



## Chapter 7

## Ending child poverty

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### Summary

When children grow up in poverty, it can have a devastating impact on their life chances and lead to big costs for society. So ending child poverty is in everyone's interest and must be everyone's business. This is why the Government has committed itself to enshrining in law the goal of eradicating child poverty by 2020.

Encouraging parents to help contribute financially and emotionally to their children's upbringing is central to achieving this goal. This White Paper confirms the next steps we will take to work with parents to give every child the best possible start in life, including:

- bringing forward legislation to make it easier for unmarried parents to jointly register the birth of a child and strengthen the father's rights to register;
- disregarding child maintenance fully in working out income-related benefits, from April 2010;
- enhancing the powers of the new Child Maintenance and Enforcement Commission to collect child maintenance; and
- supporting more parents into work, through a more active and personalised regime (as described in more detail in previous chapters).

Since 1997, 600,000 children have already been lifted out of relative poverty. These measures will accelerate this progress and move closer to the goal of all children in the UK having the chance to fulfil their potential.

- 7.1 The policies set out in previous chapters of this White Paper are underpinned and driven by a core belief – that the State can increase people's life chances, opportunities and potential. Nowhere is this belief more evident than in our commitment to eradicate child poverty by 2020.
- 7.2 Poverty blights the daily lives of many individuals, families and communities, and touches everyone in society. However, for children, it can have particularly devastating and long-standing impacts, limiting their cognitive, social and emotional development, restricting their educational prospects and damaging their health.

- 7.3 This means that, while some children from low-income households will go on to achieve their full potential, too many do not. This, in turn, affects their own families, trapping future generations in a cycle of deprivation and dependency. Society as a whole has to meet the bill for this waste of potential.
- 7.4 It was for these reasons that the doubling of child poverty in the two decades from the late-1970s to the mid-1990s was so damaging to individuals and the country as a whole. The economic, social and moral case for change was clear, and was why the Government made ending child poverty one of its key priorities.
- 7.5 We have made significant progress in halting and reversing the trend of rising child poverty, with families in poverty benefiting from a substantial increase in government spending on services such as education, healthcare and housing. Since 1997, 600,000 children have been lifted out of relative poverty and absolute poverty has been halved.
- 7.6 Moreover, the UK is at the forefront internationally in the fight against poverty and inequality. Recent research by the Organisation for Economic Cooperation and Development (OECD) has shown that, since the turn of the millennium, income inequality has fallen faster in the UK than in any other OECD country.<sup>39</sup>
- 7.7 We recognise that there is more to do. In 2006-07 there were 2.9 million children in the UK living in relative poverty. And some groups of children remain at particularly high risk of poverty, including children in large families, with disabled parents, or from black and ethnic minority backgrounds. So we are going further, and measures announced since Budget 2007 will lift around a further 500,000 children out of relative poverty.
- 7.8 Ending child poverty is in everyone's interest and must be everyone's business. Achieving this goal requires a sustained national effort involving national government, devolved administrations, local communities and service providers, as well as business and the voluntary sector. It also needs the sustained effort of families themselves to take up the opportunities on offer.
- 7.9 By enshrining in law our goal of eradicating child poverty by 2020, everyone will know they are working to a set, clear goal and have the confidence that government will do its part so they can do theirs. Such groundbreaking legislation – to be introduced in a child poverty Bill in 2009 – will ensure a real focus on ending child poverty for the long-term and an emphasis on tackling the underlying causes of poverty rather than just treating the symptoms.

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<sup>39</sup> Organisation for Economic Cooperation and Development. (2008). *Growing Unequal? Income Distribution and Poverty in OECD Countries*.

## Promoting joint birth registration

- 7.10 Encouraging parents to help provide for their children is central to achieving our goal of eradicating child poverty. One of the starting points of responsible parenthood should be the duty to acknowledge your child. In June 2008 we announced our intention to promote child welfare and parental responsibility by requiring unmarried parents to jointly register the birth of their children. This is a move away from the current position where unmarried fathers have no automatic right to register the birth of their children and thereby acquire parental responsibility and there is no requirement to record the father's identity or details in the birth register.
- 7.11 This position can no longer continue. We recognise that children have a right to know, and to be formally acknowledged and to be supported by, both parents, whether or not those parents live together or are involved in a relationship with each other. Joint registration will allow unmarried fathers to acquire parental responsibility and have the opportunity to fulfil their role as parents.

## A new system of child maintenance

- 7.12 The Government is implementing wide-ranging reforms to the child maintenance system following its White Paper of December 2006.<sup>40</sup> The changes will ensure that parents living apart understand their responsibilities and take appropriate action to provide financially for their children, as part of a new system that is more clearly focused on tackling child poverty. Already, and as a result of our increased investment in the Child Support Agency's Operational Improvement Plan, more children than ever before are receiving maintenance under the two statutory maintenance schemes.

### Child maintenance disregard

- 7.13 Since October 2008, parents claiming benefits have had more choice over their maintenance arrangements. We have also introduced changes to the way that maintenance payments affect benefits, by increasing the amount of maintenance that all parents with care on benefits can keep before it affects the level of support they receive. This is known as the maintenance disregard.
- 7.14 Maintenance payments are now disregarded fully in calculating Housing Benefit and Council Tax Benefit, and by £20 a week in other income-related benefits, double the previous level of £10 a week. While these changes will ensure that more money flows to those most in need, we proposed in the Green Paper *No one written off: reforming welfare to reward responsibility* going even further by disregarding maintenance fully in all income-related benefits.

<sup>40</sup> Department for Work and Pensions. (2006). *A new system of child maintenance*, Cm 6979.

- 7.15 Many respondents to the consultation strongly supported this idea, recognising the targeted impact this would have on child poverty, the positive incentive it would give parents to make and keep to a maintenance arrangement and noting how it would simplify the child maintenance system. We can confirm that a full child maintenance disregard will therefore be introduced in all income-related benefits from April 2010.

### Compliance measures

- 7.16 Some non-resident parents will always do everything they can to avoid their responsibilities to support their children financially. We believe that a strong and robust enforcement regime is therefore critical to tackle those people who wilfully and culpably fail their children and to deter others from doing so.
- 7.17 In 2008, we introduced new legislation that provided a number of new enforcement measures.<sup>41</sup> These new powers enabled the courts to order the use of curfews, enforced by a system of electronic 'tagging', and to remove a non-resident parent's passport or ID card (where it can be used for travel purposes). When the legislation was debated we said that we would keep the new powers under review, exploring how they might be strengthened and made more effective.
- 7.18 This White Paper announces that we will bring forward legislation to give the new Child Maintenance and Enforcement Commission the power to disqualify a non-resident parent from holding or obtaining travel documents, such as a passport, where they wilfully refuse to maintain their children.
- 7.19 Any administrative system would, of course, contain stringent safeguards – including a right of appeal to a Magistrates' or Sheriff Court – but we believe there is a strong argument that the Commission, with its detailed knowledge of each case may be better placed than the courts to decide if and when such measures are likely to be most effective, thereby ensuring that cases are dealt with as quickly as possible. We anticipate these new powers being available in 2010.

### Prosecutions

- 7.20 Information is crucial to a fair and effective child maintenance system. Under existing arrangements, failure by the non-resident parent to supply the required information or to knowingly supplying false information is a criminal offence. In both cases the offence can be tried only in the Magistrates' Court (or a Sheriff Court in Scotland) and carries a maximum penalty of £1,000.

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<sup>41</sup> The Child Maintenance and Other Payments Act 2008.

- 7.21 Proceedings for offences that can be tried only in the Magistrates' Court must begin within six months of the offence. This is, in part, to ensure that minor offenders do not have the threat of a prosecution hanging over them indefinitely. However, there are circumstances when this rule is ineffective, particularly where the crime is uncovered so close to the end of the statutory limitation period that the offence cannot be properly investigated and the offender cannot be brought before the court.
- 7.22 This position occurs too frequently in the case of non-resident parents supplying false information. As a result, the number of cases that are taken to prosecution is relatively small. We will therefore extend the time-bar to 12 months to allow discovery and proper investigation of the offence and help to bring about the flow of information necessary to establish and collect child maintenance payments.

### Work is the best route out of poverty

- 7.23 Our changes to the maintenance disregard will mean that lone parents on benefits who are in receipt of child maintenance will be better off, lifting many of them out of poverty. But remaining on benefits, with or without maintenance, is not the best long-term option for lone parents or their children.
- 7.24 A child of a lone parent is three times less likely to be in poverty if they work part-time. This increases to eight times less likely if the lone parent works full-time. The most important part of the solution in our commitment to eradicate child poverty is to encourage and support parents into employment and, once there, to ensure that they can progress.
- 7.25 We have already made significant progress. Around 320,000 more lone parents are in employment compared with 1997, reflecting, for example, our innovative, active, labour market policies and increased investment in childcare that has led to a doubling of available places in England since 1997.
- 7.26 However, we are not standing still. In November 2008 we introduced new benefit rules so that lone parents receive extra support to help them into work. Over time, most lone parents of older children, who claim Income Support solely on the basis of being a lone parent, will stop being entitled to this benefit. Instead they will be able to claim Jobseeker's Allowance or, if they have a disability or health condition, are not well enough to work, the Employment and Support Allowance.
- 7.27 Previous chapters of this White Paper have set out additional measures that the Government will introduce to support more parents, both lone parents and couples, into employment. Chapter 4 of this White Paper set out the Government's response to Professor Gregg's review of conditionality, which would include implementing a more active and personalised regime for parents with younger children. Such a regime would respect parents' choices about employment and childcare where their children are very young. At the same time it would provide them with encouragement and support to stay close to the labour market and make it easier to return to work when they are ready.

## Ensuring work pays

- 7.28 For work to be the best and most sustainable route out of poverty, we must ensure that work pays. We have introduced measures to ensure people do not lose out when moving off benefits and into a job, including through the introduction of the National Minimum Wage and tax credits. We also provide a number of payments when people move from benefit and into employment, including the Return to Work Credit within the Pathways to Work programme and the In-Work Credit for lone parents.

## Conclusion

- 7.29 Ending child poverty must be a national goal and needs a national effort. The measures in this White Paper confirm the Government's intention to step up progress towards eliminating child poverty by 2020.
- 7.30 They will encourage more parents to play an active role in supporting their children, help lift families out of poverty by making work pay and move towards achieving our ambition of giving all children the best possible start in life.