

More investment needed as child poverty rises to 3.8 million

The Government faces strong criticism following publication of new figures revealing a 100,000 rise in the number of children living in poverty.

The Households Below Average Income figures show the first rise in child poverty for six years.

Figures for 2005/06, published on 27 March, show the number of children lifted above the poverty line since 1999 has fallen from 700,000 to 600,000. In the UK 3.8 million children now live in relative poverty after housing costs.

CPAG's Chief Executive, Kate Green, said, "The figures are deeply depressing. They show that while tax credits and employment have helped, reducing child poverty will require much more investment and a broader strategy."

Ministers reconfirmed their commitment to child poverty targets and promised to "redouble" their efforts. The Department for Work and Pensions (DWP) published *Working for Children* to coincide with the release of the new child poverty figures. The document, available from the DWP website and which has been hailed by Ministers as a "child poverty strategy", concentrates on proposals to promote parental employment. Several new proposals are outlined in the document including extensions of the New Deal for Lone Parents Plus and the In Work Credit for lone parents, plus the introduction of biannual work-focused interviews for partners of Jobseekers Allowance claimants.

The Government also highlighted the £1 billion new investment in tax credits announced in the Budget earlier in the month. However, analysis of the new figures by the Institute for Fiscal Studies

(IFS) suggests a further £4 billion annual investment will be needed to reach the target of halving child poverty by 2010. CPAG was one of 41 organisations from the Campaign to End Child Poverty that signed a letter, printed in the *Guardian* newspaper on the morning the figures were released, calling for the Government to commit to this investment.

Chancellor Gordon Brown was questioned by the Treasury Select Committee on child poverty at an oral evidence session for their Budget 2007 inquiry, which took place two days after the figures were released. The Chancellor, who is closely associated with Labour's promise to halve child poverty by 2010 and end it by 2020, did not confirm if extra investment on the scale suggested by the IFS would be provided and defended a work-focused approach in combination with investment. He told the Committee, "We are determined to get more people into work and we will announce more measures in due course to help people get into work. It is the combination of the two, the children's benefits plus the work related initiatives, that are going to help us move towards our target on child poverty."

CPAG is concerned that if the Government continues to focus too narrowly on work then there will be little future progress. Kate Green called for the Government to extend its approach:

"The Government's strategy must now open up new fronts to attack poverty. It's time to address the structural causes in-

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cluding Britain's dependence on poverty-pay jobs and the high levels of inequality in Britain compared to European countries with low child poverty rates.

"More investment is vital, particularly for those unable to work. Benefits for both disabled parents and disabled children are inadequate. Child Benefit is still £6 less per week for younger children in a family compared to the oldest child. Paying it equally would lift a further 250,000 children out of poverty, helping all family types, particularly larger families."



In the House

The **Welfare Reform Bill** has finally completed its passage through Parliament. **Lord McKenzie** made Government concessions on some of CPAG's concerns, including the removal of powers to contract out decision making on sanctions and benefit entitlement to the private and voluntary sector.

An urgent question from Liberal Democrat Shadow Secretary of State for Work and Pensions, **David Laws MP**, allowed discussion in the Commons on the **publication of the Freud report**. MPs were generally welcoming of Freud's ideas but felt that the review was rushed, with too little consultation.

Save the Children staged a **Child Poverty exhibition** in the Upper Waiting Hall of the Palace of Westminster with a reception hosted by **Kerry McCarthy MP** at which DWP Minister **Jim Murphy MP** spoke. McCarthy also secured a 90-minute **Westminster Hall Debate on Child Poverty**, which can be found in Hansard for 6 March.

UNICEF's recent report and the rise in the number of children in poverty have led MPs to table **new parliamentary motions on child poverty**. **James Plaskitt MP** tabled EDM 912 – *UNICEF report on child poverty and deprivation in Britain* and **Bob Russell MP** has tabled EDM 1242 – *Child Poverty*.

Lib Dem leader, **Sir Ming Campbell MP**, focused on poverty in two successive **Prime Minister's Questions** last month. His Lib Dem colleague, **Lorely Burt MP**, introduced a **Private Member's Bill on Flexible Working** on 27 March that would extend flexible working rights to parents of older children.

Following last month's **Budget**, the **Treasury Select Committee** has held a series of evidence sessions with outside experts including the Institute for Fiscal Studies, Treasury officials, and **Chancellor Gordon Brown**. Child poverty has featured in the questioning in all three sessions.

CPAG has submitted formal evidence to the **Child Support white paper** and CPAG's Scottish head, John Dickie and Head of Policy, Paul Dornan gave oral evidence to the **Scottish Affairs Committee** inquiry on **Poverty in Scotland**.

Budget 2007

Key measures affecting children and families:

- Child element of child tax credit to rise £150 above average earnings.
- Working tax credit threshold raised £1,200 to £6,420.
- Working tax credit earnings withdrawal increased from 37 per cent to 39 per cent.
- Child benefit to reach £20 for eldest child by 2010.
- In work credit for lone parents extended in trial areas and increased to £60 in London.
- 50,000 free childcare places for parents undergoing training.
- Income tax 10p band removed and standard rate lowered by 2p to 20p.

CPAG welcomes the overall increased investment for the poorest families by £1 billion through the child tax credit. Chief Executive, Kate Green, said:

"The Budget will take us an important step towards the target of halving child poverty by 2010 by lifting a further 200,000 children out of poverty. But we still need to go further, faster, to reach the target, especially now we know that progress has stalled and the number of children in poverty has grown for the first time in six years. More investment in child benefit and support for at risk groups like disabled families will be needed in the Comprehensive Spending Review.

"Many lone parents want to work so the renewed commitment to give them £40 a week back to work credit is an important incentive to help them make that step.

"We are concerned that departmental spending cuts in Departments for Work and Pensions, Constitutional Affairs, and HM Revenue and Customs will undermine delivery of benefits and advice services to the poorest families, which are needed to ensure they receive the full welfare services they are entitled to."

Conservatives respond to damning UNICEF report

David Cameron has launched a **Conservative Party inquiry into the quality of childhood**. The inquiry is being initiated in response to UNICEF's recent report on child well-being that placed the UK bottom out of 21 wealthy countries.



The review will be chaired by the Shadow Secretary of State for Education, David Willets MP, and will be advised by a group of experts including Lord Richard Best (former Director of the Joseph Rowntree Housing Trust), Sir Richard Bowlby (President of the Centre for Child Mental Health), Baroness Susan Greenfield (Director of Institute for the Future of the Mind), Bob Reitmeier (CEO of The Children's Society), and Sue Palmer (author of *Toxic Childhood*).

Mr Willets said, "We have long warned about the dangers of red tape on business; we now need to worry about the red tape on childhood. We need to allow children to have vivid lives and everyday adventures."

Issues that the group will consider include barriers to extended family life, relationships with fathers, protection of children from the commercialisation of childhood, time and space for unsupervised play, and exploration of the world and the limitations placed on children by a culture of 'fear of strangers'.

CPAG's Head of Policy, Paul Dornan, stated, "We welcome the Conservatives' inquiry and support moves to better understand factors that damage children's well-being. But we hope that the group will pay close attention to one of the clear messages from the UNICEF report – relative poverty is fundamental to many areas of child well-being including children's health, cognitive development, achievement at school, relationships, and employment prospects."

Harker and Freud – will their proposals work for children?

On the day of depressing news on poverty figures, the Department for Work and Pensions (DWP) released *Working for Children*, refreshing their child poverty strategy. It responds to the Harker review *Delivering on Child Poverty: what would it take?* and is hailed by Ministers as a departmental “child poverty strategy”.

Following the first rise in child poverty figures in recent years, CPAG is concerned that this refreshed strategy fails to lay out a clear path for getting back on track to halve child poverty by 2010.

Lisa Harker’s report and David Freud’s recent DWP commissioned report – *Reducing Dependency, Increasing Opportunity: options for the future of welfare to work* – focus principally on welfare to work programmes. Harker recommends a series of practical proposals to deliver a higher employment rate and ensure this reduces child poverty rather than increasing in-work poverty. Jobcentre Plus often does not know if claimants are parents, so cannot deliver support personalised for their family situation. Harker proposes greater emphasis on job sustainability, better attention to parental needs (for instance around child care) and supporting people to balance work and family. She further states that benefit levels and child support disregards for benefit and tax credit entitlement will need to be increased.

Though the Harker review ran over a short period of time,

Freud happened at a whirlwind. Announced just before Christmas 2006, the review’s report was launched by the Prime Minister and Chancellor this March. While Freud’s report contains interesting ideas around targeting resources to those furthest from the labour market and supporting job progression, CPAG has significant concerns in a number of areas. Freud suggests increasing conditionality for lone parents but CPAG believes lone parents need support to find suitable and sustainable jobs, not threats. He wants greater use of the voluntary and private sector but we have concerns about the accountability of contractors in these sectors and the impact on advocacy if voluntary sector organisations increase their delivery role. Furthermore, if contractors are paid by results, there may be perverse incentives that affect who receives services and how.

CPAG is very supportive of the recommendations of the Harker review. While we recognise that elements of the Freud review usefully develop policy, the scale and scope of the changes envisaged and many of the specific proposals give us cause for concern. The DWP is informally consulting on Freud and CPAG will make our views heard. Our key concern at this stage is ensuring that Harker’s proposals are not drowned out in the noise generated by Freud. DWP’s new strategy – *Working for Children* – does not go far enough in meeting Harker’s challenge.

Passionate debate at Campaign to End Child Poverty AGM

There was standing room only at a debate that preceded the End Child Poverty AGM last month as attendees listened to speeches from the *Guardian* newspaper’s David Walker and London Child Poverty Commission’s Carey Oppenheim. The debate reinforced the shared sense of mission that helped ensure strong responses from the Campaign and its members to the recent Budget and the news of a rise in the number of children in poverty.

Martin Narey, Chief Executive of Barnardo’s, has been elected as the new Chair of the Campaign to End Child Poverty (ECP). Mr Narey said: “Child poverty in the UK is a scandal,

responsible for so much unnecessary misery and wasted potential. The gap between the children of the rich and poor is growing, even as they leave the maternity ward. ECP is determined to change that by revealing to the public and the media the reality of poverty and the impact that this has on children’s expectations and their contribution to society as a whole. I am hugely looking forward to working with the ECP partners this year. We are utterly united in our determination to make a real difference to children’s lives.”

For more information visit the Campaign’s website – www.ecpc.org.uk.

New report supports CPAG’s call for benefits to reach more disabled children

CPAG’s campaign to improve access to disability benefits for disabled children was boosted by *Disability 20/20*, a new report commissioned from the Institute for Public Policy Research by the Disability Rights Commission.

The report shows that persistent poverty significantly limits people’s life chances and that more households with disabled children are in poverty than without. It calls for the removal of age barriers that currently limit entitlement to disability living allowance for some disabled children.

Sir Bert Massie, Chairman of the DRC, said, “Nearly a third of households with disabled children live in poverty and many poor families have a disabled parent. The [welfare] system

must be the central plank to help lift these families out of poverty rather than being the architect of holding Britain back from ending child poverty.”

Gabrielle Preston, CPAG’s Policy Officer and author of *Out of Reach: benefits for disabled children* said, “The report backs up the findings of our research with Contact a Family. Far too many families with disabled children are not aware of the benefits they are entitled to and the experience of applying for disability benefits can be so distressing that many parents give up.”

CPAG believes that breaking the links between disability and poverty will be vital to meeting the Chancellor’s targets of halving child poverty by 2010 and ending it by 2020.

First Minister addresses *Poverty in Scotland 2007* event

Scotland's First Minister, Jack McConnell MSP, delivered the keynote address at an event which also saw the launch of *Poverty in Scotland 2007* on 2 March.

With a fifth of the Scottish population living in poverty – including one in four children – more effective strategies are needed if devolved and UK government targets to end child poverty by 2020 are to be met in Scotland.

Poverty in Scotland 2007 represents a unique partnership of academics, campaigners, and frontline workers. Bringing together the latest facts and figures on poverty with expert analysis of how poverty impacts on people and places across Scotland, the book contributes to the discussion of how policy needs to develop if poverty is to become a thing of the past. It is published by CPAG in association with the Scottish Poverty Information Unit, Poverty Alliance, and the Open University in Scotland.

The First Minister said, "It is a powerful partnership and a respected publication, and I do hope decision makers will continue to use it to inform their discussions."

John Dickie, head of CPAG in Scotland said, "*Poverty in Scotland 2007* shows why politicians from all parties must commit themselves to the action needed to eradicate poverty. They must use the Scottish elections to tell us what more they would do to build on the progress already made."

The book recognises that important progress is being made in tackling poverty in Scotland. However current strategies at Westminster and Holyrood which emphasise work as the key route out of poverty are only partially effective. Half of the children and working-age adults living in poverty are in households where an adult works. Welfare to work fails to focus on the low pay, discrimination, and inflexibility characteristic of much of the labour market. Programmes to assist those facing barriers to work must be judged and funded on the basis of sustained individual progress and not just jobs gained.

The benefit system fails to provide an adequate safety net for those unable to work. The emphasis on work as the primary solution to poverty risks further stigmatising those who, for whatever reason, are unable to work.

Current policy ignores the wide gap between rich and poor, failing to take account of the link between significant income inequalities and high levels of poverty. Further progress requires policy that addresses the underlying causes of income inequality rather than individual behaviours.

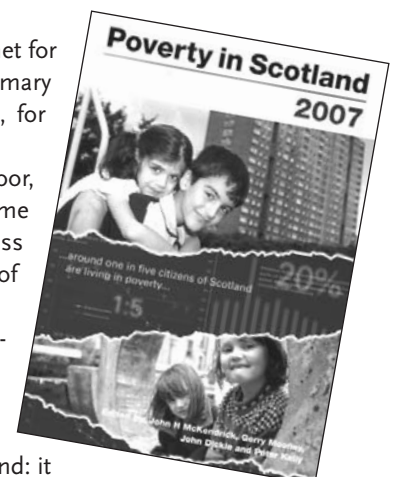
The First Minister pledged to create a national anti-poverty unit at the heart of the Scottish Executive. He said, "Poverty holds us back. It stunts economic growth, it increases pressures on our education and health services, and it stores up problems for the future. It exists in Scotland: it is preventable, and I believe we have a moral, economic, and political duty to end it. And we can."

Poverty in Scotland 2007 can be ordered through the publications section of the CPAG website – www.cpag.org.uk – or by phoning 020 7837 7979.



First Minister Jack McConnell MSP

ROBERT PATERSON



Your donations make a difference

Child Poverty Action Group is a charity promoting action for the relief directly or indirectly of poverty among children and families with children. We aim 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;
- enable those eligible for income maintenance to have access to their full entitlement.

Your donation will help us to fight the injustice of poverty: improving children's lives today and helping to abolish child poverty tomorrow.

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