



POLICY BRIEF:

CHILD POVERTY AND WORK

Introduction

Paid work is often seen as the key route out of poverty. Recent national policy has been to increase the employment rate towards 80% focusing particularly on groups which have a much lower employment rate (lone parents, disabled adults, black and minority ethnic groups and adults with low skill levels).

Having parents who are out of work (either through unemployment, disability or the need to spend more time caring for children or a disabled relative) is closely associated with poverty because the safety net is paid at a lower level than the poverty line. Those who are unable to work are reliant on the safety net for support. Encouragingly the March 2008 Treasury report *Ending Child Poverty: Everybody's Business* notes the need to improve incomes for those who cannot work to the lift them out of poverty as part of the 2020 vision to eradicate child poverty.¹

Policy has sought to improve access to the labour market for those able to work, so-called 'work first' policy. More recently greater focus has been given to in work poverty, as it has become increasingly clear that efforts to reduce child poverty must involve policies to target those who are low/no skilled and their current lack of progression in the labour market. Developing a co-ordinated approach to address in work poverty will require commitment not only from Government, local authorities and local partners but also from employers.

Key Statistics

- Almost half the children living in poverty are in households where someone is in work;²
- 2.1 million children in the UK (16%) are growing up in workless households;³
- Of children living in couples, 64% are poor if no adult works; 17% where one parent works full time; and 4% where one parent works full time and one works part time;⁴
- Of children living in lone parent households, 56% are poor where the parent does not work; 17% where the parent is in part time work; and 7% when in full time work.⁵

- Better qualification usually means better pay: in 2003 the average gross weekly income for graduates was £623 compared to only £298 for those with no qualifications⁶
- People with the highest qualifications in the workplace are also more likely to receive further job-related training than those with lower or no qualifications.⁷

Progress

The government strategy has focused around increasing access to a growing labour market particularly through:

- A drive to increase the employment rate overall and specifically focused on the employment rates of groups with low employment rates. The New Deal measures have aimed to provide support for some groups to take up work opportunities with more intensive personal adviser support;
- Improving the gains from work through the working tax credit underwritten by a national minimum wage;
- An increase in childcare places through the 10 year childcare strategy and with some demand side support through the tax credit system (and now with Local Authorities being responsible for child care availability);
- A focus on improving educational results and skill levels;
- Increasing the work focused conditions (and potential benefit sanctions) on lone parents and disabled people claiming benefits.

Many of these measures have been successful in increasing the UK's employment rate – already high in international terms but policy has also benefited from a growing labour market.

Significant challenges remain around:

- More focus on job quality to ensure work is an effective route out of poverty. Many people enter the labour market in jobs at the lower end of the pay scale and because of a lack of career progression and workforce development fail to progress and remain trapped in poverty. Parents entering lower end, often insecure work, also have increased chances of 'cycling' between benefits and work which undermines poverty reduction.
- Childcare cost, accessibility and availability remain a problem, deprived wards, for instance, currently have half the average number of childcare places available⁸. High turnover of provision is also disproportionate in poorer areas – where profits of providers may be relatively low and demand suppressed by parents' inability to afford the childcare on offer.
- Skill levels. Most groups are seeing rising chances of being in work, the trend for the low skilled is going the other way as this group gets more vulnerable in the labour market. The Leitch review of adult skills notes about half of those with no qualifications are out of work⁹ - this group is trapped in a cycle of low skill, low pay and poor prospects.
- Conditionality. Recent policy is increasing conditions and sanctions (through the new Employment and Support Allowance for disabled adults and the transfer of many lone parents from income support to jobseekers allowance). As well as delivery questions, around how new policy will be implemented, policy which increases the chances of parents being sanctioned conflicts with that to reduce child poverty.

- The role of employers. Employers have a greater role to play in opening up opportunities to decent, flexible work and overcoming discrimination that currently reduces access to (and progression in) employment for many groups. Here there is more scope for policies like the local employment partnerships and the 'jobs pledge' to improve access to the labour market for vulnerable groups.

Importance for Local Authorities

At a local level partners must take steps to ensure that the issues of Child Poverty, job quality and workforce development are reflected in policy development and that they are written into key local strategic documents. For instance Employment and Skills strategies, economic development strategies and Sustainable communities' strategies must reflect how these issues will be addressed.

Nationally policy around employment activities is described by the Public Service Agreement 8 (Maximise employment opportunity for all) and focuses attention on the overall employment rate, narrowing the gap in employment rates of particular groups, the numbers of people claiming out of work benefits and the time spent on out of work benefits. Many of the indicators in the new Local Authority performance framework are closely linked to employment, alongside the national indicator NI 116 (proportion of children in poverty); the indicator blocks around 'Enjoy and Achieve' (NI 72-NI 109); economic wellbeing (as well as NI 116, NI 117 16-18 year olds not in education, training or employment and NI 118 take up of formal child care by low income working families); and local economy (NI 151-NI 174).

Joining up employment programmes with the expansion of childcare provision - as outlined in the Harker¹⁰ report Job Centre Plus and Children's centres do not always work closely together. It is important to provide accessible routes in to employment programmes and children's centres offer a good venue to offer services to parents, but strategies should emphasis the available support not compulsion so as not to conflict with the broader role of children's centres to positively engage with parents and improve child outcomes.

To ensure that childcare provision meets the needs of parents seeking to move into work it was recommended that local authorities need to work more closely with Job Centre Plus to gather intelligence on local childcare needs. To address this issue local authorities (from 2008) have new duties to ensure that there is sufficient childcare in their area and Jobcentre Plus are designated partners in delivering these duties. The implementation of these local duties should help to address the situation which has arisen in some local areas, where there is availability of excellent high quality childcare that is not being accessed because parents simply cannot afford it.

Getting employers on board locally - in addition to national measures (outlined above) aimed at engaging with employers, Local Authorities and Local strategic Partnerships need to ensure that local employers are widely consulted during the development of wider policy aimed at reducing child poverty. Local employers should be involved where possible in the development of local Employment and skills strategies, economic strategies and childcare strategies. These partnerships need to be developed to help ensure that up job opportunities are opened up to the most disadvantaged groups. Linked to this, developing policy to reflect individual and local labour market needs - while there is a generic need to improve work force development, retention and adult skills in the workplace - it is also important to ensure that local labour market needs are reflected in any new policies developed.

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- ¹ HM Treasury, 2008, Ending Child Poverty: Everybody's business
- ² Figures for Department for Work and Pensions, Households Below Average Incomes Series
Harker, L. Delivering on child poverty: what will it take? DWP (2006), 2007
- ³ Figures for Department for Work and Pensions, Households Below Average Incomes Series
Harker, L. Delivering on child poverty: what will it take? DWP (2006), 2007
- ⁴ Figures for Department for Work and Pensions, Households Below Average Incomes Series
Harker, L. Delivering on child poverty: what will it take? DWP (2006), 2007
- ⁵ Figures for Department for Work and Pensions, Households Below Average Incomes Series
- ⁶ Focus on social inequalities. ONS (2004)
- ⁷ Labour force survey, ONS (2004)
- ⁸ McGlone, F. Dornan, P. Comprehensive spending review 2007 What it needs to deliver on Child Poverty. CPAG (2007)
- ⁹ Leitch review of skills –(2006) HM Treasury
- ¹⁰ Harker, L. Delivering on child poverty: what will it take? DWP (2006)