

2. Executive summary

Despite being a wealthy nation, with a strong economy and the highest employment rate among the G8, the UK has comparatively high levels of child poverty. Around one in five children are living in relative poverty¹ – among the 25 European Union countries only Italy, Portugal and the Slovak Republic have higher levels. Changes during the 1980s, when the gap between rich and poor grew faster in the UK than almost any other industrialised country, are still reflected in the shape of our society today. Despite significant increases in support for families with children in recent years, income inequality remains high, driven by high levels of wage and wealth inequality. The benefits of our rich society – in the distribution of income and employment opportunities – are not evenly shared.

Against this backdrop, the Government has made significant progress on reducing child poverty. The number of children in poverty has fallen by 700,000 – a 23 per cent decline – since 1998/99. The UK's child poverty rate is now at a 15-year low. But despite this progress, the Government missed its interim target to reduce child poverty by a quarter between 1998/99 and 2004/05 and with current policies is unlikely to meet the 2010 target to halve child poverty.

The Department for Work and Pensions has played a key role in reducing child poverty to date, primarily through supporting individuals into employment. What began with a focus on tackling youth unemployment has now developed into support for a wide range of groups via a suite of Welfare to Work programmes. The benefits and employment agencies have been brought together into one system, Jobcentre Plus, with a strong focus on providing individuals with a personal adviser who can broker a package of support. There has been an emphasis on helping lone parents back to work, as the family group in which children are at most risk of poverty. And with unemployment levels falling, increasingly attention has turned to the 'inactive' – those out of work who are not registered as unemployed.

But to make further progress towards reaching the 2010 target, and ultimately eradicating child poverty by 2020, further reforms are required. Jobcentre Plus is the agency charged by the Government to reduce worklessness and this will remain its core focus. But to meet the child poverty targets, its Welfare to Work programmes need to be more attuned to the particular needs of parents. Beyond the New Deal for Lone Parents, parents participating in Welfare to Work programmes are not automatically

¹ Poverty is defined as living in a household with below 60 per cent median income before housing costs.

identified as parents and their family commitments not taken into account. In future, Welfare to Work support needs to take account of the increasing involvement of fathers in children's lives, the converging aspirations of men and women in the labour market and the juggling of work and family commitments which many parents negotiate daily.

This would represent the next step in the personalisation of Welfare to Work support, moving beyond categorising jobseekers according to their benefit entitlement (which channels individuals into separate programmes according to the benefits they are claiming) towards viewing jobseekers in the wider context of their family and building a flexible package of support to meet their particular needs. It would require both more consistency in the support offered to all parents, regardless of the Welfare to Work programme they participate in, and greater flexibility in the wider support available to jobseekers. Defining a 'core offer' of support for all parents – a New Deal for Parents – would be one way to start to deliver such an aspiration.

The nature of the support available for jobseekers also needs to change. Welfare to Work programmes have rightly adopted a 'work first' approach, given the strong evidence that gaining a job offers individuals better long-term prospects than simply acquiring training. But a work first approach is not sufficient to end child poverty, since nearly half of children in poverty now live in a family where someone is already in employment. To thrive in today's rapidly changing labour market, parents need guidance, support and skills to progress in work. A system which encourages parents to take any job rather than one that offers them good long-term prospects, or leads to parents 'cycling' between having a job and being out of work, is neither efficient nor effective in tackling child poverty.

What's more, many children in poverty live with parents who have no contact with Welfare to Work programmes – either because they are not participating in programmes or because they are in low-paid work. Helping single earners to progress in work, or supporting non-working partners of single earners (potential second earners) to move into work, will play a crucial part in the next stage of tackling child poverty.

This implies some changes to the way that Jobcentre Plus works – a clearer 'family' focus, more flexible packages of support and a wider 'customer' reach. This should not distract from the priorities already facing Jobcentre Plus but could contribute, for example, towards reaching an 80 per cent employment rate and supporting more Incapacity Benefit claimants into work. Such changes are also very much in keeping with other proposals to increase the level of local discretion, flexibility and degree of personalisation of Welfare to Work programmes. But the changes outlined in this report both deepen and widen the level of support that would be available and it may not be possible, or desirable, for Jobcentre Plus to fulfil all of these functions. Other agencies – including those in the private and voluntary sector – will have a role to play. But whatever the contribution of Jobcentre Plus, it is hard to escape the conclusion that change will be necessary if parental employment rates are to increase much beyond existing levels.

Such changes will not be sufficient on their own to enable the Government to reach its child poverty targets. The Government will need to provide adequate financial support for families as well as help to support parents into work. And the major drivers of poverty – such as high levels of wage and wealth inequality – remain considerable impediments towards reaching the 2020 child poverty target, suggesting that far greater changes to the distribution of wealth, earnings and opportunities in society will be necessary before child poverty is finally eradicated. But establishing a modern employment service, which is better attuned to the needs of parents and the demands of the labour market, would enable more parents to move into jobs that fit with their family commitments and help them to better progress in work – offering families the best chance of an effective and sustainable route out of poverty.



Table 1: Recommended action

TIMING	RECOMMENDATION	PAGE
Immediate steps	Modify management information systems to increase the child poverty focus:	
	• Introduce a ‘front-end’ marker on to Jobcentre Plus’ labour market system to identify parents.	19
	• Ensure advisers are able to judge the wage level that would lift a family out of poverty.	40
	• Systematically record parents’ childcare needs and preferences.	34
	Modify targets to ensure maximum impact on child poverty:	
	• Introduce a child points premium.	19
	• Reward sustained employment and progression in work.	40
	• Introduce a childcare target, reflecting the shared DfES/DWP PSA target.	34
	Implement measures to improve childcare support for parents.	34
Where flexible working opportunities are available, ensure adverts for vacancies clearly state this.	35	
Increase the level of flexibility between Welfare to Work programmes, for example by ensuring that parents with health/disability problems are able to access condition management support, regardless of which programme they are on.	27	
Implement child support reforms at the earliest opportunity.	58	
Imminent steps	Introduce a ‘New Deal for Parents’.	19
Action after evaluation	Extend effective elements of New Deal Plus for Lone Parents.	23
	Consider extending eligibility for the Work-Related Activity Premium.	25
	Mainstream lessons from Partners’ Outreach and City Strategy pilots.	30
	Widen eligibility for the Employment Retention and Advancement Programme.	42
Start piloting	Support for poor in-work families.	50
	New measures to help families living in London.	46
	Effective ways of encouraging work-related activity among parents via Children’s Centres.	52
	Ways to broker flexible working opportunities with employers.	35
Need to develop	An integrated work/skills package that enhances individuals’ chances of progressing in employment.	37
	A benefits uprating policy.	54
	Reforms to benefits – especially Housing Benefit – which will have an impact on child poverty.	57