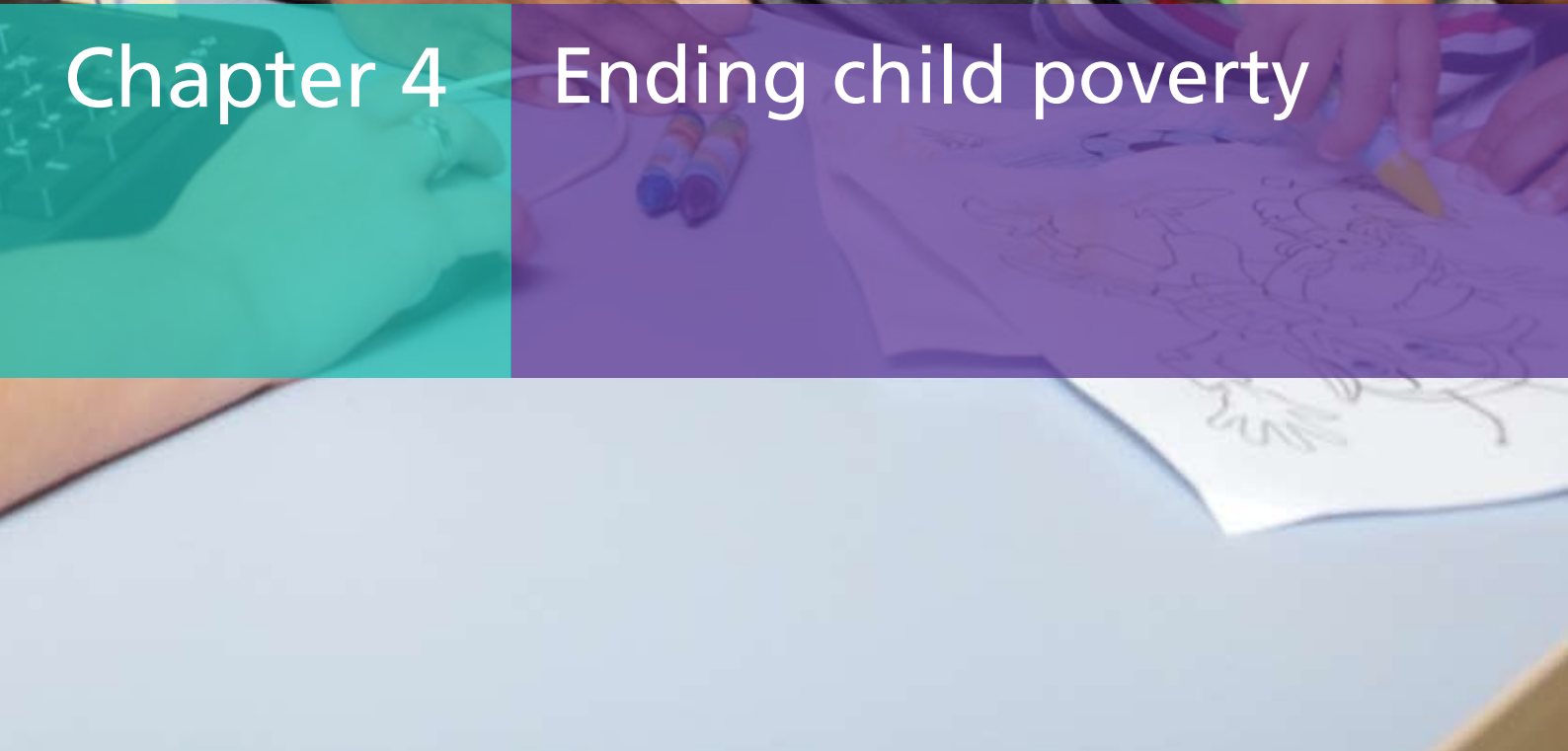




## Chapter 4

## Ending child poverty



## Chapter four – Ending child poverty

### Summary

Ending child poverty is a social, economic and moral imperative; an historic shared endeavour for our country. The Government believes every child, whatever their background, should be able to enjoy a fulfilling childhood and have a fair chance to reach their potential and realise their aspirations. This is the hallmark of a fair society.

Growing up in poverty affects children's childhood and limits their life chances. That is why we have committed to eradicate child poverty by 2020. We have announced measures in recent Budgets that will lift around 500,000 further children out of poverty. Last year we created the Child Poverty Unit to develop the strategy for the next decade. In March 2008, we set out the next steps towards the 2020 child poverty goal, including an investment of £125 million in pilots over the next three years, to explore pioneering policy approaches and discover those that deliver the best results and can make a long-term and sustainable impact in tackling child poverty.

The Government cannot eradicate child poverty on its own. It requires sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and businesses. Families need to be active participants in this process – to meet their responsibilities and do their best for their children. Government and service providers also need to provide the support to families to enable parents to work and to close the gaps in opportunities and achievement for poor children.

Our welfare reform measures also aim to accelerate progress towards this goal by providing additional support while strengthening parents' responsibilities to contribute financially and emotionally to their children's upbringing. These include:

- allowing parents on income-related benefits to keep every penny of child maintenance they receive, to maximise the incentive for separated parents to meet their obligations to support their children;
- introducing measures to promote the joint registration of births and shared parental responsibility; and
- requiring most partners of benefit recipients to seek work under the Jobseeker's Allowance (JSA) regime.

These policies underline our determination to work with parents to give every child the best start and chance in life. Measures in previous chapters will support more parents into employment – the most sustainable route out of poverty. The full maintenance disregard, combined with existing reforms to the child maintenance system, and to support lone parents with older children into work, will lift up to 200,000 children out of poverty.

## Introduction

- 4.1 Eradicating child poverty is not just a moral imperative; it is also the springboard to a fairer society. Children who grow up in poverty do worse at school and have poorer health. They miss out on many of the experiences and opportunities that others take for granted, limiting their later life chances and making it much harder to escape poverty and social exclusion.
- 4.2 That is why we have set ourselves the ambitious target to eradicate child poverty by 2020. We have already made significant progress: 600,000 children were lifted out of poverty between 1998–99 and 2006–07, in part reflecting our concerted and strategic action to increase employment and raise incomes, improve financial and material support for families and tackle deprivation in communities. We have announced measures in recent Budgets that will lift around 500,000 further children out of poverty.
- 4.3 Last year we created the Child Poverty Unit to work across Government to develop the strategy for the next decade. *Ending child poverty: everybody's business*, published alongside the Budget 2008, set out the emerging vision for 2020 and announced further research and £125 million of new pilots to inform and shape future policy.<sup>23</sup> In Wales, the Welsh Assembly Government is currently consulting on its proposals for 'Taking Action on Child Poverty'.

## A national consensus to eradicate child poverty

- 4.4 All the proposals in the Green Paper are driven by a core belief – in using the power of a responsive State to increase people's life chances, opportunities and capabilities. Nowhere is this more clearly demonstrated than our goal to eradicate child poverty by 2020.
- 4.5 The Government cannot eradicate child poverty on its own. It requires sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and businesses. Families need to be active participants in this process – to meet their responsibilities and do their best for their children. Government and service providers also need to provide the support to families to enable parents to work and to close the gaps in opportunities and achievement for poor children.

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<sup>23</sup> HM Treasury, Department for Work and Pensions, Department for Children, Schools and Families, 2008, *Ending child poverty: everybody's business*

- 4.6 To contribute to this mission, the proposals in this Green Paper will support many more parents into employment – the best and most sustainable route out of poverty.
- 4.7 Over the coming months we will consult widely on the shared vision for 2020 and the steps we must all take, to reach our ultimate ambition of a society free from child poverty – where all children enjoy a good childhood and no one’s life chances are determined by their background.
- 4.8 This chapter sets out the next stages we will take to strengthen the contract that exists between parents and the State so that we provide them with the support they need to do the best for their children. These steps include:
- disregarding maintenance fully in out-of-work benefits;
  - encouraging unmarried parents to register the birth of their children jointly; and
  - requiring parents who are partners of someone on benefit to look for work.
- 4.9 Measures in previous chapters will support more parents into employment – the most sustainable route out of poverty. The full maintenance disregard, combined with existing reforms to the child maintenance system, and to support lone parents with older children into work, will lift up to 200,000 children out of poverty.

## A new system of child maintenance

- 4.10 The Government is implementing wide-ranging reforms to the child maintenance system. At the core of these reforms is a new approach that is more clearly focused on tackling child poverty. This aims to promote parental responsibility by enabling and encouraging parents who are living apart to arrange maintenance payments.
- 4.11 We are establishing a new Child Maintenance and Enforcement Commission (the Commission) to run the statutory maintenance scheme, which will provide parents that need support with a more effective process for assessing, collecting and enforcing payments. The primary objective of the Commission will be to maximise the number of effective maintenance agreements that are in place. The Commission will also have a statutory requirement – for which it will be accountable to Government and Parliament – to raise awareness among parents and society, more generally, of the importance of parents taking responsibility for the maintenance of their children.

## A full child maintenance disregard

- 4.12 One of the reasons for setting up the Child Support Agency was to police the benefits system. The Commission, however, is different. Its overriding objective is to maximise effective maintenance arrangements – in other words to get more money to children. In the past, some or all of the money paid in maintenance payments could be recouped by the State through reducing means-tested benefits to the parent with care. We recognised this was a disincentive for maintenance agreements and payments.
- 4.13 As part of our new policy framework we said that we would increase the amount of maintenance that parents with care on benefits can keep before it affects the level of benefits they receive.<sup>24</sup> This amount is known as the maintenance disregard.
- 4.14 In the 2007 Pre-Budget Report we announced that by the end of 2008, maintenance payments will be disregarded completely in working out Housing Benefit and Council Tax Benefit. For other income-related benefits, we announced that we would increase the maintenance disregard to £20 a week by the end of 2008 and double it to £40 a week from April 2010.
- 4.15 We believe, however, that we should go further. This Green Paper, therefore, proposes to disregard child maintenance fully in all out-of-work benefits from April 2010. This would allow parents with care on benefit to keep every penny of their maintenance, where maintenance is paid.
- 4.16 This should give both parents an even stronger incentive to make and keep to a maintenance arrangement. It will also chime with the public view that all of the maintenance paid should benefit the children.

## Strengthened enforcement powers

- 4.17 The focus of the reformed child maintenance system is to encourage and support parents to come to their own arrangements. However, we have been clear in shaping these proposals that we would take firm action to enforce payments where necessary. As part of the Child Maintenance and Other Payments Act 2008, we took strong new enforcement powers to ensure that non-resident parents comply with their obligation to support their child financially.

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<sup>24</sup> Department for Work and Pensions, 2006, *A new system of child maintenance*, Cm 6979

- 4.18 Alongside the firm enforcement action already being taken as part of the Child Support Agency's Operational Improvement Plan, we will implement the new enforcement powers and exercise them against those who fail to meet their obligations to support their children financially. We will continue to see if these powers need to be strengthened and made more effective, drawing on the experience of the Commission's counterparts in other countries.

## Promoting joint birth registration as the natural first choice of parents

- 4.19 In June 2008, we published a White Paper setting out our proposals for the joint registration of births.<sup>25</sup> Our ambition is to promote child welfare and parental responsibility by significantly increasing the number of birth registrations which hold the details of both mother and father, while continuing to protect vulnerable women and children.
- 4.20 We will introduce legislation to require unmarried parents to jointly register the births of their children, unless it would be impossible, impracticable or unreasonable to register jointly. We want more men to realise that fatherhood is a serious responsibility that starts with the duty to acknowledge their child and we want mothers and fathers to accept that, wherever possible, a child has a right to be formally acknowledged by both parents.
- 4.21 That is why we intend to promote and support joint birth registration. The White Paper outlines a raft of measures to publicise and encourage joint registration, particularly for parents who may be harder to reach, and proposals to consult with key stakeholders about how we could simplify the registration process.

## Work is the best route out of poverty

- 4.22 We have set out a vision for a sustainable approach to ending child poverty – improving outcomes at the same time as raising incomes to break corrosive intergenerational cycles of poverty once and for all.

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<sup>25</sup> Department for Work and Pensions, 2008, *Joint birth registration: recording responsibility*, Cm 7293

- 4.23 Workless families have the highest risk of poverty but work also has positive impacts that go beyond increased income: improving well-being and raising aspirations for both children and their parents. The Government's aim is to see more parents in work, to help them to balance work and family life and to ensure that those in work can escape poverty. The Government is committed to a vision where everyone who is able to work should have the opportunity to do so and should be given the support appropriate to their individual needs.
- 4.24 The proposals in previous chapters will take us further towards this goal and help to break intergenerational cycles of poverty.

## Supporting more partners into employment

- 4.25 The risk of poverty for children in workless couple families is 68 per cent – more than three times the UK average.<sup>26</sup> Over 400,000 children in these families are poor, representing 15 per cent of all children in poverty. But while we are insisting that many lone parents take up opportunities to help them into work or risk sanctions and are doing the same for couples without children on JSA, we make less demands on two-parent families where both partners are out-of-work.
- 4.26 Entitlement to Income Support (IS) and income-based JSA is worked out on a family basis, providing financial support for both adults in a couple. This means approximately 350,000 partners also receive support through the benefits system. While many partners in these cases are capable of work, only the person who makes the claim has been generally required to undertake any significant steps towards work. The other partner has not been required to meet the responsibilities that are usually attached to benefit payments.
- 4.27 Supporting partners into work would also help them meet their own aspirations. We know that many partners of JSA claimants want to work. Nearly nine in ten JSA partners with children expect at least one of the couple to be in work over the next couple of years, with a third expecting both partners to be working at least 16 hours a week. In addition, almost all partners of someone on JSA state that they would be happy for their partner to take over childcare responsibilities if they got a job.

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<sup>26</sup> Households Below Average Income, 2007

## A more active regime for partners

- 4.28 From later this year we will start requiring lone parents with older children to look, and be available, for employment. JSA conditionality has been improved to take into account the specific needs of being a parent, including the difficulties of working without access to appropriate and affordable childcare, including during school holidays.
- 4.29 We recognise that all families face challenges in balancing work and caring responsibilities. But in many ways it should be easier for a couple to combine work with family responsibilities than it is for a lone parent. So we consider that it is appropriate to expect partners of benefit recipients to take active steps to look for work once their youngest child is seven years old.
- 4.30 For those partners who would be expected to look for, and return to, work, it will be important to provide a tailored and personalised approach that is reflective of the particular benefit they are on. Table 4.1 sets out how this might work in practice.

Table 4.1: Benefit conditionality for partners

Main claimant	Partner capable of work?	Children?	Current conditionality for partner	Proposed conditionality for partner
JSA	Yes	Yes – youngest seven or over	Worked Focused Interview every six months and access to New Deal for Partners	Full JSA conditionality
IS and Employment and Support Allowance (ESA)	Yes	No	Worked Focused Interview at six-month point only and access to New Deal for Partners	Partner becomes part of a new joint JSA claim
IS and ESA	Yes	Yes – youngest seven or over	Worked Focused Interview at six-month point only and access to New Deal for Partners	Partner becomes part of a new joint JSA claim

- 4.31 Under our proposals, we will require couples who are claiming JSA and who have a youngest child aged seven or over, to make a joint claim for the benefit. As with the changes proposed for lone parents, we believe it is reasonable to expect both parents to look for work once a child is settled in school. This will mean that both partners will be required to address their skills needs, look, prepare for and take up available work. We recognise, of course, that there will be some partners who cannot work. As in the case of other parents on JSA, there will be exemptions and flexibilities.
- 4.32 We also propose that claimants on IB and ESA claiming an income-related increase on account of a partner, will no longer receive an automatic uplift in their benefit if their partner is capable of work. Instead, the couple should be required to make a claim to JSA. While the original claimant would still be entitled to their personal IB or ESA, any extra benefit would be dependent on the partner fulfilling the JSA conditionality regime.
- 4.33 This requirement would not be placed on partners who are incapable of work due to sickness or disability or who have substantial caring responsibilities for which they receive Carer's Allowance. Neither will it apply to couples with children under the age of seven. For these couples the current arrangements will remain in place.

**Question 20: What approach might be suitable to assist partners of benefit claimants who can work into employment?**

## Conclusion

- 4.34 The Government believes that only through working in partnership can child poverty be eradicated and will be consulting widely on the steps we all must take to achieve this.
- 4.35 Families have an important role to play in this partnership. The Government has made a commitment to help families overcome the barriers they face and provide all families with a clear route out of poverty. We also look to families to make a commitment to improve their situations where they can and do the best for their children's well-being and development.
- 4.36 The proposals in this and previous chapters will take us further towards our goal of ending child poverty by 2020. Many more parents will be supported into employment – the best and most sustainable route out of poverty – helping to break intergenerational cycles of poverty by ensuring that fewer children grow up in a household where nobody works. The full disregard of child maintenance in benefits will have a direct impact on raising incomes. This change provides every reason for non-resident parents to pay maintenance for their children, which, supported by our proposals to promote the joint registration of births, will encourage parents to play an active role in their children's lives.