

Only eight months into the job, Secretary of State for Work and Pensions, John Hutton MP, is a lead figure in the Government's drive to eradicate child poverty by 2020. He also has ambitious plans to reduce the number of people claiming incapacity benefits by one million over the next ten years. He talks here to Alex Belardinelli about failing to meet the first child poverty target, tackling benefits dependency and making sure that work provides people with a route out of poverty.



AB: When the first target to reduce child poverty was missed in March you admitted that the Government had to 'redouble its efforts'. What do you mean by this and what more does the Government intend to do to get the target back on track?

JH: I want to make tackling child poverty my number one priority. The idea that any child should have to grow up poor should be abhorrent for a progressive society – that is why Tony Blair made the historic pledge in Labour's first term to halve child poverty by 2010 and end it completely by 2020. We remain as committed to our goal now, as ever; the fact that we have succeeded in helping 800,000 children out of poverty since 1997 is testament to that.

But we need to renew our approach to tackling poverty so we can speed up the progress we have made so far. Across the full range of functions and responsibilities of my department, I want to assess what will be the impact on child poverty of our policies.

This autumn, alongside our annual *Opportunity for All* progress report, we will set out our new strategy for how we can make faster progress to reach our goal of halving child poverty by 2010. Of course, we welcome the thoughts of all those who share our vision, and I would urge supporters of the Child Poverty Action Group to join the debate and make their voices heard over the summer.

AB: How can the Government hope to end child poverty while safety-net benefits remain so far below the poverty line?

JH: I have made clear that we will always consider raising benefit levels where it is appropriate and

affordable to do so. Child benefit for the first child has increased by more than 25 per cent in real terms since 1997. And the Chancellor announced a commitment in this year's Budget to increase the child element of child tax credit at least in line with earnings until the end of this Parliament. This will mean an additional £200 million for families in 2008/09 – and at least as much again each year until the end of the Parliament.

But at the heart of our work must be an integrated approach that makes a sustained difference to child poverty. Even increasing benefits in line with average earnings will do little to help families escape poverty if median income is increasing at roughly the same rate.

To lift people clear above the poverty line and to give them the tools they need to prosper in the longer term, we need to ensure that everyone who can work has the help and support they need to do so.

AB: Work is one solution to child poverty but, since half of children living in poverty have one or more parents in paid employment, it is not a guaranteed one. What will the Government do to ensure that people are not pushed into low quality, poorly paid and unsustainable jobs?

JH: I agree with you that helping people into work is only part of the answer – that is why we are committed to making work pay and giving people the support they need to progress and acquire new skills once they are in employment. Of course, the national minimum wage – which will rise to £5.35 in October, benefiting around 1.3 million people – has helped end the scandal of poverty wages that we inherited, and tax credits help make work pay for low-income families.

But part of our drive for policy renewal means that we must always be committed to finding new ways to help the in-work poor. That may mean new ways of encouraging potential second earners in a family into work; continuing to ensure that people will be better off in work than on benefit, and doing more to improve skills and progression in the labour market.

AB: Why are the latest welfare reform plans needed in the first place?

JH: Giving people the right to enter the world of work has always been integral to the Labour Party. Giving people access to decent, well paid jobs has long been recognised as a route out of poverty that can transform people's lives and raise their aspirations.

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This Labour government has succeeded in helping an extra 2.4 million people into work since 1997, ending the years of recession and mass unemployment. But if we are to succeed in truly extending employment opportunity for all, we need to do more to break down the remaining barriers still faced by key groups – in particular incapacity benefit claimants, lone parents and older people. We have a long-term aspiration of an 80 per cent employment rate, which would mean a million fewer people on sickness benefit, and helping an additional one million older people and 300,000 lone parents into work.

AB: There is a great deal of anxiety about the proposals among sick and disabled people interviewed recently by CPAG. Talk of fraudsters, scroungers and people lounging around watching daytime television does not help to foster a climate for sensible debate. Do you agree that such language and the constant use of the term ‘benefit dependency’ is both unhelpful and misleading?

JH: I do agree with you that the vast majority of people who claim benefit are nothing like that caricature. However, I think it is important that we take steps to root out the fraud and abuse that does go on. If we fail to do that it undermines people’s confidence in the entire welfare system and that hurts people who are claiming for genuine reasons.

But I don’t make any apology for talking about wanting to tackle benefit dependency by giving more people the opportunity to work. Life on benefit when there is no one bringing home a wage is tough; it always will be, because we simply cannot afford to raise benefit levels across the board in the way that I know many people would like us to do. And even if we did, I would question whether it would be the best way to target help for people.

Of course, I will not seek to stigmatise people for claiming money they need to get by – Labour is proud of its record of tackling poverty by targeting extra help at the poorest families. But nor will I pretend that a life on benefit is the best option for people who – with the right support and opportunities – could help their families out of poverty by working.

AB: The Government’s targets to increase lone-parent employment and reduce the number of incapacity benefit claimants are very ambitious. Do you think they can be achieved with current levels of resources and how confident are you that the roll-out of Pathways to Work will be fully funded?

JH: I have committed £360 million to roll out the Pathways to Work employment scheme right across the country by 2008. Yes, I am confident that level of investment will enable people who can get trapped on incapacity benefit to obtain the help they need to get back to work.

You are right to say that our plans to help people into work are ambitious. Our target to reduce the number of people on incapacity benefit by a million over a decade and our long-term aspiration of a 70 per cent employment rate for lone parents will require continued investment in the years ahead, and it absolutely right to do that. That increase in the lone-parent employment rate alone would lift around 200,000 extra children out of poverty.

AB: The voluntary and private sectors lie at the heart of your plans. Can they really deliver such an ambitious programme and how will your department ensure that vulnerable people are treated appropriately and consistently?

JH: The private and voluntary sectors have a huge amount of expertise to offer in helping people off benefit and into work – we will need to utilise those resources to the full if we are to succeed in tackling poverty and worklessness. Fresh approaches from alternative providers will also be important as we seek to give people the flexibility they need to come up with their own solutions to local problems.

Of course, we do need a framework to ensure fairness and national standards, and we are committed to making that effective.

AB: Why do benefit sanctions need to be imposed on those who do not comply? Can you see any risks or drawbacks from increasing conditionality on some of the most vulnerable people in society?

JH: The important thing to stress is that the new system to replace incapacity benefit must be administered carefully and be sensitive to each individual’s situation – we do not want it to be a punitive regime. And while I appreciate that any major change like this is going to be worrying, I want to reassure people that here is no question at all of them being forced to do something that is inappropriate.

Placing increased obligations in the system, with the ultimate consequence of a benefit sanction if people refuse to engage, is primarily designed to ensure that people take part in what are positive and appropriate support programmes. We are

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We are committed to a ‘something for something’ approach

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committed to a 'something for something' approach: offering increased support in return for an increased obligation for people to do what they can to engage in it.

AB: If service providers in the voluntary and private sectors will be required to sanction individuals who do not comply, what mechanisms will be in place to monitor what is happening and ensure people can challenge decisions?

JH: Again, this issue is something that we need to consider carefully as we seek to involve the private and voluntary sectors in the next phase of welfare delivery. We are publishing a welfare reform bill to take changes forward shortly.

AB: A two-tier system comprised of those judged to be 'fit' and 'unfit' to work will require a very high-quality assessment process. When nearly half the challenged personal capability assessment decisions are currently successfully appealed, the track record is not good. How will the quality of decision making be improved and what degree of flexibility will be put in the system if somebody's disability or capacity to work changes after the initial assessment?

JH: You are right to stress the importance of the personal capability assessment process for sickness benefits – that is why we are comprehensively reviewing the procedure for the new allowance that will replace incapacity benefit. I won't preempt that review, but I do think the concerns you raise are valid ones that will need to be addressed.

But the employment and support allowance that will replace incapacity benefit will be about measuring what people can do, not what they cannot do. The old system effectively wrote people off as unfit to work and offered them little or no support to get back into the workplace: that must change.

AB: Those who do not comply with the new system will find themselves on jobseeker's allowance rates of benefit. Do you think that current amounts provide an adequate income and is it fair to put young people under 25 on an even lower benefit of just £45.50 a week?

JH: We have said that the employment and support allowance will be based on the jobseeker's allowance structure to improve the simplicity of the overall benefit system, but no final decisions have yet been made on the rate, for any age group. The other part of your question goes back to what I was just saying: that there is no reason to suggest there will be large numbers of people getting their benefit sanctioned as we simply want to give

people an extra incentive to take part in positive support programmes, not punish them. Jobseeker's allowance has a very stringent penalty regime for those who fail to take part, but only around 2 per cent of people claiming JSA ever get sanctioned, because the extra conditionality encourages everyone to engage.

AB: The Work and Pensions select committee recently reported about the impact of efficiency savings on service levels in Jobcentre Plus. What impact do you expect the 5 per cent annual reductions in your budget from 2008 to have on the DWP's work?

JH: I agreed a Comprehensive Spending Review settlement for my department a year early so we could plan how to respond to the challenge of delivering welfare services in new ways that are both more efficient and better focussed on our core objectives of tackling poverty, helping people secure dignity in retirement, and giving people the personal support they need to prosper in work. It will, without doubt, be a challenge requiring an innovative approach, but I truly believe it is one that we can and must meet if this government is to go on delivering value for money and directing more resources to frontline public services.

AB: The Government often talks about the 'rights and responsibilities' of benefit claimants, but what do you think are the responsibilities of employers?

JH: Well, we want employers to play their part in keeping people in work and off benefit in the first place – the Green Paper sets out a number of proposals for increasing the incentives for employers to encourage good workplace health.

But we also need to do more to change the attitude of employers towards people who have been off work for long periods of time, for whatever reason. People returning from long-term benefit dependency can be a valuable addition to the workforce – convincing employers of that fact will be a key factor in helping more people back to work. ■

Alex Belardinelli is CPAG's Press and Parliamentary Officer