The poorest families pay the most for key necessities.** The cheapest ways of buying necessities like electricity, gas, food or financial services are denied to poorer households, who often pay more to receive the same service. One study calculates that while a bank loan of £1,500 costs around £1,646.16, it can rise to as much as £3,120.40 for those who find it difficult to get credit.[8] Those able to buy in bulk from supermarkets pay less. In one London store, bulk discounts on selected necessities ranged from 2 per cent to 79 per cent. Pre-payment meters cost around 20-25 per cent more than the cheapest energy tariffs.[9]

4 **The poorest families pay the highest proportion of their income in tax.** The richest tenth of non-retired families with children report gross incomes that are around 9.6 times higher than the poorest tenth of families. While the richest families pay a higher share of income in income tax, the effect of indirect taxes like VAT mean that, as a total proportion of their income, the richest pay less

tax than the poorest households (33 per cent compared with 42 per cent).[10]

5 **Poor children are more likely to experience unsafe environments.** One in four children in the poorest fifth of children do not have access to outdoor space or facilities where they can play safely, and the parents of 42 per cent of children in the poorest fifth report they cannot afford to replace broken electrical equipment.[11] One-quarter of child pedestrian accidents happen in the poorest tenth of areas and children living in poorer neighbourhoods are three times as likely to be hit by a car as those in richer areas.[12]

6 **More affluent and better educated people tend to get the best out of public services.** Families in poverty who need most support often receive the worst services. One study found local authorities do not effectively target funding intended for more deprived pupils on those for whom it was intended.[13] Effective targeting of funding would mean that spending on low-income pupils would double in primary schools and be 50 per cent higher in secondary schools.

7 **Poverty is a barrier to educational success.** By the age of three, children from poorer homes are typically about nine months behind children from more affluent backgrounds. Once at school, the average attainment gap between children receiving free school meals and those who do not grows steadily: the gap at Key Stage 1 is around 2.5 terms' progress, rising to about 5.1 terms by Key Stage 3.[14]

8 **Children in poverty go without the necessities most of us take for granted.** Fourteen per cent of children in the poorest fifth of children do not go on school trips once a term. Twenty-eight per cent in the poorest fifth do not have separate bedrooms for children over 10 years old and of different gender. Eleven per cent do not regularly go to a playgroup.[15]

9 **Poverty damages children's health.** Children born into poor families are twice as likely to die at birth or in infancy as children in richer families. Children born in the poorest fifth of areas weigh, on average, 200 grams less at birth than those born in the richest fifth of areas. Child poverty also means a greater risk of becoming disabled, with children in the poorest fifth of families, for example, being twice as likely to have cerebral palsy as those in the richest fifth.[16]

10 **Parents' aspirations for their children are high, but their life chances are low.** The Government argues that its policies are 'improving wellbeing and raising aspirations for both children and their parents',[17] but while 50 per cent of parents of children in the poorest income quintile hope their children will go to university by their mid-twenties,[18] few succeed in doing so. Over time, British society has got less fair. Teenagers growing up poor in the 1970s were, on average, twice as likely to be poor in adulthood; those growing up poor in the 1980s were four times as likely to experience poverty later in life.[19]

In-built inequalities stack the deck against many children, wasting talent and generating huge social costs. They are unacceptable in a society that has the tools to overcome them. Addressing poverty means reducing inequality – narrowing the gap so that all children can flourish.

Ten years of policy to tackle child poverty

In his speech on 18 March 1999, Tony Blair committed the UK government to ending child poverty 'within a generation', later interpreted as being 2020. Interim target dates toward 2020 were set for 2004/05 and 2010/11. 'Poverty' was measured in relation to prevailing norms (through the median or typical income). This is important because a child's early life and her/his future life chances are heavily influenced by what is normal for her/his peers.

The most important success of the past ten years is perhaps the fact that concerns about child poverty are now widely shared, with the UK's three major political parties, the Green Party and the main parties in the devolved administrations all committed to tackling this issue.

What politicians have said

'Child poverty is the scar that demeans Britain' Gordon Brown[20]

'We can end poverty – I mean it' David Cameron[21]

'It isn't good enough when the very number of days you will spend on this planet are determined by the place and circumstances of your birth' Nick Clegg[22]

[The Scottish Government is committed] 'to doing all within the powers available to us to help achieve the milestone to halve child poverty by 2010… and eradicating child poverty by 2020' The Scottish Government[23]

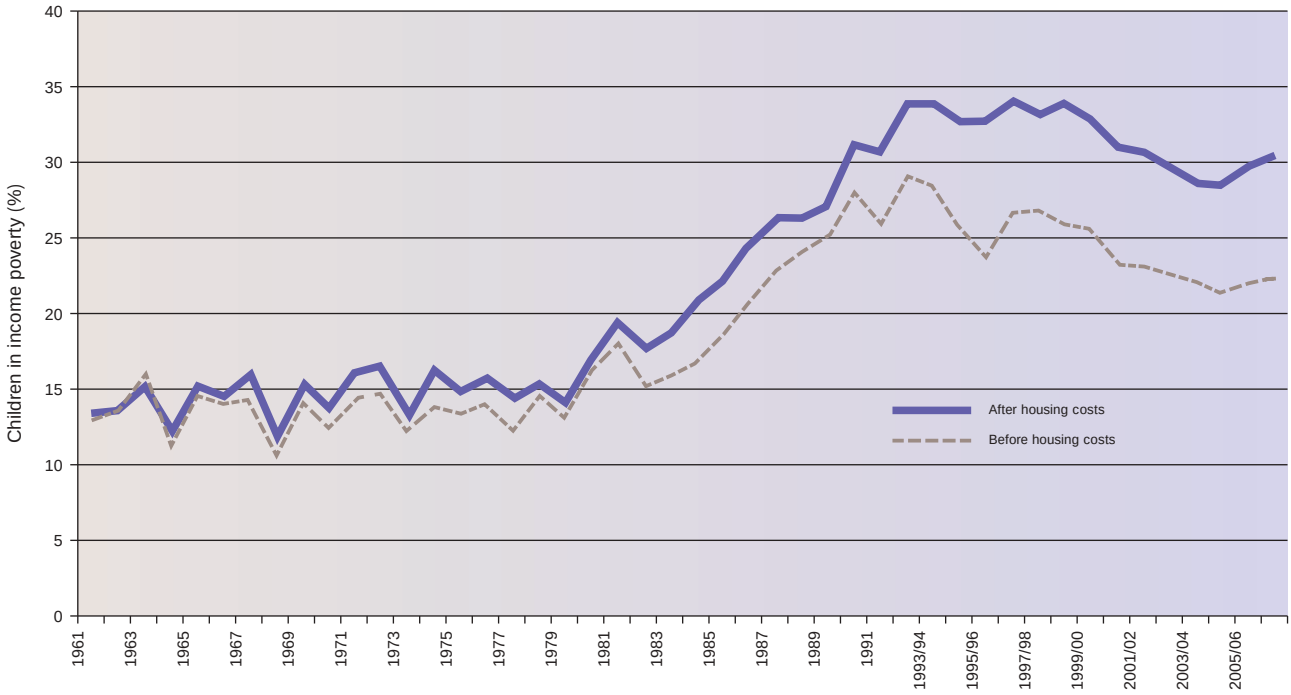
[In Wales] 'We will support the aim to halve child poverty by 2010 and eradicate child poverty by 2020'[24]

'In Northern Ireland, government has committed to end child poverty by 2020'[25]

The Government now proposes to place the goal of eradicating child poverty into primary legislation and is expected to begin legislating in late spring 2009. There has also been an increasing cascade of interest from central to local government.[26] The potential for individual local authorities in England to select a specific indicator (National Indicator 116) for reducing child poverty is reflected across the UK. These moves have helped embed the ambition to eradicate child poverty across the UK.

Figure 1 shows recent trends in the commonly quoted income poverty measure. (While the 'before housing cost' line is the central measure in child poverty targets, CPAG prefers to quote the 'after housing cost' line, as it is a better measure of disposable income.)

Figure 1
Child poverty 1961–2006/07



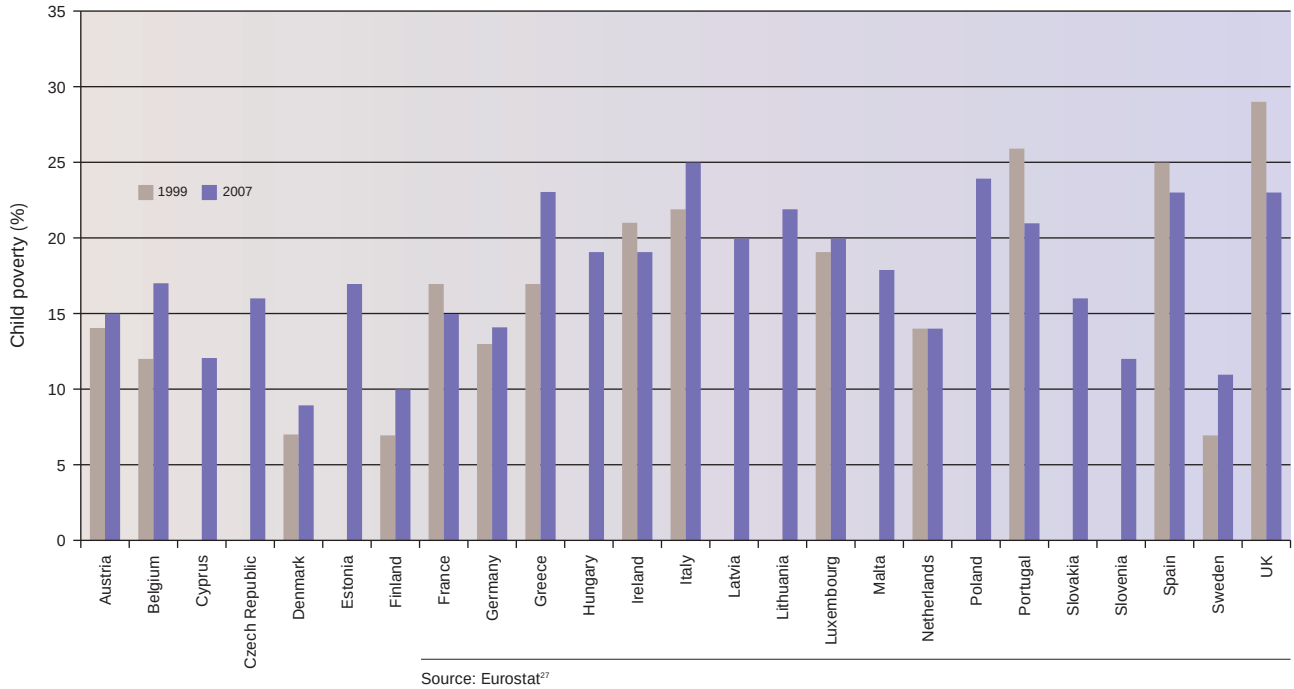
Source: Institute for Fiscal Studies website, www.ifs.org.uk

Figure 1 shows three key points.

- From the early-1960s to the late-1970s child poverty was relatively low compared with current levels (never rising more than 16 per cent).
- In the 1980s poverty rates increased rapidly, stabilising again in the 1990s.
- After 1999 child poverty fell until 2004/05, after which it began again to increase.

In other words, there is nothing inherent about a high rate of child poverty in the UK. It has been much lower in the recent past and, as Figure 2 shows, other countries do better than the UK. Policy can reduce the levels of child poverty, as shown by reductions on both Figures 1 and 2.

Figure 2
The UK's place in Europe



Source: Eurostat[27]

Measuring child poverty

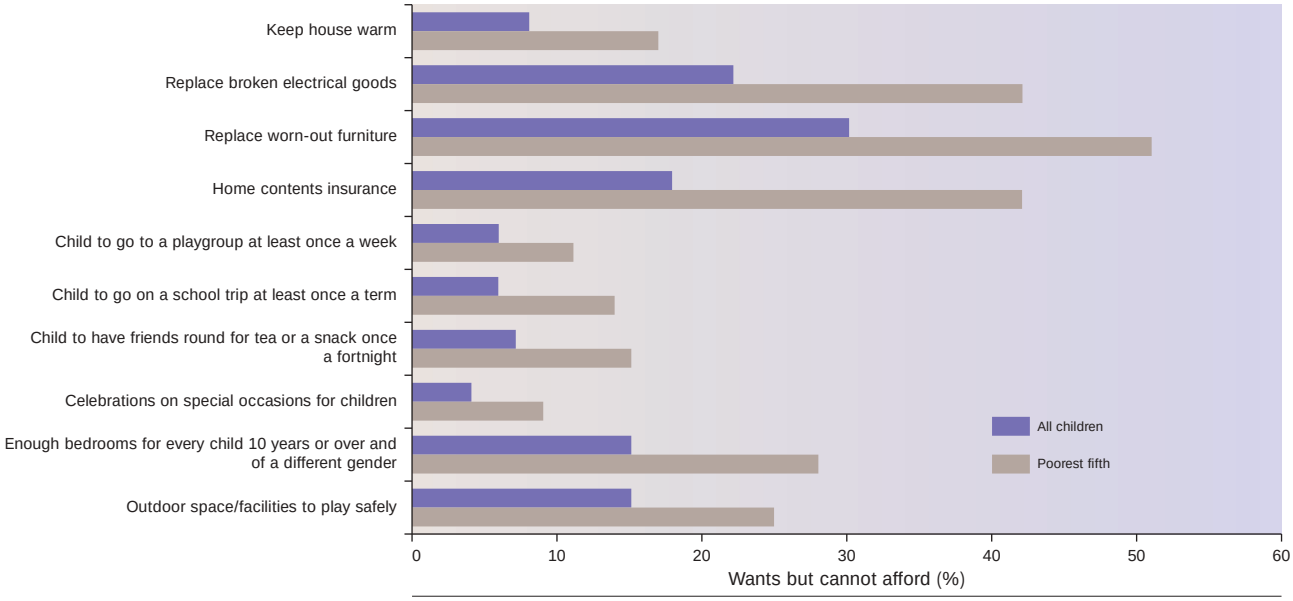
Income poverty is a key measure, which must remain central to assessing the impact of policy. It provides long-term trend data on income poverty, linked to a wide variety of social ills. However, income poverty data also needs to be used alongside other indicators. Poverty is not just about low income. It is about barriers to good quality services, bad housing, the denial of dignity, and the harm and disrespect generated by negative public stereotypes. Recent work published by CPAG shows the different ways in which poverty damages children's wellbeing and the importance of taking the multi-dimensionality of children's experience of poverty into account.[28]

It is therefore welcome that the Government's consultation[29] on placing the 2020 child poverty target into law retains income measures, alongside a focus on other elements of poverty, such as employment and skills, financial support, services, and housing and neighbourhoods. The inclusion of a range of building blocks does not water down the importance of income, but demonstrates the different ways in which poverty affects children – a particular source of concern when the UK was placed bottom for child wellbeing in a list of rich countries in a recent UNICEF report.[30]

Other measures of poverty, such as material hardship, illuminate the impact of poverty on children's lives – for example, their ability to have their friends for tea and to access a safe space to play, along with overcrowding and safety in the home. Figure 3 shows a sharp divide between the poorest fifth of children and the average (let alone children from richer households).

Figure 3

Material deprivation (does not have and cannot afford key necessities)



Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Figure 3 shows that the parents of children in families on low incomes are much more likely to report they want items, but cannot afford them. It also shows that the poorest fifth of children are half as likely as the average to be in households able to afford contents insurance, school trips, celebrations on special occasions or to keep the home warm. These indicators form part of the official measure of child poverty.[31] When combined, material deprivation and income poverty data tells a story of children being left behind in our affluent society and excluded from opportunities that others take for granted.

Not only do material deprivation and poverty take their toll on child wellbeing, but poverty is unfairly distributed, with some children much more likely to be poor than others. Table 1 compares the average risk of experiencing poverty (30 per cent, or one in three children) with the much greater risk faced by many children. While these figures are drawn from official statistics, they do not capture the experience of smaller groups of children, such as the children of refugees or travellers, who are very likely to be in poverty.[32] Nor does data capture significant overlaps between the different groups.

Table 1

At greatest risk of child poverty

Children in lone-parent families	52%
Children in families without paid work	81%
Children in large families (three or more children)	42%
Children in families with both a disabled adult and child, and not in receipt of disability benefits	48%
Children living in local authority housing	61%
Pakistani/Bangladeshi children	63%
Children living in London	41%
All children	30%

Source: Child Poverty Action Group, *Child Poverty: the stats*, CPAG, 2008, Tables 3 and 4 (after housing costs measure used)

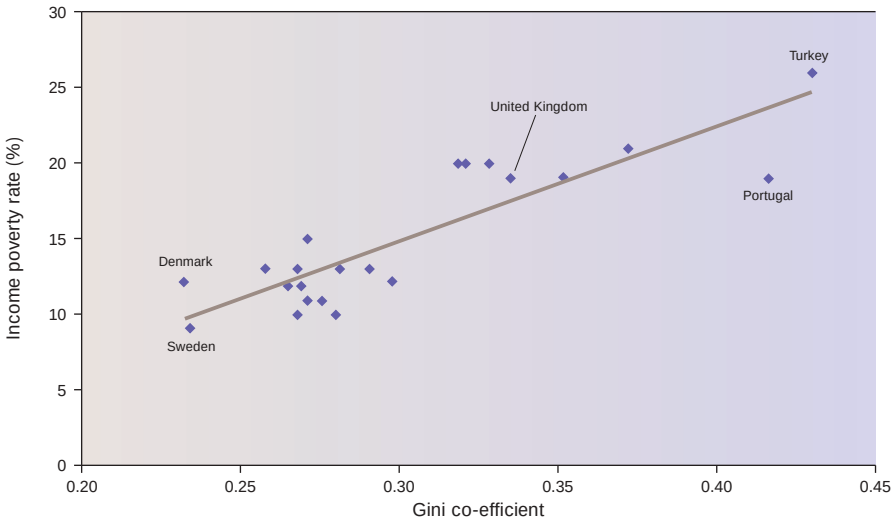
Poverty and inequality

Although over the last ten years 600,000 children have been lifted out of poverty, the falls in child poverty occurred before 2005: child poverty rose in 2005/06 and 2006/07. This setback is due to policy that has sought to address poverty without sufficiently addressing inequality. Before 2005, the Government redistributed significantly towards lower income families with children via child tax credit, but failed to address underlying disparities. When, in 2005/06 and 2006/07, the Government did less, poorer families again fell behind and poverty rose.

Figure 4 uses international evidence to show that income inequality and poverty are very closely linked.

Figure 4

Poverty and inequality



Source: OECD, *Growing Unequal? Income distribution and poverty in OECD countries*, 2008, Tables 1.A.2.2 and 5.A.2.1 (the measure of inequality is the Gini co-efficient; that of income poverty is individuals in households below 60 per cent of median incomes)

Poverty can only be understood in relation to social norms, and sustainable reductions are only possible if policies address the wider income inequality that drives it.

Child poverty is expensive. It damages children and generates costs to society because of reduced economic development and social stress. A conservative estimate suggests that poverty costs the UK £25 billion each and every year in reduced educational opportunities (which generate lower skills and productivity), lower taxes and higher service costs.[33] Preventing poverty is about spending to save. Redistribution that lifts poorer families out of poverty is essential, on the grounds of both fairness and of economic efficiency. This manifesto outlines better ways to redirect resources and attention to poorer children to achieve those goals. But the way in which resources that reduce poverty are found is also important. Even in a recession, there are fairer ways of raising taxes to invest in tackling poverty than those we have today. Elsewhere, CPAG has suggested several specific steps that could raise the necessary resources in a fair way.[34]

- **Reverse the inheritance tax cut.** Cuts in inheritance tax, which will cost taxpayers an estimated £1.4 billion in 2010/11, favours a small number of estates that are typically inherited by already rich people. We cannot afford this change that will actively undermine social mobility and increase wealth disparities.
- **Go further and faster with the top rate of income tax.** Government proposals to increase taxation on the very highest earners after the next election were met with little criticism. Public support for increasing taxes on the highest earners so they contribute more towards the national budget has increased with the credit crunch and a greater suspicion of the super-rich.[35] Introducing a 50 per cent income tax rate on earnings over £100,000 (a figure, which is four times median earnings) would raise £7.9 billion.
- **Make pension tax relief fairer.** Tax relief on private pensions costs the UK £17.5 billion each year, over half of which goes to those paying the upper rate of tax. It constitutes a large subsidy to richer taxpayers. Pension tax relief should be capped at the basic rate for all taxpayers.

Policy to date

The key watchwords over ten years of policy on tackling poverty have been: work for those who can, and security or support for those who cannot. This has evolved in three strands:

- a heavy emphasis on rising employment, moves to get more parents into work and making work pay through improving services, as well as the introduction of a national minimum wage and working tax credit, and increasing the ‘responsibilities’ of those out of work to seek it (the latest element of which is reflected in welfare reform legislation currently going through Parliament);

- increased per-child payments, particularly through child tax credit (and equivalent amounts through income support for children in out-of-work families) and also, to a lesser extent, through child benefit;
- a focus on improving child outcomes through investing in early-years education (including the popular Sure Start programme) and efforts to narrow the educational attainment gaps between richer and poorer children.

The reductions in child poverty have been driven by increased moves into employment (supported until recently by strong labour demand and improved, but still inadequate, childcare support), and redistribution towards families with children through child tax credit has not only raised incomes but improved family wellbeing.[36] But the recession has wiped out much of the increase in the overall employment rate, and left many who have moved into work, such as lone parents, particularly vulnerable to job loss.

While CPAG is in favour of the provision of additional support to overcome barriers to employment, the focus on getting more parents into work often forces them to make tough decisions about balancing caring for their children and employment. The recent welfare reform white paper[37] and bill going through Parliament (at the time of writing) increase conditions on claimants to seek work with possible sanctions if they do not. The legislation proposes: giving the Secretary of State powers to abolish income support (with the intention of shifting many more claimants onto jobseeker's allowance); outsourcing the administration of the social fund to non-state providers; and increasing the conditions on the partners of those claiming benefits. In addition, existing claimants of incapacity benefit will be moved onto the new employment and support allowance, with more stringent tests of entitlement.

However, while the Government claims that its programme of 'welfare reform' is evidence-based, the research does not show that, without greater support, more conditionality generates significant increased moves into work – even when there are jobs.[38] Moreover, plans written before the economic crisis are predicated on strong labour demand and now even proponents are expressing concern.[39] Policies on welfare reform have been overtaken by events and need reassessing.

While children have been a key focus of recent policy, not all children have gained equally and different children face much higher risks of being poor (see Table 1). Children of migrant parents, for example, are not only very likely to live in families on low incomes but have been actively disadvantaged by recent policies that link social protection to immigration status, for example through the 'right to reside test'. CPAG does not argue with the need to control borders, but social protection policies should treat children on the basis of need, not where they were born.

Shame and stigma have long been part of the experience of poverty. However, in recent years there has been a persistent growth of victim-blaming myths in the media, often propagated by ill-chosen phrases

emanating from political leaders, which place responsibility for the causes of poverty firmly at the feet of its victims and argue that deprivation is somehow a moral failing of individuals and families rather than the result of complex and often structural causes. Such 'povertyism' misunderstands the causes of poverty and so cannot offer a useful solution to it: all it does is undermine public support for the 2020 vision. Ending child poverty is everybody's business. What is needed now is a sophisticated political debate and media narrative that engages with the complexities of why families are disadvantaged, without blaming them for their poverty.

The last ten years have seen increased devolution of social policy across the UK, with new assemblies in Northern Ireland, Wales and London and a parliament in Scotland. As these power structures have bedded down, changes have come in social policy. Differentiation of social policy is, in many ways, a good thing if different parts of the UK can learn from each other, but our complex governance structure also means we need a sophisticated way for each tier to work together. The planned child poverty legislation offers a chance to improve joint working across the UK and leaves open the question of how other administrations, also signed up to the 2020 target, will ensure their role within the broader framework is clear, sustained and held open to account.

Ten years of policy have seen child poverty fall by 600,000 children on both measures quoted in Figure 1. Later policy is likely to reduce income poverty on the Government's headline measure by about 500,000 children. A further 700,000 children need to be lifted out of poverty to reach the 2010/11 target. While some commentators have speculated that the 2010 target will not be met, failure is by no means inevitable. Independent analysis has suggested that an investment of somewhere in excess of £3 billion in family incomes would set the Government on track to meet the 2010 target.[40] While the economic crisis clearly reduces the resources available, investment in family incomes is a vital way of protecting children at a time of increasing hardship and – because families in poverty need to spend a higher proportion of their incomes – provides the best and fastest form of fiscal stimulus to reinvigorate the economy.[41]

Ten challenges, ten solutions: steps toward a society free of child poverty

The UK is experiencing a major shock to its economy, one which has already taken us into a recession and which may end in depression. The deeper roots of this crisis lie not only in market confidence, but also in the wide gaps within our society. The UK's focus on the financial services industry has provided jobs that have benefited a few very well, but has left us wide open to a recession, which the International Monetary Fund has argued will hit the UK harder than other countries.[42] The route out of recession requires us to share the rewards of growth more equally.

CPAG details ten practical steps that will get us closer to the better society we can and should be. These steps suggest that urgent action is needed to prevent and eradicate child poverty, and that policy choices now will determine our ultimate success.

One Protect jobs

Unemployment is rising rapidly and job vacancies are falling. It is not clear how deep or long the recession will be, but the figures are salutary and disturbing.

- In the three months to December 2008, unemployment stood at 1.97 million and was rising at around 1,600 people a day.
- In the three months to January 2009 vacancies stood at 504,000 jobs (so there was about one vacancy for four unemployed people, and not all vacancies were full time) and vacancies fell by 76,000 in the quarter to January.[43]

Employment is not always a secure route out of poverty, but the loss of a job often plunges a family into poverty. The child poverty rate in households in which no one works is 81 per cent – between two and six times the rate for children who have one or more parent in work.[44] CPAG recognises the Government's concern to reduce the scale of job losses and we urge it to do everything possible to protect jobs. Those who argue against intervention because of the risks of higher public borrowing ignore the short-term costs to the public purse of rising benefit caseloads, lower tax receipts, and the long-term costs to both society and families from the scarring effects of unemployment.

Unemployment is not only damaging to individuals, but it hits the poorest families and the least educated hardest: those whose employment conditions may be worse, who may be forced into debt fastest (especially important given higher personal debt levels than in previous recessions), and those whose prospects of re-employment are the poorest. In the boom years of steadily growing employment over the late 1990s and early 2000s, commentators fell into the trap of assuming that, as labour demand was strong, everyone able to work could get a job, and that those remaining unemployed were responsible for their fate. This view – which generated better headlines than solutions – ignored the barriers, discrimination and weak services that prevented people moving into work and is now refuted by the economic situation. Rises in unemployment are driven by falling demand for labour, not rising levels of laziness among prospective workers. The solution is more jobs alongside better support.

CPAG urges the Government to take the following steps to protect jobs.

- **Recognise and address the additional strain on Jobcentre Plus.** The Government has set aside additional resources of £1.3 billion for employment services.[45] But if resources are to meet increased demand, HM Treasury needs to be ready to provide much more. Protecting existing jobs is not only socially just but fulfils a powerful 'spend-to-save' argument. Adequate capacity in Jobcentre Plus is vital for it to be able to deliver a supportive and effective system.
- **Reconsider the welfare reform agenda.** The Government is currently pursuing a radical 'welfare reform' programme, which will swell the rapidly growing number of claimants of jobseeker's allowance. The Government argues that the recession must not result in people furthest from the labour market being denied support (or 'parked'). CPAG agrees that support should be offered to those able to access it and this can prove the best route out of recession. However, the need to avoid 'parking' does not prove the case for increasing conditions, and to do so at a time when jobs are not available is particularly unjust. In the current economic climate, escalating benefit conditions is unlikely to increase moves into employment, but will place some families at greater risk of benefit sanctions and add to Jobcentre Plus's delivery challenges. CPAG urges the Government to reconsider quickly its approach to welfare reform.
- **Ensure redundancy practices do not disadvantage the poorest families.** The Government has amply demonstrated its ability to intervene in the market where necessary. It can also work with employers to reduce the extent of job losses and minimise the damaging effects of different redundancy practices. CPAG would like to see efforts to prevent employers using 'last-in, first-out' practices when making job cuts. Such practices not only discriminate against young workers, but disproportionately affect those more vulnerable in the labour market (including those moving in and out of employment).[46]
- **Protect and create jobs.** There is a good case to intervene now to protect industries on which many jobs rely (as the Government has, in part, recognised). If unemployment continues to rise, the case for investing in schemes to boost public employment will grow. CPAG supports ideas propounded elsewhere for a 'Green New Deal'[47] (combining job creation and addressing environmental concerns and fuel poverty by stepping up work on insulating homes) and wider investment in public works programmes that improve services for poorer people and create jobs.

Two Mend the safety net

The safety net (the combination of out-of-work benefits for adults, child benefit and child tax credit) is typically set lower than the poverty line, and is difficult (or impossible) for many families to access. Benefit rates need to be increased and access assured for all those families entitled to financial support.

Although the Government measures its target on child poverty by a poverty line, defined as a share of relative incomes,[48] it sets the value of safety-net benefits below this line (as witnessed by the large numbers of children in poverty). This poverty line is already low compared with independent research.[49] In recent years, although child payments have been increased (especially through child tax credit), the same approach has not been used for adult benefits and this has undermined overall family incomes. Had the single adult rate of jobseeker's allowance been increased in line with earnings rather than prices from 1997, it would now be worth £75 (it is paid at £60.50).[50] Table 2 compares the safety net with the poverty line for two families.

Table 2
Comparing the poverty line and the safety net

	Lone parent with a child) (4 years)	Couple with two children (5 and 14 years)
Poverty line (estimate)	£153	£318
Safety-net entitlement	£130	£217
Safety net as a percentage of the poverty line	85%	68%

Source: CPAG analysis[51]

As a country, therefore, although we have a commitment to end child poverty, children who have parents who are not in work have family incomes well below the poverty line. Some children will always have parents who are unable to work. So if the 2020 vision is to be a reality, the value of out-of-work incomes must rise. The Government has been inconsistent in accepting this truth about meeting its commitments, but has recently stated (as an 'aspiration' as part of the strategy to 2020):

> 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.[52]

This welcome admission needs to be turned from an aspiration into a concrete plan to raise the safety net to lift children out of poverty. The usual argument against increasing benefit rates is that a higher benefit rate reduces the incentive to move into paid work. This argument is debatable,[53] as it is more likely that low benefit rates demoralise those out of work and generate health problems that drive them away from

employment, not closer to it. The work disincentive argument is even weaker now than in the past. Child tax credit can be claimed in and out of employment, so increasing it does not act as a work disincentive. The logic behind the welfare reform agenda is that conditions and the threat of sanctions, not inadequate benefits, will 'activate' people to look for work. Moves into employment should leave families better off, but this can be achieved by tackling low pay and improving child benefit, not holding down benefit rates.

Safety-net benefits and tax credits are also difficult to access. Some groups are actively excluded, and complex administrative procedures make it hard for others to realise their rights. Some groups of migrants who are specifically excluded from entitlement have recourse to lower levels of support. CPAG is greatly concerned about this differential treatment. The child poverty target (and the Every Child Matters agenda) is about *all* children. As the birthplace of a child does not determine different needs, all children resident in the UK should have equal entitlement to social protection.

The critical test of the safety net is ensuring that those entitled to benefits and tax credits receive their entitlements, yet too often complex systems prevent this happening.[54] Take-up of key means-tested benefits and tax credits is persistently low. One in five families entitled to child tax credit do not receive it, and even one in ten of the poorest in-work families miss out.[55] A similar pattern occurs across means-tested benefit programmes, such as income support, jobseeker's allowance, housing benefit, council tax benefit[56] and free school meals.[57] Simple-to-navigate systems, adequate and effective advice to help people with claims and proactive take-up campaign work are all vital. CPAG calls on the Government to rebalance support for children towards non-means-tested programmes, which do not suffer the same problems.

CPAG urges the Government to take the following steps to help mend the safety net.

- **Show that 'every child matters' by integrating all children resident in the UK into the UK social protection system.** CPAG does not take issue with the need to control borders, but immigration policies should be separated from those intended to meet basic needs.
- **Make the value of the safety net adequate to lift children out of poverty.** This means increasing both child and adult payments (through child benefit, child tax credit and income support) and increasing the lower benefit rates paid to younger people on income support to adult levels. Improving income adequacy is vital to help meet the 2010 target to halve child poverty (which is now reliant on investing in family incomes) and to get money quickly into the economy and boost demand.[58]
- **Increase the role of grants to help families with occasional and essential expenditure.** Recent proposals on the social fund, which sought to increase access to low-cost credit, appear to be at the expense of other aspects of grants.[59] There is a positive role for social fund grants[60] in improving the quality of children's housing conditions and tackling material hardship, and investing in the grants' element of the social fund could provide a timely fiscal stimulus.
- **Revisit the uprating policy of benefit rates.** Adequacy needs to be addressed, disregards adjusted so that they track inflation and wages, and a structure developed that allows benefits to hold their relative value and prevents poverty rates rising over time.[61]
- **Maximise take-up of existing benefits.** Improving access to good quality information from central, devolved and local government and to independent advice is essential. Ensuring different agencies such as Jobcentre Plus, HM Revenue and Customs[62] and local authorities work in a more co-ordinated way, and that claimants can access face-to-face support to help negotiate complex systems is essential. Protecting the civil legal aid budget is key to maintaining the independent welfare rights advice infrastructure that helps claimants realise their rights.[63] Investing in take-up work at a time of economic downturn is important, both to reduce hardship and to draw money into local communities.

Three Move away from means tests

The argument for means-testing social protection is that it concentrates limited resources on those who need it most. The argument against means-testing is that it leads to inherent complexity and results in the residualisation of services, which makes it politically difficult to invest the necessary resources. Put differently, those who argue for the need to means-test because resources are few ignore the fact that the ability to spend may be small precisely because of means-testing. Non-means-tested support, such as child benefit, is typically better delivered and does not suffer the stigma often attached to means-tested support. CPAG believes it is time to raise family incomes of the poorest and, within this, to increase the proportion of non-means-tested financial support.

The UK social security system is complex, with the result that quality of administration is often low. Both claimant and official error rates are high,[64] meaning that those entitled find it difficult to realise their rights.[65] The use of a test of means as a mechanism to establish entitlement generates inherent complexity.[66] Evidence to the Work and Pensions Select Committee inquiry suggested 'a direct correlation between the amount of means-testing and the complexity in the system'.[67]

Child benefit is popular and functions effectively because it is simple to understand and, because it is usually well administered and has a very high take-up rate, it actually reaches more children living in poverty than the more targeted child tax credit.[68] As child benefit is not means-tested, it is not withdrawn as parents earn more and so it supports moves into employment. Means-tested benefits worsen the poverty trap because they are withdrawn as earnings rise. In recent years, the cash value of child benefit has been raised in a variety of ways. First, by an increase in the amount paid for the first child in 1999, then by a smaller increase in January 2009 by extending it back into pregnancy (through the health in pregnancy grant), disregarding child benefit in the assessment of council tax benefit and housing benefit, and by extending entitlement for some older children near school completion age (or in training). Each of these is welcome, but more can be done with this popular benefit to galvanise public support for investing in children.

Poverty and disability are closely linked. Poverty is both a cause and a consequence of ill health. Those who experience disability or ill health are less likely to be able to access paid employment, and those who move out of work and experience a drop in income are more likely to become sick or disabled. While disability benefits are not means-tested, because of higher levels of disability among low-income families, they are quite well targeted on poorer households. While the rate of key disability and carers' benefits remains low, the receipt of disability benefits generates a powerful protection for children. In households with a disabled child but no disabled adult, 37 per cent of children were poor

when no disability benefits were being received, but this proportion was halved (19 per cent) when disability benefits were received.[69] The correct receipt of disability benefits and 'passported' entitlements provide a powerful protection from poverty. However, the complex tests to prove entitlement mean that disability benefits are difficult to navigate. Maximising take-up of disability and carers' benefits for disabled children and disabled parents requires good quality, simple information and, above all, access to independent welfare rights advice to support families through an arduous and oft-repeated claiming process.[70]

Social protection systems need to protect families from risk and support caring needs alongside tackling poverty. The need to protect against risk, wherever it fell, was a key reason for adding a national insurance-based element to provision (for instance, insurance-based jobseeker's allowance). This system not only supports families at the point of change or increased need, but it is not subject to the means test, so can be claimed by a wider group of families and on an individual basis (through a test of contribution not household means test). Receipt in your own right makes these benefits particularly valuable to women (though historically women who were low paid or who have taken time out of the labour market to care have suffered from the contribution requirements).

Despite the value of a strong insurance-based system over most of the last century, the principle has now been allowed to winnow in value and to become muddled with means-tested provision. For example, jobseeker's allowance has both a contributory and a means-tested element and the contributory incapacity benefit is now being replaced with employment and support allowance (with an income-related as well as a contributory element).[71] The value of national insurance has been ignored in recent years, but benefits that use a test of contribution rather than means have many advantages, not least protecting families without having recourse to the means test. CPAG resists the restrictions being placed on insurance benefits and would like to see much more done through the national insurance system.

CPAG urges the Government to take the following steps to move away from means tests.

- **Make child benefit truly universal and extend entitlement to all children resident in the UK by removing immigration-related restrictions.**
- **Increase the rate of child benefit for second and subsequent children in a family to that paid on behalf of the oldest child.** This move particularly helps larger families, who are more likely to be poor, and would benefit all families with two or more children, lifting 250,000 children out of poverty.[72] Over time, increase the relative value of child benefit within financial support for families.
- **Increase the rate of disability living allowance to ensure it covers more of the additional costs of disability.** As with all means-tested benefits, those designed to meet some disability-related costs are often poorly taken up. Many disabled children and disabled parents lose entitlement to disability living allowance when reassessed, whether or not their condition has changed. Although appeals are often successful, longer periods between assessments would improve the stability of this benefit. The Government needs to simplify claiming processes, provide clear information to families at key points of transition, improve access to independent advice, and improve delivery.[73]
- **Value care.** Carer's allowance is provided for those spending at least 35 hours a week caring for a person who is in receipt of the middle or highest rate disability living allowance care component. Currently, the single element of carer's allowance is £50.55 a week – or around £1.44 per hour assumed to be spent caring. This shows scant regard for the crucial role provided by carers, and increasing the amount would send a strong and positive message about the Government's commitment to support them. The Government should also investigate widening access to working tax credit to those engaged in caring.

Four Remove barriers to work

At the time of writing, under the International Labour Office definition of unemployment, 1.97 million people across the UK are unemployed. A further 7.86 million working-age adults are counted as 'inactive' in the labour market (either not seeking employment or unable to take it up, for instance because of health or caring reasons).[74] Policy has sought to increase the employment rates of lone parents[75] and disabled adults, and rates have risen as more people have moved into work (at least before the economic crisis). Those families who want to move into work to help lift their children out of poverty should receive every support possible to help them do so. However, while there is good evidence that many lone parents and disabled adults (often targeted by policy makers) and those counted as 'inactive' in the labour market would like to move into paid employment if enabled to do so,[76] policy focus has increasingly shifted from relying on the provision of support to increasing conditions and sanctions. Current proposals include shifting lone parents onto jobseeker's allowance, replacing incapacity benefit with employment and support allowance, and increasing conditionality for the partners of benefit claimants.

There are two problems with this approach. First, many people who are currently counted as inactive (and others who have lost their jobs) report they want paid work. Problems moving into work are often the result of barriers to employment rather than an unwillingness to work. Second, the previous approach – which relied on increased support, getting people to work-focused interviews and encouraging, rather than prescribing, specified activities – was successful. The lone-parent employment rate increased by 12.5 percentage points[77] and the Pathways to Work scheme increased the chances of a disabled person being in employment after 18 months by 25 per cent.[78] These rises are significant[79] and suggest that it takes time for the employment rates of disadvantaged groups to rise.

While improved support is essential for those who would like to work, parents are best placed to choose when it is right for them (and their families) to move into work. Parents are better placed to make decisions about how best to balance their parenting and employment responsibilities than the state. Furthermore, the current focus on compelling individuals to move into employment ignores the ingrained labour market disadvantage faced by some groups. Disabled people at every skill level are less likely to be in employment and are more likely to be in lower-paid jobs than non-disabled people with the same skills.[80] People from minority ethnic backgrounds also continue to face disadvantage.[81] Lone parents are doubly disadvantaged by a gender pay gap (most are women) and the fact that they may seem less attractive to employers because of their caring responsibilities. Employers must be brought on board and supported to open up decent, flexible job opportunities that enable families to balance work with family life.

CPAG urges the Government to take the following steps to remove barriers to work.

- **Improve access to skills and training.** Those without recent labour market experience often have lower marketable skills. While a more equitable education system is essential in the long term, there is a current need for better adult skills training. Investing in human capital will improve job entries for more disadvantaged jobseekers, both now and when the economy picks up. The new advancement and careers service for England (and its equivalents across the UK) needs to ensure that future training provision is coherent and demand-led.
- **Move from 'work first' to 'work first plus',[82] which recognises the need for sustainable, well-remunerated jobs.** Many disadvantaged groups move in and out of poorly paid jobs. This not only saps morale, it undermines child wellbeing as children move in and out of childcare.[83] Although the Government has recognised the importance of job retention, CPAG believes Jobcentre Plus and other employment services need to focus on enabling people to take the necessary time and steps to help them prepare for suitable, sustainable jobs. This could include volunteering or doing 'mini-jobs'.[84] More attention needs to be paid to progress within work.
- **Extend the right to request flexible working.** A great deal of movement in and out of employment reflects the failure to facilitate and support a work-life balance. The right to request flexible working has been successful and we see no reason not to go further and faster. All too often the demands of employers take precedence over caring responsibilities, rendering the work environment stressful and inflexible for parents.
- **Help parents with the costs of working.** Moving into work is expensive, bringing with it additional costs, such as clothing, transport, childcare and lost benefits. More needs to be done to help ensure work pays. In particular, CPAG believes the UK as a whole should follow Scottish plans to extend free school meal entitlement to parents in low-paid work (passported from working tax credit) and beyond to all children.
- **Support employers to recruit a wider range of employees and root out discrimination.** Employers' need for additional support when employing disadvantaged people has been recognised, and includes increases in the access to work grant. CPAG accepts that employers need support, especially where there may be costs in employing a wider range of employees, but employers must recognise the diversity of the population and accept their responsibility to support parents with their multiple roles.

- **Move towards universal childcare, free at the point of delivery.** Childcare lies at the heart of the Government's welfare-to-work agenda, but it is expensive and difficult to access – particularly in disadvantaged areas – and quality and sustainability are an ongoing problem.[85] CPAG believes that childcare should reflect the needs of children and should not be viewed primarily as a tool to enable more parents move into paid employment. High-quality childcare enhances child wellbeing and enables parents who want to work to do so. However, low-quality group care damages young children and generates anxiety in parents.[86] The provision of universal childcare, free at the point of delivery, which builds on the current universal provision for three- and four-year-olds, would ensure that the most disadvantaged children benefit irrespective of their parents' work status, and would enable all parents to balance their employment and caring responsibilities.
- **Introduce a 'claimants' charter'.** This is particularly important if the Government is intent on moving ahead with its welfare reforms. Such a charter would ensure that the additional responsibilities being imposed upon claimants are balanced by more rights – to challenge decisions, access independent advice, and ensure they have access to the high-quality personalised support promised by policy makers, but which is often lacking on the ground. CPAG also believes the particular needs of lone parents with disabled children, disabled parents and parents with other caring responsibilities need to be recognised (for example, by enabling lone parents with a child receiving any disability living allowance to remain on income support). There also needs to be much more flexibility around how lone parents are treated by the 'availability for work' rules.

Five Stop in-work poverty

Most poor children (59 per cent) have a parent in paid work.[87] In-work poverty is caused by a combination of the hours worked, the pay received and family size. The claim that work provides a route out of poverty for all is belied by the fact that the UK has a high employment rate (the highest of the large countries of the European Union)[88] combined with a high poverty rate (see Figure 2). A 'work-first' approach has also resulted in the quality of work, pay, sustainability and job progression being neglected. And yet, moving in and out of work (particularly common for lone parents[89]) compounds the complex interaction between in-work support and out-of-work benefits, generating stress and financial uncertainty. Precarious jobs that do not fit well with family life generate stress for parents and children.[90] Simply seeking to move people into jobs is not an adequate response to child poverty – particularly during a time of rising unemployment. Reducing in-work poverty requires better paid jobs, support for additional costs and greater opportunities to work flexible hours that fit with family circumstances.

Two principal policy initiatives have been put in place to try and make work pay: the introduction of the national minimum wage (£5.73 per hour for most workers, with a £4.77 development rate and a £3.53 development rate for 16/17-year-old workers) and a means-tested working tax credit to top up low wages. However, it is now clear that significant disparities between low wages at one end of the spectrum and astonishingly high wages at the other have also generated significant stress in the workplace.

Meanwhile, the level of the minimum wage is set by the Government on the advice of the Low Pay Commission – a government advisory group. While many will argue that business (particularly small businesses) cannot afford a higher minimum wage at this difficult time, CPAG urges the Low Pay Commission to balance this with the need to raise the wage floor and reduce pay inequalities.

For families in low-paid work, entitlement to working tax credit increases real wages (beyond the national minimum).[91] Although welcome, this is an acknowledgement of a problem with low wages. While low-paid families are heavily reliant on tax credits to increase their income from work, most would rather have wages from their employer that recognise their labour, not a government subsidy to low-paying employers. Subsidising low wages via tax credits undermines the argument that work provides a route out of a complex benefit system: it draws families into an inherently complex working tax credit system, which simply adds to income instability.[92] While access to additional tax credit income is essential for many families, its gradual removal when parents work more hours or their pay increases constitutes a disincentive to progress at work, creating a poverty trap. CPAG would like to see policy move further to increase the wage floor and to reduce the extent to which the Government needs to subsidise low-paid work by rebalancing incomes towards improved pay.

In-work poverty is also the result of parents being unable to work sufficient hours to lift children out of poverty. One study estimates that a couple with two children paid at the minimum wage would need to work 58 hours a week to lift them out of poverty (using the Government's preferred measure).[93] This implies that this family would need one full-time and one part-time worker to lift their children out of poverty. The greatest protection against poverty is provided when both parents are in full-time paid work: one in twenty children with two parents in full-time work is poor, compared with one in three overall.[94] This working model is available only to a minority of families and, even when possible, may not provide an advisable work-life balance for all families with young children. Nor does it reflect the additional needs of larger families or those affected by disability. While the provision of high-quality support (such as childcare) that enables parents to work longer hours if they want and need to do so is important, relying on a 'work-first' approach undermines parents' rights to choose how to balance parenting and work.

CPAG urges the Government to take the following steps to stop in-work poverty.

- **Increase the national minimum wage.** It would be unacceptable in the current economic situation for the Government to impose the toughest restraints on the lowest paid. The Government should adopt a more aggressive strategy to increase the national minimum wage and to index this to prevent inequality gaps widening.
- **End discrimination.** Pay discrimination remains a problem. A persistent gender pay gap and lower pay for many other minority groups increases the risk of in-work poverty. CPAG believes that wider use of pay audits by employers are needed to reveal which groups are concentrated on which pay scales.
- **Increase public sector workers' wages.** Currently around one-quarter of low-paid jobs are in the public sector,[95] with many workers reliant on in-work support financed by the Government. The Government cannot expect other employers to tackle low pay if it fails to do so itself. Apart from the need to lead by example, increasing public sector workers' wages, alongside increasing benefit levels and pro-poor capital spending, would also provide a much needed fiscal stimulus to the economy.
- **Extend the adult rate of the minimum wage to young workers.** The Low Pay Commission recommends extending the adult rate of the minimum wage to 21-year-olds (some of whom have children).[96] CPAG supports UNISON in arguing that it should be extended to cover apprentices and should not discriminate against any young worker. It is unacceptable that young workers, many of whom are in groups the Government aims to support (for example care leavers), should be penalised by being paid a lower national minimum wage.[97]

Six Put in place a child-first strategy for childcare

Childcare has two key functions: to enhance child wellbeing and boost cognitive development, and to increase the hours parents (especially mothers) can spend in paid work. However, there is an uneasy tension between these two objectives, with the latter often seeming to take precedence over the former. The development of childcare services designed to meet employment targets has resulted in the needs of children – particularly those whose parents are not in paid employment – sometimes getting lost.

Childcare is currently funded both by supply-side support (the universal provision for three- and four-year-olds) and by demand-side interventions (a childcare element in working tax credit). The supply of childcare in the UK has increased in recent years as the direct result of policies such as the ten-year childcare strategy in England[98] and parallel activities in Wales and Scotland.[99] A recent UNICEF report card indicates that childcare provision in developed countries has moved up the political agenda because parents are increasingly pressured to work more hours.[100] Given that one full-time and one part-time earner in low-paid work is needed to keep a family out of poverty, having two parents in work for couple families has become the norm, generating increased demand. While there is clearly a need to provide more childcare and to make it more affordable for working families, the quality of childcare, and the low skills and low pay among childcare workers, are an ongoing source of concern.[101]

Furthermore, targeting financial support via working tax credit reinforces the message that childcare is primarily designed to enable parents to work and has resulted in systems that may exclude the most disadvantaged children whose parents are not in work, and who would benefit most from high-quality interventions. Furthermore, as parents move in and out of employment – and in and out of their entitlement to working tax credit – children move in and out of childcare. This is stressful for parents and damaging for children.

The welfare reform objective of rising parental employment (for example, with a target of a 70 per cent employment rate for lone parents) is predicated on the availability of accessible childcare. Although there have been definite improvements, childcare remains expensive and patchy. Childcare providers are susceptible to changes in demand, resulting in the constant closure of schemes and less availability in the more deprived areas. Current provision does not always meet the needs of those working atypical hours and those with high caring needs (for example, with disabled children).[102]

Research from the Daycare Trust shows how expensive childcare continues to be.[103] The costs of a full-time place for a child under two is £167 a week (about one-third of average earnings), with the highest

costs in London and South East England. The survey found the cost of childcare had increased above the rate of inflation, with a particularly fast increase in Scotland (the cost of a full-time place for a child under two increased 12 per cent compared with a 5 per cent average). The picture of out-of-school activities for older children was more mixed, with large percentage rises in Wales (up 13.9 per cent) and Scotland (up 28.9 per cent), but falls in England (down 7 per cent).

As with school costs, childcare costs bear most heavily on the poorest families. While support for childcare is provided via working tax credit (as discussed above), only 462,000 families getting working tax credit receive this support (one in ten).[104] this compares with nearly full take-up of the universal offer of childcare places for three- and four-year-olds.[105] For childcare provision to support the 2020 agenda, it needs to focus much more closely on the needs of all children, providing high quality interventions that support children's emotional and educational needs. It also needs to be adapted so that it provides much more consistent and accessible support for working parents.

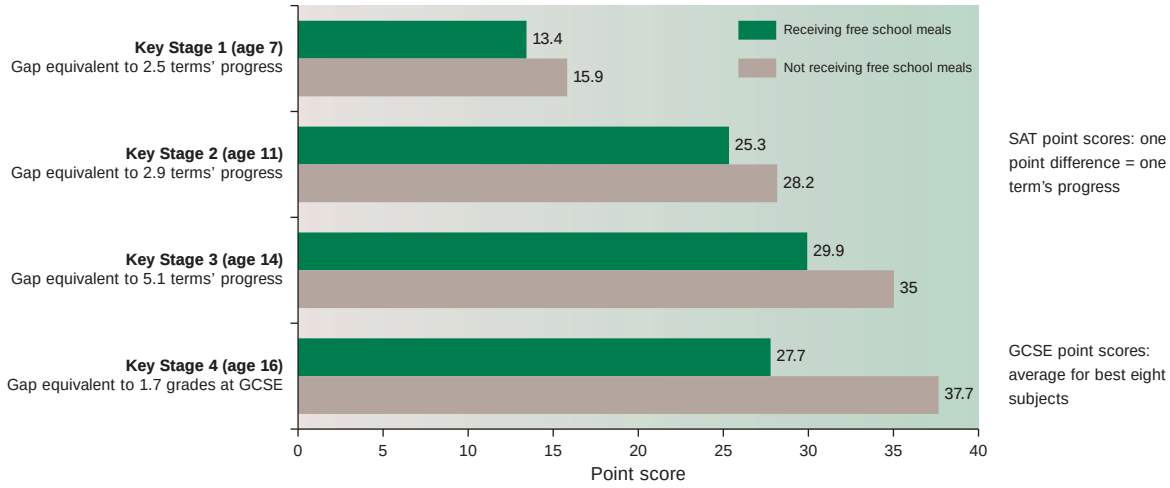
CPAG urges the Government to take the following steps to put in place a child-first strategy for childcare.

- **Extend and develop the children's centre network.** Children's centres are successful and are popular with parents, providing a child-focused location in each community, which includes a range of activities – such as childcare, health services, advice on benefits and tax credits, and supporting moves into employment. As well as the planned development of the network, we urge centres to poverty-proof access to activities to ensure that poorer children gain the maximum from this service.
- **Ensure childcare is affordable for parents.** The childcare element of working tax credit currently pays up to 80 per cent of childcare costs up to a fixed threshold. However, childcare costs continue to put a significant strain on working families on lower incomes, and the children of families who are not in paid work are excluded. CPAG believes that the provision of universal childcare is the way forward. In the meantime, we believe that the amount paid via the childcare element of working tax credit needs to be reviewed (with 100 per cent of costs being paid for lower income families), and thresholds should be raised for families with three or more children or with disabled children. More effort should be made to increase take-up of this support. Reform is also needed so that the loss of a job does not swiftly lead to a child losing a childcare place.
- **Extend the universal free offer further.** The universal free offer for three- and four-year-olds (which is being extended from 12 and a half to 15 hours' entitlement) has been successful and take-up is high. As a supply-side investment, this is likely to be of particular benefit in poorer areas (where childcare markets are weakest). We urge the Government to extend the hours on offer and widen the ages of children who may be entitled to it.
- **Deliver good quality childcare by investing in the childcare workforce.** Childcare workers are the lowest paid in all children's services.[106] Improving the pay and status of the profession and increasing training opportunities for staff in both public and private sectors would not only improve the childcare environment for children, but would reduce in-work poverty among vulnerable workers and improve job sustainability.[107]
- **Deliver a child-focused childcare strategy.** Currently, childcare policy is overly focused on getting parents into employment, rather than enhancing the wellbeing of children. Ending child poverty will not simply be attained by enabling more parents to move into work. It requires the provision of high quality childcare that enhances children's emotional and educational wellbeing, improves childhood experiences and narrows attainment gaps once children start school.

Seven End the classroom divide

Poverty is a barrier to educational success. There is a chicken-and-egg relationship between education and poverty: poverty worsens educational chances and lower attainment increases the chances of later poverty.[108] To maximise the talents of all our children and improve life chances, the education system needs to be fairer. Not only do children growing up in poverty start with a disadvantage at school, this gap widens throughout their school career.

Figure 5
Poverty and school attainment



Source: D Hirsch, *Chicken and Egg: child poverty and educational inequalities*, CPAG, 2007, Figure 2

Poverty is a barrier to educational success and the gap starts at a very early stage. Good educational results affect later earnings, and so the gaps in attainment shown in Figure 5 help to explain why many children who grow up in poverty often experience low incomes as adults (and as parents). The causes of these different outcomes are complex and inter-related. They are partly the result of the impact of poverty on children's home lives (for instance, worse health and unsatisfactory housing) and partly because poorer children fare less well in the school environment. And while a great deal of education takes place outside the school gates in the wider environment, poorer families may not be able to exploit these opportunities.

Research from the Sutton Trust has shown poorer children are under-represented at the best performing schools.[109] Although nationally, 14.3 per cent of children are entitled to free school meals, only 3 per cent of pupils in the top two hundred schools are eligible. As well as being concentrated in poorer performing schools, children growing up in poverty are less likely to stay on in education and more likely to leave early without qualifications. Despite significant policy interest, one in eight 16 to 19-year-olds are not in education or training, a figure higher than a decade ago.[110]

State education, described as free at the point of delivery, carries significant costs for families. Recent research for England shows that families spend an average of £684 per child at primary school, rising to £1,195 per child at secondary school.[111] The same research found that costs had increased by 4 per cent in real terms between 2003 and 2007 and that families with lower incomes were the most likely to have difficulty affording these and less likely to know about school-based support. The exclusion of poorer children from rewarding and creative activities within schools – such as trips or music lessons – not only damages their experiences of and attitudes to school, but it compounds educational inequalities within the system as a whole.

Tackling poverty and improving educational attainment must go hand in hand. The Government has set an explicit public service agreement target to narrow educational inequalities in England.[112] However, while targeting additional resources into the educational system is important, CPAG's '2skint4school' campaign highlights the links between poverty and education.[113] It stresses the need for a wide range of interventions, including increasing family income, minimising the costs of school and ensuring admission policies do not discriminate against poorer children. Much greater educational inclusion is needed if children in poverty are to do better at school.[114]

CPAG urges the Government to take the following steps to end the classroom divide.

- **Stop poorer families paying more for educational costs.** First and foremost, charging policies must be reviewed and educational costs reduced. Families should be made aware of and have access to additional support to ensure their children are not excluded from activities such as school trips (see Figure 3), and grants should be made more widely available to cover other costs such as school uniforms.[115] The costs of extended school provision must also be reduced or removed for poorer children. Commitments on the extension of free school meals in Scotland and pilots in England should be extended across the UK. Extending school meal entitlement will not only reduce the pressure on family budgets and help parents sustain employment, it will ensure children get the good quality nutrition needed for them to thrive and learn at school.[116]
- **Ensure the best teachers are teaching in the schools with more deprived children.** CPAG supports the suggestion of paying teachers more to work in more challenging schools.[117] We urge the Government and regulators to ensure that the most experienced teachers are retained in schools with the more deprived intakes of pupils.
- **Ensure child poverty is on the teacher training curriculum.** Education practitioners need to be aware of the impact that poverty has on children's experiences at school. High levels of support and training for teachers is essential.
- **Increase per pupil spend for education.** More needs to be invested in schools with a more deprived intake. Given that additional funding is not always focused on the children who need it most, the way in which local authorities and schools use additional money must be tracked to ensure it gets to its target and is not diverted to other schools or pupils.

Eight

Provide fair public services for those who need them most

Universal public services are essential, and the Government is currently arguing that high quality services are an integral part of its strategy to end child poverty. But all too often people in poverty who need the most support receive a worse service than others (the so-called 'inverse care' law). Understanding and tackling this inequitable situation is the responsibility of all public services. It is vital that they play their part in supporting the child poverty target.[118]

The inverse care law is caused by the ways in which services are developed and accessed over time. Patterns of funding and service quality, rooted in history, are seldom transparent or easy to shift, and because resources and service quality may be better in more affluent neighbourhoods, typically these areas also attract the most experienced staff.

Furthermore, better educated and more affluent people are better at using systems, or can pay to increase access (for instance, by moving to the catchment areas of better performing schools).

This means that services for families in poverty are often of poorer quality or receive less funding than is intended. One study found GP practices in poorer areas received 2 per cent less than the money intended for them, while practices in richer areas received 2 per cent more.[119] The additional (or lost) amount per practice was equivalent to the cost of 12 coronary heart bypass operations. The inverse care law can also lead to fatalism about the quality of services poorer people will get or the likely impact of these.[120] For example, it may result in teachers having lower expectations of how well students from poorer backgrounds will do.[121]

While criticisms of 'middle-class capture' were made about the early development of the Sure Start programme,[122] the solution is not more selective schemes. Services aimed only at poor people have historically tended to become poor services, so we need more careful design and progressive universalism, which harnesses the power of more affluent service users to maximise the quality of services while ensuring they do not overly dominate access.

CPAG urges the Government to take the following steps to provide fair public services for those who need them most.

- **Monitor the impact of the inverse care law.** Public services should have transparent policies that trace the extent to which resources aimed at the poorest families reach them. Clarity of resource allocation is an essential part of poverty-proofing and should be built into the monitoring process that will be established under the proposed child poverty legislation. This will enable government at all levels (UK, devolved and local) to demonstrate the impact of spending on child poverty.
- **Review funding allocations between richer and poorer service users.** If poorer families are getting a worse deal relative to need, then increased funding is needed for more deprived service users. Such moves would support creative solutions, such as the 'golden-handcuffs' proposal[123] to pay good teachers more to work in deprived areas.
- **Ensure services meet the needs of the most disadvantaged.** Public services which generate costs for families (for instance, in schools) impose barriers on those less able to pay. For example, some aspects of children's education impose costs that reduce access or increase the stigma associated with means-testing. Public services that confer the greatest benefit to disadvantaged groups need to be fully free at the point of delivery.
- **Maintain a clear rights-based approach to public services.** This will provide a vital framework that will be transparent and drive out the sort of discriminatory practice associated with discretionary systems. Clear rules determining access, backed up by a good quality, independent advice service are vital to level the playing field.

Nine End poverty premiums in taxes and services

Currently, neither the market nor the tax systems deliver a fair deal for families on low incomes. Patterns of goods and service delivery and charging mean that poor people often pay more for the same quality goods – or they get a worse service. This problem is not restricted to the private sector, but is endemic in the taxation system. The very poorest families pay a higher proportion of their incomes in tax because indirect taxes are regressive and undermine progressive elements of tax policy.

Families in poverty continue to pay a premium for key necessities. An authoritative analysis of the problem (with the telling subtitle: 'the limits of competitive markets in the provision of essential services to low-income consumers') shows that poorer consumers get a worse deal with food, housing, water supply, telecommunications, public transport, financial services and energy.[124]

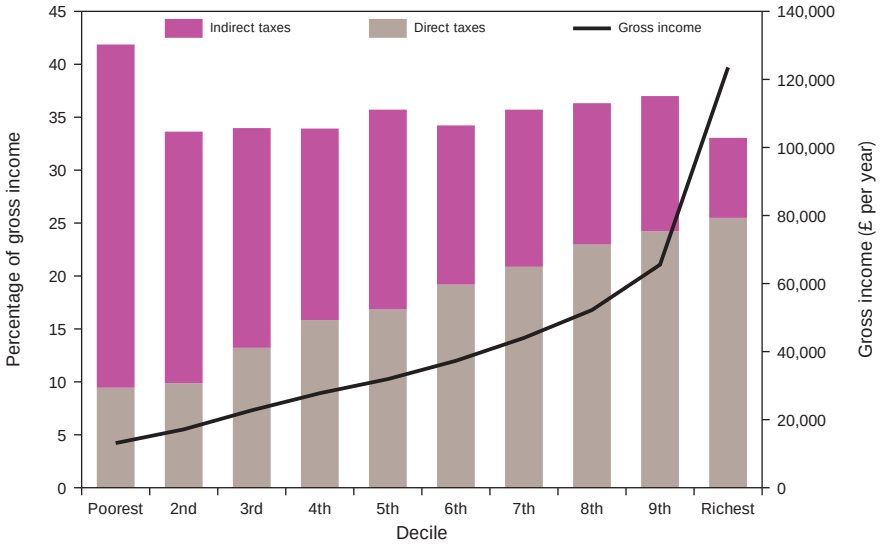
The reason for these market failures are complex and intertwined. Access to some lower-cost goods or services may be closed to low-income consumers, for example, through redlining (advertising to some groups and not to others), while access to the same cost or similar quality services may be limited because of credit records.

Differential pricing for different forms of payment exclude or disadvantage poorer groups. For example, direct debits (which exacerbate problems like fuel poverty) are more likely to be used by the well-banked majority, rather than the financially excluded. And access to cheaper goods, for example, bulk purchases at supermarkets which may need a car to access, systemically disadvantage poorer people.

Meanwhile in the public realm, the poorest families pay the largest proportion of their already lower incomes in tax.

Figure 6

Tax and gross income by decile, non-retired households with children



Source: F Jones, 'The Effects of Taxes and Benefits on Household Income, 2006/07', *Economic and Labour Market Review*, Vol 2 No 7, July 2008, Table 21

The poorest tenth of households with children pay a higher proportion of their smaller incomes in tax than other households. As Figure 6 shows, direct tax is generally progressive, in that the proportion paid rises with income. However, indirect taxes paid on consumption (for instance, VAT) are sharply regressive, with poorer households spending much more of their smaller incomes on basic goods and services.

And there are also problems with direct tax. For example, council tax is regressive. Even after council tax benefit is taken into account, the poorest households with children pay 5 per cent of their gross incomes in council tax compared with 1 per cent for the richest families.[125] Public concern about the poorest people paying more tax than richer groups has been amply demonstrated by the reaction to the so-called 'non-doms' (those not resident for tax purposes, criticised for paying very little tax on large incomes), the cutting of the 10 pence income tax band[126] and enthusiasm for the modest proposals (announced in the 2008 pre-Budget statement) to increase income tax for the richest earners.

Allowing the richest households to pay a lower proportion of tax and permitting avoidance mechanisms enables the better-off to evade the citizenship duty of supporting public services, which benefit all those living in the UK, including themselves. It is time to rebalance taxes and ensure that those with the broadest shoulders bear more of the weight.

CPAG urges the Government to take the following steps to help stop poorer people paying more in taxes and services.

- **Make tax policy more progressive.** Achieving this objective requires proofing taxation decisions for their redistributive effect. Increasing the role of income tax or national insurance, investing through the tax credit system to improve the incomes of the poorest families, reducing VAT consumption tax, and taxing unearned wealth transfers such as inheritance more fairly would all help.
- **Review council tax.** Council tax is levied on property value, not on incomes, and the rate of council tax does not rise sharply with rising property value. This means the poorest families often pay the highest council tax bills as a proportion of their incomes. The Scottish Government did consider replacing council tax with a local income tax.[127] Although it has now backed away from this idea,[128] it is right to investigate fairer alternatives. A replacement must be both fairer and raise the necessary resources for local services. Council tax benefit exists to help poorer families meet the costs of council tax, but one in five non-pensioner households entitled to it do not receive it (720,000 households).[129] Much more needs to be done to maximise take-up.
- **Extend low-cost credit and banking facilities.** Extended access to banking facilities to help poorer families engage with market mechanisms have been put in place, but the financial inclusion agenda needs to go further. Access to credit needs to be more tightly regulated to ensure that poorer families have genuine access both to affordable, low-cost credit and to mechanisms of payment (such as direct debit), which allow them to get the best deal.
- **Ensure the private sector plays fair.** Power and utility companies need to ensure the poorest consumers have access to the cheapest prices for necessities (including through social tariffs) and should not penalise poorer families because of the way they pay. Other suppliers of goods and services need to examine their business models (for instance, differential pricing) to ensure they are not making the poor pay more. Tackling child poverty is everybody's business: action needs to occur in both the public and private sector. CPAG supports the role of the regulators and complaints authorities[130] such as the Competition Commission, Consumer Focus and the Financial Services Authority (and devolved equivalents) and urges them to intervene in markets that are stacked against the poorest families. We also urge closer working between the regulators and the Government's Child Poverty Unit to help business play its role in ending child poverty.

Ten Ensure a decent home for every family

While, historically, there is a direct relationship between poverty and poor housing, a report by CPAG argues that 'the relationship between housing need and child poverty is not well understood by policy-makers'.[131] While some progress has been made, the pressure on restricted and often antiquated housing stock across the UK is immense. It shows up in house price rises (now in reverse because of the economic crisis, not because of a surfeit of houses), in pressure on local authority housing waiting lists, in families stuck in temporary accommodation, which undermines family life,[132] in high rents, and in raised community tensions about housing allocations between different communities.

Not only are there not enough houses, but accommodation is often unsuitable for children. Poor quality housing damages health – for example, in more accidents, poorer mental health and links between asthma and damp environments.[133] Living in cramped and overcrowded accommodation leaves children without a quiet space in which to do their homework,[134] have their friends over, or have safe areas for play.

High housing costs weigh particularly heavily on families with children and sap family incomes. Before housing costs, 2.9 million children are counted as poor, rising by a million after housing costs.[135] To help meet housing costs for home owners the Government pays mortgage interest payments through income support. But while CPAG welcomes recent moves to allow families earlier access to this support when they have been claiming income support for a shorter period of time, we oppose the recent decision to time-limit the benefit.

The Government has sensibly refused to time-limit access to other benefits. But to introduce time limits on support for interest relief will lead to greater repossessions as very deprived families fall behind on their mortgage interest payments. The housing benefit system exists to support those in rented accommodation. Though housing benefit is a vital form of support, available to those people who are both out of work and in low-paid employment, it is poorly understood. About 15 per cent of non-pensioner households entitled to housing benefit do not receive it.[136] And while housing benefit constitutes a large element of a family income, it is reduced by 65 pence for each additional pound of income. The loss of housing benefit seriously undermines gains from employment, worsening the 'poverty trap' and rendering moves into work unsustainable.

CPAG urges the Government to take the following steps to ensure a decent home for every family.

- **Build more family-friendly houses.** The Government has committed to building three million more houses in England by 2020.[137] This is welcome, though the sufficiency of this commitment will need to be kept under review. Building more houses in the right parts of the country will help deflate high housing costs and provide more family-friendly accommodation. However, the programme of house building has suffered during the economic crisis. We urge the UK and devolved governments to find ways of rebuilding momentum both as a fiscal stimulus to create jobs in the building industry and to tackle the housing shortage.
- **Plan new houses around children's needs.** New family homes need to be well planned and should include sufficient space to avoid overcrowding, a safe environment to avoid accidents (house fires, for example, show a sharp socio-economic gradient), increased energy efficiency to help tackle fuel poverty, and access to a safe space nearby. House building needs to be linked to developing safer and more pleasant communities in which children can grow up.
- **Reverse the decision to time-limit mortgage interest payments in new claims for jobseeker's allowance.** This was a wrong decision and sticking with it will lead to more repossessions of the homes of poorer families.
- **Improve the administration and function of housing benefit.** As part of the housing benefit review being conducted by the Government, policymakers should look for ways of maximising take-up; improve administration by local authorities; extend the run-on (after entering paid work) to six months in order to ease transitions into work; examine fixed awards (with the option for claimants to seek a reassessment if income falls) to help simplify benefit receipt where circumstances change; and reduce the exceptionally high marginal deduction rates in housing benefit. Rather than the current piecemeal approach, CPAG supports the common approach of paying a housing allowance to meet housing need, irrespective of tenure.
- **Review proposals to cap the maximum number of rooms for a housing benefit claim.** While there is some public concern about the payment of large amounts of money to support large families in high rent areas, the Government was wrong to move to cap the maximum number of rooms for a housing benefit claim, and CPAG calls on it to re-think this issue. Housing benefit exists to meet need and larger families require a higher award. Restrictions on housing benefit will either force families to move location (away from existing communities) or undermine the family unit (through overcrowding or perhaps causing families to break up). Such restrictions are not in the interests of child wellbeing.

Conclusion: time to step up the pressure

Acknowledging the existence of poverty in the UK is also to accept the need to tackle it. Investments in children over the past ten years have brought about results and prove the UK has the tools to tackle poverty – but the Government must display the determination and will to succeed. A commitment has been made to end child poverty. This goal has political consensus and there is increasing public support for change following the economic crisis. Our national ambition beyond the recession should be for a more equal country, better fitted for its children to succeed. This manifesto outlines proposals that will enable the Government working with the devolved administrations to end child poverty, reduce inequality and improve the wellbeing and life chances of our children.

The planned child poverty bill to put the 2020 target into primary legislation, if well designed and with effective scrutiny, presents a significant opportunity to achieve this aim. But neither the 2020 legislation, nor the difficult fiscal position should deflect attention from the urgency of the 2010 target. As the Treasury Select Committee has recently argued:

> The Chancellor has told us that the Government remains strongly committed to meeting the child poverty targets, but this needs to be demonstrated through firm action on tackling child poverty in the 2009 Budget, including the deployment of additional resources. We recognise the fiscal position is strained and that resources are limited, but believe meeting the 2010 child poverty target must not be allowed to fall by the wayside.[138]

If the Government fails in its responsibility to deliver the 2010 target, it will undermine the chances of delivering the 2020 target and the credibility of legislation to help it meet this pledge. There is a growing consensus about the harm we inflict on our children and our society by accepting levels of poverty and inequality unheard of in many neighbouring countries. And while there is a political consensus that child poverty is a problem and that it needs to be ended, the Government has just ten years to deliver on a promise that could radically change children's lives and chances.

A society which values children more highly and provides them with better lives (and life chances) is a more equal society. Since inequality is closely linked to greater social strain and higher levels of mental illness,[139] a more equal society is also a happier one – where aspirations are harnessed. The creation of greater opportunities and a more even distribution of income will create a social mobility ladder, on which the rungs are possible to climb and the height surmountable. Tackling poverty requires investment, but such investment can pay its way by preventing child poverty rather than simply picking up the pieces and compensating for its damaging effects.

We do not doubt the severity of the economic position, or the fiscal constraints this imposes, but today's economic crisis can also be made to be a turning point. For thirty years, trickle-down economics have divided Britain by yielding significant wealth for a few, but leaving millions by the wayside. Everything that can be done to protect jobs must be done, but recovering the economic position provides an opportunity to turn away from a failed economic model and build a fairer future. This is the opportunity of a generation. There is wide public support for a different way of organising our national affairs, the economic imperative to act, and the moral duty and opportunity to put children first. It is the responsibility of those in power not to miss that chance.

Notes

1 The Beveridge lecture by the then Prime Minster Tony Blair at Toynbee Hall, 18 March 1999

2 Speech by the then Chancellor of the Exchequer at Sure Start conference, 7 July 1999

3 Repeated by Peter Mandelson in a letter to the *Guardian*, 12 January 2008

4 Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008, Table 4.3. The measure is income poverty after housing costs.

5 L Harker, *Delivering on Child Poverty: what would it take? Independent report for the Department for Work and Pensions*, The Stationery Office, Cm 6951, 2006, p38

6 J Bradshaw, S Middleton, A Davis, N Oldfield, N Smith, L Cusworth and J Williams, *A Minimum Income Standard for Britain: what people think*, Joseph Rowntree Foundation, 2008, Table 8

7 HM Revenue and Customs, *Child Tax Credit and Working Tax Credit Take-up Rates 2005/06*, 2008. Even one in ten of the poorest households in paid work entitled to the child tax credit did not receive it.

8 C Kober, 'The Poverty Premium', in J Strelitz and R Lister (eds), *Why Money Matters*, Save the Children, 2008

9 *Poor Choices: the limits of competitive markets in the provision of essential services to low-income households*, Energy Watch, 2008

10 F Jones, 'The Effects of Taxes and Benefits on Household Incomes 2006/07', *Economic and Labour Market Review*, Vol 2, No 7, July 2008, Table 21

11 Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008, Table 4.7

12 T Grayling, K Hallam, D Graham, R Anderson and S Glaister, S*treets Ahead*, Institute for Public Policy Research, 2002

13 L Sibieta, H Chowdry and A Muriel, *Level Playing Field? The implications of school funding*, CfBT Education Trust, 2008

14 D Hirsch, *Chicken and Egg: child poverty and educational inequalities*, CPAG, 2007, Figures 1 and 2. Figures are for 2003 and 2005 respectively.

15 Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008, Table 4.7

16 D Hirsch and N Spencer, *Unhealthy Lives: inter-generational links between poverty and poor health in the UK*, End Child Poverty, 2008

17 HM Treasury, Department for Work and Pensions and Department for Schools and Families, *Ending Child Poverty: everybody's business*, 2008, para 4.7

18 A Conolly and J Kerr, *Families with Children in Britain: findings from the 2006 Families and Children Study (FACS),* Department for Work and Pensions, 2008, Table 13.16

19 J Blanden and S Gibbons, *The Persistence of Poverty Across Generations*, Joseph Rowntree Foundation, 2006

20 Speech to Labour Party spring conference, 1 March 2008

21 Speech at the launch of policy document, *Making British Poverty History*, 28 April 2008

22 Speech to Liberal Democrat Party conference in Liverpool, 9 March 2008

23 Scottish Government, *Taking Forward the Government Economic Strategy: a discussion paper on tackling poverty*, 2008

24 *One Wales: a progressive agenda for the government of Wales, an agreement between the Labour and Plaid Cymru groups in the National Assembly*, 2007

25 *Lifetime Opportunities: Government's anti-poverty and social inclusion strategy for Northern Ireland*, Office of the First Minister and Deputy First Minister, 2006

26 With Inclusion, CPAG has created the child poverty toolkit to help authorities in England develop anti-poverty policies. See www.childpovertytoolkit.org.uk

27 Children are defined as being below 16 years of age. The measure of child poverty is 60 per cent of national median income before housing costs. The survey used is different to the *Households Below Average Income* series survey quoted elsewhere.

28 M Tomlinson and R Walker, *Coping with Complexity: child and adult poverty*, CPAG, 2009

29 Child Poverty Unit, *Ending Child Poverty: making it happen*, HM Government, January 2009

30 UNICEF, *An Overview of Child Well-being in Rich Countries*, Reportcard 7, 2007. This report combined various dimensions. The UK scored bottom of 21 countries on two out of six (family and peer relations, and behaviours and risks). On only one dimension, health and safety, did the UK score in the middle of the table. The Netherlands and Sweden occupied the first and second places and both scored in the top third for five out of six dimensions.

31 For the target, three measures are used: relative low incomes, relative low incomes and material deprivation, and absolute low income tracker indicators.

32 G Preston (ed), *At Greatest Risk: the children most likely to be poor*, CPAG, 2005

33 D Hirsh, *Estimating the Costs of Child Poverty*, Joseph Rowntree Foundation, 2008

34 In a letter to the Chancellor of the Exchequer ahead of the 2008 pre-Budget review, available at www.cpag.org.uk/info/briefings_policy/CPAG_PBR_letter_041108%20.pdf

35 L Bamfield, 'Recession Britain: back to the class war', *The Journal* 16, 10 January 2009

36 See for instance, P Gregg, J Waldfogel and E Washbrook, *Expenditure Patterns Post-Welfare Reform in the UK: are low-income families starting to catch up? CASEpaper* 99, London School of Economics, 2005

37 Department for Work and Pensions, *No-one Written Off: reforming welfare to reward responsibility*, Cm 7363, 2008

38 For example, a Department for Work and Pensions policy paper written to support extended conditionality noted, 'We cannot disaggregate between the deterrence factor of increased activity and the support and advice provided.' See Department for Work and Pensions, *More Support, Higher Expectations: the role of conditionality in improving employment outcomes*, 2008

39 For example, see J Ferry, 'Labour Intensive', *The Guardian*, 11 February 2009

40 Previous estimates have suggested additional annual investment of about £3 billion. More recently, this figure has been put at around £4 billion. M Brewer, J Browne, R Joyce and H Sutherland, *Micro-simulating Child Poverty in 2010 and 2020*, Institute for Fiscal Studies, 2009

41 See for instance, D Elmendorf and J Furman, *If, When, How: a primer on fiscal stimulus*, The Brookings Institution, 2008. Elmendorf and Furman describe different ways of getting money into the economy, comparing increasing benefits, tax cuts and spending on infrastructure. Putting cash into people's pockets through benefits spending comes out most cost-effective at stimulating the economy and acts fast. Infrastructure spending is next, with tax cuts being the least cost-effective method.

42 Reported by L Elliott, I Traynor and P Wintour, 'Britain faces worst year since 1930s says IMF', *The Guardian*, 28 January 2009

43 Office for National Statistics, *First Release: labour market statistics, February 2009*, 11 February 2009

44 CPAG, *Child Poverty: the stats*, CPAG, 2008, Table 4. After housing cost measure used.

45 Jobcentre Plus press release, 'Guaranteed extra help for people unemployed for six months', 13 January 2009

46 A Sinfield, 'Recession: a major threat to tackling poverty', *Poverty* 132, CPAG, 2009

47 New Economics Foundation, *A Green New Deal: the first report of the Green New Deal Group*, 2008

48 Child Poverty Unit, *Ending Child Poverty: making it happen,* HM Government, 2009

49 J Bradshaw, A Davis, N Oldfield, N Smith, L Cusworth and J Williams, *A Minimum Income Standard for Britain: what people think*, Joseph Rowntree Foundation, 2008. This independent study suggested a minimum standard for families of around 70 per cent of median incomes (well above both the poverty line and safety net). This standard was worked out through focus groups of the general public and expert judgement.

50 Estimated from Department for Work and Pensions, *The Abstract of Statistics for Benefits, National Insurance Contributions, and Indices of Prices and Earnings*, National Statistics, 2008, Table 5.3

51 CPAG analysis. The poverty line is projected forwards from 2006/07 using previous growth. The safety net is the sum of income support, child benefit and child tax credit entitlements. Figures quoted are after housing costs. The Government uses before housing cost income as the basis of its targets. The before housing cost poverty lines are higher than after housing costs, as are benefit rates (where housing benefit can be claimed). These are not estimated here because housing costs are variable. These figures do not include the January increase to child benefit, worth an additional £1.20 for the oldest child and 65p for each additional child.

52 HM Treasury, Department for Work and Pensions and Department for Children, Schools and Families, *Ending Child Poverty: everybody's business*, 2008, para 5.25

53 For instance, the latest British Social Attitudes study uses international evidence to show that people in countries with more generous welfare states actually have a stronger commitment to paid work. See I Esser, 'Has the Welfare State Made Us Lazy? Employment commitment in different welfare states', in A Park, J Curtice, K Thomson, M Phillips and E Clery, *British Social Attitudes,* 25th report, NatCen and Sage, 2009

54 Many commentators have argued for a simpler benefits system and though few would dispute the logic, simplifying the benefits system has been tried and is not easy without creating large numbers of losers or gainers – the current system is complex because it meets complex need; a better aim is to ensure that administrative processes ensure claimants can navigate services effectively (for instance, data sharing, and co-ordination between agencies).

55 HM Revenue and Customs, *Child Tax Credit and Working Tax Credit Take-up Rates 2005-06*, 2008

56 Department for Work and Pensions, *Income-related Benefits Estimates of Take-up in 2006/07*, 2008

57 Department for Children, Schools and Families, *Education and Training Statistics for the United Kingdom 2007*, 2008

58 D Elmendorf and J Furman, *If, When, How: A primer on fiscal stimulus*, The Brookings Institution, 2008

59 CPAG, Family Action, One Parent Families/Gingerbread and Save the Children, *The Social Fund: a new approach, response to the Department for Work and Pensions consultation on the social fund*, 2008, available at www.cpag.org.uk/info/briefings_policy/social_fund_response_1208.pdf

60 With others, CPAG has laid out proposals. See M Howard, *Lump Sums: roles for the social fund in ending child poverty*, One Parent Families, CPAG and Family Welfare Association, 2004

61 H Sutherland, M Evans, R Hancock, J Hills and F Zantomio, *The Impact of Benefit and Tax Uprating on Incomes and Poverty,* Joseph Rowntree Foundation, 2008

62 See CPAG, *Tax Credit Consultation*, CPAG, 2008

63 CPAG is a member of the Access to Justice campaign, campaigning to protect civil legal aid. See www.accesstojusticealliance.org.uk

64 For instance, half of the fraud and error in income support leading to an overpayment is error (most of which is official error). See Department for Work and Pensions, *Fraud and Error in the Benefits System April 2007 to March 2008,* National Statistics, 2008, Table 2c

65 Evidence for this includes both non-take-up of benefits and tax credits (discussed elsewhere) and the proportion of successfully appealed benefits decisions through the Tribunals Service. For instance, in the quarter to March 2006, 44.8 per cent of oral income support claims were settled in favour of the claimant. See Department for Work and Pensions, *Quarterly Appeal Tribunal Statistics: March 2006*, available at www.dwp.gov.uk/asd/asd1/appeals/appeals_quarterly_mar06.asp

66 CPAG, *Benefit Simplification: evidence to the Work and Pensions Select Committee Inquiry,* CPAG, 2007

67 Work and Pensions Select Committee, *Benefits Simplification: the Government's response to the Committee's seventh report of session 2006-07*, House of Commons, 2007, HC 1054, recommendation 1

68 F Bennett with P Dornan, *Child Benefit: fit for the future*, CPAG, 2006

69 CPAG, *Child Poverty: the stats*, CPAG, 2008, Table 4

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