

Department for Work and Pensions

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Ending child poverty: 'Thinking 2020'

A report and think-pieces from the
Child Poverty Unit conference

Graeme Cooke, Paul Gregg, Donald Hirsch, Naomi Jones and Anne Power

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Donald Hirsch is an independent analyst of social policy issues. As poverty adviser to the Joseph Rowntree Foundation, he has spent the past decade monitoring welfare reform and policy approaches to ending child poverty. Following his report, *What will it take to end child poverty in 2006*, he continues to work on related issues including the cost of child poverty and its relationship to education outcomes. A former journalist on *The Economist*, Donald spent the early 1990s at the OECD in Paris looking at how countries around the world tackled common challenges in reforming their education systems.

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1 Introduction

On 24 June 2008, the Child Poverty Unit (CPU) and the Institute for Public Policy Research (ippr) held a day-long conference to discuss where next on the path to a poverty-free childhood. The aim of the conference was to consider a vision for 2020: what it might look like without child poverty and how we might get there. The event was attended by over 100 stakeholders from across Government, the third sector, stakeholder organisations, the wider policy and research community and academia.

This document sets out the conference structure and main events, starting in Chapter 1 with summaries of the background papers presented. In Chapter 2 it sets out the main findings from the discussion groups and follows these up with the delegates' views on the key implications for 2020.

Conference schedule

Introduction by the Chair

- Carey Oppenheim, co-director, ippr.

Speakers

- Caroline Kelham, Head of the Child Poverty Unit, set the aims for the day.
- Paul Gregg, Bristol University, presented his think-piece about about improving poor children's life chances.
- The Right Honourable James Purnell MP, Secretary of State for Work and Pensions gave the keynote address.
- Professor David Piachaud, London School of Economics (LSE), presented a think-piece by Anne Power (LSE) on ensuring that communities are safe, sustainable places where families can thrive.
- Donald Hirsch, independent consultant and writer on social policy, presented his thoughts on financial and material support.

- Kate Stanley, Acting Deputy Director, ippr and head of Social Policy, presented a think-piece by ippr's Graeme Cooke on increasing employment and raising incomes.

Panellists

- The Right Honourable Jane Kennedy MP, Financial Secretary to the Treasury.
- The Right Honourable Stephen Timms MP, Minister of State for Employment and Welfare Reform.
- Anne Jackson, Director for Child Wellbeing (Department for Children, Schools and Families).

Format

The CPU commissioned four think-pieces to provoke debate and discussion at the event on what a stretching, yet achievable, vision for 2020 should look like, and the challenges and tensions that will need to be discussed and overcome. The full papers are provided in the Annexes.

Summaries of the think-pieces were presented on the day. Each presentation was followed by a roundtable discussion among delegates chaired by CPU and ippr staff. The final session of the day comprised a question-and-answer session with the panellists.

Summary of papers

Life chances

The vision for 2020 Paul Gregg presents is to create a society where your life chances are not related to your childhood family circumstances. He states that the issues are not just about cognitive outcomes – social gradients in behaviours, beliefs and health play a central role. To reduce social gradients, he argues, interventions either have to be universal interventions but which benefit the disadvantaged more substantively, or services which are targeted at – or at least deliver greater intensity of service to – more needy families.

He suggests ten main policy areas for development:

- 1 Family support** – A system of Whole Family Support services led by a case worker (lead professional) to deliver personalised family support to the most needy. This style of intervention will be available through to age 16, although the programme of support will evolve and families will move in and out.

Level 1 – continuous support for the most deprived 0.2 per cent of families.

Level 2 – periodic interaction and bursts of intensive support with the less needy.

Base model of Sure Start visiting to provide information, advice, assessment and mentoring.

- 2 **Pre-3 childcare** – Free half-day places in high quality childcare from the age of two for children of deprived families. Other families will have access but will be required to make a subsidised payment. Between age one and two, families to receive a payment which they can choose how to use – family income or childcare.
- 3 **Diet** – Campaigns to raise incidence of breast feeding and good nutrition, intervention in food labelling. Content regulations to reduce sugar and fat and ingredients associated with AD/HD symptoms.
- 4 **School access** – Geographical criteria for school access to be less restricted so that there are zones of equal access status which cover a number of schools. Schools to face restrictions/banding on school mix and receive extra payments for taking deprived/special educational needs (SEN) children.
- 5 **Funding** – Direct payments to schools for taking deprived/SEN children. This is to fund services to support progress among children falling behind their potential (Reading Recovery, etc.). Teachers should be rewarded through extra pay for teaching in more challenging environments of schools with more deprived and SEN children.
- 6 **Funding ii – Peer Influences** – Payments to schools also need to reflect the peer mix, as concentrations of SEN children with behavioural and learning difficulties – and probably higher levels of deprivation – impact on other children.
- 7 **Raising school leaving age to 18** – Evidence suggests that the less able, who normally drop out early, can still get sizeable returns from education. The social returns are also strong. EMA Payments to poor youth to encourage attainment and exam commitment.
- 8 **Improving Level 1 and 2 vocational qualifications** – Increasing general educational content (especially Maths and English) in Level 1 and 2 vocational qualifications to improve the validity of equal worth and raise returns in the labour market. Quality control on vocational awarding bodies should be tightened and there should be clearer progression routes from Levels 2 to 3 and beyond.
- 9 **University access** – Expansion of places in universities should include extra places at top universities to match the rising potential of top students. Thus, reducing pressure to find narrower selection criteria on ability. Universities to receive extra payments for teaching more deprived children. Engender awareness of potential and positive attitude to university among children from deprived backgrounds and their parents in primary schools.

10 Adult learning – Move to a model of outreach and targeting of populations with greatest potential social returns to adult learning (low achievement, on welfare, offenders etc.) and away from block-funding of further education colleges. Widen the aims of Learning and Skills Councils, etc. to include job retention and advancement, not just skills, to cover broader advancement aims, linked with welfare-to-work programmes.

Finally, Paul Gregg identified three major areas of debate:

- 1 How far should the State seek to influence parenting behaviours?
- 2 How far can the State go to bend extra funding to schools that serve deprived children? How should this funding be transmitted to schools and how far should budgets be individualised to support specific children in a personalised education setting?
- 3 How do we align school incentives (targets) and school access procedures to give deprived children the best chance of fulfilling their potential?

Communities

Anne Power's paper focuses on the role of place and location in life chances. She based her analysis on two case studies of families whose lives were negatively affected by their geographical location, detailing the importance of physical safety and a family-friendly environment to family relationships.

Power's vision for 2020 includes:

- Child-friendly spaces – with supervised play spaces for children of different ages, and schools which provide after-school activities such as football and other sports clubs, homework clubs and parenting groups, free or virtually free for all children.
- Regeneration – an incremental approach to regeneration which would include ongoing reinvestment, low-level improvements and on-site neighbourhood management. Government and social landlords should encourage families in work to stay in, or move into, low income areas.
- Affordable, low-energy existing homes – turning the current Decent Homes programme into a long-term rolling investment programme for 'low-level' upgrading and energy savings.
- Safer streets with less traffic, lower speeds, benches and trees, wider pavements etc. can regain a social and 'play' function. There would be strong neighbourhood management with a very clear focus on creating more family-friendly, more pro-child conditions and activities, offering more for young people to do.
- Inter-ethnic understanding – it would be possible to generate much more contact and friendlier relations if schools, after-school groups, community and play activities are broadened and if children are encouraged to join in.

- Greener environments – families need spaces that are not just safe but also green and pleasant.
- Organised activities – structural events and facilities are necessary in urban areas because of parents' unfamiliarity and lack of confidence in the social environment.

The biggest challenges in achieving this are:

- 1 community instability;
- 2 loss of community;
- 3 schooling difficulties;
- 4 remote bureaucratic services;
- 5 crime, fear of crime and violence;
- 6 poverty;
- 7 loss of frontline services.

The external factors or drivers that may affect success are:

- 1 Political direction (towards no longer prioritising highly disadvantaged areas).
- 2 Changes in economic climate that reduce the Government resources available in total.
- 3 Environmental pressures such as higher energy and food prices.

Finally, the paper argues that the framework depends on local authorities devolving to community level, and central Government driving and incentivising this agenda.

Employment

Graeme Cooke's paper argues that two major challenges remain with regard to parental employment:

- 1 Too many children grow up in households where no one is in paid employment, despite this being an option and an aspiration for many such parents.
- 2 Too many children still experience poverty despite living in a working household.

He identifies four over-arching and inter-related aspirations that need to be realised if we are to improve employment prospects to deliver his vision for 2020:

- **A simpler, more active benefits system with personalised support and challenge for those who can work:**
 - The benefits system is complicated, has perverse incentives and is insufficiently oriented to work.

- Employment support is inflexible and too rarely well attuned to labour market reality. The next stage of reform must prioritise more personalised, holistic packages of support and challenge, where the offer to people and expectations of them are more appropriate and effective, responding to the needs of whole families and backed up by a radically simplified benefits system.
- **Better parental employment retention, through a smarter welfare system and improved job quality:**
 - A degree of fluidity is an essential element of a well-functioning labour market, but high levels of 'cycling' constrain the contribution of parental employment to reducing child poverty.
 - The 'work-first' focus has acted to crowd out appropriate work preparation activities and 'smarter' job matching – where this is likely to be more effective.
 - System-wide changes are needed: More effective and appropriate work preparation and job placement needs to be complemented by greater attention on the nature of the low wage labour market, e.g. employment rights, gender and part-time pay gaps, flexible working opportunities.
- **Fair wages and real opportunities for career progression:**
 - The extent of low pay undermines the message of work as a sure route out of poverty, and the incidence of low pay in the UK is high by international standards – even compared to countries with similar industrial and occupational profiles.
 - Analysis of future employment trends suggests that the challenge of low pay is not set to be overcome by a dramatic decline in so-called low end jobs, and some of the occupations set for the strongest job growth in the coming decade are those in personal and customer services with high incidences of low pay.
 - There are three inter-related challenges to improving the chances that work enables people to escape poverty:
 - 1 ensuring fairness and decent pay for those working in low wage jobs;
 - 2 improving both the opportunities and capabilities for people to progress at work – through both supply- and demand-side action;
 - 3 increasing the supply of decently paid jobs by shifting more firms and sectors towards competing on higher value-added products and services, through a highly skilled workforce and high performance workplaces, generating higher productivity and higher wages.
- **Genuine choice, control and equality for mothers and fathers negotiating work and care:**
 - Increasing the number of couple families with two earners and the number of hours that lone parents work would contribute significantly to reducing child poverty. This is where family-focused welfare and other supply-side action, such as improved childcare provision can make a real difference.

- But the patterns, quality and wages of such work are all absolutely central in ensuring that families are not faced with an invidious trade-off between time and money. Experiencing fulfilment and empowerment in the workplace is likely to support more confident, assertive and sensitive parenting at home.
- Resolving longstanding gender inequity in pay and leave entitlements will be essential to challenging traditional roles and expectations in the home and the workplace.

Financial and material support

Donald Hirsch makes the key point that unless other aspects of the 2020 scenario are favourable (in particular, parental employment and earnings), ending child poverty is likely to prove unaffordable.

He sets out the factors needed for an optimistic scenario for 2020. These would see:

- more parents and especially lone parents with better qualifications than today;
- a higher parental employment rate;
- a minimum income guarantee above the poverty line;
- opportunities to build on this, without necessarily having to work 16+ hours;
- improved opportunities to progress to a substantially higher income level through improved earnings;
- significant behavioural changes on both the supply and demand sides of the labour market, allowing more parents to combine good earnings with work-life balance.

He argues that the families most likely to require support in 2020 are those families with a disabled child, with disabilities themselves or with young children. Even though many people within each of these groups could be helped to obtain work, many are also likely to remain outside work. He provides international examples of the percentages of lone parents and couples in work, and the poverty rates of these groups.

He presents three key conditions required of a 2020 financial support system that will eradicate child poverty:

- 1 Adequacy – he argues that, as a baseline, a standard package of financial support would need to be sufficient to lift a non-working family above the poverty line.
- 2 Sustainability – the crucial objective would be to reduce the degree to which financial support deteriorates relative to earnings over time. He argues that benefits should be uprated at a level between earnings and prices.
- 3 Incentives – this level of uprating, he argues, would not narrow incentives to work.

Hirsch raises the possibility of a different benefit regime for different groups. He suggests that if such differentiation were to be based on assumptions about whether a prolonged period outside work may be appropriate, the key criteria for differentiation could be age of children and recent labour market history. One scenario would be for a group closer to the labour market to get a generous, but strictly time-limited, benefit, incentivising them to move back to work quickly.

He raises the issue of the balance between universal and targeted support. Overall, he argues that the more market incomes can be improved, and the total task required of income transfers reduced, the more leeway there would be for universal benefits to play a role.

On eradication, he argues that it would be against the spirit of the argument when setting benefit levels to identify a group of families whose incomes could remain below the poverty line, even if this were consistent with reducing child poverty to be amongst the best in Europe, as the Government has suggested.

Hirsch points to two underlying influences that will interact to affect the requirements of the financial support system needed to eradicate child poverty in 2020:

- 1 Demographic – there's a trend for a growing proportion of lone parents to be relatively older with higher skills levels, which whilst likely to be a positive trend, will require policy consideration. The greatest child population growth will be among ethnic groups with relatively high risk profiles. However, it is uncertain the degree to which new generations of families in these ethnic groups will continue to display characteristics that account for much of the increased risk.
- 2 Behavioural trends – the extent to which people in low-income groups acquire skills, take up full- or part-time jobs, and in particular have two jobs in a couple, will be crucial. Hirsch argues that a 2020 scenario, where these norms change, is more plausible in the context of much better opportunities and support mechanisms such as childcare than a change in the terms of the contract between parent and State to one of greater conditionalities.

2 Main findings and key implications from the discussions

Following each think-piece presentation, there were roundtable discussions, prompted by pre-set questions arising from the think-pieces. The main topics arising from these discussions have been drawn out in themes below. Each section is followed by a 'next steps' box which draws out the key issues and salient questions for further thought identified by delegates.

Communities and consultation

- Consultation was a strong theme for all delegates. In general they felt that:
 - there is a need to consult more with deprived communities to find out both what their specific circumstances are and their own vision for a more prosperous community;
 - since protecting and improving public space is as much about how local residents behave as it is about legislative change, local residents should be more involved in planning decisions – consulted more often about how change would affect them and what they need from their local environment;
 - 'child-friendly environments' must be built in consultation with children;
 - consultation must be ongoing and meaningful. However, it can often be hard to reach the most deprived families, women, children and Black and Minority Ethnic (BME) groups and instead too often consultation is with the 'usual suspects'.
- Several discussion groups debated the tension between the need to devolve power to local communities and the need for structural, higher level co-ordinated services. They felt that:

- on the one hand a more grass roots approach allows for community empowerment and the potential for resources to reach the areas where they are really needed through the use of locally trusted ‘community champions’;
 - on the other, devolving to local communities can be costly and places a potentially unnecessary burden on the community;
 - the success of local devolution is also partly dependent on the people that the power is devolved to and a tendency for this to be the ‘usual suspects’ can undermine the purpose of reaching those who typically have no voice in the community;
 - there was some consensus among delegates that the focus should be on devolution to local authorities.
- A couple of discussions suggested that too often we look at the deficits in communities and not the assets within. Some delegates pointed out that deprived areas are not necessarily deprived of everything. These delegates felt that successful community working focuses on the social capital and ‘softer assets’ of an area as well as the physical assets.
 - There was strong consensus that working with communities to capacity-build is essential. In particular, deprived communities need greater support to know how and where to access services.
 - There was disagreement among delegates about whether mixed communities are the way forward or not. Among those who thought they were, there was considerable debate about how we move towards mixed communities that are both successful and sustainable.
 - When debating Anne Power’s think-piece, delegates generally agreed that rather than taking an approach that focused singularly on people or place, continued efforts to eradicate child poverty must take a multi-pronged approach. Delegates were particularly concerned that a solely place- or area-based approach often overlooked deprived families living in more affluent areas.

Delegates’ key thoughts for 2020

- There needs to be greater consultation with communities and with ‘hard-to-reach’ groups in particular.
- There needs to be greater consultation with children.
- There should be a focus on access to green spaces and investment in facilities and organised activities for children in local communities.
- Future initiatives should have a devolved approach with an element of central planning (to ensure equality) such as happens with Sure Start.
- Local and international case studies (Sweden in particular) could assist with learning about how to inspire collective efficacy.

Cultural and language changes

- There was wide consensus that if continued efforts to tackle child poverty are to be successful, there is a need for a shift in public attitudes and ultimately a wider cultural change. In particular, delegates felt that:
 - public stigmatisation of poverty, widely held beliefs that poverty is borne out of laziness and low levels of acceptance that child poverty is a genuine issue for the UK, are real barriers to implementing successful policy solutions;
 - as a nation we have become comparatively intolerant of children. While delegates attributed this in part to perceived higher levels of youth crime, they also felt that there is a more fundamental issue about the acceptance of children in public spaces.
- Some delegates spoke about the language used to describe Welfare entitlements. Several delegates suggested that the term 'benefits' has itself become stigmatising and instead we should move towards a narrative that looks at entitlements.
- A small number of delegates also spoke about the need to alter public perceptions of education. They felt that at the moment there is a strong public consensus that schools are places for the brightest children to shine and that there needs to be a wider understanding that includes schools as places that narrow the gap in inequality.

Delegates' key thoughts for 2020

- How can public attitudes be shifted so that there is greater recognition of the problem and less stigmatisation associated with poverty?
- How can public attitudes towards young people be shifted so that there is greater tolerance of children in public spaces?
- There is a need for a review of the language used around benefits so that it is more empowering.

Family and childcare

- There was wide consensus among delegates that home and family are crucial to tackling child poverty but there was debate about the best ways of reaching and influencing families.
- The following points were made during discussion around parenting and families and attracted at least some degree of agreement from fellow delegates:
 - parents need community support;
 - intervening in parental behaviour can be a good thing but it requires extensive resource;

- parents need greater support from employers and from the State to spend more time with children beyond the first year;
 - intervention needs to happen at an early age and intervention needs to come from a trusted and unstigmatising source;
 - improvements are needed to ensure that the support provided for families reaches those it was intended for;
 - there's only so much that the State can do. Children are affected by factors outside State control such as parental aspirations, the home learning environment and parental happiness;
 - child poverty needs to be tackled holistically, looking at the whole family;
 - there needs to be better interface between schools and families so that education is a 24-hour agenda.
- Delegates agreed that high quality childcare should remain a priority into the future. But the following questions were raised:
 - Should we give greater recognition to parents for being carers and if so, how?
 - How do we ensure better provision for children over the age of 12?
 - How do we convince local communities that there is good quality childcare available?

Delegates' key thoughts for 2020

- Continued investment in high quality childcare.
- Continued investment in promoting childcare to those that aren't using it and finding out why they are not using it.
- Greater support for parents to spend more time with children, not just in the first year of life.
- Future efforts to tackle child poverty should look at the whole family and take a wide range of cultural and socio-economic factors into account: not just financial status.
- Any future intervention in family behaviour should come from a trusted source and be offered to all families, not just those considered to be in need, in order to avoid stigmatisation.

The benefits system

- There was considerable discussion about whether the benefits system could be simplified. In general delegates felt that:
 - although simplification may be desirable, there is no evidence that simplification alone would increase take-up;

- in general, true simplification of the benefits system was unlikely to be either workable or affordable;
- there is also an ongoing tension between a system that is simple enough to navigate and one that has the ability to respond to individual needs.
- Delegates agreed that the current system is still too hard to access and understand, with low take-up from some of those most in need either because they do not understand their entitlements or are put off by the possibility of being given the wrong amount.
- Most delegates discussed the 16-hour rule and felt that it is still a hindrance in terms of allowing people to train sufficiently but also in terms of encouraging parents into mini-jobs, particularly those who have been away from the labour market for a while and so have lost confidence and/or skills, and those with health issues.
- Some delegates felt that there are no incentives in the current system for second earners to work. Some suggested that the uprating of Working Tax Credit may act as one.
- A few delegates spoke about the importance of passported benefits and how they were often missed by those moving into paid employment.
- A large number of delegates felt that Child Benefit was hugely important due to being universal.
- Housing was not specifically raised as a discussion topic at the event, but was seen as a gap by delegates. In particular, delegates felt that:
 - loss of housing benefit can often be a barrier to work;
 - there are difficulties getting people to move to London to work because of the higher cost of living;
 - housing is more than just a roof over a head and delegates debated the need to make housing more of a central issue when tackling poverty.

Delegates' key thoughts for 2020

- A continued review of the 16-hour rule.
- Greater value should be placed on mini-jobs in terms of their ability to build up confidence and employable experience.
- An emphasis on universal benefits such as Child Benefit.
- Housing to be a central issue in discussions on child poverty.

The role of schools and education

- There was much discussion about the extent to which schools should play a role beyond education. In particular delegates raised the following challenges:
 - While schools may be able to act as co-ordinators of services, we must be careful not to pin too much on them. Some of the most excluded families may have little contact with the school system. There was also concern among delegates that funds allocated to schools for additional services may be misused.
 - Schools themselves can be an excluding environment if parents are unable to afford extras such as school trips, sports equipment, etc.
- There was general agreement that we need to incentivise schools to give places to disadvantaged children.
- Some delegates expressed concern around extended school hours: education and childcare are two very different roles and we shouldn't expect schools to be able to do both. There were also concerns that after-school provision might actually distance children from the community further when what we really need is a wider acceptance of children in public life.

Delegates' key thoughts for 2020

- To look at how schools can be incentivised to take in more children from disadvantaged backgrounds.
- To look at how the extra-curricula services provided by schools can be both better managed and available to all children.
- Although education is a vital tool in tackling child poverty, there shouldn't be too much emphasis placed on schools as vehicles of change. More imaginative outreach schemes are also needed.

Employment and employers

- There was a strong sense from delegates that we need to understand very clearly what employers want and why they want it.
- Delegates agreed that employers need to be engaged more successfully but were unsure about the best routes for doing this.
- Some delegates raised the question of whether people should be pushed into work. They suggested that there is a trade-off between encouraging parents to work and encouraging them to spend more quality time with their children: poverty in the family takes many forms and we should balance a concern to increase income with the need to allow children to have time with their parents.

- There was agreement among delegates that:
 - there is a need to ‘sell’ better conditions, progression and wages, and flexibility as a business proposition to employers;
 - the public sector should lead the way in terms of flexible work, clear skills and progression plans;
 - there is a need to tackle negative assumptions about lone parents: they do work but they often find it difficult to stay in work, mainly because of the hours expected of them, which interfere with childcare, and lack of flexibility;
 - employers could play a role in breaking down gender stereotypes and encouraging men and women into roles that wouldn’t typically be associated with them;
 - employers won’t change without incentive or regulation;
 - job shares for men and women should be promoted;
 - good employers should be encouraged to engage with Jobcentre Plus;
 - small businesses would need to be subsidised by Government if they were to offer better terms;
 - self-employment is an area in need of more exploration, there is a current lack of support in the area.

Delegates’ key thoughts for 2020

- There needs to be long-term engagement with employers to work towards a more flexible model that is appealing to employers and employees.
- This engagement might require incentivisation, regulation or both.
- The public sector could lead the way in providing greater flexibility and a living wage.
- There should be greater focus on moving men and women into roles that they wouldn’t typically be associated with.

Universal or targeted services?

- While some delegates felt that universal services were a waste of money, there was some agreement that an ideal model would provide services for everyone while allowing for differentiated support. This would allow for reduced stigmatisation while ensuring that those who really need services were receiving them.
- Delegates also agreed on the following areas:
 - a better narrative is needed if the public is to support public service provision focused on the most in need: the case should be made that everyone is entitled to – and needs – service support in some form;

- many people are so isolated by poverty that they simply cannot, or do not know how to, access services when they need them, so we need to bring the services to them;
- high quality advice should be a basic provision, made available to everyone;
- individually tailored support should also be available to everyone. There is currently an aspiration for personalised support but that simply is not happening on the ground: policy is going in the right direction but implementation is difficult.

Delegates' key thoughts for 2020

- A focus on high quality advice and outreach so that everyone is accessing the services they need.
- Services should be advertised and targeted at everyone to increase public support for, and reduce stigmatisation around, services. However, the system needs to be able to respond to those most in need better than it is currently doing.

Challenges

- Delegates perceived large challenges in three key areas:
 - 1 The role of Government: Although delegates themselves largely supported greater State intervention, there was concern that publicly the Government is already seen as more involved in private lives than ever before. If tackling child poverty requires the Government to be involved in even more areas beyond the financial, what are the implications for 'nanny-statism' – or at least perceptions of this?
 - 2 The role of communities: it was clear from discussions that delegates felt members of the public and communities themselves must be more active if child poverty in its fullest sense, is to be reduced or eradicated. But how best to provoke community action remains a key challenge. In particular, there is a need to encourage cross-generational interaction and inspire greater tolerance of children.
 - 3 The role of employers: there was a strong sense that employers could provide both the solution to child poverty and the biggest barrier to ending it. How can we bring employers into the debate about ending child poverty – given that this must involve some element of improving adult employment, progression and pay – without limiting their autonomy or undermining business?

Annexes

The think-pieces

Annex A

Think-piece on escaping disadvantage

by Paul Gregg

Three major areas of debate

- 1 How far should the State seek to influence parenting behaviours?
- 2 How far can the State go to bend extra funding to schools that serve deprived children? How should this funding be transmitted to schools and how far should budgets be individualised to support specific children in a personalised education setting?
- 3 How do we align school incentives (targets) and school access procedures to give deprived children the best chance of fulfilling their potential.

Main policy areas

- 1 **Family support** – A system of Whole Family Support services led by a case work (lead professional) to deliver personalised family support to the most needy 15 per cent of families. There are two levels of intensity: continuous support for the most deprived 0.2 per cent of families and periodic interaction with the less needy. This style of intervention will be available through to age 16, although the programme of support will evolve.
- 2 **Pre-3 childcare** – Free half-day places in high quality childcare from the age of two for children of deprived families. Other families will have access but will be required to make a subsidised payment. Between age one and two, families to receive a payment which that they can choose how to use.

- 3 **Diet** – Campaigns to raise incidence of breast feeding and good nutrition, intervention in food labelling and content regulations to reduce sugar and fat and ingredients associated with AD/HD symptoms.
- 4 **School access** – Geographical criteria for school access to be less restricted so that there are zones of equal access status which cover a number of schools. Schools face restrictions/banding on school mix and receive extra payments for taking deprived/SEN children.
- 5 **Funding** – Direct payments to schools for taking deprived/SEN children. This is to fund services to support progress among children falling behind their potential (Reading Recovery, etc.). Teachers should be rewarded through extra pay for teaching in more challenging environments of schools with more deprived and SEN children.
- 6 **Peer Influences** – Payments to schools also need to reflect the peer mix influences as concentrations of SEN children with behavioural and learning difficulties and probably higher levels of deprivation impact on other children.
- 7 **Raising school leaving age to 18.**
- 8 **Improving Level 1 and 2 vocational qualifications** – Increasing general educational content in Level 1 and 2 vocational qualifications to improve the validity of equal worth and raise returns in Labour Market. Quality control on vocational awarding bodies tightened.
- 9 **University access** – Expansion of places in universities should include extra places at top universities to match the rising potential of top students. Thus reducing pressure to find narrower selection criteria on ability. Universities too receive extra payments for teaching more deprived children.
- 10 **Adult learning** – Move to a model of outreach and targeting of populations with greatest potential social returns to adult learning (low achievement, on welfare, offenders, etc.) and away from block-funding of further education colleges. Widen the aims to include job retention and advancement, not just skills to cover broader advancement aims, linked with welfare-to-work programmes.

Introduction

By mid-childhood (age seven) substantial social gradients have emerged in cognitive, behavioural, personal belief systems (e.g. self-esteem and locus of control, the belief that your own actions are important in shaping future events rather than just luck) and health outcomes (see Table 1). As a working rule of thumb, these gradients are largest for cognitive development, intermediate for behaviour and belief systems and weakest for health outcomes. These outcome gradients are not as strong in early childhood but emerge strongly by the time children enter school and continue to widen through the school years, more in the secondary period than the primary (See Figure 2 and Feinstein, 2003, Barreau *et al.*, forthcoming,

2008). Poor families tend to also have a number of other characteristics which can promote low attainment before even entering school, the most important are larger families, less parental education and poorer psychological functioning of mothers (depression, weak locus of control). Lone parenthood is not strongly associated with poor attainment, given income levels, etc. in recent cohort databases (Barreau *et al.*, forthcoming and Waldfogel and Washbrook, 2008). Lone mothers try to partially compensate for fathers' absence in terms of parent-child interaction, but non-natural fathers are less involved and mothers undertake less interactions with children when a non-natural father is in the household (see Lawson 2008 and Figure 4).

Whilst low income has a causal effect on children's development, reductions in income equality can never plausibly be large enough to offer more than a supporting role in equalising social gradients in development of children. The key rather lies in addressing the development of gradients through the home and school environments faced by children. This piece will discuss a structure of a policy platform that can be formed by 2020 to flatten, as far as possible, the social gradients in child development. It is based on a mixture of evidence of what drives the original problem and what we know about what works, although there is a lot more that can be learnt by pilot initiatives in the latter, and even the former, area. The projected programme will be structured by age of the child (0-3, 3-10, 11-16 and 16+) and by the home and the formal education system.

Early years (0-3)

The family and parenting are key at this age and supporting parenting is a difficult area to get right. The main domains of parenting appear to be warmth and positive interactions between parents and children and the home learning environment. However, other areas such as diet are important for some domains of child development. The home learning environment, reflects both teaching engagements (reading, introducing concepts such as shapes, colour, etc.) and the presence of books, toys, etc in the home. Parents with more children, who are depressed and have a weak sense that their actions make a large difference to their child (a more external locus of control) struggle to undertake these functions more.

Family support

Policy structure in 2020: By 2020 there could be a home visiting system run out of Children's Centres to assess family support needs of the family across all likely children's services (health, child development, family functioning, etc) which can recommend one of two levels of intervention regime to support parenting in deprived families.

The highest support level would be a high intensity **whole family support** programme (akin to the Family Nurse Programme or Family Intervention Project) which would attempt to deal with all the families needs not just with respect to

that child's development needs. This would cover children's services but would also cover areas as diverse as financial entitlements through to relationship support. The case worker (or lead professional) could lead a team of professionals across areas of service delivery and/or help negotiate service delivery for the family rather than the family interacting with large numbers of service providers with little or no co-ordination. The case worker attempts to identify the key needs of the family and to set up an action plan to address those needs. This model of intense intervention will be for the most severely troubled families, perhaps covering 0.1 to 0.2 per cent of the age group. Here, there will be issues of parental commitment to following the action plan and maybe a case for sanctioning but this should not be used as a parent or child punishment regime.

The less intensive regime would in my view, offer a **burst of FIP** (or super-nanny) style support which may be more appropriate than an extended relationship with a case worker with lower intensity than under FIP. So there is a brief assessment period where a study is made of support needs and advice which is then reviewed at periodic intervals. Here sanctioning is not the issue but reach could be, these services are more likely to be requested by more affluent families, hence co-payment would be sensible, to be at below cost for higher income families but not free. Free services would be offered to around ten to 15 per cent of the most needy families, not necessarily the most poor.

In addition there is a universal parenting support system which builds on Sure Start. Sure Start and Head Start in the US, which provide evidence that large-scale interventions can make a difference to these gradients (Washbrook and Waldfogel 2008, Sure Start National Evaluation Report 027, DCSF). This regime universally offers parents information on parenting and maternal and child health issues, engagement with other parents (possibly some mentoring), access to specialist services (speech therapists, etc) and access to some child learning in childcare settings (see next section). However, one failure of Sure Start, to date, is the promotion of extra outreach and extra engagement with more needy families, the most severe minority are discussed above but a less intensive regime needs to be developed whereby extra support resources can be channelled to families.

Diet and breastfeeding

Whilst parenting behaviours around reading to children, etc are reasonably obvious influences on development, breastfeeding (up to three months) and early diet are strong influences on future fat mass (obesity) but also minor influences on cognitive and behavioural social gradients. Breastfeeding and diet can be thought of as educational issues which will form a substantial part of the public health type information presented to parents through contact with health services, Sure Start, etc. However, there is a question over whether further legislative moves need to be made to reduce salt and sugar in many processed foods and other additives linked to behavioural issues (a number of colour additives were recently banned). An improving understanding of AD/HD and related disorders and possibility of diet restrictions and other approaches to treatment offer some hope on this front.

Childcare

Policy structure in 2020: Maternity leave policy by 2020 will offer parents (flexible between father and mother beyond six months) a year's paid maternity leave with a right to return to the same employer in the same status position part-time if requested. Government-supported half-time childcare places will be available from age two and will be high quality placements. However, these will only be free for more deprived families with more affluent families being asked to make a co-payment. Between age one and two, the Government makes an unconditional weekly grant to parents to be used either to support the family while one parent doesn't work (or both work part-time) or to help meet childcare costs.

Rationale: Accessing childcare services in nurseries, play groups and other more formal settings is not a major driver of the early socio-economic deficits. Furthermore, for more affluent children high intensity use of lower to moderate quality childcare offers little or no cognitive gains and is associated with some increase in adverse behaviour (see Belsky 1988 and others). However, the EPPE study has shown some cognitive gains and less behavioural problems in high quality care at ages two to three (EPPE 3-11, 2007a). In other words, well educated mothers are every bit as good for child development as professional care. Of more interest is that children from deprived backgrounds can benefit more substantially for high quality care at age two (EPPE 3-11, 2007b). Hence, the Government should support parents to stay at home, if they so want, through maternity leave for at least the first year of the child's life. At age two there is some value in offering high quality pre-school-type care to children of poorer families. However, there is little benefit for more affluent children. So the logic says to extend the free half-day place available now at ages three and four to those aged two for deprived families but to offer places which are subsidised but with a co-payment to more affluent families.

Ages 3-10

Parenting support

The high and low intensity Whole Family Support regimes described continue to follow through to this age group. Although families may enter or leave these systems according to assessed need and patterns of child progress. The problems being addressed will also evolve as children age, to cover bullying and anti-social and early criminal behaviour. Criminal justice systems may require parent and child engagement in joining FIP programmes but this should be rare in this age group, as problems should be being addressed from younger ages.

Pre- and primary school

Key issues to be solved by 2020 are access to the best quality education among poorer families, programmes to maintain learning advancement among struggling pupils and recognising the influences of peer groups. School access rules have been subject to widespread scrutiny lately, as who gets into the best schools is far

from random, often reflecting geographical proximity or faith. In addition, many schools have a degree of discretion over in-take which currently works against deprived and needy children.

Pre- and primary school quality

Access to quality pre-school care means free half-day places in high quality settings are available to all three and four year olds with flexible wraparound care. Participation in a free half-day place or to register for a home learning programme will be compulsory by 2020 – extending school age by lowering the minimum compulsory age. Though this does not mean the introduction of attainment targets and testing for these age groups.

For pre- and primary schools, access is an issue, although less so than at age 11. There is not one single magic bullet solution to this issue. The system needs to weaken geographical proximity rules to create areas of equal parental choice across several schools, to fund teaching of disadvantaged and SEN children more heavily (so as to improve the value of these children to schools and hence, parents of other pupils) and curtail school selection of pupils, through funding and/or banding systems.

Rationale: A number of children are not using pre-school care, mainly from poorer and ethnic minority families. If parents are providing home-based learning then this is fair enough, subject to some guidance from Children's Centres. But an absence of structured home learning for pre-school children needs to be avoided. Further efforts need to be made by Children's Centres and Sure Start Services to raise attendance. If this fails to raise participation in an effective education setting, the free half-day place should be made compulsory.

School funding and teacher retention

In 2020, per pupil funding and funding reflecting school mix involves direct payments (not via LEAs) to schools serving poor children. These payments are per pupil for poor and SEN children and per school reflecting school mix, concentration of poor/SEN children and perhaps diversity of ethnicity. If poor and SEN children come with extra funding, schools and other parents will, at the margin, be more willing to have these children attending their school.

There is a clear debate to be had about how much flexibility these payments give in scope and coverage. The flexibility of scope covers the extent to which these funds can cover the cost of a personalised set of learning support services for that particular child, determined by the teachers, specialist support staff and parents. The flexibility of coverage is the extent to which budgets relate to one specific child or can be moved across children according to perceived need by the school. The risk here is that parents may hassle schools into supporting their child over others. Furthermore, extra resources should be used for retention and motivation of high quality staff, with supplements to national pay scales for teachers in schools serving the poorest communities.

Rationale: High quality pre-schools go a long way to reduce the gap in Year 5 tests between those from weak and strong home learning environments (HLEs) (for Maths, the test score gap is reduced from 38 points for weak versus strong and low quality pre-school to 22 points in a high quality setting) (EPPE 3-11, 2007b). Local education authority (LEA) funding is related to deprivation in the community it serves. However, LEAs flatten this funding across schools in their area. Furthermore, as teachers' pay is largely flat across schools, teachers will often prefer to teach in schools with better behaviour and a more pro-learning environment. This often means that teachers start in schools in deprived areas but, with more experience, move into the suburbs. William Atkinson, headteacher of Phoenix High School, asserts that attracting high quality teachers and active parental involvement are the keys to the delivery of better education to poor children. Burgess and Briggs (2006) highlight how poorer children are less likely to attend their nearest school if it is high performing school than more affluent children (and the reverse also applies). Aligning parental and school preferences is possible through funding.

Pupil needs and funding

Funding in pre-school and primary school settings comes with extra resources for those deemed as having special educational needs. However, the needs are greater than those reflected in present values for those with behavioural and moderate/severe learning difficulties. Furthermore, children starting or slipping behind necessary steps for basic literacy and numeracy need targeted personal interventions such as Reading Recovery to keep them on track.

Rationale: Funding for SEN children with behavioural problems and moderate/severe learning difficulties do not compensate their peers for the knock-on peer effects (Davies and Gregg, 2008). SEN children are concentrated in certain schools predominantly serving poor children. Reading Recovery-style programmes seem a natural way to address issues of children falling behind expected progress patterns and addressing basic skills by age 11, which are key to further progress in school.

Ages 11-16

Parenting support

The high and low intensity Whole Family Support regimes described continue to follow through to this age group. Although families may enter or leave these systems according to assessed need and patterns of child progress. The problems being addressed will also evolve as children age to cover bullying and anti-social and early criminal behaviour. Criminal justice systems may require parent and child engagement in joining FIP programmes but this should be rare in this age group, as problems should be being addressed from younger ages.

Secondary school quality and access

For secondary schools, access is a larger issue than in pre- and primary ages. As before, there is not one single magic bullet solution to this issue. The school allocation system needs to weaken geographical proximity rules to create areas of equal parental choice across several schools or over a radius around the school. So that within this distance, all applications are valued equally and geographical distance only comes into play outside these zones. Furthermore additional funding for the teaching of disadvantaged and children with special educational needs going directly to the school improves the value of these children to schools and hence parents of other pupils. In addition, attempts need to be made to curtail schools selecting their pupils, through funding (as above) and/or banding systems.

Schools – as a result of targets, school assessment by Ofsted and parental choice of school – face incentives to achieve better results for pupils, but not equally for all pupils. Specific targets, such as the proportion getting five GCSEs grades A-C, create specific target groups that can be raised across a threshold. Schools can often have perverse incentives to exclude pupils or to keep them out of assessments or exams. Hence, any such targets used need to be aligned with making sure deprived children are a primary focus for schools and not the victim of any perverse incentives.

An issue specific to this age group is the primary to secondary transition where pupils appear to have a period of adjustment that leads to little academic advance, especially in schools serving poorer pupils. The age pupils shift school regime seems to be an historical artefact rather than based on evidence and there are ways of smoothing this transition to reduce this loss of progress, such as the use of middle schools.

School funding, pupil funding and teacher retention

These areas have the same issues as for primary schools, funding direct to schools reflecting the populations they teach, the specific extra needs of pupils to maintain progress and to offset any adverse peer influences that stem from having concentrations of SEN or disadvantaged children in the school.

Age 16+

As schooling ceases to be compulsory a new element is introduced, that of who continues to participate, which qualifications adults seek and what is the value of these qualifications and how resources are targeted.

The British post-16 education system was predicated on the assumption that continued learning was for the more able, free up to the age of 18 (except for degrees which were free until recently) and that the State should be neutral towards who comes forward to seek adult education rather than targeting certain groups. All of these assumptions work against equality of opportunity and are debatable in terms of economic efficiency.

The raising of the school leaving age in 1973 saw those staying for the extra year, mainly drawn from lower achieving and poorer pupils, achieving a ten per cent wage gain over those who didn't (Dickson, 2008). Other approaches also suggest substantial returns to continued education for less able and less affluent pupils. Furthermore, the wider returns to society are also likely to be large for groups at risk of periods out of work and other social problems. Hence, there is a strong argument, on efficiency grounds, to improve the education participation of groups who are at risk of poor attainment and life chances.

Raising the school leaving age

By 2020, the school leaving age has been raised to age 18, but flexibility of courses with work experience or employment status with work-based learning and two days of classroom education (e.g. apprenticeships), so that both vocational and general education are encouraged. However, the general education content of lower level vocational courses (level 1 and level 2) has been raised to increase their educational and future earnings value.

The Educational Maintenance Allowance (EMA) remains in use, with its cash award to participating pupils from poor backgrounds helping reduce poverty, ease pressure on pupils to work long hours outside school hours and providing incentives to attend and succeed, through sanctions for non-attendance and achievement bonuses.

Rationale: Figure 5 shows how pupils from lower social class families are less likely to continue through to higher education even with the same levels of achievement in GCSEs at age 16 (around ten per cent fewer lower social class children with good GCSEs go forward into higher education). Further, evidence suggests that there were good earnings returns to continuing education from age 15 to 16 following the raising of the school leaving age in 1973. Furthermore, despite a strong labour market and EMA, the numbers of 16/17 year olds not in employment, education or training (NEETs) has remained stubbornly high.

University access

By 2020, around 50 per cent of any given cohort of young adults will pursue education through to degree level. Furthermore, many more within a cohort will achieve top A-level grades. Places in top institutions should expand sufficiently to accommodate all the bright and achieving youth getting top A-level grades, rather than finding new ways of restricting access to smaller elites. Creating new (lower quality) universities has a part to play but should not be the main source of expansion.

As with schools, universities taking more pupils from poorer backgrounds should receive extra financial support (perhaps via EMA eligibility rather than FSM). This will cover the extra tuition and support costs of more intensive teaching to enable these young adults to achieve their potential. This will also encourage universities to seek out these young adults. Student fees remain capped but at a higher level than currently, at approximately £5,000 per year.

Rationale: The widening of academic success, whether from grade inflation or not, is extending the range of pupils with sufficient qualifications to pursue continued education through to higher education. Furthermore, there remains a race between supply and demand for skills as expansion of higher education will remain essential for the productive potential of the country in the face of rapid technical change and competition from low cost countries. Each cohort needs to be gaining levels on analytical and learning capability to last over a 40-year labour market career, to facilitate life-long learning. This increase in supply needs to proportionately come from all types of institutions, so that places need to be made available in elite institutions, easing issues about selecting the highest ability students. Top universities also complain that rising achievement makes it hard to discern who are the brightest youth among the four to six per cent of a cohort who gain top A-level grades. It has been demonstrated that A-levels are a good signal of ability but that those attending private schools underachieve at degree level by the tune of 1 to 2 A-level grades in their final degree classification. So, increasing places available at top universities eases these concerns.

Elite universities want two things: very bright students and large fee incomes. Rationing places on the basis of price (fees) but offering bursaries to very bright youths is a common strategy in the US elite universities. This has mixed effects: Firstly, those most likely to benefit from attending elite universities will pay the fee subject to the pricing out of those less able to pay. Secondly, some bright young people from any background get to attend. This has some attractive features but ultimately is far from egalitarian. So rationing attendance at elite universities by price is an unattractive solution.

Outreach and targeting adult learning

By 2020, Government funds for adult learning are driven by demand for provision by workers and firms with an active outreach system, to promote participation among key interest groups, those with lower qualifications, on, or having just left, welfare benefits, (ex-)offenders and other similar groups. Services and support for adults will not be narrowly on certificates but also cover job retention and advancement among these target populations. Hence, a more holistic approach is taken to integrating skills into broader advancement goals. Hence, we move from a Work First model of welfare-to-work programmes to a Work and Advancement model where the programme transcends the in- and out-of-work divide.

Each adult has a Government allowance for free or subsidised continuing education, perhaps based on a swipe card or account basis which could be linked to wider targeted incentives to save (Lifetime Savings Accounts or pension draw down ideas). Funding to providers is greater where members are from targeted populations. Hence, providers have incentives to secure participation from such groups. So providers will engage in outreach, perhaps via intermediaries and intermediaries can provide careers advice services for skill upgrading, employment retention and advancement.

Rationale: Government funding for adult learning has mainly involved block-grant funding for further education colleges via the Learning and Skills Councils. There is little recognition of the State's interest in the social returns from education varying across groups or that willingness to seek adult learning is universal, especially among those who did not enjoy school.

Appendix
 Figures and table

Figure 1 Income gradients in outcomes in middle childhood

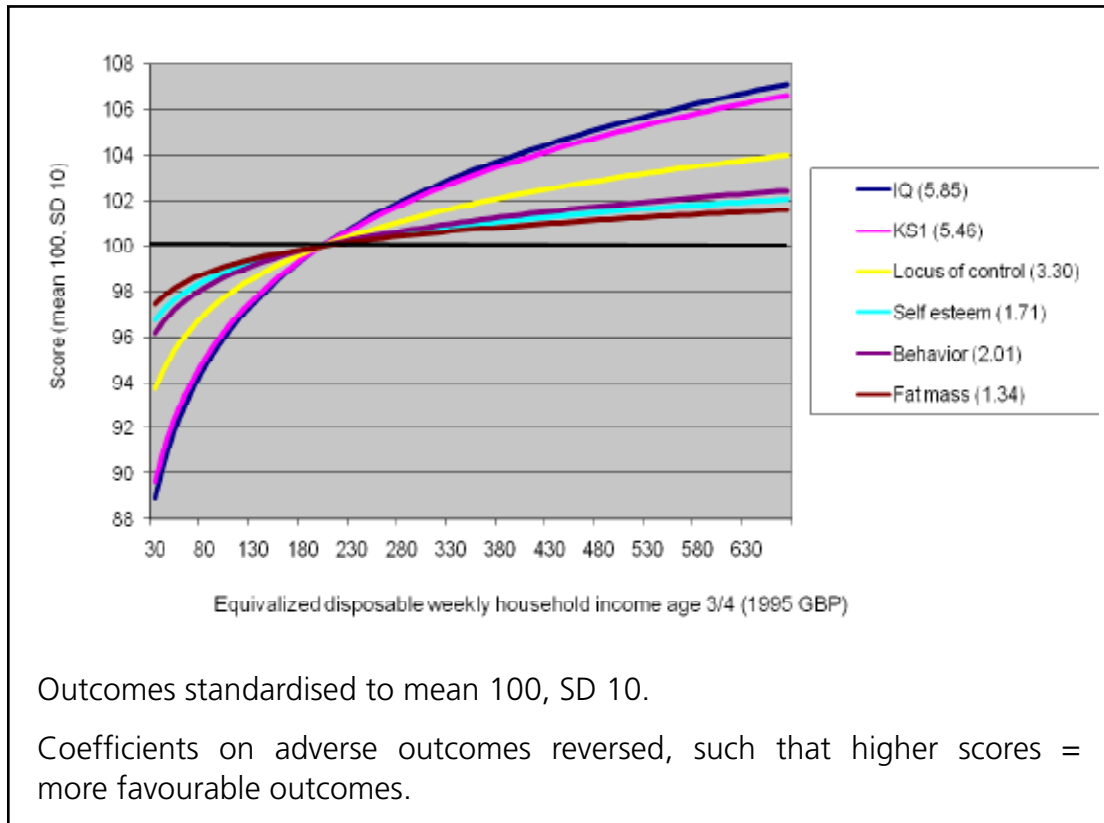


Figure 2 Relative cognitive shifts, 22 months to 10 years

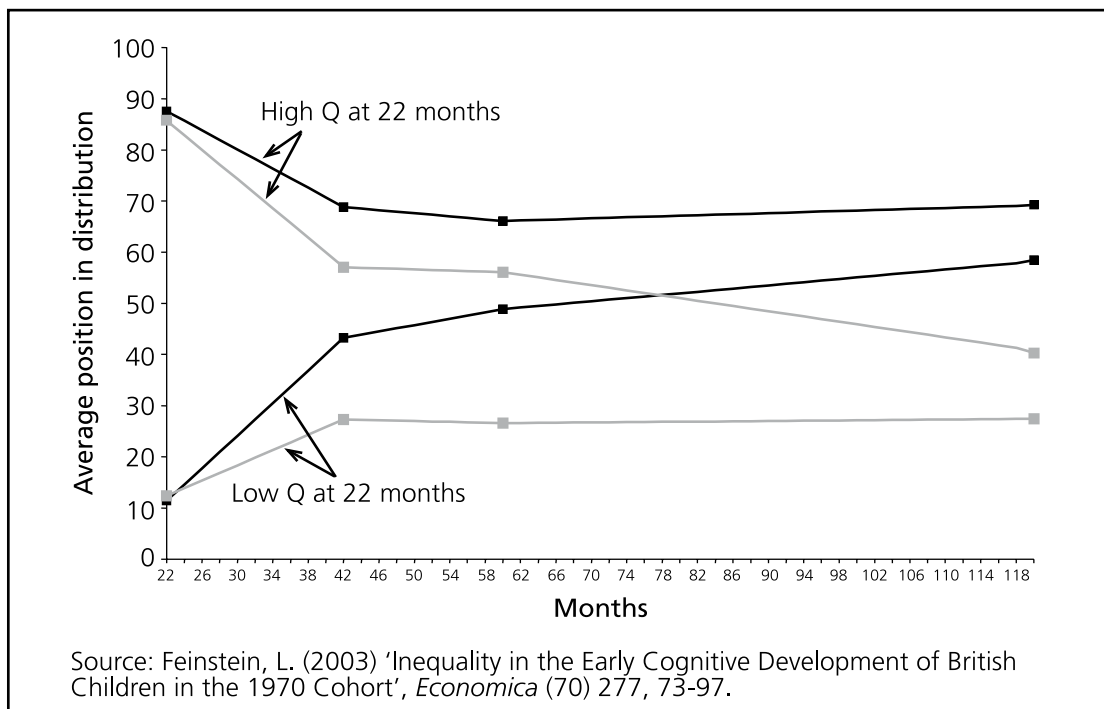


Figure 3 Mother interactions with study child by number of siblings

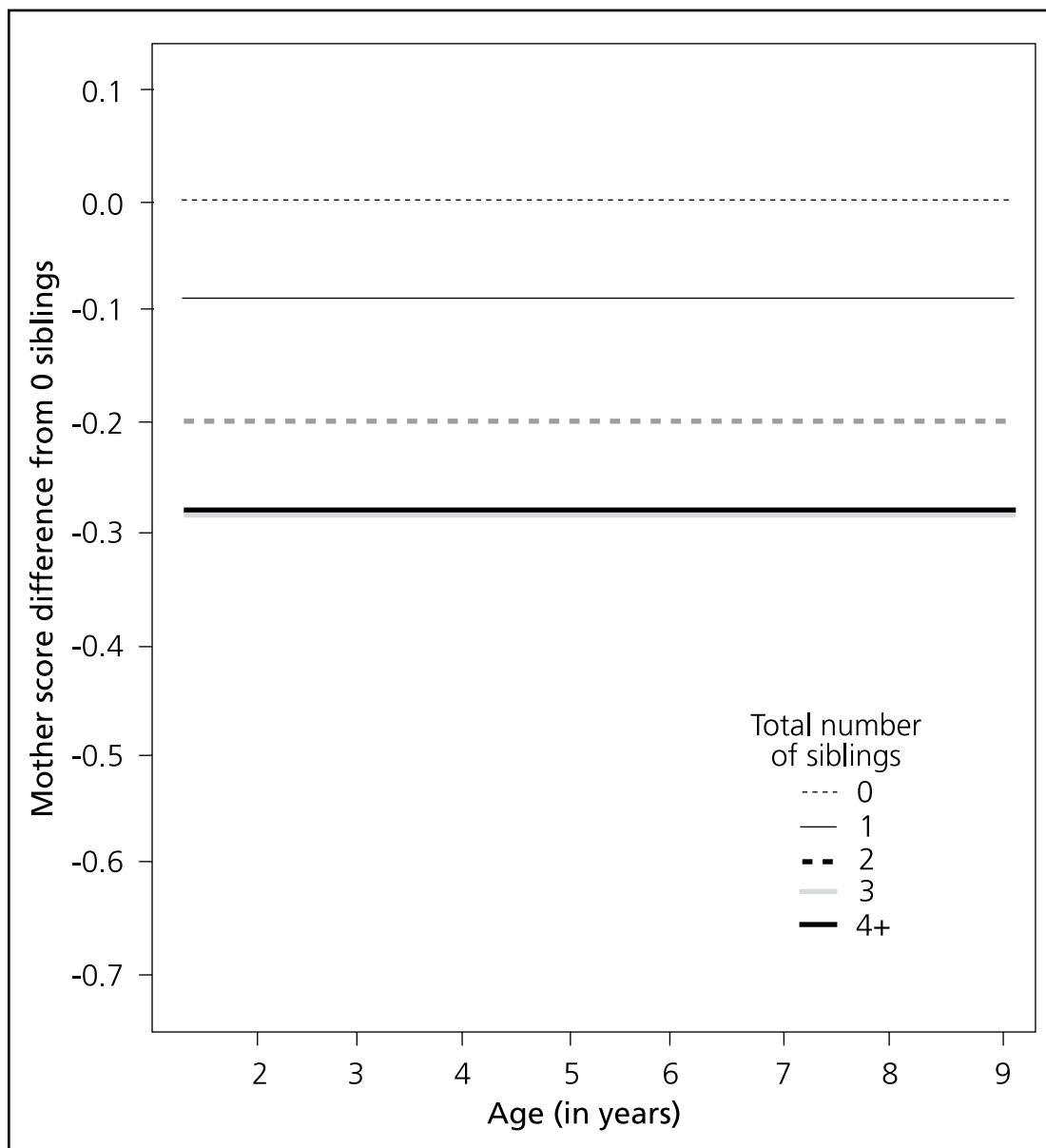


Figure 4 Father and mother interactions with study child by presence of natural father in household

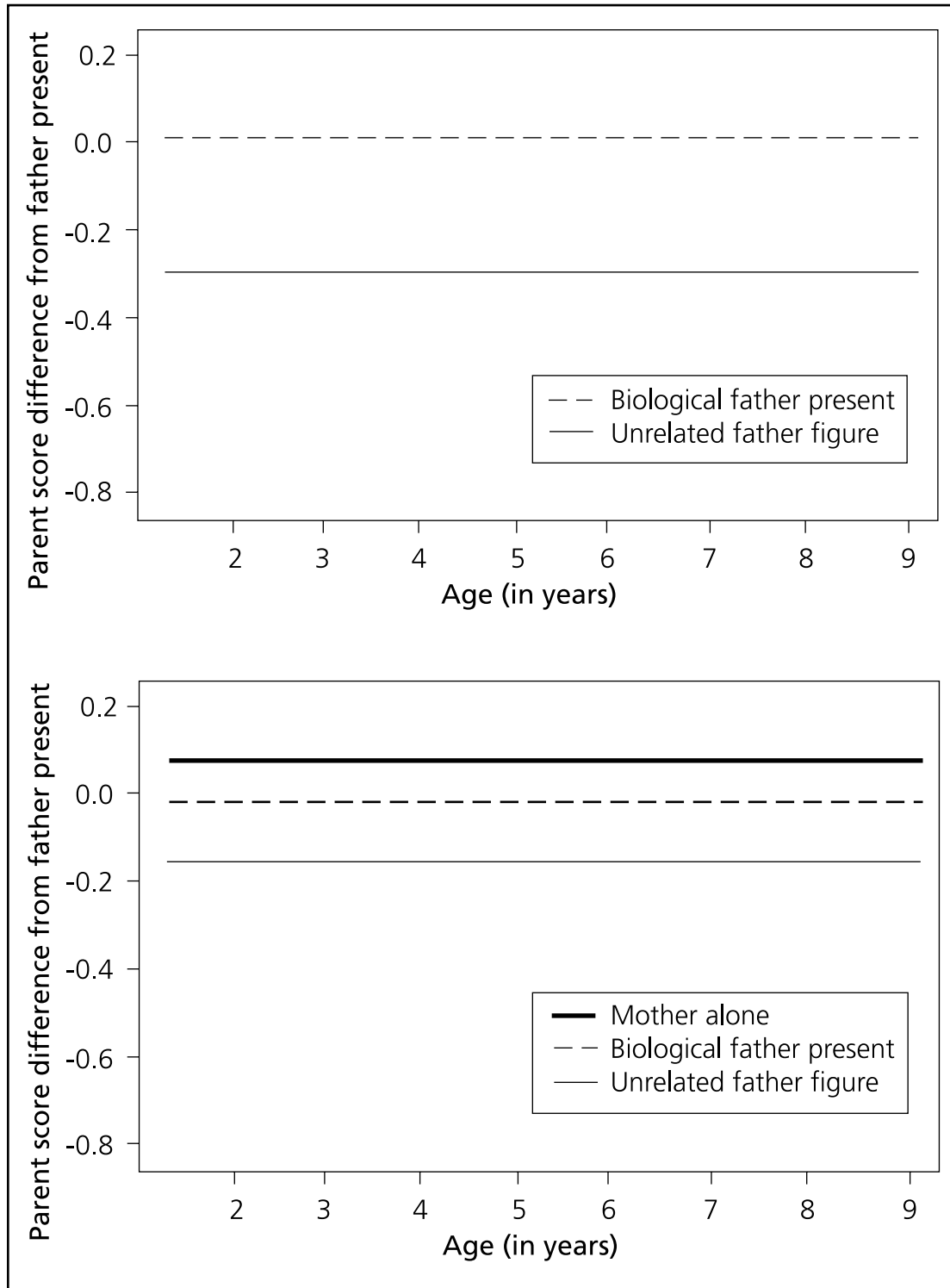


Figure 5 Higher education participation by educational achievement and social class

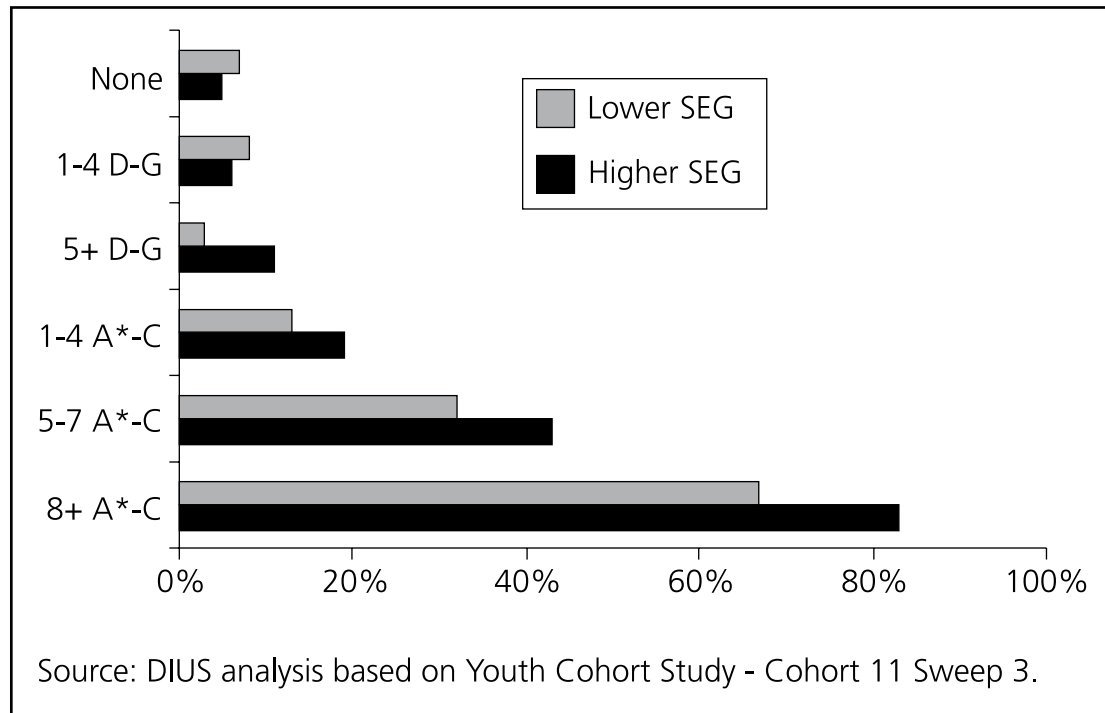


Table 1 Income, proximal factors and child outcomes

	IQ	KS1	Locus of control	Self-esteem	Behaviour	Fat mass
Maternal psychological functioning	11.2***	10.2***	14.6**	39.8***	60.9***	37.2***
Pre-school childcare	2.7	1.3	13.4***	-9.2	-14.0	14.8
Health behaviours and health at birth	6.4***	10.8***	13.0***	1.9	32.8***	43.6***
Home learning environment	9.3***	11.1***	10.1**	21.9***	10.4	-19.8**
Physical home environment	0.8	1.9	-0.2	-15.3	-15.5	-30.3**
School PE	1.4	-1.3	3.0	6.5	-11.6	3.4
Total unexplained	68.1***	66.0***	46.1***	54.4*	37.1	41.2
Total explained	31.9***	34.0***	53.9***	45.6**	62.9**	58.8**
Total	100.0	100.0	100.0	100.0	100.0	100.0
(Gradient)	5.85***	5.46***	3.30***	1.71 **	2.01***	1.34***
N	5,708	8,727	5,390	5,857	3,294	6,113

Numbers are percentage of total income gradient. Stars relate to test of significance of underlying coefficient.

Source: Gregg, Propper and Washbrook, 2008.

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Annex B

Think-piece on ensuring communities are safe, sustainable places where families can thrive

by Anne Power

1 What does child poverty look like?

It is one thing to stare at the statistics and trends in child poverty. It is another thing to talk to families on low incomes in disadvantaged areas about bringing up children surrounded by many local difficulties. Our work with 200 families from 1998-2008 in four low income urban areas, (two in east London and two in the North), has given us many insights into the struggles and hopes of 50 representative families in each area for their children's future. This short think-piece draws heavily on that work. Two of our family stories reveal many neighbourhood and social aspects of child poverty.

Phoebe, living in a Northern inner city area, is a lone mother with two boys. She came from a low income background in the South, left school at 16, decided that university wasn't for her and went off to work on building sites and then in organic gardens in Ireland and the North. She ended up with two boys on her own, living in a council flat. She loved the area she lived in because it was friendly, multiracial, accepting and interesting. But she recognised the harshness of the environment and she struggled on a very low income. She saw herself through university to complete a degree in environmental studies during our seven visits.

Continued

Unhappily for Phoebe, her block of flats was put into a demolition programme. This deeply affected her as it undermined her confidence in the area and it made her feel how wasteful the council was to knock down what to her was a cheap and viable home, having experienced very bad private landlords, homelessness and hostels. The council gave Phoebe no choice but to move with little regard to the children's school or to her trying to finish her degree. Phoebe told us, *'I went mad when they told me'*.

She was bitterly frustrated by the Government's emphasis on lone parents going back to work and kept saying *'Don't they realise what it's like? How do they think we can manage the childcare? How do they think we'll be able to pay all the costs? None of them has ever been in this situation so they can't imagine what it's like.'* And yet Phoebe dreamed of doing useful things, of giving her boys a secure future and, above all, of making sure they got jobs in the future. She was very worried about the environmental prospects for her children but was grateful at least they all lived in a peaceful country. She worked incredibly hard in the community, helping set up a children's play centre and after-school club at which her children were prime attendees. She also had an allotment and organised tree planting with children on scraps of land on Sundays. She was part of a community exchange scheme where people did favours for each other on the basis of their skills as a way of saving money and getting vital jobs done.

One of the starkest reminders of Phoebe's poor environment was when she described how her boys were too frightened to play outside. Not only was there lots of glass and other debris, there were no parks, no supervision, and no maintained play areas. Phoebe tried to pay for them to go to the after-school football club as often as possible but at £1 a session for each of them she couldn't always afford it.

She once described the NSPCC dropping a fundraising leaflet through her door. By then there were only two residents left in the block and her windows had been smashed, so they were covered with tough polystyrene. Her son Joe found the leaflet and asked his mum whether they could give money for needy children. Phoebe had to explain to him *'We're the ones they're trying to help.'* Then she added *'We've holes in our shoes, no TV and we have to move when the council tells us.'*

Phoebe's son, Joe, struggles with his schooling. When Phoebe can sit down with him and go through the homework line by line, she says he makes progress but she can't do this every evening and often the school doesn't send home the vital worksheets. She feels the schools really try, given the problems that they have but language teaching for children who can't speak English has to take priority over her son's needs. She doesn't reject this but she wishes there was more help for her son.

Continued

When finally they move to a much better estate, Phoebe feels she has lost her community. She feels depressed, but also, totally alienated from her new surroundings. She's not sure she'll fit in or that people will accept her. Her life has been dislocated for the umpteenth time and she worries about time slipping by for her sons. Her favourite two things are time with her kids which she feels she rarely finds, and the outdoors, particularly planting things on abandoned land, because *'the world is made up of little things'*.

Note: paraphrased from City Survivors.

Zoe, in inner east London, suffers different kinds of problems. She is also on her own, with a little boy, living in a block of flats in a very dense area of the city. She is part of a tenant co-op and this helps with the management of her block of flats. Sadly, there is very little space for her boy to play in, and play is vital to children's growth, so she often lets him out with the other boys (at the age of five). Zoe caught him one day playing along the railway line. She was so terrified that now she can't let him out, and he causes trouble on the balcony outside her door, playing with 'rough' friends. The small play space that they had opposite was taken over by the council and sold on the grounds that it wasn't used. All the parents fought against this, arguing that it wasn't used only because it wasn't supervised so it wasn't safe for the children. Zoe thought the old people objected to children's play areas in the blocks of flats around or even to children playing out, leaving children and mother's completely trapped. She wanted a curfew of 8 o'clock when children would have to be in, so that they could play more freely in the afternoons and early evenings.

Zoe is a lone parent and feels she can't work because she might lose her Housing Benefit and the little bit of income security she gets from Income Support if she did. So she brings children home after school in order to get enough money to pay for her son's trainers. But she is active in her tenant co-operative and joins the committee when asked. She is pleased they get things done but blames neighbours for not controlling their children enough.

She's part of a parenting group which she finds incredibly helpful but she worries desperately about her weak control over her son and the fact that the school isn't good. She thought of pretending she lived with her mum to get him into a better school but in the end decided to 'play safe' and opted for the most local school *'cos his friends go there'*. She's seen the teachers treating her son a bit roughly but in her heart she says she *'can't really blame them'* because she thinks the children themselves are so rough and if she had 30 like her son, she might do the same. Zoe likes the area and feels very strongly that it could be made much better if only people in charge would listen to the tenants, if only repairs were done more quickly and if only there was more organised activity, lots of activity, everyday activity for children and mothers. She thinks this would help the children and mothers like her, more than anything else.

These two portraits give some idea of the struggles that families have in areas that are neither safe nor family-friendly. And yet, in both cases the mothers believe that the areas could be made to work. What would be an achievable vision for 2020? What are the biggest challenges? What might happen in reality?

2 What does an achievable vision for 2020 look like?

Children-friendly spaces

All urban neighbourhoods need supervised play spaces for children of different ages within a short walking distance of every door. They don't have to be big but they have to be carefully designed in order to encourage children to let off steam, play cooperatively and have fun without violence and bullying. They absolutely need to be supervised.

School-based activities

Schools could provide after-school activities such as football and other sports clubs, free or virtually free for all children (maximum 50p+10p for siblings). This would particularly help boys who desperately need to let off energy in a very physical way after sitting too long in school. It would encourage team working and it would help develop coordination skills. Most importantly it would give children time and activities that are fun, healthy and keep them out of trouble. It can have many spin-offs among parents, older boys and in schools (discipline, concentration, friendships). Obviously, activities that appeal to girls are equally vital. Schools can also organise homework clubs, parenting groups, events, breakfast clubs, etc. All parent outreach and home school links pay dividends.

Regeneration – demolition or renovation

All areas need a certain element of stability. Yet we are constantly attempting to regenerate poor areas by knocking them down and replacing them with something better. This process invariably takes between ten and 15 years. It is a very long and arduous journey. It hurts families immensely along the way and has many spill-over effects on the surrounding areas and on the areas that families are forced to move to. The current regeneration model of mixing new luxury flat buyers with the poorest social housing tenants is simply not going to work and fuels the expensive demolition of low-cost housing.

A more incremental approach to regeneration would include ongoing reinvestment, low-level improvements and on-site neighbourhood management. Government and social landlords should encourage families in work to stay or move into low-income areas alongside the poorer families who currently get priority access to the poorest housing areas.

Affordable low-energy existing homes

For families to flourish in currently low income areas, they need to know that their homes will last, that their bills will be affordable and that renting is a viable option. The Decent Homes programme has made a huge impact on estate conditions, but the gains in people's homes have by-passed the surrounding neighbourhood environments. We also urgently need serious energy reductions to ensure the long-term sustainability of low-cost homes. The Decent Homes programme should become a long-term rolling investment programme for basic ongoing upgrading and energy savings.

Safer streets

In order to keep boys like Phoebe's and Zoe's busy and safe, it is crucial to have maximum supervision of the streets, so that obvious dangers are avoided. This needs frontline workers both to prevent trouble and to encourage positive activity. It is often hard to attract young people into more formal activities, so safer streets with less traffic, lower speeds, benches, trees, wider pavements, etc. can regain their social, meeting and 'play' functions. Children, particularly boys, can be attracted by fun, cheap and new experiences, so safer streets should be linked to schools and play areas.

Neighbourhood management

There should be strongly co-ordinated neighbourhood management with a very clear focus on creating more family-friendly, more pro-child conditions and activities, offering more for young people to do. There are models for this approach, particularly in Holland, Scandinavia and Germany, based on the Home Zones idea of making streets pedestrian-, child- and community-friendly.

Inter-ethnic understanding

One very important ingredient of the vision for 2020 would be improving relations between ethnic groups. Many families talk about the problems of racial tension and mistrust between different communities. Over-rapid change undermines social relations, leads to scapegoating and often pushes white families to leave. It is possible to generate much more contact and friendlier relations if schools, after-school, community and play activities are broadened and if children are encouraged to join in. Working with parents, developing organised community events and recruiting churches into this activity can all build more positive relations. Schools and Sure Start are often key to bringing parents together and reducing tensions.

Greener environments

Families not only need safe spaces but the calming, cleansing, shading, softening and sheltering impacts of trees, grass and other plants. Many health and educational studies show this important relationship. It is relatively easy to green urban areas. In poorer areas it must be done with children and young people directly involved if greenery is to survive. The beneficial effects of greener environments are often taken for granted in more affluent suburban areas.

Organised activities

Parents in our study were emphatic that supervised and organised activities were a prerequisite for their children joining in, socialising and developing. They also made their job as parents far easier. Structural events and facilities are necessary in urban areas because of parents' unfamiliarity and lack of confidence in the social environment.

Resources

Parents say that more money would make the biggest difference to their lives. While this may be true, non-monetary resources also need to be more fairly distributed for families to flourish, particularly space, facilities, quality services, training, compensatory programmes, etc.

3 What are the biggest challenges?

There are so many challenges in making urban communities safe and sustainable places where families want to live and can thrive that it is hard to list them all. Among the most important are:

- **Community instability:** The poorest communities have a high turnover and constant exodus of the more ambitious, creating serious instability. It makes services more difficult to deliver and destroys a sense of belonging. Among our London families, at least 70 per cent wanted to move out of the area. Encouraging and supporting family networks so that parents and children know that there are people they can trust within immediate reach can be done through schools, housing, local facilities, churches, etc. Modifying the way social housing is allocated in favour of community stability is vital to creating more stable rented areas.
- **Loss of community:** 90 per cent of families say community spirit is very important but very elusive. Developing a stronger sense of community and belonging requires slowing the rate of populations change in the least favoured areas and making social services and environments more attractive so families want to stay.
- **Schooling difficulties:** Schools in disadvantaged areas need special additional help to support children with minor rather than major learning difficulties such as dyslexia and lack of concentration; but also schools need special resources to run after-school programmes at minimal cost to parents so that children like Phoebe's and Zoe's can readily participate. This would help many or most families.
- **Remote bureaucratic services:** Forcing mainstream local authority environmental management services down to the level of community in the way that schools function, would make an enormous difference to the local sense of safety, security and care within problematic areas. Having a familiar local

face that people can turn to would not only help people solve problems before they got out of hand, it would also encourage communication within the area over the things that really matter to people and bring the community together around important local issues. It would deliver neighbourhood management.

- **Crime, fear of crime and violence:** While the most extreme forms of crime are rare, they are heavily concentrated in the poorest areas and the incidence of violence is many times higher in these areas. Over a third of our families had directly experienced some kind of crime over the previous year. Many of them witnessed or experienced harsh forms of bullying, the use of knives and, in four cases, guns. Persuading people that neighbourhoods are safe and secure is crucial to making people want to stay in them and not aspire to move. Most families wanting to stay rather than leave, would be a hallmark of a safe, secure and stable neighbourhood.
- **Poverty:** On the income front, helping parents to access work seems crucial, as small amounts of not very well paid work, with the help of tax credits, transforms family income far above what benefits offer. So the development of locally-based training schemes, low cost pre-school and after-school care to help parents, good public transport linked to supportive 'hand-holding' programmes, are all necessary to help parents into work, at least doubling the family income.
- **Loss of frontline services:** Over the 1980s and 1990s many frontline jobs such as caretakers and park attendants were cut. Low-level, frontline jobs can play a big part in generating more income locally, helping parents gain experience and increasing frontline supervision and support. Teaching assistants, health care assistants, home visitors, neighbourhood wardens, park attendants, dinner ladies, play centre helpers and crèche workers are all examples of these 'stepping stone', 'para-professional' jobs that can transform people's lives and area conditions.

4 What are the trade-offs?

The big trade-off is between giving priority to highly disadvantaged areas, which are not regarded by local politicians or more affluent local residents as more deserving and investing in wider services, reducing local taxes and providing cultural amenities for the wider community.

Disadvantaged areas suffer because the people within them are both poor and disadvantaged in many ways: the services they offer are lowly valued and poorly paid; their skills are often not formalised into qualifications or recognised; and their children often cause far more problems through poor educational backgrounds, constrained development and generally restricted upbringings and opportunities. Therefore, the efforts to remove these disadvantages require sacrificing other priorities.

However, the physical and human assets within poor areas are massively undervalued and the economic potential of the areas under-developed. A trade-off would be investing more heavily in remedial education to improve the skills and economic potential of the majority of the local workforce rather than investing in more high-level support for the most able.

With the resource and space constraints that we are facing as a society, these areas will become immensely more valuable and investing heavily in them may not have negative trade-offs at all. We need to recognise that the people in them are similar to everybody else in their aspirations, values and inherent characteristics, but with more accumulated disadvantages. On this basis, we should certainly invest far more in helping to link families living in disadvantaged areas into productive activity, making these areas far more vital, economically active and useful. Families would benefit and so would society.

The positive trade-off, therefore, would be that by prioritising these areas and making their conditions more equal (sustaining the ambition to 'close the gap'), society as a whole would be more cohesive, a large and youthful workforce would become more productive, and the underutilised physical and economic capacity of large urban areas would expand. Resources currently dedicated to more affluent sections of the population (such as charitable exemption for private schools, hidden infrastructure subsidies to new private building, a regressive property tax system that favours wealth and the over-acquisition of scarce housing, etc.) could be realigned more equitably.

Fairly light incentives (e.g. lower VAT on repair), stronger environmental controls (eg. 20 mph speed limits on all residential roads, high road tax on 'gas guzzlers', protected cycle routes to help children and families move about locally, pollution-free) could literally transform local conditions. Therefore, the trade-offs can be minimised by the overall positive benefits of improving disadvantaged areas.

5 What external factors/drivers may affect success?

The success of a government strategy to make all communities safe, sustainable and family-friendly will depend on how some uncertainties play out:

- a change in the **political direction** of the country, towards no longer prioritising highly disadvantaged areas and greater equality;
- changes in the **economic climate** that reduce the Government resources available in total, therefore making it more difficult to prioritise the poorest areas;
- **environmental pressures** such as higher energy prices and higher food prices, making these areas relatively poorer than they are now, diverting a much higher proportion of poorer people's incomes than among more affluent households; and
- levels of **immigration** could shrink due to recession or rise due to disastrous developments in parts of the world.

However, these pressures may favour a pro-poor areas agenda:

- as the economic climate becomes less favourable, the vulnerability of these areas to serious problems becomes clearer and this may force a big push by Government, voluntary organisations and charities to do more to help;
- as the environmental and resource pressures become starker, it will become more obvious that poorer people in this country are worst hit and also this may revalue poorer places; and
- as these problems become more serious around the globe, so the 'refugee threat', potentially, could become a lot more serious. This would not only put far more pressure on the poorest areas but would force the Government to do more to manage the conditions created by those new pressures.

Already the rapid expansion in African populations in the East End of London has created a very difficult environment for local families, with intense competition for school places, housing and jobs. If it continues at current rates without special forms of help, it will generate so much bitterness that it will require a Government response. Competition at the bottom of society in the worst areas for a fair share of public resources can trigger extremist politics, as Barking and Burnley have shown. Recognising just how serious the problems are in the poorest areas, how big the gap is and, therefore, how much services need to do to compensate would have to be reflected in the efforts made to 'close the gap', as the Government promised in 1998.

6 Which particular groups of children face particular risks? What needs to be done to help them?

Particular groups of children at highest risk stand out in our study:

- **Lone parents** have a much harder time carrying the weight of child rearing responsibility on their own. This shows up starkly in family life, even where grandmothers are nearby, as Zoe showed, or where there is some kind of a distant father-figure as in Phoebe's case. The instability created by relationship breakdown, and the severely restricted income of being on your own with a child are the major problems, but the biggest problem may be the struggle of loneliness.
- **Ethnic minorities** do not, of themselves, face intrinsically greater difficulties and sometimes their family networks are much stronger so that they can cope better with child rearing. However, there are particular groups facing many additional pressures (e.g. anyone with illegal status or seeking asylum, anyone without language skills or work, anyone experiencing discrimination based on colour or origin). Some minority families we interviewed simply don't know how to integrate into the wider community, even though they want to. Often, they are desperate to learn English but can't find anyone to teach them. They want the chance to mix with other parents but are too shy to put themselves

forward and are not sure they are entitled to access programmes for children. Therefore, reaching out to ethnic minority families and making sure they join in wider programmes is very important. But programmes should not be designed for specific ethnic minorities, thereby excluding everyone else.

- **Families with disabilities** are also vulnerable, particularly where the children have learning difficulties. Many of our families face this problem, particularly with boys it seems. The help they get from schools is much appreciated but it is rarely long enough, consistent enough or intense enough.

There need to be much clearer dedicated resources within schools for these children, so that schools can more easily cope. The aim to integrate children with learning difficulties into normal schools, has created extraordinary pressures in some of the schools that are already unduly overburdened, particularly if they are in difficult areas. This can be unfair and counterproductive for teachers, parents, children, and particularly these families. This problem requires more support to prevent classroom and home problems. Several parents were desperate about what would happen when their children grew up.

7. Learning from Europe

One major difference between the UK and other European countries is that other countries are often much more overtly family-friendly.

- The Scandinavian countries lay a much higher stress on environmental care and on child support services, so that parents can easily work and so their children can, on an equal basis, feel secure and happy. Services in poorer areas are of strikingly high quality.
- In Germany, neighbourhood inequalities are far lower than in most other European countries, and children do not suffer as much as they do here from poor schooling or inadequate after-school activities. In both Germany and Scandinavian countries, pedestrian and cycle-friendly streets support families and children.
- In Southern European countries, it is normal for small children, young people and whole families to enjoy outdoor spaces together, so the squares and streets of poorer neighbourhoods in Spain and Italy are filled with grandparents, parents and children of all ages. These social spaces do a lot to integrate people and to keep children under much closer supervision. Families also frequent restaurants together and most places go out of their way to welcome children.

The lessons that we can learn from these experiences are:

- providing more public outdoor spaces and making streets more family-friendly encourages all ages to interact and provide informal social control over children and young people;

- supporting after-school, extended hours activities and supervised play activities helps parents, integrates children and keep them out of danger; and
- creating **traffic-tamed streets**, where children can simply mingle and play outside their front doors in safety greatly expands their horizons, their social contacts and opportunities for less aggressive ‘energy release’.

8 Who are the key players?

The key players in delivering better and more sustainable community conditions are, most importantly, the frontline, housing staff, repair staff, police, park keepers, neighbourhood wardens, local shops, schools, health workers, and also churches, children’s centres and other direct local services. However, the framework for this local focus depends heavily on local authorities devolving to community level, and central government driving and incentivising this agenda.

Frontline services

One very positive initiative in this direction that the Government has taken over the last ten years to help low-income neighbourhoods, is to bring back many frontline jobs. Neighbourhood wardens, police community officers, park keepers, play attendants, classroom assistants and health assistants are much more common now in poor areas than they were ten years ago. These jobs often go to local residents, particularly parents. There are often training schemes attached, and they can be an invaluable stepping stone to better work prospects. Most importantly, they provide a new level of supervision and care within neighbourhoods. These initiatives should be multiplied, and must be protected by some kind of special Government incentive. Right now they are at risk of getting lost in reduced spending and devolution to local authorities, accompanied by the ending of targeted area-based initiatives.

9 What scenarios could we face?

Scenario – losing ground

If we allow current programmes to run their course and end – such as the Decent Homes Programme, the New Deal for Communities (NDC) and the Neighbourhood Renewal Initiative – without replacing them, then we risk ignoring the need for a special focus on the poorest areas to even up their disadvantages. It is very likely then that these areas would quickly sink again, having managed to ‘close the gap’ somewhat on several fronts (as Sure Start and NDCs are now showing). This happened in France over the late 1990s when Chirac decided to end Area Based Initiatives on the grounds that they stigmatised poor areas. This was a major factor behind the extensive riots two and a half years ago. We should avoid this outcome.

Scenario – holding ground

If we extend current policies, for example building on the positive local value of the Decent Homes Initiative, and Sure Start, and Neighbourhood Management, then areas should continue to improve steadily, and the gap should continue to close, as has happened over the last ten years. This would make an enormous difference to families.

Scenario – local environments matter

If, in addition, we took our environmental responsibilities seriously and aimed to cut energy use in existing buildings as much as possible, we would save low-income families a lot of financial pressure. If we make local economies as sustainable as possible by reinvesting in them and developing frontline services, then people will want to stay and services will expand. By generating as much green and traffic-tamed space as we possibly can within urban areas, then we prevent the outward exodus of better-off families, thus polarising disadvantaged areas further, and transforming every urban neighbourhood into a place, where:

- local people can work;
- children can go to school and succeed;
- play areas abound;
- green spaces are expanded, maintained and supervised;
- cars don't dominate;
- public transport is readily available; and
- after-school, holiday and pre-school activities help mothers to get together, and children can play and enjoy their childhood.

All this would require a lot more action to reduce affordable housing supply pressures (through reclamation and remodelling empty buildings, using small sites, sub-dividing large property, etc); school achievement pressures (bringing up the standards of poorly performing schools, increasing the 'social and value-based mission' of schools to help disadvantaged children); crime and supervision pressures (more regular police presence, more community liaison, more immediate enforcement). Prioritising neighbourhood renewal and environmental sustainability over other less necessary activities would help fund this.

10 Three questions for Government and stakeholders

- 1 Poverty of place affects children deeply. What needs to happen now to make places better managed in order to help poorer children, given the loss of focus on targeted area-based initiatives? Will area programmes work while poverty itself remains a serious problem? i.e. should Government prioritise people, or place, or both?
- 2 How can we make Britain more child-friendly? What policies work in other countries that we can learn from and apply widely? E.g. Home Zones, after-school and holiday clubs, summer camps, family travel.
- 3 Mothers often feel isolated and vulnerable. How can we extend the support efforts to many more families (ie. beyond Sure Start, which our families think is brilliant).
- 4 Assuming no expansion of overall resources, where can the money be found at least to prevent the erosion of gains made in closing the gap, and what should take priority?

Appendix

Family views as to how to tackle local problems through city interventions

Neighbourhoods	<ul style="list-style-type: none"> – Organising neighbourhood and housing management to tackle local problems – Developing local action plans – Maintaining streets – Introducing wardens and local policing
Community	<ul style="list-style-type: none"> – Local involvement – community development – Fun events – multi-racial focus – Social spaces – play areas – Extra help for school outreach to families – Continuing support for Sure Start – Brokering local conditions with communities
Family	<ul style="list-style-type: none"> – Helping families stay near each other – Tackling housing access on a transparent basis – Offering family support through health centres – Reinstating health visitors and giving them more training – Make neighbourhoods safer and more family friendly – Supervising play areas, green spaces
Parenting	<ul style="list-style-type: none"> – Offering clearer parenting advice – Supporting parenting groups along lines of Sure Start – Giving local schools a wider remit to support parents – Making local facilities low cost for local children – Providing open space within five minutes walk of every home – Ensuring strong adult supervision, e.g. on estates, in stairwells – Providing for young people, involving parents where possible

Incomers and locals	<ul style="list-style-type: none"> – Using health visitors to make contact – Encouraging school leadership on integration – Supporting white, as well as minority, families – Prioritising shared meeting places – Giving positive signals to parents – Organising social provision that breaks down barriers is very valuable
Support	<ul style="list-style-type: none"> – Delivering services locally – Brokering needs locally – Encouraging community roles and representation – Bringing frontline staff to ground level – Reinstating and expanding the role of local caretakers, park-keepers, street wardens – Listening to local families

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Annex C

Think-piece on financial support in a 2020 scenario for ending child poverty

by **Donald Hirsch**

A 2020 vision of a Britain with little or no child poverty implies substantial improvements **both** in family earnings **and** in transfer income received by families who may otherwise be in poverty.

These factors interact. Higher employment rates and improved earnings would help make financial support more affordable. And improved opportunities to work and to earn more would help make adequate out-of-work support compatible with sufficient work incentives.

A relatively benign scenario for 2020 would see:

- more parents, and especially lone parents, with better qualifications than today;
- a higher parental employment rate;
- a minimum income guarantee above the poverty line, plus better take-up;
- opportunities to build on this without necessarily working 16+ hours;
- improved opportunities to progress to a substantially higher income level through improved earnings;
- significant behavioural changes on both the supply and the demand side of the labour market, allowing more parents to combine good earnings with work-life balance.

Government can influence some aspects of this scenario but has little control over others.

This think-piece assumes that the labour market situation improves as in the above scenario, with, on average, better qualified parents having a greater chance of working, and fewer working families having low relative earnings. Graham Cooke's essay in this series addresses the way that may happen (and in particular the extent to which it could be driven by higher wages or more working hours among parents). But we must also assume that a substantial number of parents will be outside work, for more than just a transitional period. In this context, we start by asking how benign a starting-point for financial support might be feasible, then look at what kind of systems of financial support might be most appropriate to such a 2020 scenario. The think-piece ends by considering how demography and behaviour may combine to influence whether such a scenario is feasible.

Envisaging a new starting point for financial support

Eliminating child poverty by raising benefits and tax credits, on its own, is too expensive: The Joseph Rowntree Foundation and the Institute for Fiscal Studies estimated in 2006 that it would cost in the order of £30 billion a year more in transfers in 2020, compared with present policy, to end child poverty (Hirsch, 2006).

A more feasible approach is to envisage:

- 1 A further rise, beyond present plans, in the parental employment rate, reducing the support needs of people in work.
- 2 A substantial reduction in the number of parents with such low earnings that there is a large transfer cost to Government, through tax credits, of lifting them out of poverty.

Five constraining factors: An optimistic scenario of this kind needs to consider what are the realistic limits to such trends. These will be influenced by (amongst other things) the number of:

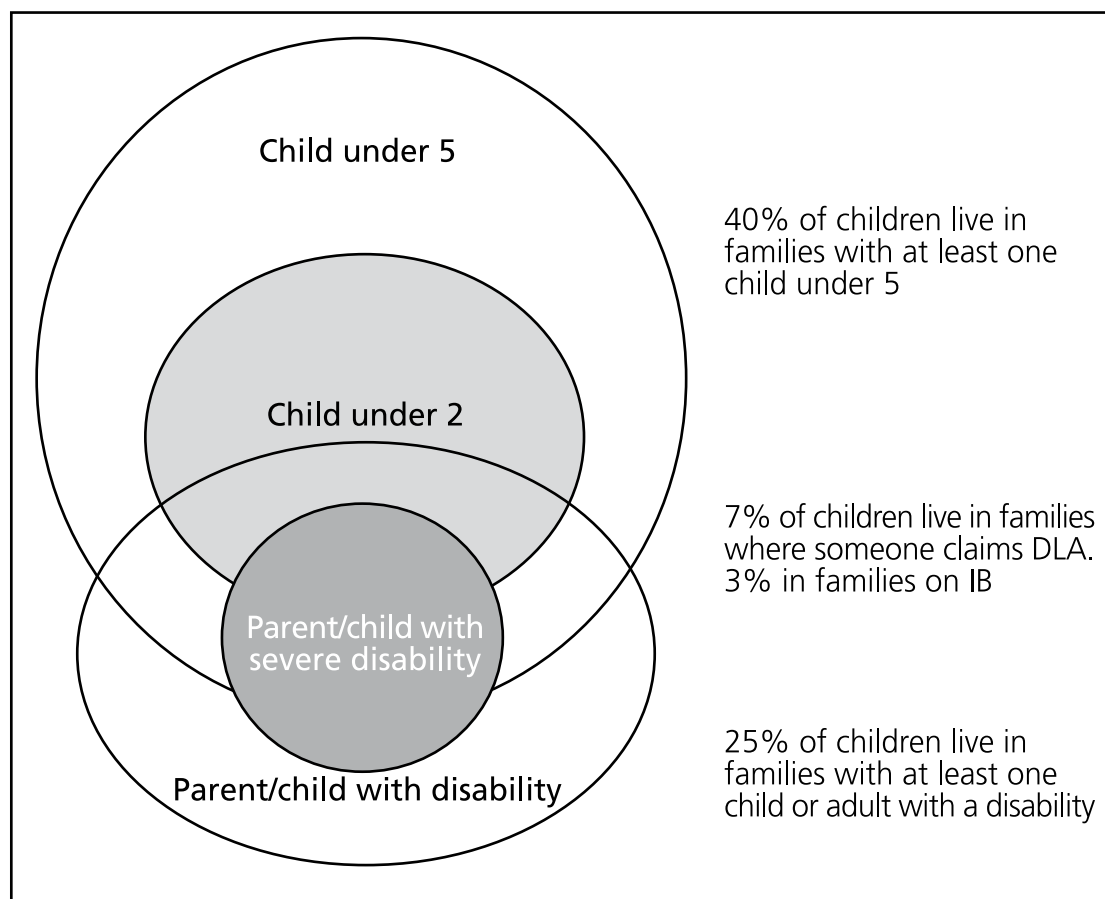
- lone parents who are not in a position to work;
- lone parents who make a legitimate decision not to work because they have very young children;
- partners of low-paid workers who cannot, or choose not to, work;
- large families without earning power sufficient to avoid heavy dependence on tax credits;
- families with very low skills or in unskilled work. (This is perhaps the most malleable of the five constraints. But by 2020 the prospects for any family in this category to escape poverty without major help from the State will be slim.)

It is impossible to produce a robust estimate of these limits. However, some clues can be found from a number of facts about the present profile of parents in the UK, and others from the present experience of other countries.

Families most likely to require support in 2020: A first step is to identify some broad conditions that make parents either unlikely, or less likely than average, to work – or if they do work, to have full-time well-paying jobs. The two most obvious dimensions are age of youngest child and disability. Consider the following:

- A quarter of all children, and 30 per cent of those in poverty, are in families with either a disabled adult or a disabled child (Households Below Average Income (HBAI))
- Seven per cent of children are in families where someone has a disability serious enough to receive Disability Living Allowance (HBAI).
- Forty-one per cent of children, and 44 per cent of children in poverty, are in families with at least one child aged under five (HBAI).
- Nearly a quarter of children in poverty are in families with at least one child aged under two (unpublished JRF source).

These figures can be illustrated by the following diagram, which is illustrative rather than precise. A more detailed look at survey evidence would be required to see the precise numbers who come into the shaded areas, which represent groups least likely to work, and into the larger circles, showing groups with a reduced likelihood of working. However, it seems likely that of the order of half of children come into the wider category and well over a quarter in the narrower category.



Note that this is relevant not just to families that are working or not working. It is also relevant for the presence of a second earner and for the total number of hours worked in a household.

These factors interact with skill levels. With a given level of disability or age of children, people with higher skill levels are more likely to work. For this and other reasons, one cannot define a fixed relationship between these characteristics and working.

Note that this analysis is not suggesting that such characteristics be used to ‘write off’ certain groups as being unable to work; rather, that we accept that even in a benign scenario, these groups will have lower employment rates than others.

Examples from abroad: Further clues about the potential to reduce the numbers depending heavily on financial support can be found in the experiences of other countries. Consider the following evidence from OECD countries in around 2000³:

	Situation in the UK	Situation in other OECD countries	Comment
Percentage of lone parents in work	52 per cent (since risen to 57 per cent)	Average 70 per cent. Among countries with a high proportion of lone parents (as the UK), most 45 to 65 per cent. Exceptions: US 84 per cent and Sweden 87 per cent	Very high lone parent employment rates are rare. In US achieved through a much more coercive welfare-to-work regime (and with 40 per cent of working lone parents below 50 per cent median income!); in Sweden through very high, expensive provision including supported employment
Number of workers in couple families with children	Ratio is 70 per cent have two workers, 25 per cent one worker, five per cent no worker	Typically, more single-worker couples – OECD average one-third, but high variation. In Germany, more one-worker than two-worker couples; in Sweden, 10 two-earner for every single-earner couple	While UK has been thinking in terms of more partners working, it already has high number by international standards. However, single-earner couples in the UK seem to be more concentrated among poor, eg in Germany relative earnings for this group are much higher. Sweden shows that very high two-earner rate possible
Poverty rates by family type (using a 50 per cent median measure)	Compared to other OECD countries, UK child poverty rates are below average for working lone parents and non-working couples but above average for non-working lone parents and single-worker couples. These latter two groups make up at least half of UK children in poverty		International benchmarks suggest the UK might particularly aim in 2020 to have: <ul style="list-style-type: none"> a more adequate lone parent benefit rates; and b a lower incidence of single-earner couple poverty, whether through better individual earnings, higher tax credits for couples or fewer single earners

³ Data from author calculations based on Peter Whiteford and Willem Adema, *What works best in reducing child poverty: A benefit or work strategy*, OECD paper.

Overall, these considerations suggest that a best-case scenario could indeed see significantly fewer workless families and significantly fewer families on very low earnings than today.

Reducing the numbers requiring high financial support: As a purely illustrative example, a rise in the lone parent employment rate to 75 per cent would cut, by roughly one-quarter, the number of children living in out-of-work families, decreasing those children's chance of poverty and releasing a significant amount of money that could potentially be used to support, more generously, those who still had non-working parents. (But note that this would not be a small core of 'dependent' families, but three-quarters as many as today.) It is harder to quantify the effects of raising earnings for low-earning households, but with two million in-work families receiving the Working Tax Credit, any rise in those families' earnings would release substantial amounts of public money through the taper, as well as directly helping to raise some families over the poverty line.

Facing up to a minimum task: The above speculations may feel like an exercise in wild optimism. In fact, they are intended to suggest ways of thinking about how much, **at least**, will still be required of a support system in 2020 in order to meet the target of eradicating child poverty. More detailed modelling along these lines might go further in helping to envisage this minimum task. But the above strands of evidence suggests that: (a) there will remain large groups with no or low earnings whose poverty risk will remain high without a more robust financial support system; but (b) a significant part of the cost of improving this system could, **if things go well**, come from reducing the number in these groups.

What kind of financial support system?

Three key conditions: To measure up to the task of 'eradicating' child poverty, the requirements of a 2020 support system are in one sense very simple, if hard to achieve. It must offer an **adequate** baseline of support, be **sustainable** in performing this task over time and at the same time preserve incentives to work and to progress. On each of these three factors the system would look substantially different from today.

On **adequacy**, as a baseline, a standard package of financial support would need to be sufficient, in principle, to lift a non-working family above the poverty line. This is easier to define when taking housing and housing benefits out of the equation (measuring income after housing costs). At present, Income Support provides significantly below 60 per cent median income (the official poverty line) on this basis, but the gap varies considerably for different family types. By 2020, on present policies, the gap will have widened, relative to a poverty line that rises with median incomes. There is, therefore, a dual need: (a) to consider how the general level of benefits could be improved relative to existing plans; and (b) to consider whether the relative level of benefits going to different kinds of family needs to be altered.

On **sustainability** of an income support system, the crucial objective would be to reduce the degree to which financial support deteriorates relative to earnings over time. Raising benefit rates to adequate levels at a single moment is of limited relevance if they are allowed to deteriorate again. However, this does not necessarily imply an earnings link for every benefit and tax credit. Joseph Rowntree Foundation's work in this area found that, because of 'fiscal drag'⁴, average net incomes tend to decline relative to average earnings (Sutherland *et al.*, 2008). If this continues, an uprating system that raises benefits somewhat more slowly than earnings but faster than prices, could be sustainable in terms of its poverty effect.

Incentives become particularly important if a higher baseline income is established. One thing to note, however, is that improvements in uprating that keep benefits in line with average incomes, before and after 2020, would not **narrow** incentives to work relative to the present system, but simply prevent them from **widening** (although they may widen for other reasons, eg if rents rise in real terms). And in some cases today, the extra amount needed to raise out-of-work incomes above the poverty line is not large. Nevertheless, it would be hard to envisage how, with today's earnings distribution, such a baseline could be consistent with incentives to work, except by raising basic in-work tax credits to a level that would almost inevitably harm incentives to progress, either by introducing steeper tapers or extending existing tapers across a much wider range of incomes. For this reason, adequate basic incomes could only be consistent with incentives if the earnings distribution for low-income parents were substantially improved.

New forms of differentiation? Today, a single system of income support underpins the baseline income given to most families out of work. *Ending Child Poverty: Everybody's Business* (HMT, 2008) suggests a more differentiated approach, stating as an aspiration:

For those experiencing short periods out of work, they must be provided with a stable income to help them back into work, while those with greater need, including those who cannot work, are given the additional practical and financial support they need, lifting them out of poverty. (p61)

This suggests the possibility of a differential benefit regime for those closer to and further from the labour market, with some parallels to the system being introduced for disabled people with the Employment and Support Allowance in October 2008. The two key questions for such differentiation would be how to distinguish who is in each group and how the structure of support might differ. On the first of these, age of children and recent labour market history may be the key criteria. On the second, the structure of support, it is hard to work out how this might differ under a system aiming to keep both groups above the poverty line. One scenario would be for a group closer to the labour market to get an

⁴ The failure to uprate income tax thresholds in line with rising earnings, and therefore, a rise in the proportion of incomes taken in tax.

adequate but strictly time-limited benefit, incentivising them to move back to work quickly. This would still raise the thorny question of whether people whose time limit has expired would receive a much lower allowance that permitted their children to be in poverty.

Parallels from elsewhere: An interesting feature of such differentiation is that it already exists, to some extent, in other OECD countries. Most have an unemployment insurance system that pays a percentage of an individual's previous earnings, usually in the range 50 to 80 per cent, for a time-limited period, rather than the UK's flat-rate unemployment benefit which usually equates to the same as a means-tested benefit (OECD, 2007). One thing to note about awards defined in terms of earnings replacement percentages is that they do not have the same 'uprating' issue as cash-defined benefits: as earnings rise over time, so automatically do these benefits. In contrast, 'social assistance' in these countries (means-tested support for those without an insurance benefit entitlement) are uprated in many different ways, and do not always keep pace with earnings (Sutherland *et al.*, 2008). So, people further from the labour market can be at greater risk of experiencing declining relative living standards than those in transition between jobs. This would be a lesson to reflect on if designing any differentiated system. In the UK debate, the precedent of reform of disability benefits has suggested that people with long-term needs for benefits should be more, rather than less, generously treated than those able to seek work.

The progressive-universal balance: To what extent could a 2020 system of income support draw on universal benefits, rather than targeting limited resources on the worst-off families? The lesson of recent years has been that too much targeting can be counterproductive because of problems of complexity and take-up in a means-tested system. Targeting things other than income, eg family size, can be helpful. But the overall theme of this paper again applies: the more that market incomes can be improved, and the total task required of income transfers reduced, the more leeway there would be for universal benefits to play a role, given finite resources.

No child systematically left behind: The above analysis has been based on creating entitlements designed to get every child out of poverty, while accepting that no system will achieve this fully in practice. In 2003, the DWP pointed out that since some people will always have '*high living standards but transitory low incomes*', there will never be a zero child poverty rate, and suggested that '*eradication*' would mean '*having a material deprivation child poverty rate that approached zero and being amongst the best in Europe on relative low incomes*' (Department for Work and Pensions, 2003, para 71). The best child poverty rates in Europe rose from five to nine per cent in 2001 to eight to ten per cent in 2005. It would be against the spirit of this argument when setting benefit levels, to identify a group of families whose incomes could remain below the poverty line, even if this were consistent with reducing child poverty to below ten per cent. This is true partly because it would make it hard for the material deprivation poverty

rate to approach zero and partly because the origin of the argument for calling a non-zero income poverty rate ‘eradication’ was a technical one, not one that accepted that resources are insufficient to cover all groups.

The importance of demography and behaviour

Two underlying influences will interact to affect the requirements of the financial support system needed to eradicate child poverty in 2020. There is not space here to go into detail, but in summary:

Demographic change points to some further polarisation between families with higher and lower risk profiles. On the one hand, the trend is for a growing proportion of lone parents to be relatively older with higher skill levels. This will be a benign influence, but policy will need to become more discerning between this group and a higher risk group rather than treating lone parenthood as a monolithic phenomenon. On the other, the greatest population growth will be among ethnic groups with relatively high risk profiles, in particular Asian families. What is uncertain is to what extent new generations of families in these ethnic groups will continue to display characteristics – especially large family size and low maternal employment rates – that account for much of this increased risk.

Behavioural trends will be crucial, in many respects. Cultural norms in terms of family work patterns will be particularly important for some at-risk ethnic groups as suggested above. But more widely, the extent to which people in low-income groups acquire skills, take up full- or part-time jobs, and in particular expect to have two jobs in a couple, will be crucial. Simple behaviourist policies that put new obligations onto families, who may resent being told how to balance parenting and earning responsibilities, risk being counterproductive. A 2020 scenario where these norms change is more plausible in the context of much better opportunities and support mechanisms such as childcare, rather than a change in the terms of the contract between parent and State to one of ever greater conditionalities.

Five other issues to put on the agenda

This short essay has focused on some central features of a scenario that could see improved parental earnings matched by more adequate State support in a combined assault on child poverty. There will be many other significant factors that there has not been space to deal with here, including:

- The extent to which a tax, benefits and tax credit system in 2020 allows people to progress from a baseline income to a more adequate standard of living. One issue is whether as a first step, a short hours job can start to lift income above the level of basic benefits, by imposing a less draconian withdrawal regime on income earned from working less than 16 hours. Another issue is how extra earnings are clawed back in tax credit reductions for people on low incomes, as well as the range of incomes over which relatively high withdrawal rates apply.

- Non-take-up of benefits and tax credits. We need seriously to consider what are the plausible limits to take-up of different kinds of benefits, given past experience, and what implications this has for the role of various types of financial support in a scenario designed to eradicate child poverty.
- The role of material support in-kind. Some forms of support like free school meals have suffered from stigma and insufficient take-up because they are linked to poverty status. Yet without targeting, the cost-effectiveness of measures in poverty reduction may be low. But new forms of in-kind support, including childcare, may effectively be targeted at deprived areas, combining cost-effectiveness with a delivery mechanism that does not involve stigma.

Conclusion

This paper has argued that it is possible to envisage a financial support system adequate to eradicate child poverty in 2020, but only in a world that looks different in some other respects to the world today. More parents will need to be in work, and in-work earnings will need to be higher than today. This scenario is possible to envisage, but many things could go wrong. Some trends like demography and certain aspects of behaviour are beyond Government control. But by supporting families to take up genuinely attractive opportunities, Government can increase the chance of success.

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Annex D

Think-piece on increasing employment and raising incomes

by **Graeme Cooke**

The 2020 vision – and the key remaining challenges

A society of full and fulfilling employment, where working people and their families do not live in poverty, represents a basic aspiration for anyone interested in shared economic prosperity and social justice. It is an aspiration for a more equal Britain: where all those who can work are able to do so, where work ensures a pathway out of poverty, and where working mothers and fathers are able to balance building their careers with bringing up their children. It is vision which requires a commitment to fairness, opportunity and responsibility across society but which would maximise our collective wealth and well-being in return. It is a vision which must be realised if Britain is to be free of child poverty by 2020.

This paper focuses on the contribution parental employment can make to ending child poverty by 2020. Issues relating to financial support, such as benefits and tax credits, are addressed in the paper by Donald Hirsch.

The last decade has seen strong progress on increasing employment and reducing poverty: three million more jobs, over a million fewer people on out-of-work benefits and an employment rate approaching 75 per cent. This has contributed to lifting 600,000 children out of poverty, reversing a two-decade rising trend. However, two major challenges remain, which the current policy framework has failed to address.

- 1 **Too many children are still growing up in a household where no one is in paid employment.** In 2006/07, two million children (15 per cent) lived in a workless household, over six in ten of which were poor. This is more than twice the risk of poverty among children with at least one working parent (HBAI 2008)³. There are 700,000 fewer children living a workless household than a decade ago, but the numbers remain high by European standards. Following a rapid growth from the late 1990s, the lone parent employment rate has stabilised at around 56 per cent, compared to around 72 per cent for mothers in couples and 91 per cent for fathers in couples (Bivand 2005). Workless poverty is predominantly, but not exclusively, concentrated among lone parent families. Thirty-two per cent of poor children live in workless lone parent families, compared to 15 per cent in workless couple families (HBAI 2008).
- 2 **Too many children still experience poverty despite at least one of their parents being in paid work.** Recent ippr research revealed that, in 2005/06, 57 per cent of all poor households with children had someone in paid employment – up ten percentage points on a decade ago. Eight in ten working poor families with children are headed by a couple, though the risk of in-work poverty is slightly higher for lone parent compared to couple families. While parental employment has been rising and child poverty falling overall, the numbers of the ‘working poor’ with children has grown (Cooke and Lawton 2008). These are families meeting their responsibilities to society, but not getting their side of a fair bargain in return. Paid employment no doubt reduces the risk of poverty, but for too many it offers a rocky and uncertain route.

Modelling of various policy options indicates that meeting the 2010 target to half child poverty can only now be done through increased income transfers (Hirsch 2006, Brewer and Browne 2007). However, relying solely on higher benefits and tax credits to end child poverty by 2020 is neither economically nor politically viable. Therefore, addressing these two challenges must now move centre stage.

What needs to be done to realise the 2020 vision?

For each family struggling to bring up their children and make ends meet, whether on benefits or low wages, the challenges they face and the support they need is likely to be highly personal and particular to their own lives. There is little doubt that policy and delivery too rarely reflect this reality. However, it is possible to identify four overarching and inter-related aspirations which need to be realised to overcome avoidable worklessness and in-work poverty:

³ All poverty rates are given on the Government’s preferred before housing costs measure.

1 A simpler, more active benefits system with personalised support and challenge for those who can work

There are some people for whom paid employment is not a realistic option: temporarily for many, permanently for some. In these instances, the welfare system must ensure a decent standard of living. However, consistent research indicates that high proportions of those currently not in paid employment want to work, either now or in the future (eg Regan and Stanley 2003). The reasons they are not working are often complex, shifting and highly personal. But skills, childcare, debt, addictions, other health conditions, caring responsibilities and personal confidence and motivations can all be important factors – as well as the availability of an appropriate job and the willingness of employers to take them on⁴.

People themselves – and those closest to them – are invariably their own biggest agents of change. However, for many, the barriers to work are difficult to overcome alone. This is where an effective State, in tandem with responsive institutions of civil society, can enlarge individuals' choices and capabilities. However, the welfare system often does not live up to this aspiration. The benefits system remains hideously complicated, riddled with perverse incentives and is insufficiently orientated towards work (Bennett and Cooke 2007). Employment support too often offers narrow and inflexible assistance and is rarely well attuned to local labour market reality, which varies significantly from place to place (Bennett and Cooke 2007). Also, estimates suggest that fewer than two per cent of parents not in employment actually participate in welfare-to-work programmes (Harker 2006) – due both to the limited capacity of programmes and their voluntary nature.

This is not at all to argue that active labour market programmes have had no impact. There is robust evidence that the New Deals and Pathways to Work have increased people's chances of finding work and are cost effective (Blundell *et al.* 2003, Stafford 2007, Adam *et al.* 2008). But following impressive early results – particularly on youth and lone parent employment – progress has slowed. This is arguably because those now out of work have more complex needs which are not well catered for by standardised work-activation programmes. Impacts on child poverty have also been limited by the absence of a 'family focus' to employment support and its limited coverage among those on disability benefits, lone parents and the partners of those on benefits and in low paid work (Harker 2006).

Building on the move to Flexible New Deal, the expansion of Pathways to Work, the creation of Employment and Support Allowance and efforts to integrate employment and skills, by 2020 the welfare system should be offering people personalised, holistic packages of support and challenge, attuned to their particular needs and aspirations, their wider family circumstances and their local labour market (Bennett and Cooke 2007, Hirst *et al.* 2006 and Policy Research Institute 2006). This will require a more flexible system, where the offer to people

⁴ While there are around 600,000 vacancies in the UK labour market this is dwarfed by the over five million people on out-of-work benefits.

and expectations of them are more appropriate and effective (underpinned by basic rules of fairness). It will also mean responding to the needs of whole families rather than individual benefit claimants, and increasing capacity so as to widen participation among those currently categorised as 'inactive'. This should all be backed up by a racially simplified benefits system, which allows people to access the support they need quickly and orientates them towards work (Sainsbury and Stanley 2007).

2 Better parental employment retention, through a smarter welfare system and improved job quality

Alongside the need to help more parents enter employment is the challenge of enabling more of them to stay there. Around two-thirds of Jobseeker's Allowance (JSA) claims each year are repeat claims and 40 per cent of those leaving JSA for work return to claiming benefits within six months (Carpenter 2006). Almost a third of those entering work through the New Deal for Lone Parents are back on benefits within a year, while a 70 per cent lone parent employment rate could be achieved simply by reducing their rate of job exits to that of non-lone parents (Harker 2006). Analysis also shows poor retention rates among those who acquire a health condition or disability while they are in work (Burchardt 2003). Of course, all other things being equal, holding down a job is a tougher task for those also trying to parent their children.

A degree of fluidity is an essential element of a well functioning labour market. But the high levels of 'cycling' between welfare and work constrain the contribution of parental employment to reducing child poverty, while constituting a significant waste of public resources. This is a problem rooted in both the structure of the welfare system and the nature of the labour market – and the response must address both. Employment support programmes have tended to focus on job entry rather than the outcome that work is sustainable and lifts families out of poverty. The focus on 'work-first' – effective for many jobseekers – has acted to crowd out appropriate work preparation activities and 'smarter' job matching where this is likely to improve long-term employment and poverty outcomes (and ultimately, save resources).

A number of these issues have been recognised by the government (Freud 2007, DWP 2007), but over the coming decade the welfare system must develop from only engaging with people up until the point of job entry. Realising the 2020 vision developing models of targeted, light-touch support and mentoring will be important to enabling more parents to remain in work (Riccio 2008). Greater recognition of the wider family context and needs, such as the patterns and pressures of work and care, could make a particular impact. A smarter, more personalised welfare system would also address the problem of those repeatedly exchanging welfare and work finding themselves repetitively receiving the same 'dosage' of support with similar results time and again – a process that is demoralising, ineffective and wasteful (Bennett and Cooke 2007).

The challenges of insecure or unsustainable employment will not be solved by the welfare system alone. More effective and appropriate work preparation and job placement needs to be complemented by greater attention on the nature of the low wage labour market into which benefit leavers go (TUC 2008). Factors such as the enforcement of employment rights; union representation; gender and part-time pay gaps; access to flexible working; opportunities for training and career development; and the overall quality of work could all be important in affecting whether or not a parent stays in work and prospers there. In particular, low wages not only constrain the likelihood that work provides a route out of poverty, but low-paid workers face three times the risk of future unemployment than those on higher pay (Cappellari and Jenkins 2003).

3 Fair wages and real opportunities for career progression

Over the last decade, the Government has followed an essentially two-pronged child poverty strategy: seeking to increase parental employment and enhancing the generosity of income transfers to poor families. Beyond in-work subsidies, such as the Working Tax Credit, there has been far less focus on what happens to parents once they move into work, with over half of all poor children now living in a working household (up from 40 per cent a decade ago). In addition to the consequences of parents 'cycling' in and out of jobs, the extent of low pay undermines the message of work as a sure route out of poverty. The relationship between low waged **individuals** and poor **households** is not straightforward. But recent ippr research found that being low paid significantly increases the chances of poverty, relative to those earning higher (non-low pay) wages (Cooke and Lawton 2008).

ippr research found that in April 2006, over a fifth of employees – some 5.3 million people – were paid less than £6.67 an hour, equivalent to a little over £12,000 for a full-time working week (Cooke and Lawton 2008)⁵. Women, young people, part-time workers and those employed in certain industries (eg hotels, restaurants and retail) and occupations (eg elementary, personal service, sales and customer services) face high risks of being low paid. The incidence of low pay in the UK (22 per cent of employees) is high by international standards. Germany (20 per cent), the Netherlands (18 per cent), France (13 per cent) and Denmark (nine per cent) all have smaller proportions of their workforce experiencing low pay – despite similar industrial and occupational structures (Lloyd *et al.* 2008).

Low pay is often a transitory state, a stepping stone to a better job and a higher wage. But too many people find themselves stuck in low wage jobs⁶, with few opportunities to progress in work and build fulfilling and productive careers

⁵ This is a low pay rate equivalent to 60 per cent of gross, full-time median earnings, excluding overtime.

⁶ Often interspersed with spells of unemployment, often termed 'low pay, no pay' cycles.

(McKnight 2000a, Dickens and McKnight 2006)⁷. The Government has begun to recognise this challenge (DIUS/DWP 2007), identifying improvements in workforce skills as the main lever for change (DIUS 2007). Holding higher skills no doubt enhances an individual's employment and wage prospects (Leitch 2005). However, it seems unlikely that supply-side skill improvements alone will make the difference (Keep *et al.* 2006, Cooke and Lawton forthcoming)⁸. For instance, the 1980s and 1990s saw unprecedented advancements in workforce qualifications at all levels (Leitch 2005), and an **increase** in the incidence of low pay (McKnight 2000b) – and modest productivity growth (Keep *et al.* 2006).

There is some evidence that the demand for qualifications has not kept pace with rising supply (particularly at intermediate levels), and that the wage return from certain qualifications are negligible (some vocational) or stagnating (some academic) (Felstead *et al.* 2007). A significant proportion of UK employers continue to operate in a low cost, low quality, low skill equilibrium – with product strategies, work organisation and job design which constrain both productivity and wage growth (Keep *et al.* 2006, Lloyd *et al.* 2008). Analysis of future employment trends suggests that the challenge of low pay is not set to be overcome by a decline in so-called 'low end' jobs. Some of the occupations set for the strongest job growth over the coming decade are those in personal and customer services with high incidences of low pay (Wilson *et al.* 2006, Cooke and Lawton forthcoming)⁹. Projections carried out for the Leitch Review actually suggest there will be only 500,000 **workers** with no qualifications by 2020, not only 500,000 **jobs** for unskilled workers, as is sometimes claimed (Leitch 2005: 64 and 81).

Changes in the nature of modern labour markets have undermined career pathways in some important ways, inhibiting opportunities for progression at work. Significant trends are the decline of manufacturing, weaker trades unions and the increased complexity and fragmentation of work organisation (partly arising from greater use of outsourcing and supply chains). The effect of these shifts has often been to reduce transparency for those seeking to navigate their way up the labour market and fewer clear and consistent ladders within firms or across sectors (Dresser and Rogers 1997 and 1999). Improving individuals' skills – both specific and increasingly generic – is vital. But there is broad consensus that

⁷ Significantly, comparative European and American evidence suggests that countries with a lower incidence of low pay have greater rates of earnings mobility (Lloyd *et al.* 2008).

⁸ There are clearly also other supply-side barriers to career progression, such as debt, caring responsibilities, health conditions and so on.

⁹ In fact, future projections suggest there will be virtually no reduction in the number of jobs in occupations which currently have well-above-the-average incidence of low pay. These are often jobs which cannot be easily replaced by technological advances and do not face intense global competitive pressures, and so are low paid for domestic reasons (Cooke and Lawton forthcoming).

raising employer demand for skills and utilisation of skills is an equal, if not greater, priority if such improvements are to deliver maximum impact for workers and firms (Leitch 2005: 101, Beaven *et al.* 2005: v and LSC 2007: 27-29). Reducing the incidence of low pay and enabling greater progression at work means policy must focus on changing the nature of jobs, as well as the characteristics of workers.

To ensure that by 2020 work enables working people and their families to avoid poverty, three key objectives would need to be achieved: First, there would need to be decent pay and improved job quality for those working in low wage jobs. Second, the opportunities and capabilities for people to advance in their careers would need to be enhanced¹⁰. Third, more firms and sectors would need to have shifted up the value chain, competing on higher value-added products and services, through a highly skilled workforce and high performance workplaces, generating higher productivity and higher wages. This would help to improve the quality of existing jobs and increase the supply of 'good jobs' relative to 'bad'. The minimum wage, enforcement of employment rights and the public sector's agency as employer and procurer can all make a difference. But a different role for Government in the modern labour market is also needed: supporting employers, workers and other agencies to resolve their collective problems (such as low wages, limited progression, low productivity and low value-added product strategies).

For 2020, this means a 'smarter' supply-side, where people's skills are driven up through learning opportunities which are flexible and match higher employer demand for skills and more effective utilisation of skills in the workplace. Clearly mapped out career pathways in firms and across industries (matched with skill and qualification requirements), coupled with much more sophisticated information for workers about occupational trends, wages, skill requirements and progression opportunities, would help make the rhetoric of advancement a reality (Duke *et al.* 2006, Dresser 2007).

Steps on the demand-side to reshape product strategies, business models, work organisation and job design can be encouraged by Government through integrating welfare, skills and economic development objectives and functions – using these levers to support workers, firms and places. The best of innovations such as Local Employment Partnerships, Cities Strategies, Sector Skills Councils, Local Employment and Skills Boards, Regional Development Agencies and the new Adult Advancement and Careers Agency, provide the foundations for such a modern 'high road' labour market strategy.

¹⁰ Policy debate tends to focus on the impact on high marginal tax rates for those on low incomes, which mean the low paid face the weakest incentives to earn more and progress (Adam *et al.* 2006). This is clearly an important factor, but so is the wider labour market context, which receives far less attention.

4 Genuine choice, control and equality for mothers and fathers negotiating work and care

The link between low pay and limited career progression on the one hand and poverty on the other is mediated by household factors. These include the size of families and the amount of work done by adults within them – both the numbers of workers and the numbers of hours. For example, the risk of poverty is over 50 per cent among couples with children where only part-time work is being done. This falls to 25 per cent where there is one full-time worker, and to just six per cent where there is one full-time and one part-time worker. Among lone parents, the risk of poverty is twice as high for lone parents working part-time (30 per cent) compared to full-time (15 per cent) (Cooke and Lawton 2008). This underlines the importance of the welfare and skills system (and employers themselves) focusing on people as mothers and fathers and families as a whole.

The employment challenges previously discussed can affect all workers, but are often particularly intense for those trying to combine earning a living with parenting their children (and increasingly also caring for older relatives). Where families have to work very long hours to avoid poverty, this risks deleterious effects on the quality of family life. For instance, money pressures and losing a job are significant causes of relationship stress and breakdown (Reynolds *et al.* 2001, Ghate and Hazel 2002). The debate over whether it is emotional/aspirational poverty or material/financial poverty that really matters is a complete red herring. Both are deeply damaging to children's lives and prospects, and each is likely reinforce the other.

Increasing the number of couple families with two earners and the number of hours that lone parents work would contribute significantly to reducing child poverty. This is where family-focused welfare and other supply-side action, such as improved childcare provision, can make a real difference between now and 2020. But the patterns, quality and wages of such work are all absolutely central in ensuring that families are not faced with an invidious trade-off between time and money. To realise the 2020 vision, parents will need to be able to exercise more control over working hours, which alongside higher wages, will give parents more power and increased choice about how they negotiate work and care. Experiencing fulfilment and empowerment in the workplace will support more confident, assertive and sensitive parenting at home. Resolving longstanding gender inequity, in pay and leave entitlements, will be essential to challenging traditional roles and expectations in the home and the workplace.

Wider long-term benefits of achieving the 2020 vision

Achieving the 2020 vision would bring benefits beyond the direct ending of child poverty. Reducing worklessness would improve parent's health and well-being (Black 2008) and children's wider outcomes. Enabling working parents to avoid poverty without long working hours, having to shift-parent, suffering poor quality

and dissatisfying work, or having to trade down on their skills and so on, will improve the context for parenting, and ease the strain on family relationships. Reducing employment insecurity would lessen the risk of financial insecurity and cyclical poverty, while making it easier to build up buffers to protect against future poverty.

Progress on both avoidable worklessness and in-work poverty would not only reduce child poverty today, but protect against it in the future. It would also improve children's wider well-being and outcomes, while benefiting society as a whole through enhanced social mobility and social cohesion. Reduced benefit payments, higher productivity and more taxpayers would strengthen the economy and promote shared prosperity. Higher earned incomes would lessen the burden on the tax credit system (and other in-work subsidies), reducing the impact of high marginal deduction rates and releasing resources to support poverty reduction among families where work is not a realistic option.

Realising the 2020 vision – a new agenda for welfare, work and families?

A combination of the minimum wage, the New Deals, tax credits and benefits, light-touch labour market regulation and efforts to improve people's skills have helped to reduce child poverty. However, reducing the numbers of children living in workless households and ending the injustice of the 'working poor' would address the gaps in the Government's employment and poverty record. Ending child poverty by 2020 requires new thinking, ideas and action to address these challenges:

- **Shaping a simple and more active benefits system, underpinned by personalised support and challenge to move into work** – capable of addressing the complexity of individuals' needs and delivering long-term employment and poverty reduction outcomes for families.
- **Achieving good jobs and better prospects for those in work** – reducing employment insecurity, tackling low pay and improving opportunities for career advancement. This requires complementary supply- and demand-side measures to match higher workforce skills with concrete career pathways, while enhancing job quality, productivity and the demand for skills.
- **Ensuring a family focus to welfare and work policies** – which enable couples and lone parents to work their way out of poverty, in ways that promote gender equality both in the home and the workplace, while avoiding sacrifices to the quality of parenting and family relationships.

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