



ippr's response to the Department for Children, Schools and Families' consultation document *Ending Child Poverty: Making it happen*

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This document is based on our response to DCSF's consultation on a new Child Poverty Bill, which we submitted to the Department on the 11th March 2009. It is split into three sections, as set out in the consultation response document: the government's '2020 vision' for child poverty; measuring and defining child poverty; and the role of local authorities in tackling child poverty.

1. The '2020 vision' and the 'building blocks' required to end child poverty

General comments on the 2020 vision and the building blocks

The four building blocks essentially capture two different aspects of child poverty: the extent of income poverty (captured in building blocks 1 and 2); and the effect of income poverty on children's life chances (captured in building blocks 3 and 4). Overall, these appear to be broadly the right building blocks to tackle child poverty.

However, it is important to recognise that progress against the second set of building blocks (those related to the effect of poverty on children's life chances) will not be directly captured by the measures of child poverty set out in chapter 3 of the consultation document. Therefore, improvements in the life chances of poor children, achieved through improvements in public services and local communities (often driven by local authorities and their partners) will not feed through in to reductions in child poverty as currently measured.

This means that the relationship between the four building blocks and the proposed measures of child poverty is unclear, which could create tension in how the government's child poverty strategy is implemented. In order to meet its targets, central government will need to continue to focus on raising parental employment and increasing family income. This could distort priorities and encourage a narrow focus on income, rather than a broader concern about child well-being. It also means that the work of local authorities in addressing child poverty may not be fully recognised. This is discussed in more detail below.

One way to overcome this is to broaden out the way that child poverty is defined and measured, for example, by complementing the proposed income measures with a measure of broader child well-being, such as the Child Well-Being Index developed by CLG.

The role of local communities, families and individuals

The 2020 vision and the building blocks are very focused on the role of government, both local and central. Central and local government must continue to provide leadership in tackling child poverty, but the role of other actors, such as the third sector and business, and particularly of communities, families and individuals should not be overlooked. There is very little discussion of how communities, families and individuals can be empowered to develop their own solutions to low income and deprivation, with the support of local partners.

Local communities across the UK have developed a diverse range of organisations and networks to help address local issues, including credit unions, community centres, tenants' associations, advice centres and a range of local support networks and groups. These grass-roots organisations can have an important role in enabling people in deprived areas to help themselves to improve their quality of life.

A clearer message about the need for partnership working, not just across the different levels of government, but across society more broadly would be welcome.

Specific comments on building block one: employment and adult skills

The focus on in-work poverty as part of this building block is very welcome. It would be useful if a more explicit link could be made to the quality of jobs as being one of the fundamental factors affecting whether work is a viable or attractive option for parents, and whether parents are able to raise their incomes by progressing in work. Although the nature of the local labour market is mentioned in the consultation document, the focus appears to be on the individual characteristics of parents that may limit opportunities for progression, such as health and skills. Although these factors are important, research by ippr and others has shown that the nature of jobs and firms can be just as important for determining how likely workers are to escape low pay (Lawton 2009)

ippr's research has shown how low pay, in-work poverty and opportunities for progression are related to employer demand for high-skill, high-value workers (Lawton 2009). Increasing employer demand for high-skill, high-value workers could open up many more opportunities for parents to move into higher wage work. This represents a sustainable solution to in-work poverty, which ensures that the skills and abilities of working parents are fully utilised and matches parents' aspirations for work. Without a greater policy focus on raising skill demand and utilisation, the benefits of investment in skill supply among parents will be limited.

Achieving this requires a focus on high-quality economic development, alongside ongoing reforms of skills and employment policy. ippr has proposed that economic development functions be added to the programme of work that is currently underway to integrate employment and skills. This would allow new skills to be

applied in tandem with new working practices, new investment and new innovation so that improved workforce skills are effectively used.

It is therefore important that departments with responsibility for economic development, most notably the Department for Business, Enterprise and Regulatory Reform and the relevant agencies in the devolved administrations, are fully involved in the child poverty agenda and are explicit about how their work supports the government's child poverty goals.

More broadly, further steps should also be taken to draw together the work of several other departments, including the Department for Children, Schools and Families' 14-19 education and training strategy, the Department for Environment, Food and Rural Affairs' departmental strategic objective around rural economic development, and the Government's Public Service Agreement on regional economic performance. The aim should be to ensure that current and developing departmental strategies explicitly reflect a cross-governmental agenda designed to promote full and fulfilling employment, increased demand for skills and better utilisation of skills.

2. Measuring and defining child poverty: an absolute income measure

It does not seem to be necessary to expand the proposed measures of poverty to include a measure of absolute poverty. There are many dimensions to poverty which we may wish to capture through a variety of measures. However, a limited number of official measures provides clarity about the government's priorities and a clearer focus for government action.

Relative measures of poverty are now widely accepted as providing the best indicator of the extent of social exclusion and deprivation experienced by families living on low incomes. Employing three measures of poverty which are all based around the concept of relative poverty demonstrates a consensus about the measurement, and therefore the meaning, of poverty. The new measure of persistent poverty is particularly welcome, since children experiencing persistent poverty are more likely to experience a range of poorer outcomes.

The current definition of absolute poverty is not ideal as it is based on household incomes at an arbitrary point in time, rather than reflecting the basic minimum income required by different household types to avoid serious deprivation. To some extent this concept of 'adequacy standards' is captured by the proposed material deprivation indicators.

More broadly, income measures of poverty could be complemented by other measures, such as household consumption or child well-being. A consumption measure of poverty may provide a better indication of material well-being and a household's long-term financial position. A broader measure of child well-being, which might include factors such as housing quality, educational attainment and the quality of family life, would capture the impact of poverty on children's life chances, as well as their direct experiences of low income.

Rather than add a further income measure to the suite of official child poverty measures, it may be preferable to develop these alternative measures.

3. The role of local authorities in tackling child poverty

The main constraints for local authorities in tackling child poverty

The role of local authorities in tackling child poverty is not always clear. Much of the work of local authorities and their partners on childcare, education, youth programmes, housing, communities and child well-being supports the government's child poverty strategy and feeds directly into the third and fourth 'building blocks' outlined in this consultation. Therefore, there is an argument that the best way for local authorities to support the government's child poverty agenda is to build on their existing role in delivering high quality services to children and parents. This would enable local government to retain a focus on what they do best, although perhaps with a more explicit recognition of how their work impacts on child poverty.

However, there is a danger that this simply enables local authorities to 're-package' their current work, without creating a 'step change' in their efforts to tackle child poverty. Given the scale of the child poverty challenge, it may be that a much more radical re-envisioning of the role of local authorities is required. However, local authorities will be constrained in doing this by their responsibility for delivering statutory services and, particularly in the short- to medium-term, by limited resources. More work is needed to define the role of local authorities and their partners in tackling child poverty and to support local partners to set out and implement a radically different approach where needed.

At the same time, as outlined above, progress against issues such as educational attainment, childcare and housing, will not be captured in the measures of child poverty proposed in this consultation. Improvements in the effectiveness of local authorities on these important indicators of children's well-being and life chances will not make a substantial contribution to efforts to tackle child poverty as it is officially measured. This creates additional uncertainty about the role of local partners in addressing child poverty.

The two main levers to directly tackle income poverty are the level of benefits and tax credits for families with children, and employment support programmes for parents – and the role of local authorities is much more constrained on both. Local authorities have almost no role in determining the former, although they have an important role in facilitating and improving the take-up of benefits and tax credits, (and administering housing benefit).

Local government does have a larger role in terms of tackling worklessness, although the majority of employment support programmes continue to be centrally designed and implemented. Mainstream programmes tend to lack the flexibility to be shaped by local authorities and their partners in order to respond to local needs. Centrally designed programmes also tend to be complex and overlapping, and offer funding which is too short-term to create security for local areas.

Local authorities have a reinvigorated role in economic development and are soon to gain a duty to conduct an economic assessment of their local area. They also often involved in Local Employer Partnerships (along with LSC and JCP). These types of local partnerships can potentially add to the role and effectiveness of local authorities in tackling child poverty.

In summary, local government currently has too little control over the main levers for tackling income poverty; and at the same time its efforts to reduce the impact of poverty on children will not be properly recognised by the proposed measures of child poverty. Furthermore, statutory responsibilities and resource constraints may make it very difficult for local authorities to engage in a radical re-envisaging of their role in tackling child poverty.

The role of central government in supporting local authorities in overcoming these constraints

Building on the arguments set out under question 3a above, there are essentially two ways in which central government needs to support local authorities in overcoming these constraints:

1. Ensuring there is greater recognition in official measures of child poverty of reductions in the *impact* of poverty on well-being and life chances
2. Enabling local authorities to have greater control over some of the levers for directly tackling income poverty.

The first issue could be addressed by assessing progress against a measure of child well-being (such as the CWI developed by CLG) rather than simply measuring income poverty. This indicator could be added to the suite of measures proposed in the consultation document.

On the second point, there is clearly a role for greater devolution of powers, funding and responsibilities of some functions to local areas. This is particularly the case in terms of raising parental employment, and supporting working parents to increase their earnings.

ippr has previously argued that some employment, skills and economic development functions need to be integrated and decentralised in order to help local areas raise employment and tackle low pay (Lawton 2009). This would allow local authorities and their partners to pool and align budgets, some of which are controlled at the moment by central government or regional bodies like Regional Development Agencies, and make decisions about employment, skills and economic development that reflect the needs of the local labour market. Joining up decision-making and funding around employment, skills and economic development could also help to ensure that economic development provides the maximum number of good quality, well-paid jobs with progression opportunities, to help support sustainable employment for parents.

Existing frameworks, such as Local Strategic Partnerships or Sub-regional Partnerships, should be used as the basis for this process of greater decentralisation and integration. Whichever framework is deemed most appropriate for a given local area, depending whether the local labour market reaches beyond the boundaries of a single local authority. The crucial point is that joint working at the local level should explicitly include the integration of objectives, functions and funding, rather than simply greater coordination. The aim should be to create powerful local partnerships that are capable of setting out and delivering a clear vision for creating high quality employment opportunities, targeted at parents currently experiencing low pay or worklessness. In the interests of accountability, local authorities should

lead this process.

In order to achieve integration, agencies will require the right incentives to work together, usually in the form of greater powers and control over funding. Partnerships will also need sufficient authority to make decisions, based on an understanding of local labour markets and business need. This means that local partnerships will require support from central government in the form of greater devolution of power, funding and responsibilities. This is crucial if local partners are expected to have a larger role in tackling child poverty. Without greater control over funding and resources, there is a danger that additional responsibilities for child poverty placed on local areas by central government will simply create additional expectations that cannot be met.

In order to achieve their aims, partnerships will also need to be supported with the sufficient resources and expertise together with clear structures for accountability and management. In return for greater control over decision-making, local authorities and their partners will need to demonstrate, through strong accountability mechanisms, their impact on reducing child poverty and its effects on life chances. This would build on the three levels of devolution set out in the Houghton Review of local authorities and worklessness, with local authorities receiving the greatest level of autonomy where they can demonstrate the strongest partnerships and accountability mechanisms, and, eventually, the strongest outcomes for children and their families.

A duty on local authorities to prioritise action to tackle child poverty

Imposing a duty does not necessarily create an incentive – control over budgets and decision-making in return for better outcomes is likely to create a much stronger incentive for local authorities to address child poverty. As discussed in section 3, local authorities do not currently have sufficient powers to deliver on all the aspects of child poverty that would be necessary to meet the proposed duty. Imposing a duty before the relevant powers and resources are in place for local authorities to play a full role in addressing child poverty would be ineffective and counterproductive.

Once the right powers and funding is in place, some kind of duty or commitment from local authorities may be appropriate.

However, rather than impose a blanket duty on all local authorities, it may be more effective to offer local authorities differing levels of responsibility for tackling child poverty, in return for differing levels of freedom over decision-making and budgets. This follows the model set out in the Houghton Review, whereby central government would enter into negotiations with individual authorities (or groups of authorities where appropriate) to determine their level of autonomy. To avoid complexity, there could be just three or four different levels of autonomy.

Local authorities (or groups of authorities) that can demonstrate strong partnerships and accountability would receive the maximum autonomy to pool and align budgets relating to child poverty, particularly employment and skills (including some budgets currently controlled by central government and regional agencies). This is also the approach being adopted in adult skills, where the London Employment and Skills

Board has gained responsibility for setting the priorities for the LSC's London budget by demonstrating robust structures and accountability mechanisms.

Once an agreement between central and local government is reached and the appropriate funding streams have been devolved, a clear performance monitoring system must be in place to measure child poverty outcomes. Local authorities that negotiate some level of additional autonomy could agree to include key child poverty indicators in their LAAs (and MAAs where appropriate).

These indicators should include a mix of those relating to the extent income poverty and those relating to the effects of poverty (for example, around the educational attainment and well-being of poor children) to ensure that local authorities' child poverty strategies take a broad approach. Ideally, agreements would be integrated with the existing duty to promote the well-being of children and young people. This would enable local authorities and their partners to work in a joined-up way to reduce both poverty and the effects of poverty.

Where targets are not met, we would suggest support (e.g. peer learning) and performance management mechanisms to promote better performance.

Central government should use newly available tools for assessing child poverty in local areas to identify those areas with relatively high levels of child poverty. Priority should be given to developing suitable agreements with these authorities.

Such a model would overcome the problem of local authorities having insufficient powers to meet a duty and would create real incentives for local authorities and their partners to address child poverty.

Any agreement between local and central government would have to reflect the fact that local authorities are likely to continue to have only a limited role in directly raising family incomes through benefits and tax credits. This will remain a key role for central government and should continue to receive priority.

Imposing a target on local authorities to reduce child poverty

Requiring all local authorities to set a specific target contradicts efforts to enable local areas to have greater freedoms to decide on their own priorities, based on an understanding of local need. The vast majority of local authorities recognise the importance of tackling child poverty but they need the freedom to develop their own strategies for dealing with the particular challenges in their local area. Very prescriptive targets will do little to empower local areas to develop innovative and effective ways of tackling poverty and poor life chances.

It should also be recognised that some areas already have very low levels of child poverty, below the government's target of 10 per cent, and so a specific target may not be appropriate. These areas should be allowed to focus on other priorities or to develop very targeted plans to support the small number of children in their areas experiencing poverty or other forms of deprivation.