

Tackling child poverty:

giving every child the best possible start in life



A Pre-Budget Report Document

December 2001

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HM Treasury
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FOREWORD

In 1942 William Beveridge produced the report that led to the creation of the modern welfare state. In it, he identified five evils – ignorance, squalor, want and idleness, and disease – which a new welfare state had to confront. He noted also that nothing should be done to remove from parents the responsibility of maintaining their children but that it was in the national interest to help parents to discharge their responsibility properly. Beveridge's vision was of a welfare state that would slay those giants forever and enable parents to fulfil their responsibilities to their children.

Today, almost 60 years later, we are still a long way from realising that vision. In the mid-1990s the UK had the highest rate of relative child poverty in the EU, with child poverty having trebled in the previous two decades. Children have not just missed out financially, but on growing up in a secure environment with wider opportunities to develop. Those living in poorer neighbourhoods often have to put up not only with a rundown physical environment and limited opportunities, but also the worst public services, including education, health and housing.

As Beveridge knew, tackling child poverty and disadvantage is not about providing either more money or better public services; it is of necessity about both. It will require more resources to be devoted to raising the incomes of poor families (to tackle the need and unemployment Beveridge identified) and also to deliver the services on which we all depend (to provide high-quality healthcare, world-class education system and decent housing for all). It will also require us to ensure that public services take more account of the level of need in a locality.

Being a parent brings with it rights and responsibilities. The Government will do all it can to support parents, but in turn it is right that parents fulfil their responsibilities too. Of key importance also, are the communities in which our children grow up. A partnership between Government and the voluntary, community and faith sectors is the best way to tackle poverty and support families, as demonstrated by the fact that some of the most innovative projects of recent years have partnership with community organisations at their heart. From a large Sure Start programme run by a children's charity to a parent and toddler group in a local church, families not only benefit from excellent services but also have the chance to feel part of a wider community.

Our goal today must be even more ambitious than the one Beveridge set us: not only to tackle disadvantage but to promote opportunity. We know the scale of the challenge facing us. We are committed to halving child poverty by 2010 on the way to fulfilling the Prime Minister's pledge to abolish child poverty in Britain in a generation. We have already taken significant steps on this road but there is much more to be done. This document sets out our approach to the problem. It analyses what drives poverty and which are the most effective tools to tackle it. It reflects our view that there are four key strands to addressing the problem:

- providing more support for family finances
- giving priority to children's services, especially health and education
- offering support to parenting for life
- pursuing a partnership with the voluntary and community sectors

This document sets out the context for policy decisions to come in the Budget and Spending Review of 2002 and the years to follow. We have already engaged in wide public consultation on some of the key issues, including the way in which we will provide financial support in future to families through the new tax credits. But as you read this paper, please share your thoughts with us. We welcome views, for example on how government can help local communities to support families better; what more government could do to enable faith groups or businesses to play a role in tackling child poverty; or what kind of services parents want from Government and how these should be delivered.

Our children are our future and the most important investment we can make as a nation is in developing the potential of all our country's children. Together we can ensure that no child is left behind.

A handwritten signature in black ink, appearing to read 'Gordon Brown', written in a cursive style.

Rt Hon Gordon Brown
Chancellor of the Exchequer

December 2001

SUMMARY

1. Every child and young person deserves the best possible start in life, to be brought up in a safe, happy and secure environment, listened to and heard, to be supported as they develop into adulthood and maturity, and to be given every opportunity to achieve their full potential. However, too many of our children still miss out.
2. Over the 1980s and 1990s families with children lost out and by the mid-1990s the UK had the highest rate of relative child poverty in the EU. Tackling child poverty requires action to improve services to all children and parents as well as support for family incomes and work. This requires Government to ensure resources are given where they are most needed and local action from the statutory, voluntary, community and faith sectors to build stronger communities.
3. This document builds on the approach set out in the Government's anti-poverty report *Opportunity for All* and looks at the issues to inform the next Budget and Spending Review, working towards the long-term goal to abolish child poverty within 20 years and halve it by 2010¹. It also reflects the Government's proposals to develop an overarching Strategy for all children and young people's services, as published for consultation last month in *Building a Strategy for Children and Young People*².

Chapter 1: Childhood experiences and outcomes

4. Tackling childhood disadvantage is particularly important because childhood experience lays the foundations for later life. Children growing up in low-income households are more likely than others to have poor health, to do badly at school, become teenage mothers or come into early contact with the police, to be unemployed as adults or to earn lower wages.
5. It is unacceptable that children's experiences and outcomes in later life are influenced by their family's circumstance in this way. Action to abolish child poverty must improve the current quality of children's lives as well as investing to enable children to reach their full potential as adults and break the cycle of poverty and disadvantage.
6. The most significant ways to reduce current and future child poverty are ensuring a decent family income, through work for the parent where possible, and improving the educational attainment of the child, so that they have the full range of options available to their peers in further education and future employment. However, other influences such as health and parental background, neighbourhood environment and housing conditions, all have a key role to play in a child's quality of life and their future achievements.

¹ *Opportunity for All – Making Progress*, Cm 5260, September 2001.

² *Building a Strategy for Children and Young People – Consultation Document (2001)* Copies available from the Children and Young People's Unit Strategyline on 020 7273 1120 or at www.cypu.gov.uk.

7. The Government's approach to tackle child poverty now and to break the cycle of disadvantage therefore includes:

- helping to ensure a decent family income;
- delivering excellent public services;
- support for parents; and
- harnessing the power and expertise of the voluntary and community sectors.

Chapter 2: Low income and worklessness

8. Lack of resources, often driven by lack of a job, is at the heart of family poverty. By the mid-1990s the UK had the highest proportion of children living in workless households in the EU and by 1999, there were just over 4 million children living in poverty³.

9. Tax and benefit reforms announced in the last Parliament – including the National Minimum Wage, the Working Families' Tax Credit, increases in universal Child Benefit and in Income Support rates for children – mean that there are now 1.2 million children fewer in relative poverty than there would otherwise have been. Families with children in the bottom fifth of the population are on average £1,700 a year better off.

10. However there is much more still to be done. In the long term, work is the best way to lift families out of poverty, to raise incomes and to open doors. For working parents, the aim is to help them to balance work and family responsibilities. For all families, the Government's priority is to provide greater security than in the past.

11. All families face challenges in balancing work and home responsibilities but the challenge is especially great for lone parents. Between the 1970s and the mid-1990s the number of lone parent households doubled and the number on benefit trebled. For too long, the welfare system failed lone parents, setting up huge barriers to work and trapping them in long-term poverty.

12. Over the past four years the Government has transformed the tax and benefit system to make work pay and has provided new opportunities through the New Deal, supported by a National Childcare Strategy. The results are starting to show. There are now over 300,000 children fewer living in workless households than in 1997. The proportion of lone parents in paid work has risen from 45.6 per cent in 1997 to 51.5 per cent in 2001.

New Child Tax Credit

13. The Pre-Budget Report confirms the Government's intention to build on the tax and benefit reforms of the previous Parliament by introducing a new tax credit for families with children, the Child Tax Credit. It will deliver:

- a secure stream of income for families with children paid direct to the main carer, usually the mother;
- a single payable tax credit unifying all income-related child payments;
- greater flexibility, providing support for children from one system, even as parents move into or out of work; and
- a common framework for assessment, so all families are part of the same inclusive system.

³Households below 60 per cent of median income after housing costs. The figure was 3 million before housing costs.

14. The system will target help on those who need it most, when they need it most. This includes families on lower incomes and those with young children or a new baby. From April 2002 an additional £10 a week will be given on top of the £10 Children's Tax Credit for families in the year of a child's birth. These policies are central to the Government's commitment to reduce by a quarter by 2004 the number of children in low-income families⁴.

Chapter 3: Services and communities

15. Services play a crucial role in supporting families with children, in improving the current quality of children's lives, tackling poverty of experience, providing opportunities relevant to all children and building the foundations to break the cycle of poverty and disadvantage in the future.

Investments in services **16.** Over the past four years, the Government has taken significant steps to improve services available to children and their families including work to build in local community expertise. The Government is building on this, including:

- **improving education for all** – average spending on education and training in England will grow by more than 5½ per cent a year in real terms between 2000-01 and 2003-04;
- **introducing a right to free early education** – this has been available to 4-year-olds since 1998 and the Government has a target to extend this to all 3-year-olds by September 2004;
- **the creation of the Sure Start programme** – Sure Start is building on the local involvement of parents and the community, investing in the early years learning and health of children under four. 500 programmes are planned by March 2004, reaching around 400,000 children at any one time;
- **the creation of the new Children's Fund** – over three years, this will provide £380 million to partnerships of the statutory and voluntary sectors to support 5-13 year-olds showing early signs of difficulty and a further £70 million directly to voluntary, community and faith sector groups to provide funding for local solutions to tackle child poverty; and
- **improving child health** – the Government is taking action to tackle health inequalities and is currently developing a Children's National Service Framework to set standards for the services that allow children to start their lives well and grow into healthy adults.

17. The Government's consultation document *Building a Strategy for Children and Young People*, sets out a framework for an overarching strategy for services for all children. The Strategy aims to bring coherence to all the services that children and young people use, to harness the expertise and potential of partners in the statutory, voluntary and community sectors, of faith groups and business and to ensure that services are delivered to meet the individual needs of children and young people, wherever they live, contributing to community cohesion. Over 35 consultation workshops on the Strategy are taking place across the country until the end of February 2002⁵.

⁴HM Treasury and the Department for Work and Pensions have a joint Public Service Agreement to reduce by a quarter the number of children in households below 60 per cent of contemporary median income, compared to 1998–99.

⁵For details of consultation opportunities relating to the Government's new Strategy for Children and Young People, visit the Children and Young People's website at www.cypu.gov.uk or call the Unit on 020 7273 1120.

18. All too often it is the poor children in poor neighbourhoods who are likely to have much less access to the things that would help them develop than children who live in better-off areas. For example these children get less individual attention at school, have poorer space in which to play and have fewer role models to follow. This is unacceptable. The Government's aim is to narrow the gap between the worst neighbourhoods and the rest of the country, so that within 10 to 20 years, no-one is disadvantaged by where they live.

19. To this end the Government has committed to targeting the funding for key services – like health, education, housing – on those areas that currently fall furthest behind the rest of the country. The Government is also providing additional funding from the Neighbourhood Renewal Fund to the 88 poorest local authority areas to help deliver early results.

20. Spending Review 2002 will continue to make tackling poverty and disadvantage a key priority for government spending plans. A number of cross-cutting reviews are already in place to look at the particular needs of disadvantaged children and how local communities and the voluntary sector can help. These include cross-cutting reviews on children at risk, on health inequalities and on the role of the voluntary and community sector in public service delivery.

Chapter 4 – Support for parents

21. The primary responsibility for raising children clearly rests with their parents or carers but the Government has a responsibility to support them in this most vital of tasks. Good parenting and strong family relationships are key factors in providing children with the best possible start in life. It improves their health, schooling and prospects in later life. It also reduces the risk of serious social problems such as homelessness, offending and drug misuse.

22. Becoming a parent brings with it rights and responsibilities. The vast majority of parents do their very best for their children, frequently putting their children before themselves. The circumstances in which parents bring up their children can make all the difference. Ill health, unemployment and family breakdown all affect parents' ability to cope. A decent family income, quality childcare and excellent services for children can all reduce the immediate stresses families face. The Government recognises that many parents also want additional support and it will aim to provide it in the way that is of most value to them. In return, parents are expected to fulfil their responsibilities to their children, including in cases where they are no longer living with them.

Marriage and relationship support

23. Supporting marriage and stable relationships is an important part of the Government's commitment to support families. The quality of the parents' relationship is crucial to their parenting capabilities and a critical factor affecting children's well-being. Yet often parents do not have access to the help they need to make their families strong and stable. This is particularly important for young families as the birth of a child is a known pressure point in relationships. The voluntary sector plays a crucial role in the delivery of support to couples, including counselling and information provision. Within Government, the Lord Chancellor's Department provides core funding for several national relationship support organisations, such as Relate, One plus One and Marriage Care.

Parenting for Life 24. The Government currently provides direct support for parenting through the mainstream statutory sector, through direct support for the voluntary sector, and through targeted government programmes, as well as financial support. Government support includes education, health and social service based support, including home-school liaison initiatives, health visiting programmes and community support teams. Other initiatives include:

- **National Family & Parenting Institute** – an independent charity set up in 1999 and funded by Government as a centre of expertise on family and parenting issues;
- **Family Support Grant Programme** – this provides £4 million per year to voluntary sector services for parents, dealing with a range of parenting issues including fatherhood, raising teenagers, and parenting in challenging circumstances;
- **significant improvements in maternity and paternity leave** – from 2003 statutory maternity pay will rise to £100 a week, maternity leave will rise from 18 to 26 weeks and paid paternity leave of two weeks will be introduced;
- **ensuring absent parents support their children** – the Government believes that all parents must accept their responsibilities for their children. The Child Support Agency will have wider powers to enforce this, including making deductions from earnings or benefits or withdrawing driving licences from those who refuse to pay;
- **teenage mothers** – the Government has established a special unit to tackle the UK's high rate of teenage pregnancy and a strategy is now in place to halve the rate of conceptions among under-18s by 2010. Teenagers who do become parents need help to ensure that they complete their education and improve the prospects for their children. Furthermore the Government believes that, if they cannot live in the parental home, mothers under 18 should be accommodated in supported housing rather than the housed alone and isolated with their babies; and
- **improving adoption help** – a stable loving family is the best possible place for a child to grow up. The Government aims by 2005 to increase by at least 40 per cent the number of children in care who are adopted. The White Paper, *Adoption: a new approach* set out the Government's plans to invest in and reform the framework of adoption.

25. The Government wants to provide better support for parents so that parents can provide better support for their children. Some of the areas under consideration, within the context of next year's Spending Review, include the role of the voluntary sector in service delivery, home-based support services for parents and families, mentoring support services, 'One Stop' family support centres; and more and better access to sources of information about parenting, including telephone helplines and the internet.

26. Families are the foundation of our society. Through ensuring a decent family income, delivering quality services and building stronger communities with our partners in the statutory, voluntary, community and faith sectors, we can build together a better future for our children and young people.

CHILDHOOD EXPERIENCES AND OUTCOMES

The Government is committed to building a fairer and more inclusive society in which everyone can contribute to, and benefit from, the country's rising economic prosperity.

Children living in poverty and disadvantage risk:

- missing out on opportunities and the quality of life they deserve as a child; and
- achieving poor outcomes in later life, which can feed through to their own children, sustaining the cycle of poverty and disadvantage.

Lack of sufficient resources, often driven by lack of a job, is at the heart of family poverty. However poverty is about more than this. The quality of local services, neighbourhood environment and how parents are able to cope, also have key influences on child experiences and outcomes.

Government policy must tackle both current poverty and prevent future poverty, working at a national and a local level, cutting across institutional barriers and divides. Child poverty cannot just be tackled from the centre of Government. The Government must work together with local partners in the statutory sector, voluntary sector, faith groups and communities, if individual needs are to be met on the ground. There must also be effective responses to early signs of difficulties, rather than waiting until there is a crisis.

The Government's role includes:

- **helping to ensure a decent family income**, with work for those who can and support for those who cannot;
- **delivering excellent public services** for all neighbourhoods and targeted interventions for those with additional needs;
- **support for parents** so that parents can provide better support for their children; and
- **harnessing the power and expertise of the voluntary and community sectors**, providing support for innovation and good practice.

INTRODUCTION

1.1 Lack of sufficient resources, often driven by lack of a job, is at the heart of family poverty. However poverty is about more than this. The quality of local services, the neighbourhood environment and how parents are able to cope, also affect child experiences and outcomes significantly. This document builds on the strategy set out in *Opportunity for all – making progress* giving the framework to the Government's approach¹. It also reflects the Government's proposals to develop an overarching Strategy for all children and young people's services, published last month in *Building a Strategy for Children and Young People*².

¹ Opportunity for all – making progress, Cm5260, September 2001.

² *Building a Strategy for Children and Young People – Consultation Document* (2001) Copies available from the Children and Young People's Unit Strategyline on 020 7273 1120 or at www.cypu.gov.uk.

INCOME

I.2 By the mid-1990s the UK had the highest rate of relative poverty in the EU³. Over the previous two decades the proportion of children living in low-income households had more than doubled. Since 1997 the Government has started to see a turnaround in these earlier long-term trends, following substantial investments made in the last Parliament. However, the scale of the problem is huge and there is still much more to do. In 1999 there were just over 4 million children living in low-income households⁴.

I.3 There is a substantial body of evidence which shows that children growing up in low-income households are more likely than their better-off peers to:

- have low educational attainment;
- leave school at 16;
- have poor health;
- become teenage parents;
- come into early contact with the police;
- be unemployed as adults;
- have low expectations for the future; and
- end up earning a relatively low wage⁵.

I.4 The effects in early life therefore not only affect children's current quality of life but also feed through to adulthood and on to their own children. Evidence suggests that, if anything, intergenerational effects have strengthened over time, with the correlation between a son's earnings and parental income rising between the sample of children born in 1958 in the National Child Development Survey (NCDS) and those born in 1970 in the British Cohort Survey (BCS)⁶.

I.5 Emerging analysis from the British Youth Panel⁷, which looks at children born between 1983 and 1989, confirms the strong link between low income and poor outcomes as adolescents. The study finds that children who experience poverty, compared to those who never experience life in a low-income household, are more likely to have lower self-esteem, play truant and expect to leave school at the age of 16.

I.6 Income can have a direct impact on children's outcomes through the effect on the child's ability to participate in everyday activities of the peer group, aspirations, educational and recreational activities, nutrition and also the stress levels of the parent and the parent's ability to cope. Low income is however also correlated with a range of factors that are likely to lead to poorer outcomes in the future such as large family size, housing overcrowding, deprived neighbourhoods, low educational qualifications of the parent and poor parental mental health.

³ Measured by the proportion of children in households below 60 per cent of median income.

⁴ Households below 60 percent of median income, after housing costs. The equivalent figure before housing costs is 3 million.

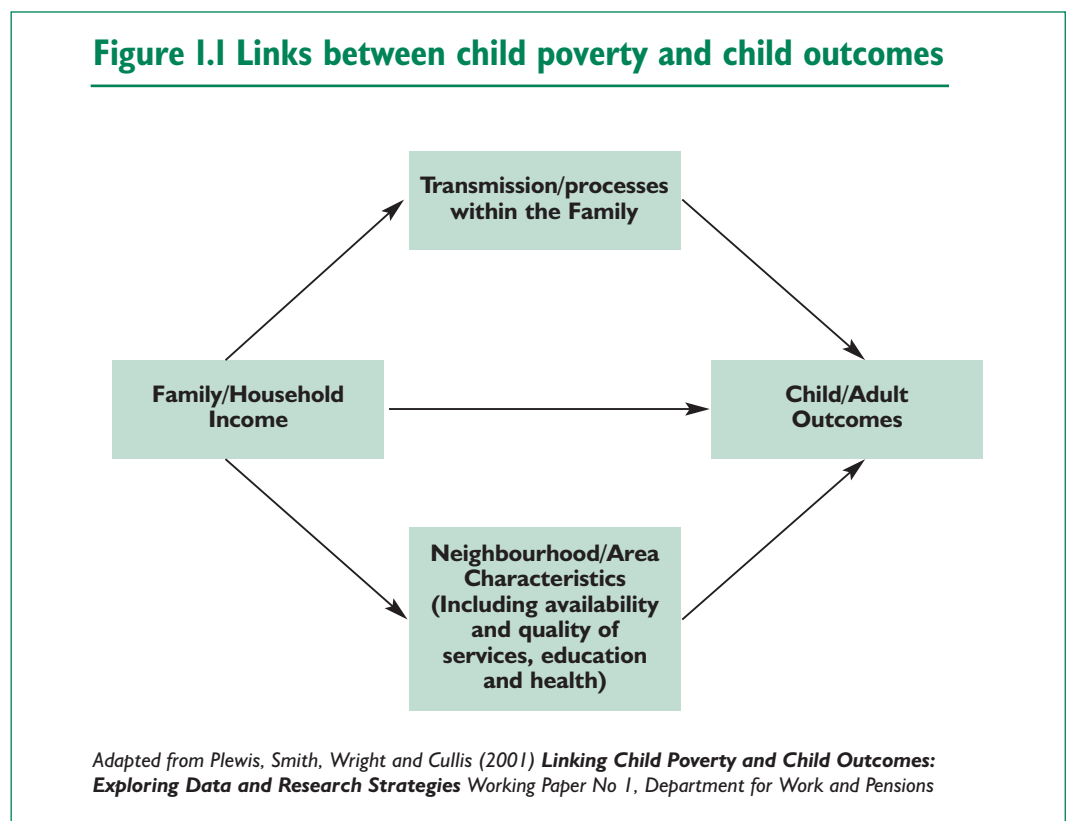
⁵ See for example the evidence summarised in HM Treasury (1999) *Supporting Children Through the Tax and Benefit System*, The Modernisation of Britain's Tax and Benefit System, Number Five and *Poverty: the outcomes for children* (2001) Jonathan Bradshaw (ed) Family Policy Studies Centre.

⁶ Gregg and Machin (2000) in *Child Well-Being, Child Poverty and Child Policy in Modern Nations* Vleminckx and Smeeding (ed) The Policy Press.

⁷ Ermisch, Francesconi and Pevalin (2001) *Outcomes for Children of Poverty*, Institute for Social and Economic Research, Department for Work and Pensions Research Report Number 158 – forthcoming.

1.7 Recent evidence from the US and Canada aims to look at the isolated effect of income on educational outcomes. Evidence suggests that programmes based on raising maternal employment without additional in-work financial support had only modest effects on family incomes and rarely had significant effects on child outcomes⁸. However, programmes involving additional financial support generated significant effects on elementary school child outcomes. The Milwaukee New Hope programme, which also supplied subsidised high quality childcare alongside increased financial support, saw the largest gains in child test scores.

1.8 Emerging evidence from the 1970 British Cohort Study suggests that at least a third of the raw correlation between family income and educational attainment is due to the effect of income alone⁹. This estimate is likely to be on the low end of the true effect of income, with an additional effect coming from the early years of a child's life, not fully captured in this analysis. So income has an important independent role. In addition, though, there are clearly other factors at work, which can break the cycle of poverty and disadvantage, or entrench it. Figure 1.1 sets out a framework for considering these effects.



SERVICES AND COMMUNITIES

1.9 As the Government's proposals for a new Strategy for all children and young people make clear, services have a key role to break the cycle of poverty and disadvantage, as well as affecting the current quality of life of the child. Services must also respond effectively to early signs of difficulties, rather than waiting until there is a crisis.

⁸ Random assignment evidence summarised in Duncan and Chase-Landsdale (2000), *Welfare Reform and Child Well-being* Northwestern University.

⁹ Blanden, Gregg and Machin *Family Income and Children's Educational Attainment: Evidence from the NCDS and BCS* working paper forthcoming, presented at IPPR child poverty conference November 2001.

I.10 The Government's document *Building a Strategy for Children and Young People*, published last month, sets out proposals to develop an overarching strategy for all children and young people's services¹⁰. The Strategy aims to build a collective vision for children and young people today, along with the statutory, community, voluntary and faith sectors, as well as children, young people and parents themselves. This collective approach, which recognises the breadth and interlocking nature of responsibilities, should help prevent children and young people from falling through gaps in the system and help ensure appropriate support for children and their families on the ground.

I.11 Education is one of the most important routes through which childhood experiences feed through to adult circumstances. Evidence shows that up to half of the effects of childhood disadvantage on adult economic and social outcomes may be attributed to education¹¹. Educational attainment itself is the result of a variety of factors, including the effect of income and parental background. The quality of the local school must also have a key role to play. Government action has already delivered significant improvements in primary school attainment across Local Education Authorities. The next key challenge is to ensure these gains feed through into secondary school attainment.

I.12 Evidence from the US and elsewhere also suggests that high quality early education and childcare has a positive long-term impact on children's educational attainment, health and criminal behaviour. Similar findings are emerging from a major UK study on the Effective Provision of Pre-School Education (EPPE). Whilst some impact of high quality early intervention is found for all children, those from low-income families may benefit most.

I.13 Alongside this, children need decent health, housing and wider opportunities to develop. Children growing up in poverty have higher rates of chronic illness and lower life expectancy than their better-off peers. Children in over-crowded housing and with poorer nutrition also do less well at school. The Government strategy to break the cycle of poverty and disadvantage must therefore look at service provision across the board.

I.14 Poor children who live in deprived areas will face additional problems to those who live in better-off areas. The concentration of deprivation in the neighbourhood may mean that children get less individual attention at school, there are fewer activities to be involved in, there is less good space in which to play and less access to quality childcare for the child at all ages. The lack of good role models in some neighbourhoods can lead to children and young people lacking motivation and having no aspirations for the future. Peer pressure may mean that they do less well at school and get involved in crime. The Government's aim is to close the gap between the worst neighbourhoods and the rest of the country so that within 10 to 20 years no-one is disadvantaged by where they live.

I.15 Children from ethnic minority groups are also likely to face a disproportionate disadvantage when growing up. Evidence from the Social Exclusion Unit report on Young People finds that whilst not all groups are equally disadvantaged compared to white young people, most groups are worse off than white young people in many important aspects of their lives and the trend is towards a greater disparity in a disturbing number of cases¹². It is essential that Government policies are sensitive to the needs of all children to ensure that no child is left behind.

¹⁰ *Building a Strategy for Children and Young People – Consultation Document* (2001) *ibid*.

¹¹ Gregg and Machin (1999) *Child Development and Family Income* Joseph Rowntree Foundation.

¹² Report of Policy Action Team 12: Young People (March 2000).

I.16 If individual family needs are to be met on the ground, the Government must work together with the voluntary, faith and community sectors. The sectors are well placed to reach the families that need support and may be able to reduce the stigma that is sometimes attached to services provided by statutory authorities. It is also quick to respond to changing needs. The Government is committed to providing support for innovation and good practice and building a strategic partnership with local communities, as an integral part of its fight against child poverty.

ROLE OF PARENTS

I.17 Family background, parental education and parental mental health will all have an effect on children's outcomes. The Government wants to provide better support for parents so that parents can provide better support for their children.

I.18 Evidence considered for the cross-cutting review for young children as part of the 1998 Comprehensive Spending Review showed that the earliest years of a child's life are particularly important in terms of child development¹³. It found that there are several protective factors that can act to counter risk. These include strong early attachments to adults and parental interest. Evidence also shows the level of parental interest in the child's education and absence of family disruption, is an important factor in the subsequent development of the child¹⁴.

I.19 The Social Exclusion Unit's Policy Action Team 12 looked at wider outcomes for young people¹⁵. Poor family relationships and parenting are key risk factors in children's chances of success in later life. Possible adverse outcomes include drug abuse, youth crime, teenage pregnancy, mental health problems and homelessness, as well as low educational attainment. However, a stable and supportive family can protect young people growing up in disadvantaged areas, balancing some of the risks they face and helping them to achieve their potential and make a successful transition to adulthood.

GOVERNMENT STRATEGY

I.20 The Government's strategy to tackle child poverty now and prevent future poverty therefore includes:

- **helping to ensure a decent family income**, with work for those who can and support for those who cannot;
- **delivering excellent public services** for all neighbourhoods, and targeted interventions for those with additional needs;
- **support for parents** so that parents can provide better support for their children; and
- **harnessing the power and expertise of the voluntary and community** sectors, providing support for innovation and good practice.

¹³ HM Treasury (1998) *Comprehensive Spending Review Cross-Departmental Review of Provision for Young Children: Supporting papers*.

¹⁴ Hobcraft (1998) *Intergenerational and life-course transmission of social exclusion: influences of childhood poverty, family disruption, and contact with the police*, CASE paper 15, London School of Economics.

¹⁵ Report of Policy Action Team 12: Young People (March 2000).

MONITORING CHILD POVERTY

I.21 The Government's third annual *Opportunity for All* report was published in September 2001. The report sets out the Government's strategy to tackle poverty and social exclusion and monitors progress against a range of indicators that were first established in 1999. These indicators mirror the breadth of the strategy to tackle child poverty, including the need to improve both family income and services.

I.22 The report includes five headline indicators on child poverty – low income, worklessness, health, education and housing – each of which is reflected in a short-term Public Service Agreement (PSA). As the Government works to achieve its long-term objective of abolishing child poverty in a generation, it is looking to see how it can learn from existing research and international experience – including through discussions with outside academics and others – to inform both policy and targets. Box 1.1 discusses some emerging issues.

I.23 The Government is also convinced that local communities should have improved opportunities to assess how well local services are delivering for children and young people in their communities. Within its consultation on a new Strategy for children and young people's services the Government has developed a new outcomes framework to encourage a cross-agency approach, so that local communities are better able to target and monitor the particular needs of their young people, and judge local services according to the results they deliver¹⁶.

I.24 This new outcomes framework will also develop a systematic approach to measuring inequalities in outcomes, such as inequalities between children and young people living in different areas and inequalities between children and young people with different racial and ethnic backgrounds. At the same time, the Strategy needs to ensure that outcomes are defined to be relevant to, and inclusive of, particular groups of children and young people whose needs are too often unfulfilled, including disabled children and those with severe learning difficulties.

Devolved Administrations

I.25 While the UK Government has responsibility for key issues such as the tax and benefit system, the Devolved Administrations are responsible for many policy areas that impact on poverty and social exclusion, such as health, education, crime, housing and economic development. The Devolved Administrations have developed their own strategies to reflect this.

¹⁶ *Building a Strategy for Children and Young People* *ibid.*

Box 1.1: Monitoring Child Poverty

The Government's annual poverty and social exclusion report, *Opportunity for All* uses 15 indicators to monitor poverty and social exclusion amongst children and young people. Within this broad set of indicators, five headline indicators are highlighted – low income, worklessness, education, health and housing – each of which is linked to a short-term target.

In a seminar organised last year by the then Department of Social Security and the Centre for Analysis of Social Exclusion, the Government discussed its approaches to poverty monitoring with a range of academics and non-governmental organisations¹. The Government has continued these discussions with academic and policy experts through this year and is keen to continue to learn from research and international experience.

Across the EU there is wide range of approaches to monitoring poverty and social exclusion, for example:

- some Member States focus on a single headline target:
 - **Ireland** – reducing poverty levels, which is defined as a relative income measure combined with a deprivation measure;
 - **Sweden** – halving the number of welfare recipients; and
 - **Denmark** – increasing the number of people in employment.
- other Member States such as the Netherlands, Portugal and the UK set themselves a range of targets.

Irish experience

The Irish Government has developed a headline indicator on poverty. It has done this by combining a relative income measure with indicators of material deprivation. A household is said to be in “consistent poverty” if it is both below a relative low-income line and suffers enforced lack of certain basic household items, for example having to go without a substantial meal all day, not being able to afford adequate heating, having to buy second-hand rather than new clothes, and not being able to afford an overcoat.

The basic rationale for using this approach is that households' current living standards are influenced not only by current income but also by availability of other resources and the length of time a family has been on low income. It is easier to cope on a low income if it is just for a short period. On this view, combining low income with suitable direct indicators of deprivation – items generally regarded as necessities, which individuals or families must do without because they cannot afford them – should identify those experiencing exclusion arising from lack of resources more reliably than low income on its own. The measure should also pick up differences in need between different households and reflect local living conditions.

The Irish Government also has sub-targets in the areas of educational disadvantage, unemployment, adequacy of social transfers, disadvantaged urban areas and rural poverty.

¹ CASE report 13, February 2001 *Indicators of Progress: A discussion of approaches to monitor the Government's strategy to tackle poverty and social exclusion.*

The sharp fall in the Irish “consistent poverty” measure from 1994 to 2000 reflected the significant rise in real living standards across the country, as it experienced exceptional economic growth and the unemployment rate fell by over 10 percentage points. However, because average incomes rose faster than real social welfare payments, the relative poverty measure rose. A key challenge for a measure such as the Irish “consistent poverty” indicator is how best to capture views and reflect changing expectations about what constitutes necessities over a longer period of time.

Bringing together experience

In a recent external seminar, academic experts and voluntary sector groups discussed the EU and US experience on poverty measurement². Some have argued³ that the UK should build on the Irish and wider international experience and could include:

- an absolute income indicator, fixed in real terms, against which there must be progress, as included in *Opportunity for All*;
- a measure similar to that used in Ireland, combining indicators of material hardship with relative income, to identify families who are in persistent poverty and whose core needs are not being met, to show good progress; and
- a self-standing relative income measure, to take account of rising living standards across society over time. EU monitoring of households below 60 per cent of median income could offer an international benchmark.

As now, there could also be underlying targets on wider issues such as employment, education, health and housing.

The Government will be considering this and other approaches to help develop its long-term poverty abolition targets, continuing to seek expert and practitioner opinion.

² IPPR conference, 16 November 2001, Tackling child poverty: achieving best outcomes for children, www.ippr.org, paper forthcoming.

³ John Hills, IPPR conference, *ibid*.

By the mid-1990s, the UK had the highest proportion of children in low-income households and in workless households in the EU. Over the previous two decades the proportion of children living in low-income households more than doubled. The proportion of children living in workless households saw a similar steep rise.

A core part of the Government's strategy to tackle child poverty is to help ensure a decent family income by:

- providing opportunities for those who can work to move into employment – supported by welfare to work policies, provision of affordable, accessible, quality childcare; and policies to make work pay; and
- providing direct financial support to all families, targeting help on those who need it most, when they need it most.

The Government is starting to see significant results. The proportion of children living in workless households has fallen from 17.9 per cent in 1997 to 15.3 per cent in 2001, with around 300,000 fewer children now living in a household where no-one works. The lone parent employment rate has risen from 45.6 per cent in 1997 to 51.5 per cent in 2001, although it is still far below the 70 per cent employment rate of mothers in couples.

The Government has a commitment to reduce the number of children living in low-income households by a quarter by 2004. Personal tax and benefit reforms announced in the last Parliament mean that families with children in the poorest fifth of the population are now on average £1,700 a year better off, compared to 1997. As a result of these measures there are 1.2 million fewer children in poverty than there would otherwise have been.

The Pre-Budget Report confirmed the Government's intention to build on the reforms of the last Parliament by introducing a new credit for families with children – the Child Tax Credit. When introduced in 2003, this will for the first time create a seamless system of income-related support for families with children, both in and out of work. This will be complemented by the new tax credit for work – the Working Tax Credit.

INTRODUCTION

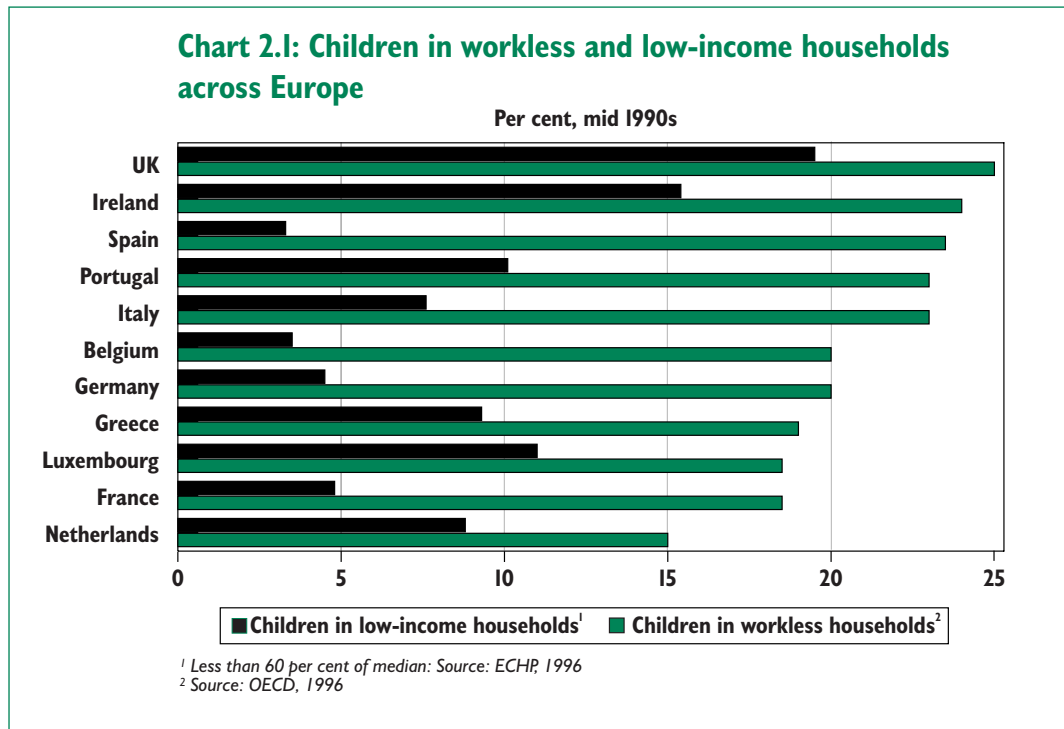
2.1 A core part of the Government's strategy to tackle child poverty is to ensure a decent family income. This chapter looks at:

- the scale of the problem;
- work for those who can as the best route out of poverty; and
- financial support for all families.

SCALE OF THE PROBLEM

2.2 Between 1979 and 1997, while the economy grew, the proportion of children living in low-income households more than doubled. The proportion of children living in workless households saw a similar steep rise. Around half of those in low-income households are in persistent poverty – poor for three out of four years in succession¹.

2.3 Chart 2.1 shows that by the mid-1990s the UK had the highest proportion of children living in low-income households in the EU and the highest proportion of children in workless households.

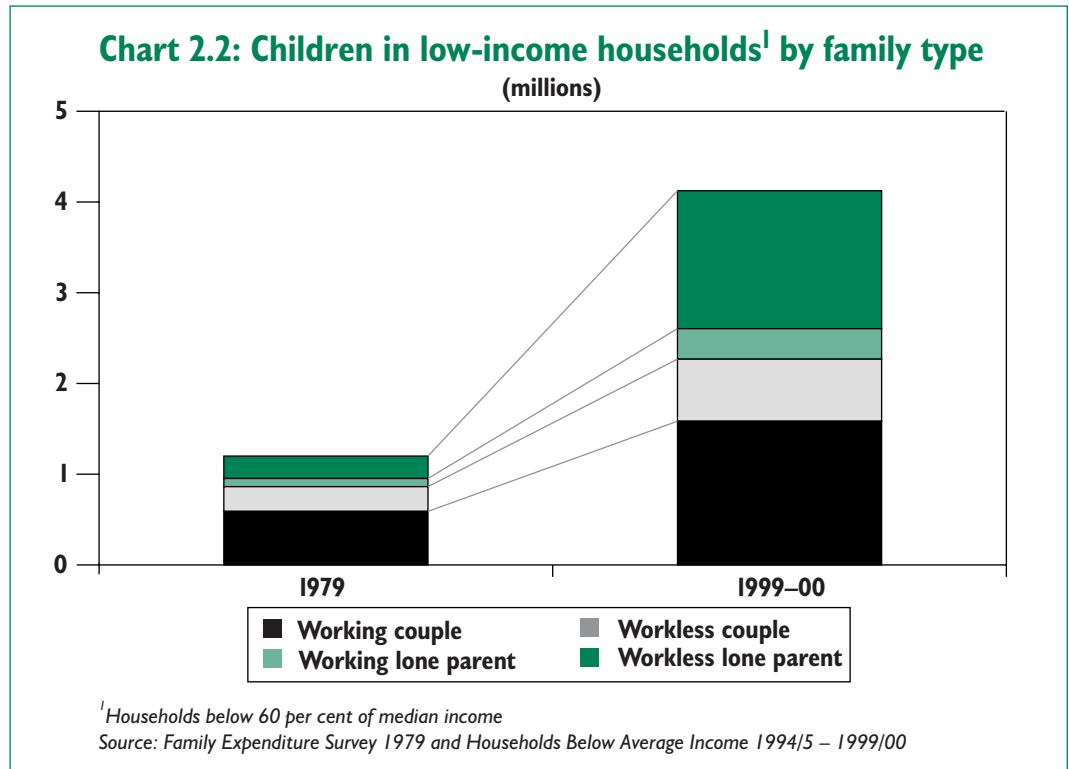


2.4 The trend in the incidence of child poverty in the UK is not universal across industrialised countries. Between 1979 and 1995 the UK experienced one of the largest increases in child poverty in the industrialised world².

2.5 Chart 2.2 shows that the rise in children living in low-income households since 1979 is a consequence both of rising worklessness and a rise in in-work poverty. In 1999 there were just over 4 million children living in households below 60 per cent of median income. Just over a half of these children were in workless households, the majority of which were headed by a lone parent.

¹ Households Below Average Income 1994/5-1999/00.

² Measured as the proportion of children living in households below 50 per cent median income before housing costs. Bradbury and Jantti (1999) *Child Poverty Across the Industrialised Nations*, UNICEF Innocenti Occasional paper, Economic and Social Policy series no. 71.



2.6 The Government's strategy to help ensure a decent family income is therefore guided by two principles:

- helping those who can work to move into employment and making work pay; and
- providing direct financial support to all families.

WORK FOR THOSE WHO CAN

2.7 Work is the best long-term route out of poverty, for those who can work. Around two-thirds of the movement out of low income in the early 1990s in the UK occurred because people started work or increased their earnings³. Work is good for the self-esteem and aspirations of the parent and the child. In work, parents are able to learn new skills and move up the earnings ladder. Evidence set out in chapter 1 shows that welfare to work programmes, combined with financial support and quality childcare can have a significant positive effect on child outcomes and educational attainment.

2.8 Families with children face particular challenges in balancing work with outside responsibilities. The challenges are especially great for lone parents, where there is just one carer in the household. Of the 1.9 million children currently living in workless households in the UK, around two-thirds are in lone parent families. A significant proportion of the remaining children in workless households are in families in receipt of incapacity-related benefit.

³ HM Treasury 1999 *Supporting Children Through the Tax and Benefit System*, The Modernisation of Britain's Tax and Benefit System, Number Five.

2.9 The Government's strategy for helping parents move into and remain in work includes:

- welfare to work policies to help parents move into the labour market and compete effectively for jobs – including the New Deal for lone parents and the New Deal for disabled people;
- a National Childcare Strategy which aims to ensure provision of affordable, accessible, good quality childcare in every neighbourhood; and
- policies to make work pay, with tax and benefit policies that support and reward work.

2.10 The Government is already seeing significant progress. The overall proportion of children living in workless households has fallen from 17.9 per cent in 1997 to 15.3 per cent in 2001, with around 300,000 fewer children now living in a household where no one works.

Welfare to Work policies

Lone Parents 2.11 Lone parents have always faced difficulties in seeking to balance work and caring responsibilities. Between the 1970s and mid 1990s the number of lone parent households doubled and the number of lone parents on benefit trebled. Since 1997 the lone parent employment rate has risen from 45.6 per cent to 51.5 per cent. Although this is good progress, the rate for lone parents still falls far short of the 70 per cent employment rate of mothers in couples.

2.12 The New Deal for lone parents (NDLP) provides the opportunity for lone parents to meet a personal adviser and receive help and support to improve their prospects and living standards through employment. The NDLP provides help with training, education and childcare, as well as advice on benefits, in-work financial support and self-employment. Evaluation evidence indicates that the NDLP is having a real and positive effect. By the end of August 2001, over 225,000 lone parents had participated in the New Deal, and over 96,500 had found employment as a result.

Box 2.1 Case Study: New Deal for lone parents

Thanks to Govan Jobcentre and NDLP, Elaine Allan has found work as an assessor and trainer with M.I. Technologies.

Elaine had been unemployed for four years and was keen to get a challenging administration job. She was sceptical about NDLP at first and wanted to know exactly what it could do for her. In March 2001, her adviser helped her to get training as a Scottish Vocational Qualification assessor with M.I. Technologies.

After completing her training, Elaine's employers were so impressed with her work that they offered her a permanent job. She started as an assessor and trainer in their commercial activities department in June 2001.

Elaine received childcare funding through NDLP to help look after her 10-year-old son. As a result of her new job, Elaine is £95 a week better-off.

Business manager for Govan Jobcentre, David Fulton commented:

"We are delighted that Elaine has been given a permanent position with M.I. Technologies through her hard work and determination. We hope other people will follow her example and look into the benefits that New Deal has to offer."

2.13 The Government is committed to enhancing the choices open to lone parents in the labour market. From April this year lone parents on Income Support with children over the age of five have been required to attend annual meetings with a personal adviser to discuss the opportunities available to them. The Government has expanded these choices, providing additional help with work-focussed training, part-time work of less than 16 hours while remaining on benefit, and for moves into work of more than 16 hours, a guaranteed minimum income of £166 per week for a family on the Working Families' Tax Credit (WFTC) working part-time, or £225 per week full-time.

2.14 Feedback from the pathfinder meetings suggests that many lone parents have found the programme valuable as a direct catalyst to work. To ensure that as many lone parents as possible are aware of the help and support available to help them move into work, since October this year in Jobcentre Plus pathfinder areas, and nationally from 2002:

- compulsory work-focused interviews will be extended to all lone parents on Income Support, including those with children under five; and
- an additional interview will be introduced at the six month stage in the Income Support claim.

2.15 The Government is also keen to encourage mentoring in helping lone parents to return to work. Supported by NDLP, voluntary organisations such as the National Council for One Parent Families have pioneered recruiting volunteer mentors to work with lone parents who have been out of the labour market for a long time.

Disabilities 2.16 After lone parents, parents with disabilities form the main group of workless households with children. People with disabilities are among the most disadvantaged in the labour force. The Government has extended the New Deal for disabled people (NDDP) to all areas of the UK, providing a gateway to engage those moving onto Incapacity Benefit and a network of innovative job brokers to help disabled people find secure employment. From 2002, a series of Job Retention and Rehabilitation pilot schemes will be introduced, to test ways of helping people in work affected by the onset of a long-term illness or disability to stay in employment. With the rollout of Jobcentre Plus, personal advisors will offer help and support to sick and disabled people in exploring opportunities to enter the workforce and ensure that claimants are aware of the full range of options and support available to them.

Jobcentre Plus 2.17 On 22 October, the Government launched Jobcentre Plus pathfinder offices in 49 locations across the country. Jobcentre Plus is based on a balance of rights and responsibilities. It marks a radical change in the way in which Government helps working-age citizens, delivering an active service to help those who can move from welfare to work, whilst ensuring that all get the financial support to which they are entitled.

2.18 Full details of the Government's policies to ensure employment opportunity for all are set out in the Pre Budget Report and the parallel paper *The changing welfare state: employment opportunity for all*⁴.

Childcare 2.19 A lack of access to suitable childcare can be a significant barrier to parental employment. This is particularly the case for women and lone parents, whether they are entering the labour market for the first time or returning post-childbirth.

⁴ *The changing welfare state: employment opportunity for all*, HM Treasury and Department for Work and Pensions (November 2001).

National Childcare Strategy **2.20** The Government aims to ensure, through its National Childcare Strategy (NCS), the provision of affordable, accessible, good quality childcare in every neighbourhood. Its approach is to:

- support working families for whom childcare is a barrier to work through the childcare tax credit component of the Working Families' Tax Credit and Disabled Person's Tax Credit. The credit is worth up to 70 per cent of registered childcare costs, up to a limit of £135 per week of costs for families with one child and £200 per week for families with two or more children; and
- provide time-limited grants to childcare providers in disadvantaged areas.

2.21 The NCS is providing significant investment to expand the number of childcare places available across the country. Between April 1997 and June 2001, new childcare places have been created that have helped 773,000 children. Taking account of turnover in existing places, this has allowed an extra 455,000 children to benefit. By March 2004, the Strategy will have created additional places benefiting around one million extra children in England alone.

2.22 Within the NCS, the Government is providing significant investment in childcare places for disadvantaged areas. £208 million has been allocated from 2001 to 2004 to tackle the 'childcare gap' between disadvantaged and more affluent areas. The New Opportunities Fund will provide a further £155 million over the same period. Together, these will fund the Neighbourhood Childcare Initiative, which will create 45,000 new day care places in up to 900 Neighbourhood Nursery Centres. The initiative will also support the establishment of 25,000 new Neighbourhood Childminder places as part of a 145,000 increase in places nationwide and provide up to three year's funding to start up out of school hours care. Funding will also cover a national business support package to promote and support sustainable childcare.

2.23 As part of the 2002 Spending Review, the Government is undertaking a cross-departmental review of childcare, assessing the greater contribution it can make both to employment and to education.

Making work pay **2.24** People are understandably reluctant to take jobs that do not pay. An "unemployment trap" may exist when the gap between out-of-work and in-work incomes is too small to provide sufficient incentive to move off benefits and into employment. A "poverty trap" can exist when people in employment are discouraged from working longer hours or taking a better-paid job because the combined effect of losing benefit entitlement and paying more tax makes them little better off. Martin Taylor's report on work incentives found that parents often face the most acute work incentive problems⁵.

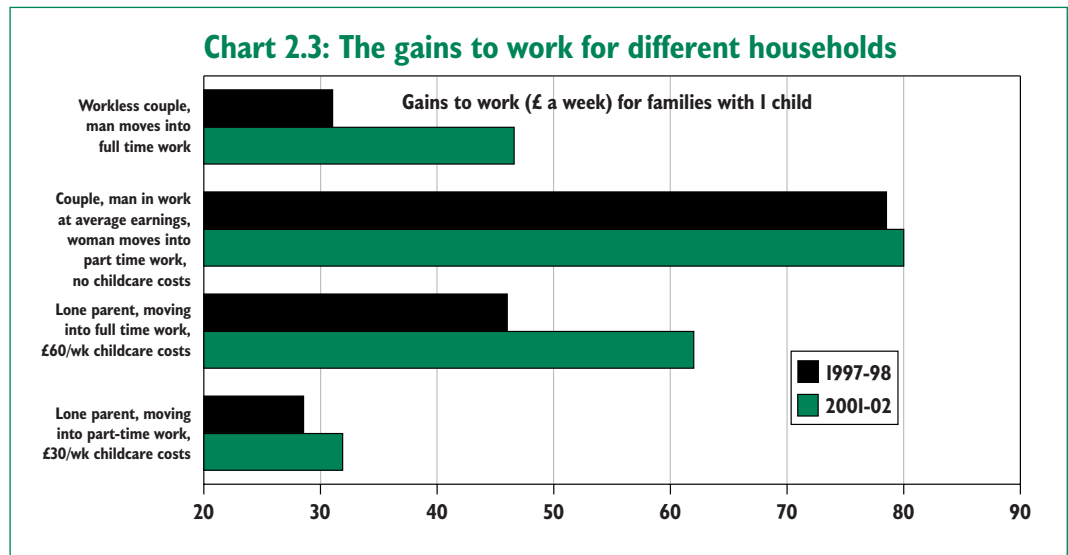
2.25 A number of reforms to help make work pay were introduced over the last Parliament. The key measures include:

- the introduction of the National Minimum Wage to help guarantee fair minimum standards of pay – underpinning the Government's reforms to the tax and benefits system;
- a new 10p rate of income tax, which has halved the marginal tax rate for nearly 2 million people in low-paid work. In addition, the basic rate of income tax was cut to 22p – its lowest for nearly 70 years;

⁵ HM Treasury (1998) *Work Incentives: A Report by Martin Taylor*, The Modernisation of Britain's Tax and Benefit System, Number Two.

- reforms to National Insurance Contributions (NICs), abolishing the unfair entry fee and raising the point at which employees start paying NICs. These reforms have taken around 1 million low-paid workers out of paying NICs;
- the introduction of the Working Families' Tax Credit (WFTC), which benefits nearly 1.3 million families, over 400,000 more than received its predecessor, Family Credit. These families are receiving on average £35 a week more under WFTC than Family Credit; and
- the introduction of the childcare tax credit component of the Working Families' Tax Credit. So far, 145,000 families are receiving help with their childcare costs through this credit. This compares to 47,000 who benefited from the childcare disregard in Family Credit at its peak.

2.26 The Government's reforms are helping to ensure that work pays more than welfare to address the problem of the unemployment trap. The gain to work has increased, while security for those out of work has been maintained and enhanced. Chart 2.3 shows how the gains to work have improved for different households as a result of the measures over the last Parliament as a whole.



2.27 These measures have also helped to lessen the poverty trap. Many low-income families, who often face very high marginal deduction rates, now keep more of each additional pound that they earn, losing less through reduced benefits and higher taxes. In 1997, almost 750,000 families faced marginal deduction rates of over 70 per cent. As a result of measures introduced by the Government, this number has fallen by nearly half a million.

FINANCIAL SUPPORT FOR ALL FAMILIES

2.28 Alongside making work pay, the Government has a commitment to help all families with children through the tax and benefit system, guided by the following principles:

- recognising the costs and responsibilities that come with parenthood, providing extra financial support for all families with children; and
- in particular targeting help on those who need it most, when they need it most. This includes families on lower incomes and those with children under one.

2.29 With these principles in mind, the Government introduced the following reforms over the course of the last Parliament, benefiting those in and out of work:

- increasing Child Benefit, with a 26 per cent real terms rise for the first child. Child Benefit is now worth £15.50 for the first child and £10.35 for subsequent children;
- introducing the Children's Tax Credit in April 2001 as a replacement for the married couple's allowance which was abolished in April 2000. The Children's Tax Credit is worth up to £10 a week for around 5 million families;
- introducing the Working Families Tax Credit which benefits nearly 1.3 million families who, on average, are receiving £79 a week; and
- increasing the children's allowances in Income Support and other income related benefits, with rates for children under 11 rising by 80 per cent in real terms.

2.30 As a result of personal tax and benefit reforms announced in the last Parliament, families in the poorest fifth of the population are now on average £1,700 a year better off compared to 1997. These measures mean that there are 1.2 million children fewer in relative poverty than there would otherwise have been⁶.

Support in the early years of a child's life

2.31 The birth of a child places considerable financial pressure on families. The new responsibilities and commitments are often combined with a fall in family income. Low-income families face particularly difficult and restricted choices about how they help their children in the early months.

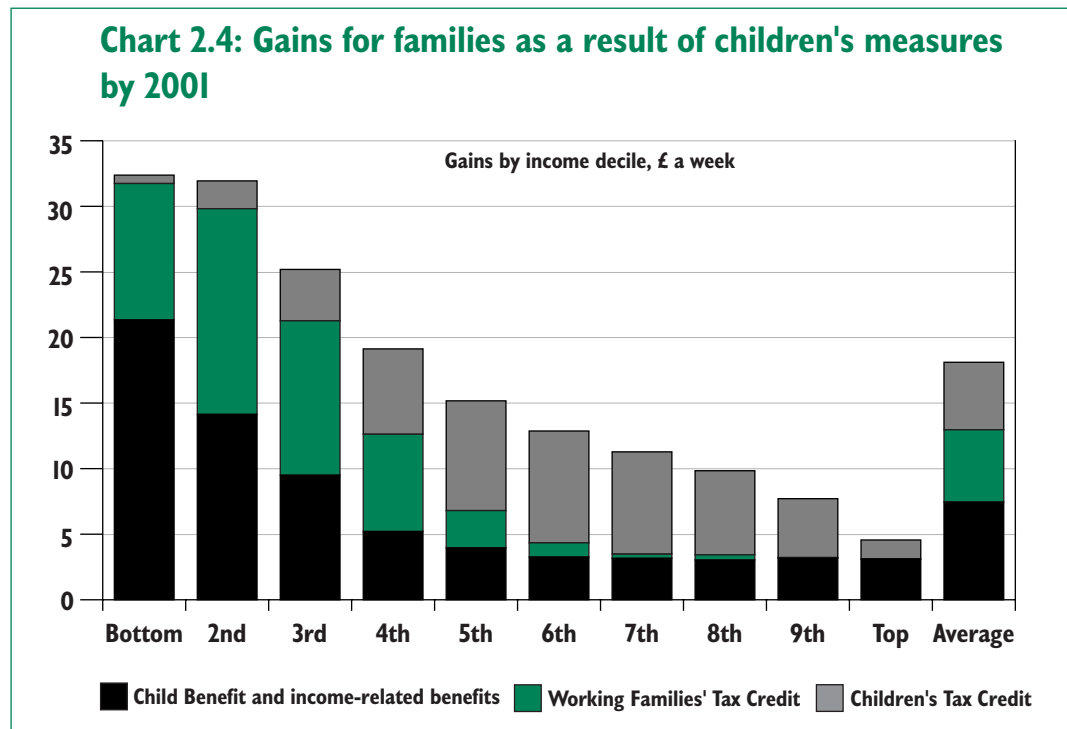
2.32 In the past, the tax and benefit system has not provided enough recognition of the costs of new-born children nor done enough to help parents balance work and family responsibilities. To tackle these problems the government is:

- enhancing maternity pay and leave. The flat rate of Statutory Maternity Pay (SMP) and Maternity Allowance will rise from £62.20 to £75 a week from April 2002 and to £100 a week (or 90 per cent of previous earnings if that is lower) from April 2003. In addition, maternity pay will be extended, at this enhanced rate, from 18 to 26 weeks from 2003. Good maternity provision gives women a real chance to stay at home during the crucial first months of a child's life, and can ease the choice over whether to return to work afterwards;
- introducing paid paternity leave, giving employees the right to two weeks of paid paternity leave, again paid at the lower of £100 a week or 90 per cent of earnings, to be introduced from 2003;
- introducing paid adoption leave from 2003 to support adoptive parents in the vital first months after adopting a child. This will be paid for the same period and at the same flat rate as SMP, starting when the child is first placed with the family. Adoptive parents will be able to choose which of them takes time off work and receives the payment;

⁶ This is an estimate of the effects of personal tax and benefit reforms introduced since 1997, compared with a scenario with no new measures. This estimate is consistent with independent research, for example "Reducing Poverty in Britain: An Assessment of Government Policy 1997-2001", Holly Sutherland and David Piachaud, The Economic Journal, 2001.

- increasing the Sure Start Maternity Grant from £300 to £500 from April 2002 – five times the level in 1997 – benefiting over 200,000 families on income-related benefits and WFTC. This increased payment is linked to contact with a healthcare professional to ensure expert advice on child development and services; and
- providing an additional £10 a week on top of the £10 Children's Tax Credit for families in the year of a child's birth from April 2002.

2.33 Chart 2.4 shows the effects of the Government's measures to help families with children. All families have gained as a result of the Government's reforms and those in greatest need have gained most.



2.34 Low-income families with disabled children face particular financial pressures. The Government is raising the disabled child premium in income support by £5 a week, on top of the normal uprating, from April 2002, and by a further £5 from 2003. This will benefit around 80,000 children.

New Tax Credits 2.35 Over the course of the last Parliament, significant steps were taken to support families with children, to tackle child poverty and to make work pay. Building on these foundations, as announced in Budget 2000, the Government will introduce in 2003 a new system of tax credits to make further progress towards its goals.

2.36 The new tax credits represent a significant step forward in tackling child poverty. Tax credits are the way in which the tax system recognises a family's needs and takes account of the resources available to meet those needs. Under the new system, all income-related support for children will be paid direct to the main carer, in line with Child Benefit.

2.37 The new streamlined system will separate support for adults from support for the children in a family, provide a common framework for assessing entitlement and rationalise administration. Two new tax credits will therefore be created:

- the Child Tax Credit will provide a single seamless system of support, integrating all the existing, income-related elements of support for children; and
- the Working Tax Credit will extend the principle of in-work support to those without children as well as providing support to working people with children or with disabilities.

2.38 The Child Tax Credit will build on the foundation of universal Child Benefit, bringing together the support for children currently provided through the child elements of the Working Families' Tax Credit, Disabled Person's Tax Credit, and Income Support or Jobseeker's Allowance, as well as the existing Children's Tax Credit. It will help to achieve the Government's aims on child poverty by providing:

- a secure stream of income for families with children which does not depend on the employment status of the parents, creating a stable income bridge to help encourage families to move into work;
- a system in which all support for children is paid direct to the main carer, in line with Child Benefit;
- a more transparent system which brings together all income-related child payments into a single, payable tax credit;
- greater flexibility, enabling families to access support for children from one system, even as they move into or out of work; and
- a common framework for assessment, so that all families are part of the same inclusive system and poorer families do not feel the stigma associated with more traditional forms of support.

2.39 The new Child Tax Credit will be complemented by the new tax credit for work – the Working Tax Credit, which is designed to help tackle poor work incentives and persistent poverty among working people with and without children. For families with children or people with disabilities, it will replace the support for adults provided through the Working Families' Tax Credit (WFTC) and the Disabled Person's Tax Credit (DPTC).

2.40 A consultation document "New Tax Credits: Supporting Families, Making Work Pay and Tackling Child Poverty" was published by the Inland Revenue in July 2001. The consultation period ended formally on 12 October and the Government has received over 170 representations. The Government has confirmed a number of specific design features of the new credits, which will also help to tackle child poverty:

- by creating a single, seamless system of support for families with children, the Child Tax Credit will extend support to around 100,000 families currently excluded from both Working Families' Tax Credit and Income Support/Jobseeker's Allowance, including groups such as students and student nurses;
- the Child Tax Credit will support children up to the September following their 16th birthday. It will also support the families of young people up to the age of 19 who are in full time non-advanced education;

- couples with children will be allowed to add their hours together to qualify for the 30 hour credit;
- there will no capital limits for the new tax credits;
- the childcare element of the Working Tax Credit will be paid direct to the main carer; and
- payments of child maintenance will continue to be excluded from income for tax credits purposes.

2.41 A Bill to introduce the new tax credits, setting out the legislative framework, was published on 29 November. The rates and thresholds for the new tax credits will be set in Budget 2002.

OTHER SUPPORT

Child Trust Fund **2.42** A Child Trust Fund (CTF) would be a universal account, opened for all children at birth, with an endowment paid in by the Government, based on the principle of progressive universalism – every baby would receive an endowment, but those in families on lower incomes would receive a larger lump sum. A CTF would meet the Government’s objectives for saving and widening opportunity by ensuring that all young adults, regardless of their families’ circumstances, started their adult lives with immediate access to a stock of assets.

2.43 The results of an initial round of consultation launched in April 2001 were published alongside the Pre Budget Report in a follow-up document, *Delivering Saving and Assets* which presents detailed options for the CTF for further consultation⁷.

Access to financial services **2.44** PAT14 was the policy action team set up by the Social Exclusion Unit to look at access to financial services – it reported in 1999. The report set out the challenges facing large numbers of people in deprived neighbourhoods in accessing financial services and the complex interaction between financial and other forms of social exclusion. For example, without access to banking facilities, payment of utility bills or the encashment of cheques can be more difficult and more costly. Without access to insurance services or affordable credit, financial difficulties can be exacerbated and indebtedness can increase.

2.45 PAT14 made over 40 recommendations covering Credit Unions, insurance, banking, regulation, financial education and involving all sections of the retail financial services sector as well as central and local Government. In January 2001 the Social Exclusion Unit published a report that audited progress against the recommendations. This showed that there had been considerable progress in all the key sectors – however, cooperation between industry, the voluntary sector and Government needs to continue in order to tackle financial exclusion.

⁷ HM Treasury (2001) *Delivering Saving and Assets*, The Modernisation of Britain’s Tax and Benefit System, Number Nine.

The Government believes that every child should have the chance to make the most of themselves and their talents and realise their full potential. It is committed to delivering world-class services to all. Excellent public services have a key role to play both in improving childhood experience and in breaking the cycle of poverty and disadvantage. Services must address current needs and also work to prevent children falling into situations of risk and disadvantage. Chapter 1 discussed the importance of matching financial support with a wider strategy.

Children's needs are wide-ranging and vary throughout their development. The Government's approach includes:

- delivery of excellent universal services – with a priority to reduce the current inequalities in educational attainment and health;
- targeted support, for those with additional needs and at key stages in life; improving preventive interventions; and
- harnessing the power and expertise of the voluntary, faith and community sectors, to support innovative practice and match individual needs on the ground.

A key challenge for all mainstream services is to deliver services in a more joined-up way, building on community expertise where possible, to address the wide-ranging factors behind poverty and disadvantage. At the moment, services all too often can do no more than respond to the needs of children and families already in acute crisis, because there is insufficient early intervention to reduce the risks of such problems. Spending Review 2002 will look at the provision of all services for children aged 0 to 19 years. The cross-cutting reviews on children at risk and tackling health inequalities, in which outside experts are involved, will inform this process.

The effects of poverty and disadvantage are often concentrated in deprived neighbourhoods. Another key challenge for mainstream services is therefore to close the gap between the worst neighbourhoods and the rest of the country, so that within 10 to 20 years, no-one is disadvantaged by where they live. Public Service Agreement floor targets set out how the gap on employment, education, health, crime and housing conditions between the worst neighbourhoods and the rest will be narrowed. In addition, the Government is providing additional funding to the poorest neighbourhoods to help deliver early results.

INTRODUCTION

3.1 Chapter 1 discussed the importance of complementing financial support with a wider strategy to improve current childhood experiences and to break the long-term cycle of poverty and deprivation. This chapter considers some key areas that underpin the Government's strategy to tackle child poverty, building on mainstream services, developing focussed programmes where necessary and ensuring access to the best possible services for the most disadvantaged children.

3.2 Mainstream services – education, health and housing – will have the biggest impacts on child outcomes and will receive significantly greater funding than any individual targeted programme. It is therefore crucial that these services aim to improve outcomes for all children, including the most disadvantaged, from all backgrounds, race and ability. It is also essential that services tackle the complex and often multiple barriers that may prevent children and young people from fulfilling their potential, with improvements in multi-agency delivery, learning lessons from the local community and voluntary and faith sectors. This is a key theme of the children at risk cross-cutting review, discussed later in this chapter, which will inform Spending Review 2002.

3.3 Last month, the Government published its proposals to develop an overarching strategy for children and young people's services, *Building a Strategy for Children and Young People*¹. The Strategy has been co-ordinated by the Children and Young People's Unit, established as a result of Spending Review 2000, with a Minister for Young People, to ensure the coherence of Government services that affect all children and young people, particularly those who are most vulnerable.

3.4 To ensure that all public services fit together for the benefit of every child and young person, the strategic framework aims to:

- recognise that families are the foundation of our society and that parents and carers are the first point of support and care for the majority of children and young people. Chapter 4 considers how the Government may increase support for parents and carers;
- bring coherence to all the services that children and young people use;
- harness the expertise and potential of partners in the statutory, voluntary and community sectors, of faith groups and business;
- ensure that the Government and its partners in the statutory, voluntary and community sectors design and deliver children and young people's services effectively;
- ensure that children and young people themselves are given opportunities to play a role in the design and delivery of services;
- keep up with the rapid pace of change in children and young people's lives and needs; and
- ensure services are delivered to meet the individual needs of children and young people, wherever they live and that they contribute to community cohesion.

3.5 As part of Spending Review 2002 there is also a cross-cutting review of the role of the voluntary sector in service delivery. The objective is to explore how central and local government can work more effectively with the voluntary and community sector to deliver high quality services. This strategic review is underpinned by a recognition of the substantial contribution that the sector already makes and a commitment to its continued independence.

¹ *Building a Strategy for Children and Young People – Consultation Document (2001)* Copies available from the Children and Young People's Unit Strategyline on 020 7273 1120 or at www.cypu.gov.uk.

- 3.6** This chapter looks at:
- investment in the early years;
 - education;
 - health;
 - housing;
 - crime;
 - wider support; and
 - neighbourhoods

INVESTMENT IN THE EARLY YEARS

3.7 The differences between advantaged and disadvantaged children are apparent from a very early age. Evidence shows that at 22 months, children whose parents are in social classes I or II are already 14 percentage points higher up the educational development distribution than children whose parents are in social classes IV or V². The evidence also suggests that early differences in children's development continue to widen when children start school unless there is a programme of positive interventions. In response to these findings, the Government announced the establishment of the Sure Start programme in 1998.

Sure Start 3.8 The aim of Sure Start is to promote the physical, intellectual, emotional and social development of babies and young children – particularly those who are disadvantaged – so that they can flourish at home and when they go to school. To help achieve this, Sure Start will meet four Public Service Agreement targets within its programme areas by 2004. These are:

- a 20 per cent reduction in the proportion of children aged 0-3 who are re-registered within the space of 12 months on the child protection register;
- a 10 per cent reduction in mothers who smoke in pregnancy;
- a five percentage point reduction in the number of children aged 0-3 with speech and language problems requiring specialist intervention by the age of 4; and
- at least a 12 per cent reduction in the number of 0-3 year old children living in households where no one is working.

3.9 Sure Start offers a different and radical means of organising services to tackle the causes of poverty and social exclusion. It is at the forefront of modernising Government with departments working together. Local, community-led partnerships of parents-to-be, parents and children, work together to develop services and programmes specifically to meet the local needs identified. Sure Start is different because it:

- looks at re-shaping whole packages of existing services for families and children to join up services on the ground;
- fills gaps to meet real local needs; and
- focuses on earlier intervention: prevention rather than cure.

² Feinstein L (1998) *Pre-school Educational Inequality? British Children in the 1907 Cohort*, Centre for Economic Performance Discussion Paper 404.

Box 3.1 Case Study: Sure Start

Sheffield's Sure Start Trailblazer programme serves the two areas of Foxhill and Parsons Cross. Policy makers and parents agree that Sure Start can only work when there is a significant parental involvement in the process of developing and improving services. Half of the 18 places on the programme's steering group are allocated to parents. As one local parent said:

“Something might look all right on paper, but we're the ones who can tell them if it's really going to work”

The programme has come up with many ideas to help parents nurture the health development of their children. For example:

- new parents are visited by a Sure Start worker and receive a “Toolkit for Babies” that can be added to as the child grows. It includes cloth books and materials for encouraging sound and speech development;
- a Women Supporting Mothers befriending scheme provides volunteer parents and specialist workers to help families where domestic violence is an issue;
- parenting groups are run in several locations under the title Connecting With Our Kids – a local name given to the Parents and Children Videotape programme;
- a midwife runs ante-natal and post-natal support groups, with help from health visitors. A breast-feeding support service is also offered and a specialist group is run for pregnant women aged under 17;
- a team of three outreach workers contacts all families with young babies, building relationships with the more vulnerable and isolated parents living in poverty, who may be experiencing drug problems or domestic violence; and
- a benefits advice worker is available to advise local parents.

Donna Sayle, a playgroup organiser, says about parenting classes:

“The thing is, they really work. Like knowing what to ignore in the way of bad behaviour and when to go right in. Or when you'd first think of saying ‘don't do that’ but you learn how to rephrase it so it comes across better.”

Simon Martinez, a health visitor who is now Assistant Co-ordinator of Services says:

“When there were jobs for life there was less reason to worry. That is why Sure Start is so valuable because it's clearly about preparing children to achieve well in school and encouraging parents to have high expectations for their children.”

3.10 The 2000 Spending Review more than doubled planned expenditure on Sure Start. By 2004 the Government will be investing £500 million each year in the programme. By March 2004, 500 programmes across the country will be reaching up to 400,000 young children most in need.

3.11 In some areas, Sure Start's neighbourhood approach to delivering services may not be as effective, where pockets of deprivation are spread across highly dispersed populations. To help children and families living in smaller pockets of deprivation, the Government announced in October 2001 the development of 50 programmes in rural areas and small towns. Working closely with Neighbourhood Nurseries and Early Excellence Centres, these programmes will coordinate the delivery of health and educational services to a further 7,500 children.

3.12 The Government's aim is to improve services across the country for children and families and to achieve this it is making available £10 million to fund pilot programmes to integrate the lessons of Sure Start into mainstream services for young children and families.

3.13 These pilots will cover a range of activities including: training parents in the community to be part of home-visiting teams who provide support and advice to parents-to-be and new parents; schemes to encourage people from disadvantaged areas to take up training and jobs in health and childcare to fill vacancies in their own communities; re-shaping of health services away from routine visiting to provide more coherent and responsive services for new mothers and mothers-to-be; and bringing together existing services in a single accessible centre. These pilots will focus on developing a culture of prevention and adapting existing services to make them more accessible to the families who most need them.

Early Excellence Centres

3.14 The Government is also developing integrated early-years services in 49 Early Excellence Centres. These centres bring together excellent early learning, high-quality childcare, health services and support for families and seek to identify and begin to tackle children's special needs. They also provide a wide range of adult learning opportunities and training for early-years practitioners. A full year's evaluation has been published, which supports the earlier favourable findings on the benefits provided by the centres for children and families³. The Government is expanding the programme, working closely with other schemes such as Sure Start and Neighbourhood Nurseries, so that up to 100 Early Excellence Centres will be established across the country by 2004, with a total investment of £45 million.

Early years education

3.15 Early findings from the *Effective Provision of Pre-School Education* study has shown that pre-school education reduces the negative impact of children's background characteristics on the cognitive progress, although factors relating to the child, parent and home learning environment remain important⁴. Research also shows that high quality early education supports children's broader development and helps them to achieve to their full potential both at school and in later life.

3.16 The Government introduced the Foundation Stage to the National Curriculum in September 2000, heralding a new era for young children's learning. For the first time, this critical period of children's development from the age of 3 through to the end of the primary school reception has been explicitly recognised with its own distinct identity and language. The Foundation Stage is complemented by a set of Early Learning Goals, setting out what the majority of children should achieve by the end of their reception year.

³ Early Excellence Centre Pilot Programme, 2000, *Annual Evaluation Report*, The Stationery Office.

⁴ Education and Employment Select Committee, 2001, *First Report Session 2000/01 : Early Years*, Memorandum from the Effective Provision of Pre-School Education Project (EY85).

3.17 Since 1998 all 4-year-olds have enjoyed entitlement to free early education and the Government has a target to extend this to all 3-year-olds by September 2004. Already 50 per cent of 3-year-olds have free places, with priority being given to children most in need.

EXCELLENT EDUCATION FOR ALL

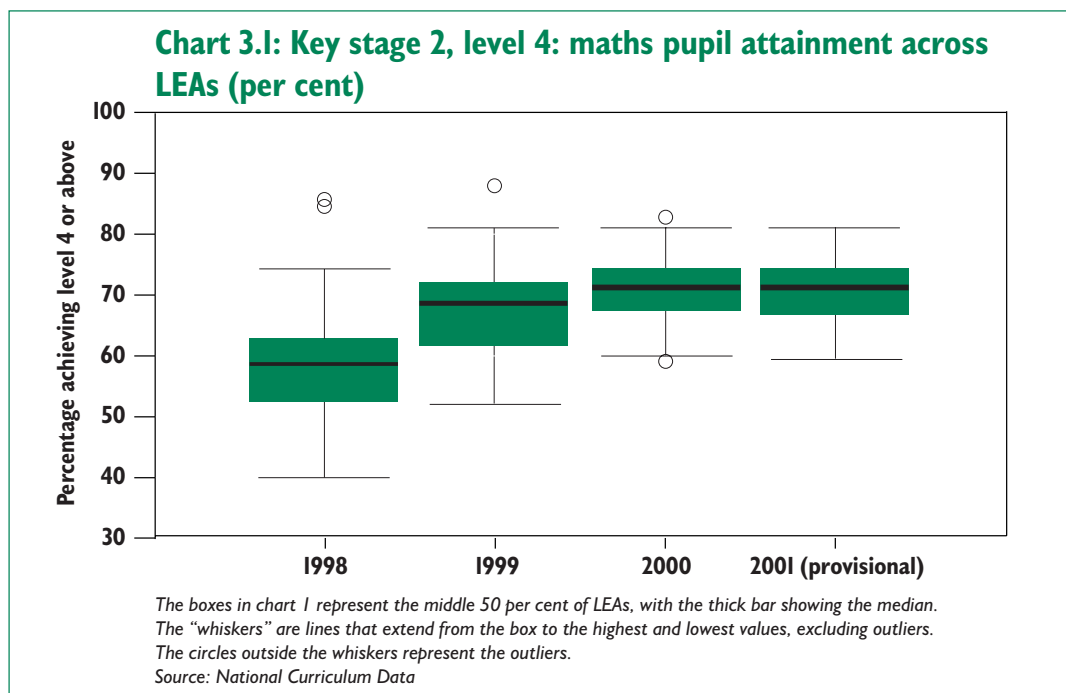
3.18 A good, effective education for children and young people provides an essential basis for education and skill acquisition in later life and therefore for improved employability. The Government's aim is to enable every child to have an equal chance of reaching their full potential.

3.19 Chapter 1 highlighted the importance of investing in education to break the cycle of poverty and disadvantage. Evidence shows that children who grow up in poverty have poorer attendance records, are less likely to remain in school at 16, and are up to 10 percentage points more likely to have no qualifications than their better-off peers. The effect of education may explain up to half the impact of childhood disadvantage on adult economic and social outcomes⁵.

3.20 Education has a key role to play in breaking the cycle of poverty and disadvantage. However, influences on educational outcomes are not just a direct result of family income or the local school. Other influences such as early years development, parental background and interest in the child's development, neighbourhood environment, health and housing conditions are all important.

Primary schools

3.21 The Government has set demanding pupil attainment targets for primary schools. By 2002 80 per cent of pupils are to reach the expected level for their age in literacy and 75 per cent in maths. These targets have been underpinned by the new Literacy and Numeracy Strategies introduced from 1998. Chart 3.1 indicates the significant gains already made. The lowest results across any Local Education Authority (LEA) in 2000 – at just under 60 per cent reaching the expected standard of maths – are on a par with the results of the median performing LEA in 1998.



⁵ Gregg and Machin (1998) *Child Development and Success of Failure in the Youth Labour Market*, Centre for Economic Performance Discussion paper 397.

Secondary Education

3.22 The challenge for the Government is to bring similar gains to secondary schools and to narrow the gap in attainment between poorer and better-off communities.

3.23 Children in poor areas in general have lower attainment than those from better-off areas. The progress of pupils between 11 and 14 years old is also significantly worse for children living in poorer areas compared to those in more prosperous areas. The attainment gap grows as the child grows older. For pupils with high attainment at Key Stage 2 maths, the median score at Key Stage 3 maths for poorer areas is the same as the lower quartile score in better-off areas; for those pupils with low attainment at Key Stage 2, the difference is even greater⁶. A similar picture holds for progression from Key Stage 3 to GCSEs. Overall, for pupils with high attainment in primary school, the difference between the median outcomes of pupils in the poorer and better-off areas was as much as 12 GCSE points in 2000 (the equivalent of a grade A and a grade C at GCSE).

PSA targets and funding

3.24 Following the 2000 Spending Review, the Government set national targets for pupil attainments at each key stage of school life. In addition, to encourage stakeholders throughout the system to pay more attention to the barriers faced by children from poorer families, minimum performance targets for Local Education Authorities (LEA) have been set. The Government has set the target that 92 per cent of pupils nationally must achieve a minimum of 5 GCSEs (A* - G) by 2004. There is also a target for a minimum of 38 per cent of pupils to achieve a minimum of 5 GCSEs (A* - C) in every LEA by 2004. Additional new targets for minimum LEA performance at Key Stages 2 and 3 level will be set following assessment of consultation evidence by the Department for Education and Skills.

Funding mechanisms

3.25 A key aim for the Government is to develop a clearer understanding of the different ways in which funding and other means of support are able fully to address the scale of learning barriers faced by different pupils. A recent study for the Department for Transport, Local Government and the Regions demonstrates that expenditures per pupil by schools are relatively uniform under existing resource allocation systems and do not discriminate strongly according to need or disadvantage⁷. Further work is being sponsored by the Department for Education and Skills as part of the on-going review of local government funding mechanisms.

3.26 Through education Standard Spending Assessments (SSA), 80 per cent of central government support for local authority education services is allocated according to the number of pupils, with around 15 percentage points of the remainder linked to deprivation. Through its Standards Fund, the Department for Education and Skills has aimed to supplement local authority support through specific programmes focused on poorer areas – in particular, through Excellence in Cities.

3.27 Additional funding for education in the 88 most deprived areas may also be available from the Neighbourhood Renewal Fund, discussed later in the chapter. This is a special fund allocated in Spending Review 2000 to help close the gap between the worst neighbourhoods and the rest of the country across a range of key outcomes, including education, specifically by developing more holistic approaches to tackling deep-seated problems associated with deprivation.

⁶ Using schools where 35 or more per cent of pupils are eligible for free school meals as a proxy for a poor area, 5 per cent or less as for a better-off area.

⁷ Bramley and Evans – *Public Expenditure Targeting: Outputs and Outcomes* (Draft September 2001).

3.28 A further recent development is the Local Public Service Agreement (LPSA). All English top tier authorities are now developing these, following 20 successful pilots. The LPSA enables new incentive structures to be explored, with the authority receiving additional funding in return for a commitment to deliver better outcomes.

3.29 A question for the Government to consider is the extent to which the main funding mechanisms taken together are able to provide appropriate services to match children's needs and help deliver the floor and national targets for pupil attainment.

Mentors 3.30 Evidence also highlights the importance of one to one contact within the school at certain times or stages of a child's life. Over 1,500 Learning Mentors are now working in secondary schools in poorer areas; and 1,500 in primary schools. With a further 800 planned, over 2,000 Learning Mentors will be employed in the secondary sector by 2003-04. The experience of many head teachers within the Excellence in Cities programme is that Learning Mentors are proving to be particularly effective at helping a range of children overcome their individual barriers. By attracting volunteer mentors the contribution to pupil attainments can be further enhanced. In addition, a further element of Excellence in Cities – the Learning Support Unit – enables pupils with intermittent behavioural problems to receive greater teacher support within the school environment while being removed from mainstream classes.

Targets for specific groups

Improving outcomes for ethnic minority children

3.31 The White Paper *Schools: Achieving Success* outlines the Government's continuing commitment to promoting greater equality of opportunity and closing the attainment gap between some ethnic minority pupils and their peers⁸. The latest Youth Cohort Study findings show a significant increase in the proportion of ethnic minority pupils gaining five or more GCSEs at grades A*-C⁹.

3.32 This is clear evidence that action to raise standards through the national literacy and numeracy strategies, Excellence in Cities, Education Action Zones and LEA Education Development Plans, as well as targeted support through the Ethnic Minority Achievement strand of the Standards Fund, is beginning to deliver results. The Government is determined to build on this progress and ensure as far as possible that the participation and achievement of ethnic minority pupils matches that of the population as a whole.

Children with disabilities

3.33 The Schools Access Initiative programme provides a programme of funding to help mainstream schools provide help to pupils with disabilities. Since 1997, more than 7,000 schools have benefited from the Schools Access Initiative programme. Between 2001-04, £220 million is being provided via the Schools Access Initiative to fund projects to increase the accessibility of mainstream schools, and for the post-16 sector, £172 million is being provided.

3.34 The *Within Reach* evaluation of the Schools Access Initiative confirmed that the Initiative is making a real difference by improving access to schools and the curriculum and, more importantly, changing the attitudes to children with disabilities.

Special educational needs

3.35 If the Government is truly to narrow gaps in attainment for children, it also needs to transform special educational needs (SEN) provision to ensure it promotes inclusion and raises standards.

⁸ Cm 5230, September 2001.

⁹ Department for Education and Skills, *Schools: Building on Success*, Cm 5050 (2001) The Stationery Office.

3.36 From 1 January 2002, the Special Education Needs and Disability Rights Act 2001 will strengthen the right to mainstream education for children with learning difficulties and disabilities. All schools will be required to take part in the target-setting process.

Exclusions and truancy 3.37 Schools can clearly only be effective if children attend them in the first place. Children who habitually truant are placing themselves at greater risk of poverty in later life. The Government has set itself challenging targets to tackle the problem, including the aim to reduce truancy and exclusion rates by a third by 2002, and truancy rates by a further 10 per cent by 2004. The Social Exclusion Unit study and report *Truancy and Social Exclusion* sets out the key issues.

3.38 The Government has stemmed the increase in truancy rates of the early 1990s and the number of permanent exclusions fell from 10,400 in 1998-99 to an estimated 8,300 in 1999-2000. This is a decrease of over a third, when compared to the peak of 12,700 in 1996-97. The Government has therefore met early its target of reducing the number of permanent exclusions by a third, to 8,400 by 2002. It is now developing alternative approaches to help overcome the behavioural problems of some children, including via use of the learning support unit on the school site and the pupil referral unit away from the school. The Government is also committed to ensure that all pupils excluded or otherwise absent from school should have access to a full timetable.

POST 16 EDUCATION

3.39 The UK has the lowest participation rate in education post 16 in the EU apart from Greece and Italy. The UK rate for 17 year old participation in education is 74 per cent compared to 83 per cent in the US, 91 per cent in France and 92 per cent in Germany. The UK also has a relatively high proportion of young people not in education, employment or training. This figure has remained fairly constant at nine per cent over a number of years.

3.40 The introduction of GCSEs in the 1980s led to a step increase in the participation post 16, but since then improvements in the grades at GCSE have not fed through into staying-on rates. Participation of 16-18 year olds has increased by 0.9 percentage points since 1997, currently at 55.8 per cent. This is still below the 1995 level of 56.6 per cent. One explanation may be the tight labour market and relatively high wages drawing young people into employment.

3.41 The main driver to participation appears to be prior attainment at GCSE. Table 3.1 below shows that the probability of a young person staying on in education is not that much different whether they are from manual or non-manual backgrounds, when prior attainment is taken into account.

Table 3.1: Percentage of young adults in full-time education at age 16 by GCSE attainment and parental occupation – 2000

GCSE attainment	Non-manual	Manual
8+ A*-C	96	93
5-7 A*-C	82	78
1-4 A*-C	66	61
5+ D-G	49	43
1-4 D-G	44	38

Source: Youth Cohort Study 2001

3.42 However, attainment at age 16 is clearly influenced by socio-economic status. A young person with parents in unskilled or manual occupations is less than half as likely to achieve 5+ A*-C GCSEs at age 16. The percentage of children of unskilled manual workers achieving these grades was 30 per cent in 2000, compared to 69 per cent for the managerial/professional group¹⁰.

3.43 The nine percent of 16-18 year olds not in education, employment or training also are disproportionately from low-income households living in deprived areas. They may suffer multiple deprivation and few in the past have recovered from the poor start that they have had. Those who are not in education, employment or training between 16 and 18 are more likely than their peers at age 21 to be unemployed, unqualified, untrained, a parent or at risk of poor physical or mental health.

3.44 The Government's strategy for increasing participation is multi-faceted, seeking to address financial and emotional barriers as well as raising prior attainment and the aspirations of young people, reflecting the complex barriers that exist.

**Education
Maintenance
Allowances**

3.45 Past experience shows that growth in participation in post-16 education falls when immediate job prospects are good. This suggests that young adults from poorer backgrounds may respond more to immediate rather than future financial incentives and may face financial barriers to participation in education post-16. The Department for Education and Skills has been piloting Education Maintenance Allowances (EMAs) for two years in a third of England. Young people are given financial support, typically £30 per week during term time.

3.46 The philosophy behind EMAs is strictly something for something; payments are conditional on attendance and completion of course work. The evaluation of EMAs has produced promising results: participation has increased by an average of five percentage points amongst eligible young people, potentially the biggest increase in participation since the introduction of GCSEs¹¹. Even more encouraging is the finding that participation amongst young people eligible for the full EMA award, those on the lowest incomes, has increased by seven percentage points.

3.47 While these early signs are encouraging, success can only be measured by considering the long-term impact of EMAs on retention and achievement. The Government will continue to review the performance of EMAs over the longer-term and, as set out previously, will consider whether EMAs should eventually replace Child Benefit for young people over 16 years of age.

Connexions

3.48 The Social Exclusion Unit (SEU) report "Bridging the Gap" sought to explain why so many of this country's young people are outside education, training and work for long periods after leaving school. The report identified the obstacles to success as complex, crossing departmental boundaries and often with roots in a much earlier stage in the young person's life. The SEU proposed an integrated advice and guidance service that would bring agencies together in order to tackle the joined up problems that affect young people.

¹⁰ Youth Cohort Study 2000.

¹¹ Implementation of the EMA pilots: "The first year" : Malcolm Maguire, Sue Maguire, Jill Vincent :DfEE Research Brief no. 255.

3.49 In response, the Government set up the Connexions Service, which offers support and advice to all young people aged 13-19. This is a universal service, but will give priority to those most at risk of underachievement and disaffection, providing more intensive help in order to ensure they make a successful transition into adulthood. In this way, Connexions aims to increase the proportion of young people in education, employment or training, thereby reducing the chances of poverty in later life. Connexions services began in 15 areas this year and will be rolled out across the rest of England by 2003.

TACKLING HEALTH INEQUALITIES

3.50 Alongside an excellent education for all, the Government is committed to providing a world-class health service, tackling the inequalities in children's health that currently exist.

3.51 Poverty affects all aspects of a child's health, both indirectly and directly. Children in poverty have on average more illnesses, more disabilities and shorter lives than their better-off counterparts¹². Despite declines in overall mortality rates for children, differences between socio-economic groups have widened. Babies born to poorer families are more likely to be born prematurely and to be of low birth weight. As a result they are at greater risk of infant mortality and have a greater likelihood of impaired development, cerebral palsy and other chronic diseases in later life. These inequalities continue throughout childhood: 10-15 year olds in social classes IV and V, are five times more likely to die from injury and poisoning than their better-off counterparts. Their risk of dying from accidental death is twice as high.

3.52 The disadvantage faced by poor children was an important theme in Sir Donald Acheson's Independent Inquiry into Inequalities in Health, launched in November 1998. The Inquiry analysed the evidence on the social, economic and environmental determinants of health inequalities and made a wide-ranging set of recommendations which encompassed education, employment, housing and other causes of health inequalities, as well as issues to deliver more immediate health benefits, for example, the nutrition of women and children in deprived areas, the promotion of breastfeeding, smoking cessation, and parenting support. The report made clear that health inequalities cannot be tackled effectively by health interventions alone.

3.53 Following a commitment in Spending Review 2000, in February 2001 the Government set, for the first time ever, national health inequalities targets. The targets aim to narrow the differences in infant mortality across social classes, and in life expectancy between the areas which currently have the worst outcomes and the rest of the country. Supporting targets aim to reduce conception rates among under-18s and the proportion of smokers in manual social classes.

3.54 The Department of Health launched in August 2001 a three month-long public consultation to gather the views of front-line staff in the NHS, local government, social services, academia, schools, community and voluntary organisations and all other bodies with an interest in health inequalities. The aim of the consultation was to establish what the priorities for action should be and to gather evidence from the front line on what works. The cross-cutting review on health inequalities will take account of this consultation and will inform Spending Review 2002. Box 3.2 gives more details.

¹² Research on child health and poverty, uses socio-economic group classification as a proxy for child poverty.

Box 3.2: Health inequalities: cross-cutting review

Some differences in the health of children are unavoidable, the consequence of genetic and biological differences. However, many are avoidable and often unjust. Such inequalities in health may result from differences in opportunity, in access to good quality services and in material resources, as well as personal lifestyle choices.

To help decisions on how public expenditure can be used effectively to reduce health inequalities, the Government is conducting a review of all its existing services that aim to tackle both the causes and consequences of health inequalities. The feedback from the Department of Health's consultation on health inequalities is being fed into this review. The results of this review will in turn feed into Spending Review 2002.

While the review is still underway, emerging findings are likely to include:

- the targeting of service support for families is a clear priority, from pre-conception through early years and beyond – for example through the Teenage Pregnancy Strategy, Sure Start, and the Children's Fund;
- teenagers commonly experiment with lifestyle factors such as diet, smoking and drug misuse. There is a risk that unhealthy behaviours are laid down for life. This establishes as a priority the importance of targeting assistance in the right way at young people of school age;
- a reduction in the numbers of women who smoke during pregnancy is essential to address the problems that can arise, such as low birth weight. It is also important to raise the profile of the harm that smoking around children can do;
- in many cases the factors causing health inequalities are over-represented within particular groups, communities or areas. It is therefore important to ensure that the means exist to target the right range of services on those most in need; and
- the quality and accessibility of the environment is another important influence on health inequalities which needs to be addressed, covering housing, leisure facilities and local transport.

Existing services **3.55** The NHS Plan published in 2000 made health inequalities a key theme of the modernisation of the NHS and reaffirmed the Government's commitment to tackling the causes of the country's worst health problems. In order to ensure that communities in greatest need receive the health services that they require, the Government has taken a range of measures to improve the quality of these services and their accessibility for the most vulnerable in our society. Reaching poor children and young mothers is vital if these aims are to be achieved. While recognising that the longer term solution to health inequalities is to ensure that mainstream services across the board meet the needs of the disadvantaged, work already underway includes:

- **improving Primary Care** – the public health capacity of primary care trusts in deprived areas is being strengthened, giving them the means to act as a focal point for the delivery of a full range of services for improving the health of the communities they serve. 1,347 Personal Medical Services pilots have been launched since 1998 to address the problems of recruiting and retaining GPs and other healthcare professionals in deprived communities;

- **area based initiatives** such as **Health Action Zones (HAZs)** have been created in areas with the country's highest levels of deprivation and poorest levels of health. HAZs are partnerships between the NHS, local authorities, community groups and the voluntary and business sectors. They aim to develop an integrated approach to tackling the causes of poor health, delivering better health outcomes through improvements in the quality of treatment and care;
- **a National School Fruit Scheme** will entitle all 4 to 6 year olds in infant schools to a free piece of fruit each school day from 2004 as part of a national campaign to improve the diets of children. In current pilots, over 80,000 children in 500 schools across the country are receiving free fruit. Evaluation results show the scheme is proving very popular with children and teachers;
- **the Teenage Pregnancy Unit** is overseeing the 30 point action plan set out in the Social Exclusion Unit's report on Teenage Pregnancy towards the goals of halving under-18 conception rates by 2010 and increasing participation of teenage parents in education and employment to reduce their risk of social exclusion (see paragraphs 4.18-4.21);
- **a Children's National Service Framework** is being developed that will set general principles and standards for the services that allow children to start their lives well and grow into healthy adults, ready and able to play a full part in society. See box 3.3; and
- the Government is committed to introducing by 2003 a revised **weighted capitation formula** for the allocation of NHS funds, in which reducing inequalities will be a key criterion for allocating resources to different parts of the country.

Box 3.3: Children's National Service Framework (NSF)

The Children's NSF will set standards for delivery of health and social care services for children and young people.

It will cover the services – including maternity, child & adolescent mental health, hospital and social services – that allow children to start their lives well and grow into healthy adults, ready and able to play a full part in society. It will look at the services every child needs to grow up healthy as well as the needs of sick, vulnerable and disabled children. The first module of the NSF, covering standards for children in hospital, will be published in 2002.

The NSF will deal with some important cross-cutting themes, especially:

- tackling inequalities and access problems, helping to prevent poor health later in life as well as in childhood;
- supporting children with disabilities and special needs;
- involving parents and children in choices about care;
- integration of services and partnership working, including breaking down professional boundaries; and
- children growing up – for example, the transition to adult services.

Child and Adolescent Mental Health Services (CAMHS)

3.56 At any one time, it is estimated that 20 per cent of children and adolescents experience mental health problems. The majority of children and young people who experience mental health problems have difficulties which can be made better with early intervention. However, there will always be children who experience more severe disorders, and whose long-term outlook is less favourable. A significant number of children with more severe mental health disorders are affected for many years after the initial diagnosis.

3.57 Child and adolescent mental health problems may manifest themselves in depression, anxiety, low achievement at school, challenging behaviour, youth crime, early pregnancy, and substance abuse. Prevention, early intervention and ensuring that effective and appropriate CAMHS are easily accessible for children and young people suffering from these problems is vital to improving their well-being and life chances.

3.58 Part of the children at risk cross-cutting review is examining the provision and effectiveness of CAMHS and its contribution to promote and support the emotional well-being of children and young people. Emerging themes of the children at risk review are set out in box 3.6 later in the chapter.

HOUSING

3.59 A home of the right size, in good condition, with ready access to public services and other opportunities is central to providing a solid foundation for children's lives. Children in poverty often end up in the poorest homes, in the poorest condition, in the poorest neighbourhoods. A large proportion of families in poverty live in social housing and 54 per cent of these are lone parent households with dependent children¹³.

Poor housing 3.60 It is estimated that nearly three million households live in poor housing¹⁴. Poor housing in declining neighbourhoods can affect children's health and education and limit their future opportunities. Homes that are overcrowded allow children no private space to develop, and have a detrimental effect on family relationships, making parenting an increasingly difficult task.

3.61 In addition, much of the poor quality housing is concentrated in distinct geographical areas. This has led to a decline in neighbourhoods and leads to abandonment of poor quality housing stock. Some 43 per cent of homes in the 10 per cent most deprived wards are not in a decent state, compared with 29 per cent elsewhere. In addition, 19 per cent of homes in the 10 per cent most deprived wards are in areas suffering from high levels of vacancy, disrepair, dereliction or vandalism, compared with 5 per cent of homes elsewhere¹⁵.

3.62 The Government's steps to improve levels of housing decency include:

- a total of £7.3 billion for local authority capital investment in housing from 2001-02 to 2003-04;
- a commitment to bring all social housing up to a decent standard by 2010 and to improve a third of homes that do not meet that standard by March 2004;
- a new compulsory licensing system for houses in multiple occupation;

¹³ Table 7.4, Housing Statistics 2000 (ONS).

¹⁴ Quality and Choice: A decent home for all – the housing green paper (DETR, April 2000).

¹⁵ DETR (2000) Indices of Local Deprivation.

- a new health and safety rating scale for homes in all tenures; and
- encouraging improvement of the private housing stock, where appropriate, with a system of loans and grants.

Delivery of Social Housing **3.63** Delivery of social housing is also important. When rents, housing benefit, and allocations policies do not properly align, inefficiencies are introduced into the delivery of social housing and incentives to move from welfare to work are reduced. Rents that do not properly reflect the size and value of the house reduce the incentives to find the best deal.

3.64 The Government's steps to improve the delivery of social housing include:

- introducing a fairer system of rents over the ten years from 2002-03;
- ensuring rents remain at sub-market levels; and
- linking rents to the size and value of the stock to ensure tenants have the opportunity to maximise disposable income by choosing an appropriate home.

3.65 In addition, improving housing benefit administration is critical to helping people move into work, to ensure there are no gaps in claims before benefit is put into payment. Delays in payments make it hard for tenants to be sure they will be better off in work and can lead to rent arrears and debt. The Government is improving and simplifying the rules for the housing benefit extended payments scheme, providing better help and guidance for local authorities and piloting using registered social landlords to verify entitlement to housing benefit to speed up administration. It is also examining the case for longer-term reform of housing benefit.

Homelessness **3.66** Homelessness, and the associated problems of rough sleeping, bed and breakfast and temporary accommodation, have a severe impact upon the welfare of families with children. The lack of a stable family life, or a family at all, combined with the impact upon a child's health, education, exclusion from societal institutions, and reduced opportunities, all contribute to the problem of child poverty.

3.67 The Government's steps to protect the homeless include:

- a Homelessness Bill to introduce changes designed to improve the protection for homeless people. The Bill is currently before Parliament;
- the Rough Sleepers Unit – which announced on Monday 3 December that it has been successful in meeting its target to reduce the number of rough sleepers by two-thirds between 1998 and 2002;
- a Bed and Breakfast Unit – established this year to reduce the number of families in B&B accommodation; and
- a National Homelessness Strategy, which is currently under development and is expected to be published in the New Year.

Young people who run away **3.68** By sixteen, one in nine school-age children will run away for at least one night. A quarter of those will sleep on the streets and one in one in seven are physically or sexually assaulted. The Social Exclusion Unit is developing proposals to look at preventing young people from running away in the first place, ensuring their safety if they do and looking at long-term solutions to their problems.

REDUCING CRIME AND SUBSTANCE MISUSE

3.69 Some groups of children and young people are particularly vulnerable to events that will increase the risk of poverty and social exclusion as they grow up. Alongside other poor outcomes, persistent criminality, becoming a victim of crime, and substance misuse are closely linked with the combinations of risk factors to which many children living in disadvantaged areas are exposed. Although crime and substance abuse are not confined to disadvantaged areas, there is evidence that they are highly correlated, that deprivation promotes substance abuse, and that the impacts are more severe than in non-deprived areas.

Reducing Crime 3.70 Improving family incomes, services and parenting support is all an important step in tackling the risk factors associated with youth crime, victimisation and substance misuse. The Government's Crime Reduction Programme, running since 1999, is also working directly with children and young people to reduce youth crime, particularly in the most disadvantaged areas in England and Wales. Together with the Youth Justice Board, a number of initiatives have been put in place, providing targeted assistance and support to those children most at risk of crime and victimisation. Box 3.4 gives details.

Box 3.4: Initiatives to reduce crime among children and young people – examples

Youth Inclusion Programme (YIP)

The YIP targets the most at risk 13-16 year olds in the most deprived neighbourhoods in England and Wales. 70 projects under the programme are in operation, providing out of school activities to motivate the youngsters into constructive living and back into education. A wide range of initiatives is used, including skill centres, mentoring, environmental work, sport and arts work. Emerging findings show a reduction of up to 32 per cent in crime, and school exclusions cut by one third in deprived areas running Youth Inclusion Programmes.

Positive Futures

Positive Futures is a joint partnership between Sport England, the Youth Justice Board and the United Kingdom Anti-Drugs Coordination Unit. The aim of the initiative is to use sport to reduce anti-social behaviour, crime and drug use among 10-16 year olds within local neighbourhoods. 24 projects around England are providing a number of different activities aimed at engaging young people at risk in sport and leisure activities, including:

- provision of sporting programmes as an alternative to the 'hanging out' and drug-misuse culture;
- training and mentoring programmes using sporting activities as a focus;
- educational programmes linked to sporting skills, healthy lifestyles and positive attitudes; and
- leadership skills programmes based around sport.

Substance misuse 3.71 The importance of tackling abuse among young people is reflected in the Government's ten year Strategy, launched in 1998, "*Tackling drugs to build a Better Britain*". One of the strategy's four key outcome goals is to reduce the proportion of people under the age of 25 reporting the use of class A drugs by 25 per cent by 2005 and by 50 per cent by 2008.

3.72 The work to meet this target is being undertaken in schools and local communities by teachers, the police, Youth Offending Teams, Children's Fund partnerships, Connexions, youth workers and the social services. It is also being supported by the roll-out of Young People's Substance Misuse Plans, for which funding of £152 million over three years was provided in the 2000 Spending Review. These plans are intended to secure a coordinated approach to local service provision, ensuring universal provision of education and information on substance misuse to all young people and parents, alongside advice, support and treatment targeted at vulnerable groups, early identification of need and tailored to support where and when required.

3.73 For forward priorities, the key is to build on Young People Substance Misuse Plans by integrating drug service provision for young people within broader provision of children's services. This will ensure that the different components of local prevention and treatment activity are combined with the wider provision of services for young people, for example, education, training, housing, social services and health. Priorities also include improving the effectiveness of monitoring and feedback into the setting of future plans and targets.

Drugs and parents 3.74 Drug misuse destroys families. The Government recognises that parents who misuse drugs and their children face particular problems. The Advisory Council on the Misuse of Drugs, the Government's independent advisory body on drug misuse matters, is currently undertaking an inquiry into the needs of this group with a view to producing recommendations and a report which will have a positive influence on policy and practice throughout the country.

WIDER SUPPORT

3.75 The Government recognises the importance of looking at a wide range of services to support children, to enable children to participate in the everyday activities of their peers and allow them an equal opportunity to develop. It recognises the need to look at preventive services as well as crisis interventions.

The Children's Fund

3.76 The 2000 Spending Review announced £450 million for a new Children's Fund to be spread over the three years to 2003-04. The majority of the fund, £380 million, is being used for three year funding of Children's Fund partnerships. These partnerships will develop better coordinated local preventive services for 5-13 year olds at risk of social exclusion and underachievement. A core aim of the Fund is to respond effectively to early signs of difficulties rather than waiting until there is a crisis. The first 40 partnerships have received full or partial approval for their plans with the first grant payments made in October 2001.

3.77 Of the first wave of programmes, voluntary organisations lead one third of partnerships and around half of Children's Fund partners are non-statutory organisations. Initial plans of partnerships include activities such as play, mentoring, learning support, parent training and support, sports, creative arts and counseling. Around a third of partnerships plan to employ home school workers to liaise with teachers and carry out outreach and support work with children and their families.

3.78 £70 million of the Children's Fund is being used for the Local Network, which gives small-scale grants to support projects, for children aged 0-19 years, run directly by voluntary, community and faith organisations. The fund helps local communities find solutions to local issues. Box 3.5 sets out some of the examples of projects that have already received Local Network grants.

Box 3.5 Children's Fund: Local Network projects

Hendon Young Peoples Project provides recreational, educational and personal development for young people in East Sunderland, an area of high deprivation. The grant will enable the organisation to equip an ICT suite and offer a range of supervised leisure and vocational computer activities.

Heartbeat International Christian Centre has developed a training programme for disaffected youth in Southwark, London. Its target groups include underachieving black youth, those at risk of social exclusion and those at risk of offending. The programme includes personal development, artistic expression, and computer skills.

Livewire Youth Project provides a diverse range of educational leisure and cultural activities for young people in and around Saltash in Cornwall. The project is user led with children and young people taking decisions over the form and content of the services, which focus on providing opportunities for children to express their creativity – competitive sports, computers, music making and external visits and trips.

Gateshead Jewish community is developing family support services that respond to the needs of children and young people in the community, provided in a way that is sensitive to their cultural and religious codes.

Freshwinds, based in the Black Country, supports families with young children suffering life-threatening illnesses. Services include access to low-cost food; bereavement counselling; information and advice on healthy eating; and a carers network to share experiences of coping with life threatening illnesses.

Northern Kids Theatre Company provides young people from inner city Manchester with a unique opportunity to produce and perform at the nationally renowned Lowry Centre in Salford. The performance is targeted at visitors to the Commonwealth Games.

Rochdale Council of Mosques is developing a programme of Saturday out of school activities based in mosques for children who have after-school commitments.

Winson Green Home Start in Birmingham targets support for new parents on low income in all aspects of parenting skills. The project uses volunteers to work with families to advise them on the best use of the income and resources available to them in bringing up their children.

Shantona Women's Centre in Calderdale provides young women – particularly from the Asian sub-continent – with the opportunity to take part in sports and athletics. The project targets young women from communities that currently do not access mainstream leisure and sporting services.

Culture and sport 3.79 There is an increasing body of evidence that culture and sport are powerful forces for helping children and young people to escape from the cycle of deprivation and underachievement. American research has shown that schoolchildren from low-income backgrounds who participate in the arts outperform their peers who do not¹⁶. Another study in Britain concludes that young offenders who take part in sport are less likely to re-offend¹⁷. Participation in culture and sport increases children's motivation, self-esteem and sense of belonging to a community.

¹⁶ *Champions of Change: The Impact of the Arts on Learning* produced by the President's Committee on the Arts and Humanities, 1999.

¹⁷ *The value of sport* produced by Sport England and the Local Government Association.

3.80 The Government is addressing this with a series of programmes including:

- **free Access to National Museums and Galleries:** the introduction of free access has already led to an increase of 20 per cent in visits by children since April 1999; the target by April 2004 is an increase of a third. From this month, adults will also be able to enjoy free access, further encouraging families to visit;
- **Spaces for Sport and Arts:** this £130 million programme is creating more than 300 multi-use facilities in primary schools in 65 of the most deprived LEAs;
- **Creative Partnerships:** from April 2002 this £40 million pilot programme will offer children in 16 deprived areas the chance to work with creative professionals and organisations; and
- **School Sports Co-ordinators:** this programme, to provide opportunities for young people to compete regularly for their school and take part in a wide range of sports, already covers over 2000 schools and by 2004 will reach out to 6000, at an annual cost of £40 million.

Cross-cutting review on children at risk

3.81 As part of the preparation for Spending Review 2002, the children at risk cross-cutting review will look at service provision for children of all ages, from 0 to 19 years. The review involves consultation with experts from the voluntary and community sector as well as with children and young people themselves. The review will pay particular attention to the need to improve multi-agency working and reflect the Government's proposals for an overarching Strategy for children and young people's services. Emerging themes from the review are set out in Box 3.6.

Box 3.6: Children at risk: Cross-cutting review

The Children at Risk cross-cutting review builds on the work of Policy Action Team 12 and the cross-cutting review of young people at risk from Spending Review 2000. Despite a great deal of Government investment in services for children and young people, there is still insufficient early intervention to prevent adverse outcomes and too many vulnerable children are falling through the gaps.

There is need to join up services at the point of delivery. The structural changes that came about as a result of Spending Review 2000, for example the creation of the Children and Young People's Unit and Minister for Young People, aimed to join up policy making for children and young people at a central government level.

Evidence from the current review suggests that there is insufficient joining-up at ground level. Considerations to improve this include: a more strategic planning process; more effective sharing of information; common training to facilitate close working between agencies; and development of cross-cutting targets to facilitate multi-agency working.

Additional themes from the review are likely to include:

Building community capacity to deliver sustainable services

- engaging local people in service delivery and developing and strengthening a para-professional workforce; and
- using public buildings such as schools, libraries, nurseries, as community capital to deliver accessible services to all children.

Emotional Resilience and well-being

- early identification of children at risk;
- increasing the level of preventive child and adolescent mental health services; and
- ensuring schools have a coherent strategy to tackle bullying and poor behaviour.

Family support and family based interventions

- family support to be improved and co-ordinated at a local level; and
- service development should build on the innovative work of the voluntary and community sector.

Services for youth, play and leisure activities

- increasing opportunities for play and enjoyment to improve children's pro-social behaviour and emotional health; and
- improving youth provision, given the valuable role it plays in community cohesion and working with peer groups.

IMPROVING NEIGHBOURHOODS – ENSURING RESULTS

3.82 Many children living in poverty are concentrated in poor neighbourhoods. These areas have the highest concentrations of deprivation across a range of indicators – areas where educational attainment, health, housing quality and employment all fall far behind the average for the country as a whole. Some of these issues have already been discussed earlier in the paper:

- 18 per cent of children live in the most deprived 10 per cent of wards¹⁸;
- in England’s most deprived wards, over 60 per cent of children live on means-tested benefits, compared to only 6 per cent of children in the least deprived wards¹⁹;
- 43 per cent of all housing in the 10 per cent most deprived wards is not in a decent state compared with 29 per cent elsewhere²⁰;
- only 11 of the 488 schools with more than 35 per cent of pupils on free school meals attain the national average level of GCSE passes²¹; and
- the infant mortality rate for the quintile of local authorities with the highest rate is about 1.5 times the rate for England as a whole²².

3.83 As the Government takes action to tackle child poverty, it must ensure that children growing up in the poorest neighbourhoods are not the slowest to see the benefits. Poor children in poor neighbourhoods are likely to have much less access to the things that would help them develop than children who live in better-off areas – for example, they get less individual attention at school, have poorer space in which to play and have fewer role models to follow.

3.84 Since the 2000 Spending Review, the Government has had a renewed focus on improving the delivery of public services in poor neighbourhoods. It is not enough for the Government only to aim for an overall improvement in public services, it must also make sure that everyone benefits from the improvements. To this end the Government has committed to targeting extra resources from mainstream funding – for key services like health, education, housing – on those areas that at present fall furthest behind the rest of the country. The overall aim of this new approach is to close the gap between the worst neighbourhoods and the rest of the country so that within 10 to 20 years no one is disadvantaged by where they live.

3.85 So to ensure delivery of real improvements in all areas, the Government has established new PSA “floor targets” covering the key public services. These will ensure that as average outcomes on public services improve, the worst-off groups living in the worst neighbourhoods also benefit from improvements. The floor targets on employment, education, health, crime and housing conditions will all result in better outcomes for poor children.

3.86 The rationale behind this new approach to spending in poor neighbourhoods is based on the fact that billions more pounds of public expenditure is spent through main programmes than could ever be spent on area based initiatives. The new approach therefore focuses those responsible for delivering public services on their responsibility for disadvantaged areas, where before they might have relied on special area based initiatives to deliver improvements.

¹⁸ Indices of Deprivation (2000) DETR.

¹⁹ Indices of Deprivation (2000) *ibid*.

²⁰ Indices of Deprivation (2000) *ibid*.

²¹ National Strategy for the Neighbourhood Renewal: a framework for consultation (2000) SEU.

²² Taken from Office for National Statistics mortality figures (1999).

3.87 To help start this approach, the Government is providing £900 million over three years, through the Neighbourhood Renewal Fund, to the 88 most deprived local authority areas. At a local level, Local Strategic Partnerships are responsible for working out how services can be delivered better to help improve outcomes in the most deprived neighbourhoods.

3.88 In addition to this focus on improving the delivery of mainstream funding in the poorest neighbourhoods, the Government is also funding a number of area-based programmes which give additional funding to the worst neighbourhoods. An essential part of these programmes will be improving the outcomes for children growing up in these areas.

3.89 The New Deal for Communities (NDC) provides an extra £2 billion over 10 years to 39 of the country's worst neighbourhoods, with strategies focussing on raising educational attainment, improving health, increasing employment, reducing crime and improving housing. NDC programmes involve statutory service providers, communities, voluntary sector, faith groups and business in planning and delivering a regeneration strategy for the area which is very much owned and driven by local people. Box 3.7 gives an example of an NDC partnership.

Business and the community

3.90 Business plays a key role in regenerating disadvantaged communities. Simply by pursuing their core business activities, they may already be helping the community through:

- providing products and services;
- providing employment which helps to underpin a decent level of family income; and
- acting as a key element of a well-rounded and self-sufficient community where residents can live, work and have access to the products and services they need.

3.91 However, businesses could make a much greater contribution to regeneration outcomes by taking a more involved and pro-active approach, including:

- good training policies which raise skills, self-confidence and expectations;
- active involvement with neighbourhood renewal strategies, for example through Local Strategic Partnerships;
- providing positive role models from business for others, which may include mentoring, start-up businesses and contributing to business education in local schools; and
- providing financial or volunteer support to local projects.

3.92 Some of these more active roles come under the wider heading of Corporate Social Responsibility (CSR). The Government is currently pursuing initiatives to promote debate on CSR and to help determine the future direction of Government policy on CSR activity.

Box 3.7 New Deal for Communities partnerships – Case Study

New Deal for Communities partnerships share basic characteristics – they are inclusive and dynamic, locally inspired and determined to build improvement plans on what works. This and other new approaches are now being extended across the country through the National Strategy for Neighbourhood Renewal.

Middlesbrough NDC

Involving young people in an NDC partnership can be one of the hardest tasks. Jackie Heeney, Middlesbrough NDC's chief executive, believes you have to have the right staff in place before you can achieve anything.

“You need someone who young people trust, obviously. That means someone who talks their language, someone who doesn't preach and is not a 'suit'. In fact, someone who mainly takes their message to us, not the other way around. Someone like Paul.”

Paul Surtees, youth inclusion project co-ordinator:

“Since we started last September, we've already worked with more than 500 youngsters. They became involved in a host of different activities – everything from football and the Peer Drugs Education Project to a clean up campaign at the local church hall. The idea is to increase their confidence and self-esteem as well as improving their educational and employment opportunities”.

The project puts into place a key principle of neighbourhood renewal: preventing problems, rather than just reacting to them. Its aim is to work with 'at risk' 13 to 16 year olds in the NDC area. Targets include a reduction in arrest rates and reported crime by 60 per cent and truancy reduced by 30 per cent by 2002. As well as work with this group, it is running a series of activities to keep all local young people engaged and prevent them drifting into crime.

One of the respected role models for young men in the community is the FA registered Whinney Banks Football Club.

“They have pride in their team, almost turning the area's negative image into a positive” says Paul Surtees. “One of their players recently signed for Grimsby as a professional. Players help with soccer skills courses during school holidays, at Easter and Summer Splash events”.

They also spread positive messages about good behaviour in the community – including the need to exercise and avoid smoking and drugs.

A central element of the youth inclusion work is to give recognition to young people for their achievements – at whatever level. The NDC organises once a term achievement events at a popular night club in the city, with prizes handed out by prominent people such as footballers from Middlesbrough FC.

The prime responsibility for raising children clearly rests with parents and carers. Good parenting and strong family relationships are key factors in providing children with the best possible start in life. It improves their health, schooling and prospects later in life. It also reduces the risk of serious social problems such as homelessness, offending and drug misuse.

Becoming a parent brings with it rights and responsibilities. The vast majority of parents do their very best for their children, frequently putting their children before themselves. But the circumstances in which parents try to bring up their children can make all the difference. Ill health, unemployment and family breakdown all affect parents' ability to cope.

The Government wants to provide better support for parents so that parents can provide better support for their children. It recognises that it has a role to play by providing services through the statutory sector, supporting the voluntary sector and through targeted programmes for the parent and child, such as Sure Start.

The Government is considering how it can improve the support available to parents and families within the context of Spending Review 2002. Some of the areas under consideration include:

- the role of the voluntary sector in service delivery;
- home-based support services for parents and families;
- mentoring support services;
- 'One Stop' family support centres; and
- more and better access to sources of information about parenting, including telephone helplines and the internet.

INTRODUCTION

4.1 Being a parent is one of the most important and difficult jobs many of us will ever do. A decent family income, quality childcare, a good work-life balance and excellent services for children can all reduce the immediate stresses most families face. Previous chapters set out how the Government aims to achieve this. However, the Government recognises that parenting support is relevant to all parents, regardless of their circumstances. In some cases the key parental influence is a carer who is not the birth parent. This chapter considers how the Government can improve its support for parents and families. In particular, it covers:

- the importance of providing support for parents;
- current government support for parents and the role of the voluntary sector;
- support for vulnerable groups: teenage parents and children looked after by local authorities; and
- options for improving support to parents and families.

IMPORTANCE OF SUPPORT

4.2 Evidence suggests that poor parenting and poor family relationships are key risk factors in children's chances of success in later life. Possible adverse outcomes include drug abuse, youth crime, teenage pregnancy, low educational attainment, mental health problems and homelessness. Lower socio-economic groups are particularly sensitive to the impacts of parental and family stress. Recent research shows that the poorer families are, the more likely they are to have children with behavioural problems¹. Sir Donald Acheson's Independent Inquiry into Inequalities in Health examined in detail the evidence and made recommendations for additional social and emotional support to be given to parents in deprived communities, in order to help them protect their children from the effects of disadvantage.

4.3 Equally, strong parental and family relationships are key protective factors in offsetting possible adverse outcomes for children and promoting social inclusion. The report of the Social Exclusion Unit's Policy Action Team 12 on young people found that a stable and supportive family can protect young people growing up in disadvantaged areas, balancing some of the risks they face and helping them to achieve their potential and make a successful transition to adulthood².

4.4 The Government recognises that more needs to be done to support parents, particularly to prevent problems from developing into a crisis. The focus of many services for parents is reactive rather than preventive. But there is a growing body of evidence which supports the need for an effective approach to intervention based on prevention:

- **the 'Strengthening America's Families' project** was established in 1988 and seeks to identify family-based model programmes from agencies across the United States with the aim of reducing youth crime and its cost. Programmes highlighted by this project as particularly effective have typically focused on family therapy, family group conferencing and family skills training; and
- **early preventive interventions with families experiencing problems are more cost-effective.** Recent research published in the British Medical Journal shows that by age 28 the costs to public services for individuals with serious antisocial behaviour in childhood are nearly ten times higher (£70,000) than for those with no problems (£7,500), with the criminal justice system incurring the greatest cost, followed by extra educational provision, foster and residential care and state benefits³. Other research shows that parenting groups offer the most cost-effective way to reduce the personal and economic burden of antisocial behaviour in children and to prevent criminality and social exclusion⁴.

National Family and Parenting Institute

4.5 In 1999 the Government set up the National Family and Parenting Institute (NFPI) as an independent charity, to be a centre of expertise on family and parenting issues. The NFPI disseminates information on 'what works' in parenting and provides advice on family policy and the needs of children.

¹ Ghate and Hazel (forthcoming) 'Parenting in Poor Environments: Stress, Support and Coping', London: Jessica Kingsley.

² *Report of Policy Action Team 12: Young People* (March 2000).

³ Scott, Knapp, et al, *Financial cost of social exclusion: follow up study of antisocial children into adulthood* BMJ 2001; 323:1-5.

⁴ Scott, Spender, et al, *Multicentre controlled trial of parenting groups for childhood antisocial behaviour in clinical practice* BMJ 2001; 323:1-7.

4.6 In September 2001 the NFPI published a *National Mapping of Family Services in England and Wales: a consultation document*. This considers the current range and volume of parenting support services, as well as the accessibility and planning and resource requirements of existing services. The Government welcomes this report and looks forward to the results of the consultation exercise. The Government is currently considering its findings, which include the following:

- there is a need for investment in universal and first level preventative services;
- there is a concentration of resources on parents of children under five years old with less support available to families with older children and teenagers;
- there is a need for greater national and local coordination of service provision;
- there is a general lack of information on sources of support for parents; and
- public perceptions that only inadequate parents benefit from parenting services limit the use of family support.

CURRENT GOVERNMENT SUPPORT FOR PARENTS

4.7 The Government has set up a number of initiatives to ensure parents have access to the advice and support they need for a range of issues. Support is currently provided through the mainstream statutory sector, support for the voluntary sector and targeted government programmes.

4.8 This support complements the significant reforms that the Government has delivered to increase family incomes and improve maternity and paternity provision, set out in chapter 2. The reforms to maternity and paternity provision will increase the choices open to families to spend more time with their babies around the time of birth. In addition, the Government recently announced that it is helping working parents by, from April 2003, placing a duty on employers to consider requests for flexible working from parents of children under 6, or 18 for disabled children. This will help parents and carers to spend quality time at home, as well as enabling them to financially support those they care for.

Supporting family relationships

4.9 Supporting marriage and stable relationships is an important part of the Government's commitment to support families. The quality of the parents' relationship is crucial to their parenting capabilities and a critical factor affecting children's well-being. Research shows that not only separation and divorce but also the discord between parents can have a damaging effect on young children. Yet often parents do not have access to the help they need to make their families strong and stable. This is particularly important for young families. Research shows that the early years of parenting can be especially difficult for couples, leading to relationships breaking down. It is therefore important to provide appropriate support early on⁵.

4.10 The voluntary sector plays a crucial role in the delivery of support to couples, including counselling and information provision. The Lord Chancellor's Department has allocated £4 million in 2000-01 for marriage and relationship support, rising to £5 million by 2002-03. This covers core funding for several national relationship support organisations, such as Relate, One plus One and Marriage Care.

⁵ Louise Pankhurst, 'Early Days – a Strategy for Early Intervention and Prevention', presented at Parenting Education and Support Forum National Conference, 21 September 2000.

Mainstream parental support services

4.11 The Government recognises the need for a variety of parent and family support services, from preventive and specialist services through to crisis interventions. Support is offered to parents via a range of statutory providers, including education, health and social services. Table 4.1 summarises the variety of statutory support services that can be found in any given area.

Table 4.1: Statutory support services to parents

Education-based	Health-based	Social services
Early years centres	Paediatric services	Family placement
Parent-school partnerships	Health visiting services	Adoption service
Adult education services	Parenting programme	Community support team
Family education services	Parenting support projects	Children with disabilities team
Parent network	School based centres	Child protection team
Educational psychology service	Children's centres	
Home-school liaison initiatives	Child and Adolescent Mental Health Services	

Source: National Family and Parenting Institute, National Mapping of Family Services in England and Wales – a consultation document (September 2001), page 9.

4.12 In recent years there have been a number of initiatives providing support at home to new parents. Sure Start programmes provide in-home support to parents in their area. There have also been pilots using health visitors to help parents to become more self-confident and skilful in their child's development. Health visitors and school nurses are trusted sources of advice and support for many families with children in deprived areas. They have good access to vulnerable groups of young mothers and children, are well-placed to assess their parenting needs and are also active in issues which affect the whole community. Some health authorities in deprived areas have been piloting the use of 'Community Mothers'. Experienced parents from within the local community visit first-time parents in their own homes and deliver an educational support package.

Funding voluntary sector parental support

4.13 The voluntary and community sector has pioneered work with children and their families for at least a century and provides many parent and family support services. The voluntary sector is:

- **well placed to reach the families that need support**, and may be able to reduce the stigma that is sometimes attached to parenting services provided by statutory authorities;
- **able to respond to a wide range of needs of the family**, overcoming the fragmentation that can arise from different statutory authorities having responsibilities for different services for parents and families;
- **quick to meet changing needs** as the challenges facing families change over time, responding, for example, to changes in family structure; and
- **able to mobilise volunteers** to befriend, mentor and offer peer group support to families who might otherwise be reluctant to seek help from statutory authorities.

4.14 In 1998 the Government set up the Family Support Grant Programme (FSGP) to support the voluntary sector in providing services to parents. Four million pounds is available to voluntary organisations working with parents under an annual competition. To date, the FSGP has funded projects dealing with a range of parenting issues including fathers, parents of teenagers, and parenting in challenging circumstances.

4.15 In addition, funding of £1 million each year goes to Parentline Plus, which operates a national freephone helpline and a variety of services for parents run by trained volunteers. More than 225,000 parents rang the helpline last year. Over the past year, Parentline Plus has also developed a new telephone support service for families referred from Sure Start projects, social services departments, On Track projects and Youth Offending Teams.

Targeted government programmes

4.16 The Government has already introduced a number of specific programmes that aim to provide support for parents at the same time as their children, working with the voluntary and statutory sectors, and the local community:

- **Sure Start** aims to improve the physical, social, intellectual and emotional development of young children under four and their families, by providing local access to family support, health services and early learning. Over 200 Sure Start programmes have started work, concentrated in neighbourhoods where a high proportion of children are living in poverty. A total of £1.4 billion will have been invested in Sure Start by 2003-04 (see chapter 3);
- **the Children's Fund** was established in Spending Review 2000, worth £450 million over the three years to 2003-04. The majority of the Fund will be used for the 150 Children's Fund partnerships – involving statutory, voluntary community and faith sectors – being set up across top tier authorities in England. These will help children and young people aged 5-13 years showing early signs of difficulty, and provide them and their families with support. The partnerships will include services such as mentoring programmes, parenting education and support and counselling and advice (see chapter 3);
- **the Youth Justice Board Parenting Project** has already provided £3.9 million of grants from its Development Fund for 42 parenting projects. The projects are working with parents or carers of young people involved in the youth justice system, considered at risk of offending or exhibiting antisocial behaviour. Parenting programmes are available on either a voluntary basis or as a requirement of a Parenting Order. Over 70 per cent of participants are voluntary; and
- **Parenting Orders** were introduced in the Crime and Disorder Act 1998. They are designed primarily to help and support parents when their children get into trouble. Parents are required to attend counselling or guidance sessions where they receive help in dealing with their children, for example, how to set and enforce consistent standards of behaviour and how to respond effectively to adolescent demands. Feedback on parenting orders has been positive, with many parents asking why they needed to wait until their child got into trouble before receiving such support.

Absent parent sanctions

4.17 Whilst most parents seek to do their very best for their children, there are some who do not meet their full responsibilities, adding to the stress of the environment in which the child is brought up. The Government believes that all parents should contribute to the financial support of their children. If an absent parent does not pay appropriate child support as required by the Child Support Agency (CSA), there are a number of sanctions available:

- maintenance can be deducted from earnings, or from certain income-related benefits. Under the new Child Support Scheme, due to be introduced in April 2002, Child Support will be deductible from a wider range of benefits. These deductions can include an amount for arrears;
- if the absent parent is self-employed, or deductions from earnings are not successful, then the CSA can apply to a court for a liability order; and
- if all else fails, then the CSA can seek a committal order. Since January 2001, the court has also had the option to sanction the absent parent by withdrawing their driving licence for up to two years.

SUPPORT FOR VULNERABLE GROUPS

Teenage parents 4.18 The UK has one of the highest rates of teenage pregnancy in EU. Research shows that teenage mothers are significantly more likely than older mothers to bring their children up in sustained poverty⁶. Teenage mothers and their children are at high risk of suffering poor health. Their children are also at high risk of doing badly at school and of becoming teenage parents themselves or engaging in other risk-taking and offending behaviour. Preventing teenage pregnancies and improving support for those young people who do become parents will play an important role in tackling child poverty.

4.19 The Government is taking forward a national strategy to halve the rate of conceptions among under-18 year olds by 2010 and increase the participation of teenage parents in education and work. Every local authority area has produced a ten-year local teenage pregnancy strategy, beginning in 2001. It is encouraging that in 1999, the under-18 conception rate showed a four per cent fall on the 1998 figures, from 46.5 to 44.7 per thousand. This is the lowest rate since 1995. Data for the first three quarters of 2000 continue to show a downward trend.

4.20 The Government believes that if they cannot live in the parental home, mothers under 18 should be accommodated in supported housing rather than be housed alone and isolated with their babies. The Government is also committed to ensuring that teenage parents get access to training, education or work, as part of implementation of the Teenage Pregnancy Strategy. Whilst participation has increased from 16 per cent in 1997 to 29 per cent in 2001, over two-thirds of teenage parents are not in education, training or employment and up to 90 per cent are claiming benefits.

4.21 To enable teenagers who do become parents to complete their education, a number of initiatives are already in place to achieve this:

- the teenage pregnancy Standards Fund Grant has invested £10 million over two years to help reintegrate mothers under 16 back into education and is now being extended;
- specialist personal advisers are available to teenage parents in 20 Sure Start Plus pilot areas, helping with health care, returning to education and childcare; and
- childcare pilots have been set up in nine areas to provide affordable childcare and parenting support.

⁶ Kiernan and Hobcraft (1999), *Childhood Poverty, Early Motherhood and Adult Social Exclusion*, Case paper 28.

Support for children looked after by local authorities

4.22 The Government has an important role to play in ensuring quality care for children looked after by local authorities. The Quality Protects programme was introduced in 1999 to provide more effective protection, better quality care and improved life chances for children looked after by local authorities, as well as other children in need. The programme has now been extended to run until March 2004, with an increase in funding from £375 million over three years to £855 million over five years.

4.23 Evidence to date is that Quality Protects is already helping to make a positive difference⁷. For example, children in care are experiencing fewer placement moves, more of them are being placed in new permanent families through adoption and fewer are leaving care prematurely when they reach the age of 16. There has also been a reduction in re-registrations on the child protection register. The Children (Leaving Care) Act 2000 will ensure quality services and support for young people in and leaving care as they make the transition to adulthood.

4.24 The Government has set further objectives to improve the outcomes for children in care:

- improving the educational attainment of children and young people in care by increasing from 4 per cent in 1998 to 15 per cent in 2004 the proportion of children leaving care aged 16 and over with 5 GCSEs at A*-C; and
- improving the levels of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at 75 per cent of those achieved by all young people in the same local authority area by March 2004.

Adoption 4.25 For most children the best place to grow up is with their birth parents. However for some children, often the most vulnerable, this is not possible. Society has a responsibility to provide children with stability and permanence in their lives. Adoption is traditionally a means of providing a permanent alternative home for children unable to return to their birth parents.

4.26 The Government believes that more can be done to promote the wider use of adoption. This is reflected in the Department of Health's PSA target to increase by 40 and if possible 50 per cent the number of looked after children adopted by 2004-05, by bringing councils' practice up to the level of the best. The Government is also committed to achieving this target without compromising on quality and has made it clear that current levels of adoptive placement stability must be maintained. The White Paper, *Adoption: a new approach* set out the Government's plans to invest in and reform the framework of adoption. This includes initiatives to encourage would-be adopters and provide children and their new families with post-adoption support.

⁷ Department of Health, 2000, *Children Looked After by Local Authorities, Year Ending 31 March 2000*, Department of Health.

OPTIONS FOR IMPROVING SUPPORT FOR PARENTS

4.27 The Government is considering the support that should be provided for parents, carers and families in the future, in particular in the context of the children at risk cross-cutting review for Spending Review 2002, discussed in chapter 3. The Government is determined that support for parents is improved. Its priority is to provide better support for parents so that parents can provide better support for their children. Some of the areas the Government will be considering include:

- **the role of the voluntary sector in service delivery** for parenting projects and how Government can support this. As set out earlier, voluntary and volunteer-based parent support services have an important and valuable contribution to make in supporting parents and families;
- **home-based support services for parents and families.** Family support services based on home-visiting have been found to have positive effects for parents. The voluntary sector are pioneers in developing this kind of approach and the Government is looking to see how it can learn from this;

Box 4.1: Home-based support services – examples

Home Start UK

Home Start UK is a family support organisation offering mentoring and support to families in their own homes. Trained volunteer parents from within the local community visit parents with children under five facing difficulties. There are currently 260 schemes throughout the UK with 6,500 volunteers supporting 17,000 families and 40,000 children. Research has shown that interventions such as these are effective means of providing support to families facing a range of challenges.

NEWPIN

The New Parent Infant Network (NEWPIN) is a national voluntary organisation that provides long-term support for families with children under five experiencing mental health problems and parenting difficulties. NEWPIN provides home visiting by a ‘befriender’, peer group support, individual counselling and therapeutic support groups. A personal development programme is also offered, including parenting skills, communication skills and preparation for work and further education.

- **‘One Stop’ family support centres**, which bring together social, educational and health professionals to provide an integrated service for children of all ages and their families on one site and might be based in an existing centre, such as a community centre, school, health centre or voluntary sector location. Such centres could, for example, build on the Sure Start approach for children up the age range. Evidence from the US shows such models have had a positive impact in deprived areas, including improved attainment, reductions in offending behaviour and better relationships between schools, parents and the community. Existing examples of such centres in the UK are set out in Box 4.2.

Box 4.2: Family support centres – examples**NCH (formerly National Children’s Homes)**

NCH works in partnership with local government, statutory providers and other agencies to support children and families disadvantaged by poverty, disability, neglect and abuse. NCH runs 460 projects throughout the UK including ‘family centres’ which offer parenting courses and play and development opportunities for their children.

Family Service Units

With support from the statutory sector, FSU works with families in need through 21 units located in inner cities in England and Scotland. Their programme covers parenting, young carers, domestic violence, work with fathers, school-related problems, counselling and learning difficulties of parents themselves.

Pen Green Centre for Under 5’s and their Families

The Pen Green Centre is a ‘One Stop’ shop in Corby, an area of high urban deprivation. It is jointly financed and managed by the Local Education Authority and social services department. The centre provides early years education and care, parent education, community health and family support services and training. Over 4,000 parents have been involved in the centre since it opened in 1983 and it was recently designated an Early Excellence Centre as part of the Department for Education and Skills’ Early Excellence Centre programme.

- **more and better access to sources of information for parents.** Surveys of parents consistently show that they would like more and better access to sources of information about parenting, available in a variety of forms, including one-to-one, support groups, web-based advice, telephone helplines and magazines. The Home Office is currently developing a strategy to provide parents with the information they want and to publicise government services. However the Government recognises that some parents do not want advice on parenting to come direct from Government and may prefer to receive advice from voluntary or community based organisations; and
- **support for fathers.** National surveys reveal that many fathers want particular help and advice on bringing up their children. Many voluntary organisations, such as Fathers Direct work to raise the profile of fathers and to develop services for fathers. The Family Support Grant has also given grants to a range of organisations to support fathers.

4.28 The Government is keen to look at ways it can encourage further support for parents and families and will be considering the above issues as part of Spending Review 2002.

