



Tackling child poverty and promoting children's well-being: lessons from abroad

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Executive summary

Child poverty remains one of the biggest barriers to improving outcomes for children and young people in the United Kingdom today. While, in more recent years we have seen a decrease in child poverty rates in this country, there are still too many children missing out on a decent childhood, and the number of children living in poverty is forecast to increase over the coming years as a result of the economic climate and cuts to welfare and services.

The Child Poverty Act 2010 demonstrated cross-party support for eradicating child poverty, and the coalition government re-confirmed its commitment in its overarching programme for government and its 2011 child poverty strategy. However, is the government taking the most effective approach and what more could it be doing to confront child poverty?

Drawing upon NCB's analysis of international examples of effective approaches, this briefing sets out some key components that should be included in the government's future plans for tackling child poverty including:

- having a robust mechanism for taking forward a cross-government child poverty strategy that holds all government departments to account
- introducing a package of measures to promote maternal employment
- supplementing families' incomes for engaging in activities that promote child well-being
- taking forward evaluated neighbourhood-based approaches to tackling child poverty and promoting child well-being.

In order to address these core components in future child poverty strategies, this report recommends that the UK government consider the following policy proposals:

- establish a central child poverty board with full ministerial representation to develop and implement a genuine cross-government child poverty strategy and hold *all* government departments to account for delivery against clear milestones
- increase the number of hours of free early years education provided to three-and four-year-olds and disadvantaged two-year-olds, and work with childcare providers to ensure they are meeting local parents' needs
- increase the proportion of childcare costs covered by tax credits and Universal Credit from 70 to 80 per cent
- carry out a review of after-school care, and work with partners to identify innovative ways of improving the availability, accessibility and affordability of these services
- increase tax credits and child-related elements of the Universal Credit, in line with inflation
- pilot a version of the Family Rewards programme in England, supplementing family income by offering cash incentives for families who engage in activities that promote their child's well-being
- establish a number of neighbourhood-based Anti-Poverty Innovation Zones, supported with match funding from the business sector, that develop and evaluate new and creative neighbourhood-based approaches to tackling child poverty and its effects, drawing on examples of existing good practice and international evidence.

Introduction

Child poverty remains one of the biggest barriers to improving outcomes for children and young people in the United Kingdom today. According to recent estimates, 27 per cent of children – about 3.6 million – were living in relative poverty in 2010-11: in other words, living in households with incomes less than 60 per cent of the current median income after housing costs.¹ In reality this means that far too many children miss out on a decent childhood, lacking essentials such as appropriate housing, a nutritious diet and sufficient food. Teachers have recently reported that they are seeing more children arriving at school hungry.²

The most recent UNICEF report, which looked at the percentage of children living in households with incomes below 50 per cent of the national median, ranked the UK only 22nd out of the 35 richest nations for child poverty rates (UNICEF Innocenti Research Centre, 2012). In 2011, the Institute for Fiscal Studies (IFS) estimated that 400,000 more children will be living in relative poverty by 2015-16, half of this increase resulting from the government's tax and benefits changes. More recently, the government has acknowledged that a further 200,000 children will move into poverty as a result of its decision, for the next three years, to increase certain family benefits by one per cent per year, rather than in line with the cost of living (Hansard, 2013).

Despite this predicted rise, it should not be forgotten that the number of children living in poverty is at the lowest level since the 1980s (Brewer et al, 2011; Cribb et al, 2012). Child poverty in the UK more than doubled between 1979-1997 (TARKI, 2010), a growth attributed to a steep rise in unemployment, changing demographics (including increases in the number of lone parent families) and welfare policy that reduced the real value of state benefits.

While the most recent fall in relative child poverty was, of course, influenced by the downward move in median household income and a decline in the real value of earnings linked to the prevailing economic climate, welfare policy was also a critical factor. The Labour government's focus on measures of financial redistribution, such as increases in Child Tax Credits and Child Benefit had a significant influence (Brewer et al, 2010). Indeed, between 1998-99 and 2010-11 child poverty reduced by 1.1 million – halfway to the 2020 target. Support across all political parties for the 2010 Child Poverty Act,³ which introduced statutory targets to eradicate child poverty by 2020 and required government to have a strategy for doing so, was evidence of the widespread recognition of the pernicious effects of child poverty on children and young people – and on society as a whole.

The coalition clearly stated in its 2010 programme for government that it is committed to reducing poverty saying: "*We will maintain the goal of ending*

¹ See <http://research.dwp.gov.uk/asd/index.php?page=hbai>

² See <http://www.guardian.co.uk/teacher-network/teacher-blog/2012/jun/19/pupil-hunger-survey-result?INTCMP=SRCH>

³ See http://www.legislation.gov.uk/ukpga/2010/9/pdfs/ukpga_20100009_en.pdf

child poverty in the UK by 2020" (HM Government, 2010, p.19). A strategy was published last year (see Department for Work and Pensions & Department for Education, 2011), and the government will be assessed on progress by the independent Social Mobility and Child Poverty Commission when it publishes its first annual review later this year. The question remains, however, whether the government is taking the most effective approach and what more could it be doing to confront child poverty.

Drawing upon international examples of effective approaches to tackling child poverty, this briefing is based on a report *Child poverty outcome models: An international review* commissioned by NCB Northern Ireland.⁴ It puts forward some key components that should be included as part of the government's development of future plans for tackling child poverty, including:

- establishing a central government anti-poverty board responsible for overall delivery and holding individual departments to account
- introducing a package of measures to promote maternal employment
- supplementing families' incomes for engaging in activities that promote child well-being
- taking a neighbourhood-based approach to tackling child poverty and promoting child well-being.

While this report is based on overseas evidence, we recognise that variations of some of these initiatives have been piloted in the UK, and future planning needs to take account of the learning from these previous policies. A review of previous (and current) UK child poverty policies is beyond the scope of this summary.

Policy responses to child poverty

The Child Poverty Act 2010, introduced by the previous government but with cross-party support, placed a duty on the UK government to eradicate child poverty by 2020. It introduced a number of statutory child poverty targets, required the UK government and the devolved nations in Scotland and Northern Ireland to publish a strategy for tackling child poverty⁵, and established in law the Child Poverty Commission to advise the government and hold it to account on progress in meeting child poverty targets.

The coalition government's national child poverty strategy, *A new approach to child poverty: Tackling the causes of disadvantage and transforming families' lives* (Department for Work and Pensions & Department for Education, 2011), was published in April 2011. This followed the Frank Field Review of Poverty and Life Chances (Field, 2010) and the Graham Allen Review of Early Intervention (Allen, 2011). In the child poverty strategy, the government emphasises the importance of going beyond income to consider the family, home environment, housing, early years, education and health in tackling poverty and its unfavourable effects. It focuses on:

⁴ <http://ncb.org.uk/policy-evidence/research-centre/research-projects/a-z-research-projects/child-poverty-outcomes-models-an-international-review>

⁵ The Children and Families (Wales) Measure 2010 placed a duty on the Welsh Assembly Government to publish a Child Poverty Strategy for Wales

- *supporting families to achieve financial independence*: removing financial disincentives to work, improving financial management and supporting people into work
- *supporting family life and children's life chances*: providing support and removing barriers in relation to attainment, health, housing, early years and environment, among other factors to enable children to achieve their potential
- *the role of place and transforming lives*: supporting and encouraging local communities and local partners to identify and support families in a long-lasting way.

Alongside this, the government published its strategy for improving social mobility – *Opening doors, breaking barriers* (Cabinet Office, 2011), saying that breaking the transmission of disadvantage from one generation to the next was the principal goal of the coalition's approach to social policy. The strategy brought together a range of policy initiatives the government was undertaking including those affecting young children, schools and young people moving into adulthood.

While the UK coalition government has its own distinct approach to the most effective means of fighting child poverty and has chosen to emphasise particular policies, there is surprising consistency across the developed world in terms of the types of policies used to tackle child poverty directly (or indirectly via impacts on some of the factors underlying child poverty, such as lone parenthood, low parental educational attainment, lack of affordable and accessible childcare, poor health and health behaviours, abuse and neglect and residence in deprived neighbourhoods or in substandard housing) (Hoelscher, 2004; Ryan et al, 2012). The three key types of policies can be summarised as follows:

1. those that aim to **increase families' financial resources** through employment (notably work that 'pays') and cash transfers. Particular policies and programmes may focus on job creation, work incentives (e.g. tax credits), minimum wages, tax exemptions, cash assistance, benefits and allowances and debt reduction
2. those that aim to **reduce families' expenses** including 'in-kind' benefits, such as childcare allowances, access to subsidised housing, food assistance and public health insurance
3. those that **promote child well-being and early intervention and prevention** including child protection services, specialist services and support (e.g. early intervention, parenting support), high-quality education and positive activities.

Certainly we cannot discount the absolute importance of increasing families' incomes and reducing their expenses as levers to reduce child poverty. Also critical, however, are policies that aim to mitigate the deleterious impact of child poverty on children's (and families') health and well-being, particularly given the long-lasting influence of poverty on children's outcomes. Thus, our recommendations include proposals to take forward these policies.

Key components of future UK child poverty strategies

Based on an analysis of successful – or innovative – international examples, we have selected four components that should be reflected in future UK child poverty strategies. While the first focuses on accountability structures, the remaining three cover elements of established anti-poverty policies adopted by a number of western countries. The recommended components also suggest effective alternatives to recent policies that have been weak on cross-government working, have emphasised the family rather than the community context, and most recently have focused on how we measure poverty, not how it is actually reduced (HM Government, 2012a).

A robust mechanism for taking forward a cross-government child poverty strategy that holds all government departments to account

Effectively tackling child poverty requires a central cross-government approach, where every department takes responsibility for taking forward its remit with regard to delivering policies that are part of a shared child poverty strategy. A key to this approach is the creation of a *single* central government delivery board, responsible for developing and overseeing the implementation of the child poverty strategy with the power and authority to hold government departments to account and monitor progress against clear milestones.

The proposed board is distinct from existing structures (e.g. Child Poverty Unit, Social Mobility and Child Poverty Commission). The current arrangements are not the same as a ministerial board supported by officials across Whitehall, and thus do not have the authority to bring the full range of government departments to the table and hold them to account on their contribution to reducing child poverty.

The proposed board would require full participation across the government, with representation from ministers and director-generals/permanent secretaries to work toward a common goal. This includes ensuring that individual government departments clearly outline their specific contribution to the child poverty strategy including the key evidence-based policies and programmes they implement and manage, as well as the baseline data, core targets and outcomes they will achieve. The board should outline the overall approach to reducing child poverty across departments, ensuring policies and programmes are effective in:

- increasing poor households' incomes
- tackling the factors underlying poverty
- promoting the well-being of children and young people already affected by poverty's deleterious influence, helping to reduce disparities in child outcomes by income level.

The board should set detailed reporting structures requiring departments to report bi-annually on progress towards meeting targets and outcomes. It should continuously review whether policies and programmes are sufficiently meeting targets and outcomes, taking a scrupulous approach to ceasing funding for programmes deemed ineffective.

Key example: Connecticut's Child Poverty and Prevention Council⁶

In 2004, Connecticut became the first state in the United States to enact a law setting a poverty target, bringing together disparate state agencies to work toward a common goal (Foley, 2012; State of Connecticut, 2011).

The poverty target is managed by the *Child Poverty and Prevention Council*, whose purpose is to:

- develop and promote the implementation of a 10-year plan to reduce the number of children living in poverty in Connecticut by 50 per cent (by 2014)
- establish prevention goals and recommendations and measure prevention service outcomes to promote the health and well-being of children and families.

The council meets several times a year and has representation from more than 15 individual government agencies, ranging from the Department of Children and Families (DCF) to the Department of Corrections (DOC).

The council reports annually on progress towards the goal of cutting child poverty in half, as well as on poverty and prevention reports from state agencies with membership on the Council. Each agency's report must include information on:

- long-term agency goals
- strategies
- performance-based standards
- outcomes and performance-based accountability
- a statement on the overall effectiveness of prevention within the agency
- methods used to reduce disparities in child performance and outcomes by race, income level and gender
- a brief description of the purpose of the prevention program
- the number of children and families served
- state and federal funding for the fiscal year.

The council also advises the governor and legislature on ways to realign the state's budget to ensure that it is compatible with reducing child poverty.

After declines in child poverty rates in Connecticut in 2008-09, the rate increased in 2010, probably due to the effects of the economic recession. As this was being tracked action was taken swiftly and in 2011, the state implemented a number of new key initiatives including:

- *State Earned Income Tax Credit*: This fully refundable credit provides a benefit of up to approximately \$1,700 annually to approximately 190,000 low-income working families.
- *Job creation*: A recent public act promoting economic growth and job creation in the state established new and existing business assistance, economic and workforce development, and job training programmes, and another created the Connecticut Bioscience Collaboration

⁶ See <http://www.ct.gov/opm/cwp/view.asp?a=2997&q=383356>. For another example, see <http://www.nyc.gov/html/ceo/html/home/home.shtml>

programme to support establishment of a bioscience cluster, which will enable nearly 7,000 permanent jobs.

- *Supportive and affordable housing:* Across the state, 150 new units of supportive housing were developed, providing permanent, affordable housing matched with support services for families and individuals at risk of homelessness. The state budget included \$100 million for housing development and rehabilitation projects to increase the availability of affordable housing options for low-income families.
- *Early Childhood System:* A coordinated early childhood system in Connecticut was created in 2011.
- *Academic achievement gap:* The Achievement Gap Task Force was created to consider effective approaches to closing the achievement gaps in elementary, middle and high schools and develop a master plan to eliminate gaps.

Promoting maternal employment

Getting more mothers into stable employment is a key to reducing child poverty. While recognising the importance of taxes and transfers in 'levelling the playing field', raising employment rates and wages and reducing the costs of working are key long-term solutions to reducing child poverty directly (Hoelscher, 2004; OECD, 2012a). Several analyses have found that the countries with the lowest child poverty rates worldwide are those defined by high parental - particularly maternal - employment, as well as low in-work poverty and effective income support policies (Hoelscher, 2004; OECD, 2007; Social Protection Committee, 2012; TARKI, 2010). These countries combine generous universal benefits, active employment policies, and widely available and accessible free or low-cost childcare and service provision.

However, the employment rate for mothers with children under three years of age is just 56 per cent in the UK, rising to just 58 per cent for mothers of 3-5-year-olds (OECD, 2012b). Table 1 below summarises maternal employment rates for other EU countries.

Table 1. Maternal employment rates by age of youngest child, 2009

	Child <3 years	Child 3-5 years
United Kingdom	55.9	58.2
Denmark	71.4	77.8
Netherlands	77.8	77.0
France	59.3	73.7
Germany	59.0	66.3

Source: (OECD, 2012b)

These statistics suggest that the return to work after the birth of a child is a key challenge for women in the UK.

Increasing sustainable maternal employment requires a multi-pronged approach best facilitated by:

- wide availability of free or low cost childcare – including, critically, beyond the early years through after-school childcare activities
- flexible work

- paid maternity benefits including parental leave
- generous child and family benefits
- active labour market policies (ALMP) and strategies, which provide assistance, support and incentives to help people find work and re-enter the workforce.

The key premise is that work and family life should be *complementary*, not conflicting. However, this is often not the case for mothers in the UK. Firstly, childcare is prohibitively expensive: a recent analysis found that there is little incentive for a second earner from low-to-middle-income families to work more than 16 hours per week given, in large part, the high costs of childcare (Alakeson & Hurrell, 2012). A national survey of parents found that a quarter felt it was difficult to cover the costs of childcare, rising to 40 per cent for lone parents who worked (Smith, et al., 2012). In England childcare for very young children is still not considered the 'norm', with 57 per cent of parents of children under the age of two reporting that their children were 'too young' to use formal provision (Smith, et al., 2012). There is also evidence that many childcare settings in England catering to very young children are not of sufficiently high quality (Gibb et al, 2011; Ofsted, 2011; Smith et al, 2009).

Secondly, while the UK is quite generous in the *time* allocated for maternity leave – up to 52 weeks – much of it is unpaid, which may put a strain on families' incomes. Child and maternity benefits need to be sufficient to provide a reasonable level of support for families with children, but not so much that they disincentivise mothers returning to work. Given the unfavourable links between full-time maternal employment during a child's first year of life and young children's outcomes (see e.g. Ermisch & Francesconi, 2001; Gregg et al, 2005; Joshi & Verropoulou, 2000), maternity benefits need to be calibrated to ensure they allow mothers enough time with their infants to nurture the latter's development needs, but not so long that returning to work becomes a hurdle (OECD, 2007). Developing policies that work best for families' incomes and best for babies' development may require a balancing act – one that may implicate both parents and flexible working patterns including part-time work.

Key example: Maternal employment in Denmark

The relatively low child poverty rates in Denmark are considered to be a result of a combination of three main factors: low in-work poverty, sufficient income support and high labour-market participation of parents including mothers. Nearly three-quarters (73.1 per cent) of the adult population in Denmark is in work, compared to the OECD average of 64.8 per cent.⁷ *Significantly, 84 per cent of mothers with children under the age of 16 work, compared to 67 per cent in the UK.*⁸ Most children in Denmark live in households where both parents are in full-time employment.

As well as having active labour market policies (such as guidance, training and education for the unemployed) and a flexible labour market (balancing flexibility for both workers and employers), Denmark's high rates of

⁷ See

<http://www.oecd.org/els/employmentpoliciesanddata/howdoesyourcountrycompare-denmark.htm>

⁸ Data available from: www.oecd.org/social/family/database

maternal employment are facilitated by the wide availability of free or low-cost childcare, the level of child and family benefits and comparatively generous maternity benefits and parental leave.

Table 2 provides a comparison between maternal employment, policies and services in Denmark and the UK.

While both the UK and Denmark offer about a year of parental leave following the birth of a child, *the majority of it is unpaid or paid at a low rate in the UK. Child benefit rates are higher in Denmark than in the UK* for children of any age, and remain universal. From 2013, families in the UK with one parent on a higher income (greater than £50,000) saw their child benefit downgraded. At an annual taxable income of more than £60,000 it ceases. This change is seen as punitive for families with one high single earner, particularly for large families and/or those on the eligibility threshold. The government's decision to *increase tax credits and child-related elements of the Universal Credit at a rate lower than inflation* will also see families' real incomes fall. *The extent of subsidised or free childcare provision in the UK is considerably lower than in Denmark, where costs are capped for all parents and free for lower income parents.*

Child poverty rates in the UK are almost double those of Denmark.

Table 2 Comparisons between UK and Denmark⁹

	UK	Denmark
Maternity benefits	39 weeks of maternity leave paid at 90% of earnings for 6 weeks, followed by a fixed rate for the remaining period, with 26 additional weeks unpaid leave	18 weeks paid maternity leave (4 weeks before birth, 14 after) at full pay up to a ceiling, followed by 32 weeks of paid parental leave. [Some variation between public and private sector entitlements]
Child benefits	£20.30 per week (£1,056 per annum) for eldest child and £13.40 (£697 per annum) per additional child Child Benefit is downgraded for families with one parent with taxable income >£50,000 per annum, and benefit entirely withdrawn for families with one parent earning >£60,000	Family allowance paid to all families with children, approximately £1,825 (0-2 years), £1,445 (3-6 years) and £1,137 (7-17 years) annually per child Ordinary child allowance of approximately £533 per year is payable to lone parents and parents who receive a pension under the Social Pensions Act
Tax credits	Working Tax Credit up to £1,920 a year, plus £1,950 for lone parents and couples	N/A

⁹ While recognising that there are a range of other benefits that affect families' incomes, Table 2 illustrates differences in the benefits system between the UK and Denmark that likely account for the varying maternal employment rates.

	<p>Child Tax Credit £545 annually plus up to £2,690 for each child (with additional payments for families with a disabled child)</p> <p>Eligibility criteria: children are under 16 or under 20 in approved education or training, one parent working at least 16 hours per week (additional hours for couples), and household income below a specified threshold, depending on family circumstances.</p> <p><i>From October 2013, all claimants will be moved to a new system of Universal Credit, incorporating all tax credits and other welfare payments. Claimants will have 'transitional protection', meaning they should not get less than they received through tax credits, until their circumstances change.</i></p>	
Childcare	<p>15 hours free early education weekly for all 3-5-year-olds (and disadvantaged 2-year-olds) 38 weeks per year</p> <p>Childcare tax credits of up to £122.50 a week for one child and up to £210 a week for two or more children, with the aim of covering 70 per cent of childcare costs. (Eligibility criteria similar to those for tax credits apply)</p> <p>Childcare costs are 26.6% of family income¹⁰</p>	<p>Fees for childcare facilities for children from 6 months-6 years including family daycare and centre-based care and Kindergarten classes for children up to 7 years are capped for parents at 25% of running costs, with poorer families using services free of charge or at reduced rates</p> <p>Childcare costs are 8.9% of family income¹¹</p>
Maternal employment rates ¹²	<p>67.1% for children <15 55.9% for children <3 58.2% for children 3-5 73.8% for children 6-14</p>	<p>84.0% for children <15 71.4% for children <3 77.8% for children 3-5 77.5% for children 6-14</p>
Child poverty rates ¹³	12.1%	6.5%

¹⁰ Data available from: www.oecd.org/social/family/database

¹¹ Data available from: www.oecd.org/social/family/database

¹² Data available from: www.oecd.org/social/family/database

The illustrative comparison with Denmark highlights the differences in maternal employment between the two countries, particularly for families with children under the age of five. Denmark's parental leave benefits are both more generous and flexible than the UK, which ensures that one parent can afford to remain at home with a young child over the first year of life, and also enables parents to share this duty so that mothers can continue to invest in their careers during the all important early years. Also crucial is the provision of free or subsidised childcare in Denmark, which precludes unwieldy childcare costs from prohibiting work. Further, Denmark still offers a universal child benefit to all families with children, something the UK has recently eliminated.

That is not to say that the UK government does not have generous family policies. What is different about the UK relative to countries with higher maternal employment rates, such as Denmark, is that the UK spends more on cash benefits, particularly via the tax credit system, and subsequently less on services, such as childcare (Plunkett, 2011).

Recently, however, the UK government is developing plans that aim to help more women into the labour force, arguing that this will be critical to a revival of the economy (HM Government, 2012b and 2012c). Proposals, set out in the recently published Children and Families Bill¹⁴, include:

- allowing a couple to end the mother's maternity leave and pay, and then share the remaining balance as shared and flexible parental leave and pay
- extending the right to flexible work to all employees including, for example, grandparents.

These proposals are a step in the right direction. They fall short, however, of what is required to secure the availability of high-quality and affordable childcare when working parents need it, particularly in the context of reducing local services due to decreasing budgets, as well as changes arising from the Universal Credit. Indeed, research analysing the potential impact of Universal Credit suggests that when the new Universal Credit begins in October 2013:

- lone parents who work more than 15 hours per week will have to spend all of their additional income on childcare, due to requirements to cover 30 per cent of their childcare costs (Barnardo's, 2012)
- families that received additional support for childcare through housing benefit and council tax benefit will lose up to £3,980 per year (The Children's Society, 2012), and
- potential second earners, such as mothers wishing to enter into work, will have less incentive to do so because support will be withdrawn more quickly than is currently the case with tax credits (Brewer et al, 2011).

To better promote maternal employment, by securing improved access to childcare and ensuring work really improves families' budgets, the government should consider the following options:

¹³ For comparative purposes, these figures are based on 50 per cent of the national median income (UNICEF Innocenti Research Centre, 2012).

¹⁴ <http://services.parliament.uk/bills/2012-13/childrenandfamilies/documents.html>

- increase the number of hours of free early years education provided to three- and four-year-olds and disadvantaged two-year-olds and work with childcare providers to ensure they are meeting local parents' needs
- increase the proportion of childcare costs covered by tax credits and Universal Credit from 70 to 80 per cent
- carry out a review of after-school care, and work with partners to identify innovative ways of improving the availability and affordability of these services
- increase tax credits and child-related elements of the Universal Credit, in line with inflation.

Certainly, the government will need to explore the costs and cost effectiveness of each of these options, and major policy initiatives need to be subject to rigorous evaluations including economic assessments.

Supplementing families' incomes for engaging in activities that promote child health and well-being

Conditional cash transfers (CCT) are cash grants provided to people living in poverty on condition that they meet certain requirements, such as sending their children to school and having regular health checks. CCTs are a widely used poverty reduction strategy in developing countries – beginning in Mexico in 1997 – but have potential application in the developed world.

While still referred to as *conditional* transfers, CCTs in developed countries are based more on the concept of *incentivising* than conditioning, such that the money provided in return for certain activities and behaviours is *additional* to any benefits received. In a time of limited resources, CCTs can be viewed as a targeted means of supplementing poor families' incomes and promoting activities that promote their health and well-being.

Evidence to date suggests that CCTs can reduce poverty, at least in the short-term, increase use of health, nutrition and education services and improve health outcomes. So far, the contribution of CCTs to children's learning and school outcomes is less conclusive (Fiszbein & Schady, 2009).

CCTs certainly need to be given careful consideration. They require substantial monitoring to ensure compliance and, the success of incentives is dependent on the availability, accessibility and quality of services that families and children can seek for support, which is often not a given. Perhaps more importantly, CCTs can lead to a 'blame the victim' mentality, whereby the unfavourable health and educational outcomes of poor children is assumed to be due to the failure of poor families to understand their own best interests (Berlin & Riccio, Summer 2010; United Nations, 2009).

Taking into account these factors, CCTs could still be an effective means of capitalising on two of the key policy responses to child poverty. By providing families with additional cash *on top of* any existing benefits or tax credits, they act to increase families' financial resources, at least in the short-term. In addition, by encouraging or incentivising the use of services that families might otherwise not be using or using very infrequently, they help to promote children's health and well-being.

Opportunity NYC – Family Rewards

The application of this approach to developed countries has centred on a family-focused programme trialled in New York City. *Opportunity NYC – Family Rewards* offered rewards for activities related to educational effort and achievement, preventive health care, and employment and training in six of the city's poorest communities.

The trial programme targeted families with children living in selected deprived communities with incomes at or below 130 per cent of the US poverty level.¹⁵ To ensure that the programme reached a broad cross-section of children, not just the most motivated, potentially eligible families living in the targeted communities were identified and recruited via postal mailings, telephone and home visits. As the programme was established as a randomised controlled trial (RCT), the families that agreed to participate were randomly assigned to programme or control groups. Families who volunteered for the programme were not any more or less disadvantaged than the broader target population of low-income families living in deprived neighbourhoods.

The programme included an extensive set of monetary rewards, most of which were available for three years, associated with partaking in various education, health and work conditions:

- *education-focused conditions*, which include meeting goals for children's attendance in school, achievement levels on standardised tests and other school progress markers, as well as parents' engagement with their children's education.
- *health-focused conditions*, which include maintaining health insurance coverage for parents and their children, as well as obtaining age-appropriate preventive medical and dental check-ups for each family member.
- *workforce-focused conditions*, aimed at parents, which include sustaining full-time work and completing approved education or job training activities.

At the outset, 22 incentives were offered, ranging from \$20 to \$600. At the lower end, families received \$25 if a parent attended a parent-teacher conference (up to two payments per year). At the higher end, families received \$600 if high school-aged young people accumulated 11 course credits over a school year.

The RCT included 4,800 families with 11,000 children and ran for the first three years of the programme, with two additional years of follow-up. Findings from the evaluation revealed that 98 per cent of participating families earned rewards – more than \$6,000, on average – over the first

¹⁵ The poverty threshold for a single mother raising two children was \$18,123 per annum in 2011, so 130 per cent of this would be \$23,560. See <http://www.census.gov/hhes/www/poverty/index.html> - 1 USD (\$) is approximately .64 GBP (£).

two years of the programme (Riccio et al., 2010). About two-thirds (65 per cent) earned rewards in every period they were available. Family Rewards had effects on a range of outcomes including:

- reduction in poverty and perceptions of financial hardship
- increased savings and the likelihood that parents had bank accounts, and reductions in the use of cheque cashers
- increased school attendance, course credits, grade advancement and standardised test results among high school students with high standardised maths scores, but no effects on younger pupils or older pupils with lower maths scores
- increased families' use of health insurance coverage and receipt of medical care, and reductions in use of hospital emergency rooms for routine medical care
- substantially increased family use of preventive dental care
- increased employment in jobs not covered by the unemployment insurance (UI) system, but reduced employment in UI-covered jobs.¹⁶

The second generation of Family Rewards focusing on the most promising health, education and employment incentives is being implemented in New York City and Memphis, Tennessee as part of the Obama administration's Social Innovation Fund.

CCTs clearly have the potential to improve outcomes but this depends on effective implementation that takes account of the target population, the appropriate conditions, the size of the transfers and the entry and exit rules. CCTs can increase families' incomes and their use of health-promoting services, while the overall efficacy of CCTs on poor families' health and well-being beyond use of services is likely to be dependent on the quality of services available.

The government should consider piloting a version of the Family Rewards programme in England, supplementing family income by offering cash incentives for families who engage in activities that promote their child's well being. However, it is important that any programme is not used as a substitute for sufficient targeted and universal benefits, but rather as a supplement to incentivise engagement in activities (e.g. parents taking up disadvantaged two-year-old childcare places) that have the potential to promote children's well-being. The contribution of the rewards to families' incomes would unlikely be enough to raise families out of poverty, but they would provide additional cash and help to mitigate some of the unfavourable effects of poverty on children's health and well-being.

Taking a neighbourhood-based approach to tackling child poverty and promoting child well-being

Poverty is geographically concentrated. Low-income parents often face a limited set of choices about where to raise their children, yet it is in neighbourhoods and communities that children attend childcare, go to school, visit medical centres, buy their food, play and develop social relationships – each of which

¹⁶ Self-employment, federal government employment, domestic work and informal (casual or irregular) jobs that are never reported to state agencies are not covered by the UI system.

shapes children's development. Many studies from the past decade have reported links between neighbourhood deprivation and children's cognitive, socio-emotional and even health outcomes (Caspi et al, 2000; Gregg et al, 2008; Haynes et al, 2008; McCulloch, 2006; McCulloch & Joshi, 2001), and some of these links can be attributed to the quantity, quality and availability of services, resources and conditions in deprived neighbourhoods. Thus, living in a deprived community further intensifies the effects of family-level poverty on children's and families' well-being.

Indeed, one review reported that 45 per cent of the population in the most deprived areas of England (vs. less than 5 per cent in the least deprived areas) reported two or more unfavourable environmental conditions including poor housing, higher rates of crime, poorer air quality, lack of green spaces and places for children to play and more road traffic risks (Geddes et al, 2011). Further, the latest Ofsted annual report found that school and early years provision (other than children's centres) is weakest in areas of deprivation (Ofsted, 2012a, 2012b). This evidence suggests that poor children and young people growing up in deprived communities are more likely than other poor children to be exposed to unsafe environments, including poor housing, and to miss out on important high-quality services and resources.

Taking a neighbourhood-based approach recognises that tackling child poverty and its effects requires more than just an individual-or family-level approach. Communities provide the foundation from which families can access housing, employment opportunities (or access to employment via transportation and childcare), education and skills development, positive activities, health care and healthy lifestyles and social ties. On the other hand, highly deprived, resource poor communities can damage children's well-being and development.

Although neighbourhood-based initiatives will inevitably vary depending on individual community's needs, they should address the following:

- *economic opportunity and security*, such as job training, skills development and links to employment opportunities; community-based financial institutions that encourage saving; and commercial revitalisation and development
- *physical development and infrastructure*, including housing, transportation and services, and green development
- *safety and security*, such as community policing, land-use zoning and crime prevention
- *institutions and services*, including schools, social and health services, libraries and positive activities
- *social capital*, including leadership and governance capacity that enable local institutions to articulate local needs and advocate on the community's behalf (Australian Social Inclusion Board, 2011; Brown, 1996; Waldman et al, 2009).

Each of these points is important in its own right, but also as a collective to tackle the various economic, physical, environmental and social barriers to poor children's health and well-being. An effective neighbourhood-based child poverty strategy needs to recognise the inter-dependencies between, for example, lack of perceived safety and use of community play spaces, or transportation and access to jobs and training.

Building on these inter-dependencies, collaboration across agencies and between stakeholders and partners - including residents, central and local government, business leaders, sector representatives, and local grassroots groups - is needed to address, in an integrated way, the complex needs of community members. Neighbourhood-wide approaches to tackling child poverty need to work with and mobilise residents to ensure that planning and development is inclusive and equitable.

The Colin Neighbourhood Partnership, Northern Ireland¹⁷

The Colin Neighbourhood is an urban district located on the periphery of West Belfast with high levels of unemployment and inactivity, poor health and well-being outcomes, and a lack of leisure, recreation and community facilities.

In September 1999, a group comprising key representatives from local community and voluntary organisations, the local authority, statutory agencies and political representatives identified the need to develop a comprehensive area-based strategy focusing on the physical, social and economic development of the Colin Neighbourhood.

The strategy set out four interlinking strategic objectives:

1. *Community renewal* – to develop confident communities that are able and committed to improving the quality of life in the most deprived neighbourhoods including:
 - developing and strengthening community infrastructure to improve the capacity of the communities
 - facilitating a more proactive and planned approach to community development
 - supporting training and development of skills in community development and neighbourhood renewal
 - improving community relations and reducing segregation
 - promoting volunteering and active citizenship in the most deprived neighbourhoods
 - supporting government departments and agencies in their efforts to enhance the delivery of public services by making greater use of voluntary and community organisations in the delivery of these services.
2. *Economic renewal* – to develop economic activity in the most deprived neighbourhoods and connect them to the wider urban economy including:
 - provision of development opportunities and encouraging investment and business development in the most deprived neighbourhoods
 - making sure that people living in the most deprived neighbourhoods have the skills they need to participate in the labour market
 - helping people in the most deprived neighbourhoods to overcome barriers to work such as poor transport or a lack of suitable childcare

¹⁷ See <http://www.newcolin.com/>

- ensuring that people on benefits are encouraged and supported to take up their full entitlement and that the process of seeking advice on a wide range of benefit and other issues is made more accessible
 - supporting social economy programmes that can encourage community and social enterprises.
3. *Social renewal* – to improve social conditions for the people who live in the most deprived neighbourhoods through better coordinated public services and the creation of safer environments including:
- helping schools that serve the most disadvantaged areas to improve educational attainment
 - improving the health of people living in the most deprived neighbourhoods
 - improving access and connections inside neighbourhoods, between neighbourhoods and with other areas
 - reducing the occurrence of fear and antisocial behaviour, vandalism and crime
 - developing or improving the community recreation and leisure facilities available to people who live in the most deprived neighbourhoods.
4. *Physical renewal* – to help create attractive, safe and sustainable environments in the most deprived neighbourhoods including:
- developing vacant, derelict or underused land and buildings
 - actively promoting and carrying out land assembly, site clearance and infrastructure provision
 - putting in place environmental improvements on key sites, entrances to neighbourhoods and along arterial routes
 - controlling pollution and promoting effective waste management
 - promoting a more diversified tenant base, providing a better mix of local housing opportunities, reducing turnover and long term vacancies, and promoting balanced and settled communities.

A key element of the strategy is the identification of Neighbourhood Partnerships in each neighbourhood renewal area: a single body that brings together at a local level the different parts of the public sector with the private, business, community and voluntary sectors so that different initiatives and services support each other and work together.

NCB Northern Ireland has worked with the Colin partnership to develop a performance management framework to assess how well the area's programmes are performing in relation to specific outcomes (NCB Northern Ireland and Colin Early Intervention Community, 2012).

To have a positive impact on the well-being and quality of life of children living in poverty, we need to build safe, stable and opportunity-rich neighbourhoods and communities. Future UK child poverty strategies should set out approaches to effective partnerships that adopt a neighbourhood-wide framework, addressing the impact of poor housing and environments and inadequate services on children's outcomes. To inform this approach the government should establish a ring-fenced fund for local authorities to bid to develop a number of neighbourhood-based Anti-Poverty Innovation Zones supported with match funding from local businesses. These zones could:

- bring together the full range of agencies and services that promote children's well-being, parental employment and local social and economic development, including statutory, private and third sector bodies
- develop *and evaluate* existing and new neighbourhood-based approaches to tackling child poverty
- promote and share learning with other local authorities.

In taking forward this proposal, government should draw on examples of existing evaluated good practice and international evidence¹⁸.

¹⁸ For example, see examples of neighbourhood-based approaches to improving children's outcomes set out in Dyson A, Kerr K, Raffo C and Wigelsworth M (2012)

Conclusion and recommendations: lessons for the UK

This report draws together some of the available evidence about what works in other countries to develop an effective strategy for tackling child poverty and its effects on children's well-being.

There is consistency across the developed world in terms of the overarching policy types used to tackle child poverty directly including: (1) policies that aim to increase families' financial resources, (2) policies that aim to reduce families' expenses and (3) policies that promote child well-being and early intervention and prevention reducing the impact of child poverty.

Drawing on international evidence, the report highlights four recommended components that government should include in future UK child poverty strategies to ensure they are effective in reducing child poverty rates and tackling the negative effects of poverty on children's outcomes. These components should be taken into account alongside – and not as substitutes for – other fundamental measures such as increasing family income and improving educational provision. They are:

- having a central government board responsible for driving and monitoring progress in reducing child poverty
- promoting the entry of mothers into employment, and supporting them to stay in work
- supplementing families' incomes to encourage them to engage in activities that have the potential to promote children's well-being
- taking forward evaluated neighbourhood-based approaches to tackling child poverty, alongside a focus on the family.

Based on this evidence, the UK government should consider the following policy recommendations:

- establish a central government child poverty board with full ministerial representation to develop and implement a cross-government child poverty strategy and hold *all* government departments to account for delivering its actions and aims
- increase the number of hours of free early years education provided to three- and four-year-olds and disadvantaged two-year-olds and work with childcare providers to ensure they are meeting local parents' needs
- increase the proportion of childcare costs covered by tax credits and Universal Credit from 70 to 80 per cent
- carry out a review of after-school care, and work with partners to identify innovative ways of improving the availability and affordability of these services
- increase tax credits and child-related elements of the Universal Credit, in line with inflation
- pilot a version of the Family Rewards programme in England, supplementing family income by offering cash incentives for families who engage in activities that promote their child's well-being
- establish a number of neighbourhood-based Anti-Poverty Innovation Zones supported with match funding from the business sector that develop and evaluate new and creative neighbourhood-based approaches

to tackling child poverty and its effects, drawing on examples of existing good practice and international evidence.

The coalition government has been very clear that it sees tackling child poverty as an important goal. At present it is focused on a major review of how it plans to measure child poverty. It must also turn its attention to more closely examine its current strategy for reducing poverty and consider what more it could do to ensure millions of children's lives are not blighted by the corrosive impact that poverty has on their daily existence.

This report demonstrates that it could take a more effective approach informed by international knowledge and practice. Certainly any new policies and initiatives enacted need to be complemented by robust evaluation, including economic assessment to ensure that policies are meeting their intended goals, whether they be directly lifting families out of poverty or improving poor children's well-being, or both.

In this period of austerity, as local authorities face reduced budgets and families are having to tighten their belts, now is the time for government and their partners to take action, prioritise children and families, and ensure the UK is taking forward the most effective and innovative approaches to reducing child poverty and tackling its pernicious effects.

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