

A future without child poverty? Now is the time for politicians to take action

This special edition of *Campaigns* looks towards the party manifestos for the General Election expected in May.

Child poverty issues are very much at the centre of the UK's policy-making agenda, and the Child Poverty Bill is currently making its way through Parliament with the support of all main political parties. Unprecedented progress since 1999 has taken 700,000 children out of poverty, and for the first time in a generation we can envisage a country without child poverty as a very real possibility.

This issue of *Campaigns* outlines our challenge to politicians of all parties to make that possibility a reality and commit in their manifestos to continuing the fight against child poverty and introducing positive measures to reduce it.

Here we look at how society would be better off without child poverty and suggest policies that all parties should commit to so that child poverty can become a thing of the past.

A society without child poverty

Child poverty affects all areas of our society and has a negative effect on the life chances of millions of children in the UK. An end to child poverty would improve society in numerous ways and dramatically improve life chances for millions of children.



Research shows that ending child poverty would add £25 billion a year to our economy and save the Exchequer the estimated £17 billion a year currently spent on mitigating the long-term effects of child poverty.¹ There would also be positive knock-on effects in relation to social cohesion, the education system and health outcomes.

Reducing inequalities

Understanding and dealing with inequality and the way in which it undermines societies is central to tackling poverty. Inequality has been a key driver of child poverty, limiting the impact of benefit, tax credit and employment policies

aimed at reducing that poverty. Societies that are more equal have been found to be far more cohesive, and inequality is one of the chief causes of lack of trust and social discontent. A report from the National Equality Panel states that, '*Inequalities in earnings and incomes are high in Britain, both compared with other industrialised countries, and compared with thirty years ago.*'² The report further highlights that, '*Wide inequalities erode the bonds of common citizenship and recognition of human dignity across the economic divides.*'³

Inequality is closely associated with lower levels of happiness and wellbeing, promotes social exclusion, and contributes to costly social and developmental problems. With social cohesion increasingly playing a central role in the public policy agenda, the next Government must ensure that it first takes steps to close the gap between rich and poor.

Education and life chances

Overall, children from low-income households have worse educational outcomes than those on higher incomes. The most significant contributor to a child's educational achievement is her/

¹ D Hirsh, *Estimating The Cost of Child Poverty*, JRF, October 2008

² Hills J et al, *An anatomy of economic inequality in the UK*, National Equality Panel, 2010

³ Ibid

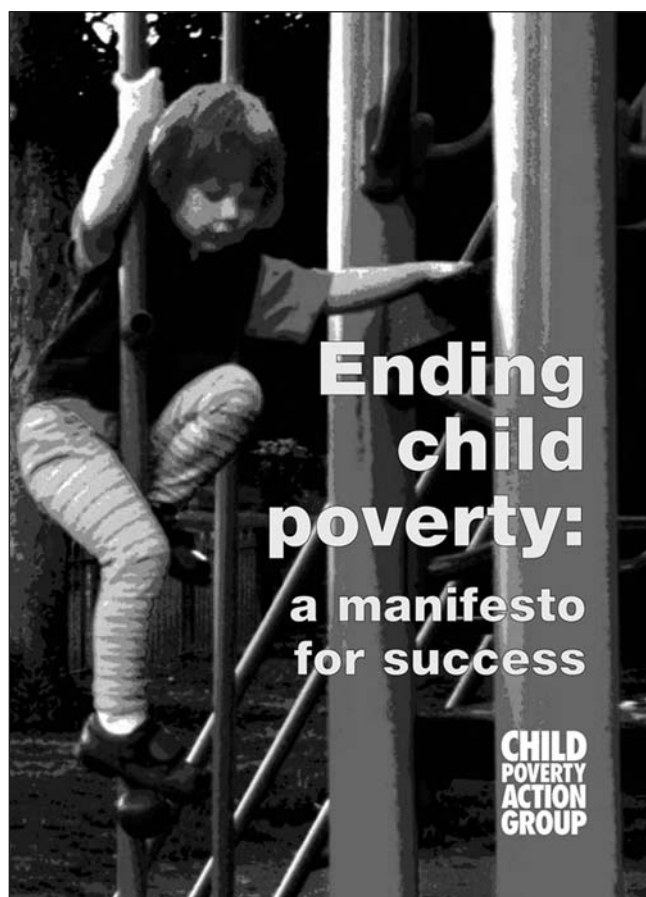
his family's income. Too many children from low-income households do not have access to adequate living space; the warmth and healthy diet necessary for effective learning; and the basic materials needed to effectively participate in the classroom. Schools trips, uniforms and books all cost money. These are beyond the reach of many students, yet they are vital to ensure that children get the most from their education.

Educational disadvantage starts early, and grows as children move through the school system. Studies suggest that children from low income families were overtaken by students from higher socio-economic backgrounds by the age of three. By the age of 11, students receiving free school lunches are almost twice as likely to miss basic literacy and numeracy standards. By the time they are 16, one third of eligible children achieve five good GCSEs compared to the national average of 62 per cent.⁴ At A level, the education gap is at its widest – in 2008, while more than 26,000 pupils got three As at A level, only 189 free school meals pupils achieved this result.⁵

This is a shameful waste of talent and reduces students' economic and employment prospects, with disadvantage increasing far beyond their school years. While 40 per cent of the lowest income parents hope that their children will go to university, by their mid-twenties⁶ very few succeed in doing so, having a marked effect on their life chances and future financial stability.

Health outcomes

The health outcomes for those who grow up in low-income families are particularly concerning. Those who are born into poverty are much more likely to have serious health problems



at birth, have lower birth-weights and die younger than those from better off backgrounds.

A World Health Organisation report in 2008 highlighted the fact that a boy born in the Calton area of Glasgow has a life expectancy of 54 years, while a boy born a few miles away in Lenzie has a life expectancy of 82. A 28-year difference in life expectancy based on where you are born is unacceptable in one of the richest countries in the world.

The next Government must take steps to combat the health divide driven by income disparities. Research shows that some 1,400 lives a year would be saved among those under 15 if child poverty were eradicated in the UK.⁷

Five steps to help end child poverty

1. Make work pay

All parties seem to agree that through work, families can escape poverty. However, in the UK work does not always represent a route out of poverty, with 59 per cent of children in poverty having one or more parents in work.

For work to be effective in taking people out of poverty, low wages must be raised to adequate levels. Whoever forms the next Government should adopt an aggressive strategy to increase the national minimum wage and to index this to prevent inequality gaps widening.

Furthermore, following the economic downturn the numbers of people who cannot access satisfactory jobs has increased. The next Government should invest more in initiatives designed to improve access for poorer parents into sustainable work that pays decent wages.

2. Protect jobs

With unemployment at 1.7 million at the end of 2009 and the ongoing risk of increasing jobless numbers, all parties should do everything they can to resist the drive to cut jobs and services. The delivery of high quality services depends on the Government protecting high quality jobs.

Parental job loss can often plunge a family into poverty. The poverty rate for children in households where no one works is significantly higher than the rate for children who have one or more parent in work.

We urge all parties to intervene to ensure the protection of jobs, understanding that there are associated costs from job losses, including rising benefit caseloads, lower tax receipts and the long-term costs of the effects of unemployment to families and wider society.

3. Increase family income and mend the safety net

A key way to reduce child poverty is to invest in the tax credit and benefit system. Benefit rates are typically well below the poverty line and risk falling for certain families under new welfare reform proposals. This means that for struggling families, the extra support provided through children's benefits is sapped by inadequate benefits paid to adults. Rises in

4 D Hirsh, *Estimating The Cost of Child Poverty*, JRF, October 2008

5 House of Commons *Hansard*, Written Answers for 26 Nov 2008 (Column 1859W)

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

7 Griggs J and Walker R, *The costs of child poverty for individuals and society*, JRF, October 2008



day to day living costs coinciding with the low levels of family income associated with losing a job has a profound impact on families' financial stability. The next Government should set an acceptable minimum income standard, below which benefit levels cannot fall.

Furthermore, there needs to be a move away from means-testing. Tax credits and means-tested benefits are complex and expensive to administer, generate high levels of error and prevent families from getting their full entitlements. On the other hand, universal benefits such as child benefit are simple, effective and popular.

Ensuring that people receive the benefits to which they are entitled would also have a profound impact, as too often the most vulnerable groups do not receive the benefits and tax credits they are entitled to. With substantial Government spending on high-profile adverts to combat benefit fraud, administrative error at an all-time low and more than £16 billion of benefits remaining unclaimed,⁸ focusing more on benefit take-up would not only reduce hardship but further stimulate the economy by drawing money into local communities.

4. Introduce universal free school meals

Studies have found that good quality school meals lead to improved educational attainment and classroom behaviour.⁹

Free school meals make budgeting for families on tight incomes easier.

Yet currently many children officially recognised as living in poverty are not entitled to a free school lunch. The Government's announcement of an extension of entitlement to primary school children in low-income working families in England and a recent extension to all children in families receiving maximum working tax credit in Scotland are extremely welcome. However, sig-

nificant numbers of children entitled to free school lunches do not receive them, for reasons including a lack of clarity about what they are entitled to and a stigma around applying for and receiving free school meals provision.

Removing means-testing in this area and introducing universal free school meals is a cost-effective way of helping all children in the education system as well as having a substantial effect on tackling child poverty. Universal benefits do not squander money on those who do not need it – they ensure that everyone who is entitled gets what they need.

5. Address current policies that reduce family income

Although politicians from all parties acknowledge the need to eradicate child poverty, a number of proposed policies could have a highly detrimental effect on this ever occurring.

Welfare reform proposals that have emerged from the main parties worryingly place struggling families into further financial uncertainty.

Increasing the conditions for receiving welfare at a time when unemployment is rising makes little sense and fuels a negative response towards low income claimants. No Government should apply greater conditions on benefit entitlements until it can demonstrate that adequate support is in place, including affordable childcare and specialist healthcare, which will help those who need it most.

8 Figures from Citizens Advice (February 2010) suggest that up to £10.5 billion of means-tested benefits and £6.2 billion of tax credits remain unpaid each year.

9 C Ani and S Grantham-McGregor, 'The Effects of Breakfast Clubs on Educational Performance, Attendance and Classroom Behaviour' in eds. N Donovan and C Street, *Fit for School*, NPI, 1999

Help us make a difference

CPAG is the leading charity campaigning for the abolition of child poverty in the UK and for a better deal for low-income families and 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; *and*
- enable those eligible for income maintenance to have access to their full entitlement.

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UK election vital to child poverty progress in Scotland

CPAG will be working hard to put child poverty at the heart of the imminent UK election campaign in Scotland. While significant areas of policy including health, education and childcare are devolved to the Scottish Parliament, the key benefit, tax and employment policy levers needed to end child poverty in Scotland, as across the rest of the UK, lie at Westminster.

Despite very real progress over the last decade one in four – 240,000 – of Scotland's children still live in poverty. It is vital that all those seeking election to Scotland's 59 Westminster parliamentary seats put child poverty at the heart of their priorities. By doing so they can both help transform the lives of the children in their constituencies, as well as ensure the political consensus to abolish child poverty across the UK by 2020 becomes a reality.

Child poverty costs over £1.5 billion a year in public spending and lost revenues in Scotland alone. Candidates need to commit to cutting that waste, not just of money but of children's lives and potential. Making that cut will require investment in the benefits and tax credits that families need to stay afloat, investment that not only reduces child poverty but puts money into local businesses, hastening economic recovery.

It will require all parties to focus on universal benefits to protect families from poverty. At a time of tightening public finances it is seductive for prospective parliamentarians to discuss targeting supports such as child benefit. But such targeting not only results in our poorest families suffering now, as means-testing reduces take-up, it undermines the very



social solidarity that is needed if we are to genuinely abolish poverty rather than just alleviate it.

As the next intake of Westminster politicians prepare to make hard decisions during a financial squeeze they must remember it is not just the size of the public spending pot that lies behind the problem of poverty but the way we spread that pot around. In the next parliament a fairer share must go to our poorest children.

CPAG in Scotland is therefore calling on Westminster candidates in Scotland to support CPAG's manifesto for ending child poverty. Key calls on the UK policy changes needed to tackle child poverty in Scotland include supporting welfare reforms that will increase family incomes, mend the safety net and move away from means-testing.

Along with other members of the Scottish Campaign on Welfare Reform (SCOWeR), CPAG is calling for all political parties to commit to:

- up-rating basic benefit rates to a level where no one is left in poverty and all have sufficient to lead a dignified life;
- simplifying the welfare system by

moving away from means-testing – eg, by increasing the support provided to families through child benefit;

- investing in the services needed to enable everyone to participate fully in society and receive the financial support they need;
- making welfare benefits suitable for Scotland by ensuring that welfare reforms take account of Scotland's different legislative, childcare, education, training and health infrastructure;
- opposing the imposition of new conditions attached to benefits, at the very least until adequate rights to support with, for example, childcare are in place.

CPAG will continue to press throughout the election campaign for the immediate investment in child benefits and tax credits needed to reduce family hardship now and to ensure government comes as close as possible to halving child poverty by 2010.

Of course it is not just benefit and tax credits that need investment and reform if child poverty is to be eradicated. Westminster politicians have the lead role in tackling the low pay, unfair burden of taxation and unfair energy bills that undermine the efforts of parents trying to give their children the best possible start in life.

It is only by taking bold measures across this range of reserved policy areas, as detailed in CPAG's manifesto, that the next UK parliament can play its full role in ending the poverty that undermines, and too often destroys, Scotland's children's education, health and life chances.