

Rt Hon Gordon Brown MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

94 White Lion Street, London N1 9PF

telephone: 020 7837 7979

ext:

fax: 020 7837 6414

e-mail: staff@cpag.org.uk

website: www.cpag.org.uk

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Dear Gordon

I write ahead of your budget statement to outline the steps the Child Poverty Action Group believes are essential to maintain momentum on the reduction in child poverty and improve outcomes for Britain's most disadvantaged children. While we endorse moves to increase financial support for children, the disappointing failure to meet the interim target on child poverty suggests that a different and more radical approach is called for: more of the same will not be enough to get the child poverty strategy back on track. We await contributing to discussions around the refreshed PSA target on child poverty and reiterate the importance we see of reflecting housing costs in poverty measurement.

The budget comes in the wake of the shocking and salutary UNICEF report into the wellbeing of children that placed the UK at the bottom of a list of 21 countries. Although widespread media coverage of the report reflected genuine public concern over children's welfare, much more needs to be done to develop understanding of links between poverty and wellbeing; to maintain and act upon the sense of shame and anger that met the report; and to challenge an underlying appetite for punitive measures that blame poor outcomes on parents.

The hastily compiled Freud report and its unfortunate representation in the media constitutes an ill-thought out response to complex problems which draws heavily on the experience of countries at the bottom, rather than the top, of the UNICEF report. The current focus on sanctions rather than support - which has deflected attention from the positive progress that has been made in increasing labour market participation- is very much to be regretted. We urge the Government to prioritise strategies that support and do not penalise parents, protect families who are unable to access employment, and ensure that people who move into work access sustainable, well remunerated jobs that lift them from poverty.

fighting the injustice of poverty

In this letter we outline a number of specific issues that would make a real difference to children's lives. The cost of implementing these measures is paltry compared with the human, social, economic and emotional cost to our most vulnerable children of failing to do so.

1. Ensure the safety net protects families against poverty

Although substantial increases in income for children have helped reduce poverty among some groups, the total value of benefits and tax credit entitlements often remains below the Government's own poverty line. Addressing the following issues will help the Government reach the children who face the greatest risk of poverty:

Adequacy

- The decline in the relative value of adult benefits (against wages) saps family income and undermines the impact of increased support for children. Keeping adult levels of income support so low undermines other initiatives to reduce child poverty. This is both morally indefensible and costly. Increasing adult levels of income support is essential to safeguard families from poverty.
- More than one million children in the UK live in households affected by disability; many live in poverty. Ensuring that disability benefits cover the additional costs associated with disability and that parents and children receive – and keep - the benefits to which they are entitled would lift a significant number of children out of poverty. Improving take up of disability benefits – particularly Disability Living Allowance - is a highly effective way of targeting support on a significant number of children who face a great risk of poverty.
- Child benefit is a near universal benefit that reaches more children experiencing poverty than any other benefit or tax credit. It therefore provides an effective way of redirecting resources towards poorer families. As a member of the Make Child Benefit Count campaign, CPAG is calling for the rate of child benefit for subsequent children to be brought in line with that paid to the first child. This would re-weight child benefit towards families with two or more children and it would also help to achieve the Government objective of increasing financial support for larger families.
- Although numerically small, asylum seeking children face a significant risk of poverty. Benefits and tax credits must be provided on the basis of need.
- The very poorest families pay a higher proportion of their income in taxes than the richest households because of a reliance on indirect taxes, such as VAT. It is essential that the taxation system does not undermine anti-poverty policy.

Delivery

Delivery of support to poor families is hampered by ineffective services – for example, within the Child Support Agency and the tax credit and benefit systems. Non take-up of many benefits and tax credits is common, with up to £8 billion going unclaimed in means-tested benefits and £4.5 billion in tax

credits. Error, delays and poor decision making result in high rates of successful appeals at Tribunal – including income support (44.8 per cent) DLA (55.2 per cent) and incapacity benefit (57.2 per cent). These figures expose serious flaws in the delivery of services, which continuing staff cuts are unlikely to alleviate.

Independent advice is absolutely essential to provide the information, advice and advocacy families need to access their full benefit and tax credit entitlements. This requires high quality local support provided by local authorities and the voluntary sector. However, funding for such services is erratic and moves to rely upon the voluntary and private sector to deliver state services compromise both their independence and their advocacy roles. **We urge the Government to protect and develop independent advice provision so that advisers can fully play their role in helping individuals take up entitlements and reduce poverty.**

2. Improve the role child support plays in reducing poverty

Following the publication of the white paper on child support reform, CPAG has outlined a number of proposals that would ensure that the UK's child support strategy is much more effective in tackling child poverty.

- *Private arrangements* - may be difficult to arrange. All parents should have access to the newly established Child Maintenance and Enforcement Commission if needed.
- *Independent advice and support* – is essential. A more strategic view must be taken by Government to ensure the provision of independent and second tier advice along with the resources and funding mechanisms necessary to secure it.
- *Enforcement* is important, but we believe that a system that supports and does not penalise parents is the most effective way to increase the number of families receiving maintenance.
- *Parents with care on income support* – since parents with care are more likely to work if maintenance is stable, and maintenance itself is more likely to be stable if non-resident parents see it reaching their children, we urge the Government to introduce a full disregard for child support payments.
- *Second families* - as many as a quarter of non-resident parents with a maintenance assessment are on benefits with administrative statistics suggesting up to half are not work. Policies which merely cycle money between two poor groups will not help reduce overall poverty.
- *Income assessment* – must not penalise families. We urge the Government to monitor the impact of fixed awards on both first and second families.

We urge the Government to ensure that child support policy plays a more robust and effective role in reducing child poverty.

3. Work first

CPAG supports the Government's desire to increase the rate of employment, and agrees that for those who are able to access well remunerated, sustainable jobs, work can form the best route out of poverty. The recently published Harker report, commissioned by the Department for Work and Pensions to review its child poverty strategy, provides an excellent source of practical suggestions for how Government could move towards its 80 per cent employment aspiration and tackle the problem of in-work poverty. However, it also states that "*The 2010 and 2020 targets cannot be met by increases in employment alone*". CPAG agrees with the statement for the following reasons:

- Some people cannot, and may never be able to work (possibly because of health problems, additional caring/parenting responsibilities, or both). Access to adequate benefits that safeguard these families from poverty is essential.
- For others, work is often a precarious and ineffective route out of poverty: over half of poor children (54 per cent) actually have a parent in work. Compelling people to access poorly paid jobs will simply shift families from workless poverty to in-work poverty.

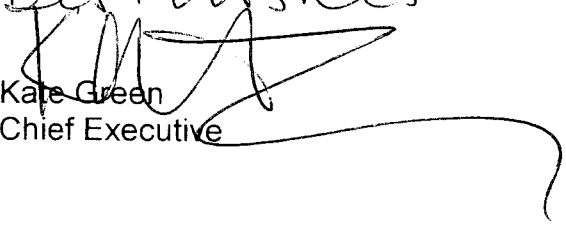
Families still face significant barriers to employment, such as low skill levels, low pay, work patterns that do not take account of parenting responsibilities, and discrimination. The imposition of benefit sanctions and/or compelling parents to access poorly paid employment does not engage with these issues, and may plunge more children into poverty. An increasing reliance upon private and voluntary sector services that currently support families to regulate welfare to work programmes and impose benefit sanctions upon Britain's poorest families, is likely to make a bad situation significantly worse.

The Government must recognise that parents need significantly more support to help them to balance working and caring, including ensuring that employers are more flexible and pay more, and protect parents for whom work is not an option.

In conclusion, CPAG looks forward to a budget that will ensure that the UK's record on child poverty results in a significantly greater rate of reduction in the next three years than it has in the past ten years. We urge the Government to use the budget to reinforce the message that high levels of child poverty in the UK are unacceptable, that something can be done to improve the lives and outcomes of all children, and to signal its ongoing determination to eradicate child poverty once and for all.

CPAG is a member of the Campaign to End Child Poverty.

Best wishes


Kate Green
Chief Executive