

# **Ending child poverty: Making it happen**

## **Submission by the Joseph Rowntree Foundation**

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The Joseph Rowntree Foundation (JRF) is delighted to make the following submission to the Department for Children, Schools and Families consultation *Ending child poverty: Making it happen*. We would be happy to supply any further information as required.

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## Introduction

This response covers specific consultation questions and broader issues relating to the topics raised by the questions. It draws on a range of research evidence and expertise.

This response has been prepared by Helen Barnard and Chris Goulden, Policy and Research Department, Joseph Rowntree Foundation (JRF) with input from Donald Hirsch, author of a number of child poverty publications for the Joseph Rowntree Foundation, and Nancy Kelley, Assistant Director of Policy and Research, JRF.

Before dealing with the specific questions raised in the consultation document we would like to make a general comment regarding the paper. It has been difficult to comment on a number of the issues raised because of the very broad level of the discussion both in terms of goals and how they will be achieved. This makes it hard to understand how the legislation would be put into practice and to comment in detail on questions regarding mechanisms and accountability.

Related to this, it would be useful to set out how the legislation will relate to the 2004 Children's Act and the Every Child Matters Outcomes Framework that followed it. In particular, the April 2008 framework includes, under the Achieving Economic Well-being outcome, that children should 'live in households free from low income'. This is reflected in Public Service Agreement 9 – 'Halve the number of children in poverty by 2010–11, on the way to eradicating child poverty by 2020'. The quality of service measures underpinning this include 'The number of children in relative low-income households' and 'the number of children in relative low income households and in material deprivation'. In its current form, it is not entirely clear what the new legislation will add to this beyond quantifying 'eradication'.

**1a) Does the 2020 Vision capture the key areas where action is required to ensure the greatest impact on reducing child poverty?**

**1b) Are the building blocks the right ones to make progress towards 2020, including for those groups at particular risk of poverty?**

The 'vision' and 'building blocks' as set out in the consultation paper refer to many of the key issues, however the lack of specifics is concerning. There is no discussion of the particular outcomes that should be achieved, the actions that should be taken or the resources required. This means that it will be difficult for future governments to be held to account for their progress. To encourage the development of a coherent strategy, with the resources to support it, a set of milestones should be developed. These should set out clearly what should be done, with timescales and intended impacts which can be evaluated independently. In the absence of this, the main mechanism through which action is to be achieved is the proposed strategy and arrangements for monitoring and reporting on it, discussed further below (2b).

There are two elements of the vision and building blocks which we would like to comment on in more detail in order to highlight the findings of recent research: the sections discussing employment and raising incomes and financial and material support.

### ***Employment and raising incomes***

The vision and building blocks mention many of the main issues in relation to this area. In particular, we welcome the acknowledgement of the need for work to be sustainable and to provide a route to higher skills and earnings. However, while there is mention of the need to tackle barriers such as childcare and the availability of flexible work, there is no discussion of the nature or scale of the problems that currently exist or how these should be addressed.

The vision and building blocks acknowledge that demand side factors are relevant, for instance the economic climate and local labour market conditions. However, in common with much government policy thus far, the emphasis tends to be placed on the supply side – focusing on job seekers' skills, health, caring and so on. The report *Can work eradicate child poverty?* (Simmonds & Bivand, 2008) identified a lack of part-time work, particularly good quality part-time jobs, as a key barrier to reducing child poverty through greater parental employment. Subsequently, research carried out by the Institute for Public Policy Research (2009) argued that 'without a coherent strategy for improving the quality of jobs available in the UK labour market, current policy will have only a limited

impact on reducing the extent of low pay and working poverty'. In particular, the report highlighted the need for action to increase employers' demand for and use of, higher skills. This has not, thus far, been a strong focus of attempts to tackle child poverty, but it is beginning to emerge as a vital part of an effective strategy.

Research published by the Foundation in 2008 identified a number of serious problems in the supply and accessibility of childcare, and suggested that current plans may not resolve these (Waldfogel & Garnham, 2008). Problems highlighted included:

- the availability of childcare at atypical hours and out of school and holiday care (which other JRF research suggested were directly linked to lone parent job exits) (Simmonds & Bivand, 2008)
- the quality of early years education and care
- the extent to which funding arrangements provide affordable childcare for families and sustainability for providers (and the ability of the current system to do this).

This report concluded: 'Our analysis indicates that existing childcare policies are unlikely to fully meet the needs of these varied types of families for childcare that supports parental employment and promotes child health and development.'

New developments in childcare policy have been proposed since this report was published (DCSF 2009a, 2009b). While these acknowledge some of the problems, the actions proposed do not seem to match the scale of improvements required. The legislation as proposed makes no attempt to state what the current position is, what improvements are necessary or what difference new policies will make (in the field of childcare or in other areas).

### ***Financial and material support***

The government's aspiration is that 'financial support should respond to families' situations in and out of work', providing 'sufficient income...to support their families while they are looking to get back into work' and providing 'additional practical and financial support to lift out of poverty...those who cannot work'. It is clearly vital that these aspirations are fulfilled in order to end child poverty. However, there is no acknowledgement that the current system is far from providing this kind of support, nor any discussion of what will be changed in order to do so, within what timescale. Research carried out for the Foundation (Evans & Williams, 2008) suggests that the current level of benefits, and the way in

which they are administered, leaves many families in poverty when they have to depend on benefits –while more than half the children in low income households now live in families where at least one adult is in paid work (see [www.poverty.org.uk](http://www.poverty.org.uk)).

Likewise, the building blocks in Box 2.2 state that the government will provide ‘a strong and progressive financial support system’ without defining what is meant by this. The document states that the future welfare system will provide the support described in the ‘vision’ while maintaining work incentives. There is no acknowledgement that there is a potential tension between the two objectives. To be credible, the proposals need to acknowledge this possible tension and describe how the government intends to resolve it. In particular, there should be discussion of the extent to which work incentives are to be maintained by raising the incomes of those in work (through improving pay and job quality and/or through tax credits). The alternative approach is to maintain work incentives by depressing the level of benefits. It is difficult to see how this latter approach is compatible with the goals of supporting families looking for work or unable to work, but this needs to be clarified.

**2a) Should the measure of success be expanded beyond relative income, combined income and material deprivation, and persistent low income to also include absolute low income?**

The way in which the poverty measures are defined plays a vital part in driving efforts to tackle it. We would therefore like to comment on the way in which the relative income and material deprivation measures are currently described.

The suggestion of including a measure of ‘absolute low income’ is problematic as poverty is inherently relative. The current description of a measure based on the 1998/9 relative income measure as an ‘absolute low income measure’ is confusing and does not relate to common understandings of what ‘absolute’ poverty is. There is a potential role for a measure which could be used in recessionary times to ensure that the real living standards of low income families do not drop. However, we would recommend further exploration of how this could be done, and the adoption of a different term to describe it.

### ***Relative low income***

The relative income measure described in the consultation paper defines eradication as ‘reducing the proportion of children in relative low income to 5–10 per cent by 2020’ (Boxes 1.1 and 3.1).

Using this definition in the legislation would mean that a future government could claim to have eradicated child poverty under this measure if 10 per cent of children were living in poverty. While reducing child poverty to this level would be a great achievement, it cannot be equated with ‘ending it’. Describing the target in this way would mean that the commitment to ‘halve child poverty by 2010 and eradicate it by 2020’ has been reinterpreted to mean ‘reduce child poverty by 50 per cent by 2010 and by (about) 60 per cent by 2010’. This would mean that child poverty would have been halved from 3.4 million to 1.7 million and then ‘eradicated’ when around 1.3 million were left in poverty.

The paper presents four main arguments in favour of adopting 5–10 per cent as the definition (paragraphs 46 and 51–54). While these raise genuine issues about the measurement tools being used to track progress in this area, we do not believe they support defining eradication as 5–10 per cent. The arguments and their relationship to the suggested target are discussed below.

#### *Argument 1: Technical issues mean that a survey couldn’t measure zero per cent*

The levels of poverty measured in other countries suggest that it is technically possible for levels of child poverty at least as low as 5 per cent to be achieved. Finland recorded child poverty levels of 5 per cent in 1996, 1997 and 1998. Denmark had a rate of 6 per cent in 1997 and rates of 7 per cent were recorded in Sweden, (1997, 1999 and 2001), Slovenia (2002) and in various years for Finland and Denmark (Eurostat, 2009). Modelling carried out by the IFS also suggests that rates of 5 per cent or below could, technically, be achieved. Technical reasons therefore, do not seem to support the setting of a target of 5–10 per cent.

#### *Argument 2: The available data measuring income at the bottom end of the distribution is unreliable*

This argument points towards a need to improve the tools used to measure child poverty rates. Even without this, there should be further investigation of the problems and how low a level could be measured, providing a technical justification for the level chosen. This does not appear to have been done. More worryingly, there is no reason to believe that those families who would remain in poverty after the target had been achieved (i.e. up to 10 per cent) would be those whose incomes or living standards were underestimated in the survey.

*Argument 3: Living in poverty for 'prolonged periods' is what is really damaging to children (p6)*

It is unclear in the paper how far this argument is being made intentionally. The underlying implication of what is said is that there is a spectrum of poverty experiences, some of which are damaging and therefore a suitable focus for government efforts, while others are unimportant and are not a matter of concern. However, the paper does not state this explicitly, or explain which types of poverty it considers important and which unimportant, citing the evidence supporting such a division.

The length of time for which families are in poverty is clearly one important feature of their experience, but other dimensions such as its severity and the other resources available to the family are also important. Moreover, focusing purely on persistent poverty as defined by current measures (three out of four years) would ignore many experiences which have a major impact on children. The major review of poverty dynamics published by the Foundation (Smith & Middleton, 2007) discussed up to six types of poverty. These included, for example, recurrent and chronic poverty. Both involve repeated spells of poverty separated by more than a year of non-poverty in the case of recurrent poverty and less than a year for chronic poverty.

A further difficulty with this argument for setting the eradication target at 5–10 per cent is that it would logically suggest that, in fact, an overall poverty target should be abandoned, to be replaced by a target focused purely on the types of poverty deemed to be truly problematic. We do not believe that the evidence on the impact of poverty would support this approach.

*Argument 4: While some countries in Europe did reduce their levels of child poverty to 5 per cent, they were not able to maintain it*

There are two issues to be raised in relation to this argument. First, the fact that other countries have not been able to maintain child poverty levels at 5 per cent does not mean that it is impossible. If their experience is deemed to mean that it is unrealistic to aim for such levels, this should be stated and the target changed. It does not bear any relevance to the definition of 'eradication'.

Second, the reason for defining 'eradication' as being 'among the best in Europe' has not been sufficiently explained or its evidence base demonstrated. While it was proposed in the Measuring Child Poverty report (DWP, 2003a), the response to that consultation did not suggest that there was a broad consensus behind it (DWP, 2003b).

One last point relates to the statement in Box 1.1 (page 8) that eradicating child poverty will be achieved by making sure that family incomes ‘keep pace with the rest of society’. In fact, families’ incomes would need to rise faster than the rest of society in the first instance in order to reduce poverty. There are particular concerns regarding levels of out of work benefits which are affected by trade-offs between distributing resources to those with or without children. In recent years, working-age childless adults have received far less attention than other groups (particularly pensioners and families with children) and this has been reflected in their poverty rates. This is relevant to the goal of ending child poverty since young adults living in poverty are potentially future parents in poverty. However, it is also of concern in the context of a wider interest in social well-being and justice.

### ***Material deprivation***

The inclusion of material deprivation in the target is welcome. However, aiming to have levels ‘approaching zero’ does not constitute a measurable target that differs from ‘reducing the level’. To allow for meaningful assessment of future governments’ progress, a particular percentage or range should be stated.

The commitment to update the material deprivation measure is positive but more detail regarding how this will be done would be helpful. Ideally the measure should be rooted in changing public views of what is necessary. Recent JRF research developing a minimum standard of living provides some evidence of public views in relation to necessities (Bradshaw *et al.*, 2008). Plans to update this work mean that it can continue to feed into the expert panel’s deliberations.

### ***Persistent low income***

In order to be meaningful, the measure of persistent low income needs to specify what is meant by ‘prolonged periods’, and state what evidence has been used to determine the length of time used.

## **2 b) Will proposals to publish a strategy, informed by an expert child poverty commission, and proposals to monitor and report on progress, drive the action needed?**

As is discussed above, the absence of specific goals or milestones in relation to the areas in which change is needed to achieve the eradication of child poverty is concerning. Likewise, there is a lack of any discussion of the current position, actions required, intended impacts or resources needed. Ideally this should be incorporated into the legislation. However, if this is not done, it is vital that the proposed strategy is detailed, covering the whole range of policy areas relevant to child poverty and specifying in each case the starting position, distance to travel, actions to be taken, anticipated impacts, timescales and resources. Monitoring and reporting should follow this format, allowing independent assessment of progress towards the target.

It is striking that, while there is a great deal of discussion of mechanisms to encourage or compel local authorities to act to reduce child poverty, there is no mention of how the legislation will ensure that central government does this. In particular, there is a wide range of departments which will need to take positive action, and to ensure that other policies do not have a negative effect on child poverty. Questions remain as to whether the intention to publish a strategy and report on it will, by themselves, ensure that all departments deliver on child poverty related actions.

Finally, the status of the expert commission is currently unclear. We support the involvement of an expert group in writing and delivering the strategy. However, it may be misleading to call it a Commission as this implies that it would be an independent body with a specific accountability role, which does not appear to be the current proposal.

### **Questions 4–7: tackling child poverty at the local level**

The questions raised in this part of the consultation document are not ones to which the Foundation has detailed evidence to contribute. We would therefore like to raise a small number of broad points in relation to this area of the proposals.

Setting local targets for child poverty reduction is still hampered by the absence of reliable data on local child poverty levels. Even the recent progress towards using tax credit data does not fully meet this need. If local authorities are to be expected to play a leading role in their areas there is an urgent need for the government to fill this gap, for instance by

funding local area surveys or an expansion of the Family Resources Survey. A further option that could be explored is the adaptation of the Income Deprivation Affecting Children Index (IDACI) to provide more regular, accessible and timely information that is suitable for examining local poverty.

There is also uncertainty about the impact which purely local action can have on child poverty, and the strength of evidence that strategies such as those pursued in Newcastle have directly led to reductions in child poverty. This points towards the need to develop a strong evidence base. It also means that it is important to ensure that local targets are aligned to actions that can be taken at a local level and progress that can be made, rather than necessarily to final, national-level outcomes.

## References

All of the following publications are available on the JRF website at [www.jrf.org.uk](http://www.jrf.org.uk) unless otherwise indicated.

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