

Response to the UK Government's Tackling Child Poverty and Improving Life Chances: Consulting on a New Approach

Submission by the Joseph Rowntree Foundation

January 2011

The Joseph Rowntree Foundation (JRF) is pleased to submit the following response to the UK Government's consultation on *Tackling Child Poverty and Improving Life Chances*.

The Joseph Rowntree Foundation is one of the largest social policy research and development charities in the UK. For more than a century we have been engaged with searching out the causes of social problems, investigating solutions and seeking to influence those who can make changes. JRF's purpose is to understand the root causes of social problems, to identify ways of overcoming them, and to show how social needs can be met in practice.

We are happy to provide any further information on the studies referred to in this response, and take part in additional discussions if this would be useful.

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1. What do you think are the key points from the Frank Field Review which the government needs to incorporate into the child poverty strategy?

Our response to Question 6 (What makes the most difference to children's life chances?) incorporates consideration of the Field review's findings regarding the influence of different factors on children's life chances.

In addition to that we would raise the following points regarding the Review on Poverty and Life Chances.

The Review's suggestion of directing greater attention and resources to the first few years of children's lives is positive. However, it is vital that this does not mean that interventions (including 'preventative' interventions) later in children and young people's lives are abandoned. The gap between richer and poorer children is not driven purely by the early years. It continues to widen beyond this, driven not only by early experiences but also inputs later in childhood and into adulthood. This is discussed further below in relation to the Allen Review.

We support the adoption of indicators regarding the gaps in development, opportunities and interim outcomes between children from richer and poorer backgrounds. Early years factors should be part of a suite of indicators which monitor progress on tackling future child poverty. However, these are not in opposition to measures of families' current financial position. Financial position is a vital measure of current child poverty and indicates the constraints that families face in providing the environment needed to protect children against future poverty. Research shows that there is a strong link between the stress caused by poverty and financial strain and the type of parenting that parents find themselves able to give (Katz, et al., 2007). Likewise, there is evidence of the pressure that some types of work place on family relationships, particularly in the absence of employer flexibility and good childcare and other support (Ermisch and Francesconi, 2001; Crisp, *et al.*, 2009; Dex, 2003).

As is discussed further below, we believe that the Field review is valuable but partial. It suggests a useful set of issues to act on but does not connect these sufficiently to the wider circumstances of parents' and families' lives which can shape the likelihood of parents being able to respond to the support that is given.

2. What are your thoughts on the best way to incorporate early intervention into the child poverty strategy?

There are a number of elements of the Allen report which we believe are very important and should be integrated into the child poverty strategy.

The focus on using evidence and understanding the different levels of evidence that exist for different interventions is very welcome. Adopting this approach more widely would help to drive more effective policy and practice by directing resources towards interventions that have been demonstrated to be effective. However, there are two concerns relating to this.

First, using the current evidence base is only the first step. It is just as important to keep building that base and ensuring that more promising interventions are properly evaluated. Collecting robust evidence on effectiveness and ensuring that outcomes can really be attributed to an intervention is complex and often expensive. Continuing to invest in high quality evaluation will be important for the future.

Second, currently the evidence tends to be strongest for fairly intensive interventions with relatively small groups of children or families. While not all of the early intervention toolkit involves these kinds of intensive, targeted services, much of it does. This may be in part because interventions that are tightly defined and delivered to a small group can be evaluated more easily than larger scale, less intensive measures. However, tackling child poverty and the rich-poor attainment gap requires significant changes to the outcomes of around 20 per cent of the population – not just the bottom 5 per cent. The Allen report does include some interventions which are more broadly based. We urge the government to build on these and act to expand the evidence of effective interventions for broader groups.

A further feature of the Allen report which we support is its focus on early intervention throughout childhood. The report highlights effective intervention programmes for children from age 0 to 18. However, much of the discussion around the report has focused on the first three years. We agree that these early years are vital; the attainment gap between richer and poorer children is big by the time they are three. However, this gap keeps widening right up until 14 and children's very early experiences are not the only factor in this (Goodman and Gregg, 2010).

Closing the attainment gap and breaking the link between family background and educational outcomes will take action well beyond the age of three. It is also important to note that there are already opportunities to intervene in a very large proportion of the over-threes population through the school system. This is not the case for the under-fives, given the absence of a national childcare system or other whole population interventions.

The Allen report calls for improved qualifications among the early years workforce. We recommend that a strategy for achieving this is put in place. The Effective Provision of Pre-school Education (EPPE) 3–11 longitudinal study ([EPPE](#)) has shown both the cumulative effect of children's experiences and the power of high quality universal services. It demonstrates that having a good home learning environment in the early years can compensate for going to a poor quality pre-school. However, going to a good quality pre-school can also compensate for having a poor quality home learning environment. And going to an effective primary school can make up for poor quality pre-schooling. But the strongest effect comes from putting good quality experiences together. Going to a high quality pre-school plus an effective primary school has an effect similar in size to having a mother with a degree in comparison with having a mother with no qualifications.

The Allen review makes some suggestions of ways to spread good practice in early intervention, particularly the Early Intervention Foundation and Early Intervention Places. These would be positive steps. However, it is unclear whether such moves would be enough to deliver the major shift that will be required to significantly tackle child poverty using this approach. We therefore recommend that further thought is given to ways of spreading the good practice set out in the report and delivering a consistent focus on early intervention and child poverty throughout the country.

3. Do you agree with our working definition of socio-economic disadvantage?

The working definition of socio-economic disadvantage represents a good starting point but is not sufficiently rounded. We would recommend that it is defined as follows:

- Children experiencing socio-economic disadvantage are at higher risk of poor outcomes (in education, employment, health, well-being and

relationships) in childhood and adulthood due to a lack of resources throughout their lives.

- The resources that they may lack include:
 - relationships (including but not limited to parenting)
 - financial and material
 - educational, cultural and leisure
 - physical and mental health
 - opportunities to access appropriate services and good jobs.

This approach places families and parents at the centre but acknowledges that some of the resources and opportunities that children may lack come from wider social networks, the community, services and the local and national economy.

4. Are these the right areas for the child poverty strategy to cover?

The areas identified in the consultation paper are very important for tackling child poverty. However, we are concerned that there is no mention of one very important area, and partial attention paid to some others.

The area that appears to be completely missing from the strategy is consideration of the type of work that parents enter and how this is linked to the nature of the labour market. In particular, we feel that there should be explicit reference to improving the quality, flexibility, sustainability and progression routes of the work that parents enter. It is highly unlikely that the eradication of child poverty can be achieved without addressing this issue, unless income transfers on a very large scale were to be implemented.

There is also little discussion of childcare and its role in both children's development and supporting employment. There is no indication that a strategic approach will be developed beyond the protection of the free hours for three- and four-year-olds and introduction of free hours of nursery education for some two-year-olds.

Finally, the four areas set out in paragraph 4.4 do not appear to include a home for the goal of closing the educational attainment gap between children who are over five. While the 'foundation years' are vital, concerted action is required throughout the school years. Some actions

relating to schools are included later in the document, but this is not reflected in the overarching areas.

These issues are discussed further below in our response to Question 7. In addition, we include feedback regarding current policy initiatives in a number of the areas highlighted in the current paper.

5. Do you agree that the role and remit of the Child Poverty Commission should be broadened to reflect the new approach?

We believe that the Commission should be concerned with all of the factors that contribute to child poverty. These include, but go beyond, immediate family income. The Commission should monitor developments across the range of policy areas that affect child poverty. We believe that the Commission should maintain a tight focus on progress in reducing child poverty. To do that effectively it would need to consider all of the areas raised in the current draft strategy, as well as the additional areas suggested in this response: education, childcare, benefits and welfare and the labour market.

The Commission should set out the current situation in each of the relevant areas, identify short-, medium- and long-term goals in each one and monitor suitable indicators. This will enable it to judge how far progress is being made towards lower child poverty in the future. The monitoring of the short-term goals should include assessing the effects of policies that affect family income at present. These elements of its task should be linked. It should use robust evidence to assess how changes in current family incomes interact with developments in the domains which affect the likely incomes of future families.

Thus we agree that the Commission should not focus narrowly on child poverty levels only in the next few years. Rather it should be closely monitoring developments on child poverty for the short-, medium- and long-term. This would naturally include all of the areas described as affecting life chances, as these influence the likelihood of children being in poverty as adults and future parents.

6. What do you think makes the most difference to the life chances of children?

There are substantial social gradients in many aspects of life chances but this response focuses on the more economic ones of education,

work and wages. For the most recent cohort to reach adulthood (Centre for Longitudinal Studies British Cohort Study) using family income at age 16 (1986) and earnings at age 34 (2004), 32 per cent of measured income-based inequality is passed on from parents to children. There are three reasons why this estimate is lower than the true picture. First, the measures of income are one-off reports and do not reflect longer-term differences in family background. Second, the full returns to education and so on are not fully realised in the labour market until people are in their 40s. Finally, unemployment or worklessness histories are not captured in conventional studies as only measures at a point in time are considered.

Evidence from the UK, US and other countries suggests that the true picture is that around 50 per cent (and perhaps more) of inequality is passed across generations (see Gregg and Macmillan, 2010). We also know that about half of this intergenerational transmission of income occurs through education: cognitive skills measured using standardised tests, which are highly rewarded in the labour market and are not evenly achieved by children from more or less affluent families (Blanden, *et al.*, 2007). These cognitive skills (education) will be an important part of intergenerational inequality persisting across generations in highly unequal societies such as Britain, both because of these social gradients in acquiring them and in terms of how well they are rewarded. So to put it another way the issue of economic opportunity for children both reflects who gets the best jobs and how much more these jobs pay.

The extent to which income within families in childhood and indeed child poverty has a direct effect on child outcomes has been widely debated in the past. The latest evidence is far clearer. From welfare to work programme trials in the US and Canada (Grogger and Karoly, 2005), studies of the EITC and tax credits in the UK (Dahl and Lochner, 2008; Gregg, *et al.*, 2009) and on sustained income shocks to families (Carneiro, *et al.*, 2010), plus numerous studies showing access to computers/internet and financial distress in families (Chowdry, *et al.*, 2011), all firmly indicate that money does make a difference. There is still, however, a debate on the extent to which money matters, and the routes by which the effects occur.

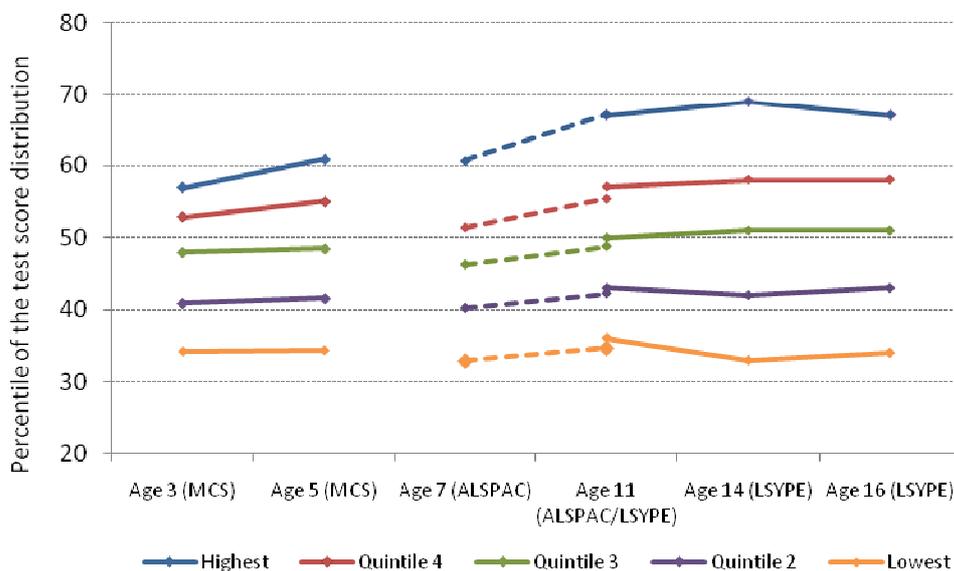
A more fundamental issue is that closing the income gap between rich and poor children is a practical impossibility through redistribution alone. However, policy that reduces parental worklessness and earnings

inequality (for example minimum/living wages) will have an impact on social mobility.

In a society in which there is high inequality in incomes it is extremely hard to also achieve high social mobility. Investments in education and family intervention would have to be huge to achieve such a mix. The mounting evidence is that the previous government's anti-poverty and broader efforts raise attainment of poorer children did make a difference (see Gregg, et al., 2009; Gregg and Macmillan, 2010; Waldfogel, 2010 among others). However, the question remains whether this was the most cost effective set of interventions. In other words is it possible to achieve more, in terms of raising child well-being and life chances with the same resources?

The educational gradient by social background emerges early in life and then widens through childhood, more notably between the ages of three and eleven and post-16 than in the secondary years (see Figure 1 below which shows the position of children from different social backgrounds, divided into fifths, in percentile rank of educational attainment).

Figure 1 Attainment gaps by quintiles of social economic position by age



Source: Goodman, *et al.*, 2011.

The figure gives a rather misleading picture of stability with a steady widening of inequalities. Individual children frequently move a long way, in terms of measured attainment, between consecutive ages. There is a lot of fluidity with only 60 per cent or so of the gaps in the previous

period mapping on the next measure (e.g. seven to eleven) at the individual child level. However this fluidity sees children and young people from poorer families sorting toward the bottom on balance. This is probably due to a broadly equal school environment being aligned with large differences in the home learning environment (and possibly peer influences).

Early years

A number of senior academics (e.g. Heckman) and policy analysts argue the early years are central to tackling poverty. The reasons supporting this view are the large gap in cognitive skills already present by age three, the argument that brain development is more malleable in this period and a proposition that earlier investments will raise the return to later investments (schooling), arguing that learning begets learning. The individual fluidity observed after age three or five and wider evidence of what drives emerging gaps suggests this position may be overstated. Neuroscience also suggests substantial brain malleability at least until age ten. This point is well made by recent work by Liz Washbrook for the Field review (Washbrook, 2010). This highlights that a number of key parental drivers of child development that contribute strongly to the emerging social gradients in outcomes by age five can be identified in early childhood. These are (in descending order of contribution) parental education, the home learning environment, parental sensitivity, mental health of mother (more on behavioural outcomes), family income and lone parenthood.

However, when looking at age 16 GCSE outcomes the early life measures that contribute to attainment gaps are limited to parental education, social housing and family income. The early parenting differences which strongly predict attainment at age five are only weakly associated with attainment at age 16 (even when age five attainment is not included in a regression). There are two reasons for this. First, attainment at age five only moderately affects age 16 attainment. Second, the early home learning environment only moderately affects outcomes at age five. Combined, this means that the early home learning environment has only a minor influence on outcomes at age 16. In other words a lot happens after age five that diminishes the importance of early life experiences.

In terms of policy we have a number of reasonably successful programmes offering parenting and learning support to the most needy families (e.g. NFP, FIP) but so far no successful general programmes

aimed at parenting in the bulk of poor families (the bottom 20 per cent or so). Sure Start is our attempt at this but outcome success has been limited. The Sure Start evaluations suggest that it has improved the sensitivity and consistency of parenting in the early years and has resulted in improved behavioural outcomes for the children but by age five has had no impact on cognitive (reading, writing and maths) test scores. Sure Start also did not reach the whole of its target population. Given the high level of investment this raises the concern that it has not been cost-effective or at least not as cost-effective as it might have been (Field, 2010).

There are three big questions about early years policy which follow from the above discussion. First, how much should we focus on early parenting support vs high quality pre-school education (as in the US Head Start programme)? Second, is it possible to develop a largescale (covering 30 per cent or so of the population) and cost-effective parenting programme (building on Sure Start)? Third, how much should we invest in early general programmes vs highly targeted interventions around child-specific issues which emerge somewhat later? (It is questionable whether a single programme can do both effectively).

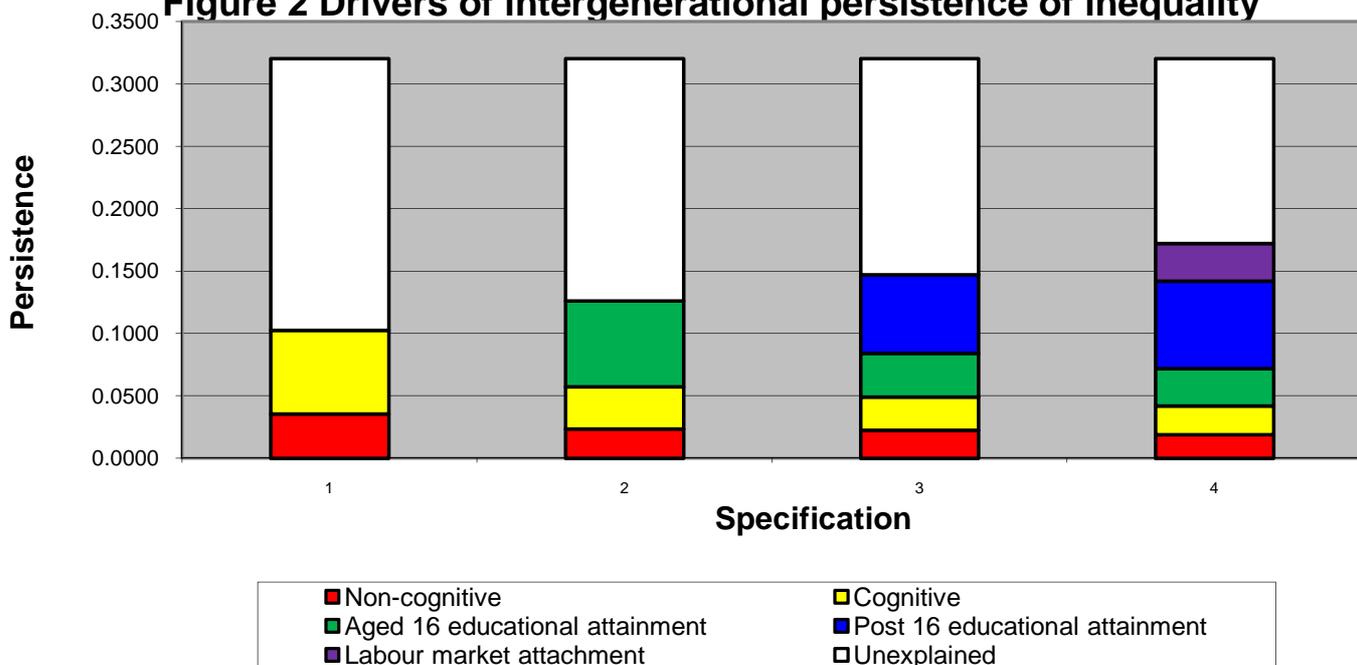
School years

There has been a lengthy policy discussion about school access and whether the poorest children get into the best performing schools but the emerging evidence is that existing differences in school quality (measured in value added terms rather than levels of achievement) make only a modest contribution to social gaps in education (Goldstein and Leckie, 2011; Goodman, *et al.*, 2011, and related papers). However, the growing number of academy schools serving more affluent communities and the existing bias against poor children in faith and selective schools does mean that school access remains an issue that needs to be addressed. The crowding of special needs children, especially those with behavioural problems where spillover effect onto other children is substantial, remains a more acute concern. The new government's per pupil spending premia and premia for SEN children may help here. Schools that have opted out of LEA control may admit poorer/SEN children where they come with clear extra funding but the price (the level of premia) may need to be raised from the current level for schools to not employ strategies to avoid the presence of poor children in their schools. Probably more important in terms of general schooling is teacher quality, which does appear important. Many of the best teachers have a progression starting in tough inner city schools, as

that is where the vacancies are, and then moving on to leafier environments (Burgess, *et al.*, 2009). Teaching in schools in poorer areas should be rewarded more, which would be a good use of a pupil premia.

Emerging evidence suggests that poorer children drift away from academic advancement through the school period and this is related to a mixture of personal attitudes to learning, locus of control (believing that your own efforts matter) and conduct issues (concentration, conduct disorder and so on), plus weak parental support/aspirations and access to learning support tools in the family (computers, internet, and so on). The role of individual recovery type programmes has been heavily debated. Such programmes (e.g. reading recovery) are effective but costly and avoiding the need through earlier intervention would appear valuable. However, even effective early intervention will not catch all children, so later action is likely to be needed in any coherent strategy. This is not just about those lagging behind but also about able children from poorer families who might underachieve relative to their potential. This means considering gifted and talented programmes and the Aimhigher programme in schools as a vehicle for raising child motivation (as in the apparently successful Aim Higher programme). Recent research also suggests that there may be benefits in extending such programmes to younger children and parents. However, more involvement of parents may also prove fruitful.

Figure 2 Drivers of intergenerational persistence of inequality



Source: Blanden, *et al.*, 2007

Post- compulsory education

Figure 2 above shows how child attainment by age 16 (including earlier IQ, maths and literacy scores and behaviour measures) accounts for about one-third of the intergenerational persistence of inequality. Post-16 education explains about a quarter in itself. Of course much of the economic returns to post-16 education reflect prior attainment (reflected by the shrinking of the green, red and yellow segments above) but there is a significant additional (a net additional 10 per cent of persistence) that occurs post-16 given in prior attainment. This is a combination of early school leaving and taking less academic routes (such as A levels and degrees). Keeping poorer children in post-16 education, taking general academic routes and maintaining motivation is the key here.

The abolition of EMA was a clear mistake given its proven effectiveness in raising participation and its incentivising effects (through non-attendance fines and attainment bonuses). EMA raises participation in full-time education by 6-7 per cent among poorer children on a base of around 60 per cent participation. Hence the government has argued that there is 90 per cent deadweight. This assertion is not wrong but it does not follow that a treatment effect of this size cannot be cost-effective. Firstly, the effects of EMA go beyond participation, raising attendance, course completion and grades attained. As highlighted by the IFS (Chowdry and Emmerson, 2010) the evaluation suggests that the increased wages achieved for eligible youth covers the cost of the scheme. This ignores the wider benefits of reduced unemployment and lower crime (Feinstein and Sabates, 2005). Furthermore, there is a large body of financial support (e.g. child benefit) for 16–17-year-olds in full-time education that is less targeted on poor families and has no conditionality for attendance and performance. Child benefit is far less effective in raising participation and outcomes for poor children. The proposed raising of school leaving age is valuable but we need to be clear how vocational and employer based courses and general education are incentivised for children from poorer families (e.g. what happens to training wages).

An alternative possible approach would be for children from poorer families to receive a credit account which is topped up each year when the family is below a cut- off point (perhaps as part of the new Universal Credit). This credit account would entitle the child to a range of financial supports in post-16 education and HE. This could potentially enforce the idea of education as accessible throughout childhood and early adolescence. Recent research suggests that aspiring to university,

believing that it is achievable and valuing education may be important factors affecting attainment throughout primary and secondary school years. The credit could cover attendance payments as in EMA (but could also apply to university as in grants), attainment bonuses, contributions to fees in HE and so on. Some part of university fee income, especially at above £6,000, could be cycled into these credit accounts. Individual university bursaries make little difference to participation as they are not known in advance (if at all) of crucial life plans being set down.

School to work transition

The difficult school to work transition is another major driver of intergenerational inequality, adding another 10 per cent above educational attainment. More affluent parents frequently support their children into their first jobs or internships in top firms. Those young people with good job-related networks among their family and parents' friends have a considerable access advantage. As highlighted by Corak and Piraino, (2011) gaining jobs with the parents' own employers contributes substantially to how the very privileged maintain high earnings in the next generation. Being not in education, employment or training (NEET) has similar but damaging effects for those with workless parents. The current school to work transition system leads to a lot of youth falling between systems, a large amount of wasted time and biases against poorer, less connected children. The high number of NEETs currently is a huge risk to the skill experience development of a cohort of young people.

Conclusion

The consultation paper argues that increasing household income would not make a big difference to children's life chances. It states instead that there are seven areas that will have a substantive impact:

- home learning environment;
- parenting and family relationships;
- early years' outcomes;
- health;
- educational attainment;
- engagement and aspiration in young adulthood;
- training and advice.

In thinking about children's life chances it is valuable to differentiate between intermediate outcomes in childhood which are major drivers of adult outcomes and the events and circumstances that in turn drive

these intermediate outcomes. The key adult outcomes for the child poverty strategy are work, wages, health (mental and physical) and perhaps others such as quality of relationships. The intermediate outcomes which are crucial to these include education attainment and health (physical and mental) in childhood. These can be addressed at a number of time points in childhood. Outcomes in the early years are generally found to influence adult outcomes through later childhood outcomes, and are thus not independently important. However, there are a number of other factors which are also central but are not currently discussed in the consultation paper. These are risky behaviours such as criminality, drug use and smoking, teen motherhood and youth unemployment (being NEET).

We then need to consider the areas in which the government can influence these intermediate outcomes during different stages of childhood and young adulthood. The home learning environment, parenting, aspirations and training are drivers that government can directly influence, as is discussed in the paper. However, the lack of substantive discussion of schools is puzzling, as is discussed further below.

In developing the strategy the key questions should be:

- What are the major areas that drive the social gradients in child outcomes?
- Are there crucial periods in childhood for intervention?
- In which of these areas do we have a policy armoury that is proven to make a significant impact on poorer children's life chances?

The consultation paper suggests a minor role for income, although it does not say it has no effects at all. The evidence now shows that income poverty does have a causal impact on children's educational outcomes, parental conflict and child well-being. However, the scale of the effect is still disputed. It is also not yet fully understood at what ages it makes most difference, although the indications are that it is most important in the pre-school and 14+ age groups. The full range of outcomes over which income matters is also unclear. For instance, does it affect health outcomes and risky behaviours in the same way it matters for education and relationships? Here the evidence is not conclusive.

When considering intervening in these areas of childhood, one key difficulty is that we do not have a set of costed tools that are proven to

be more effective than income. Intervention programmes of proven quality all deal with highly dysfunctional families where the costs of non-intervention are huge. There are a number of actions that could be taken without great cost, including widening access to elite universities and allowing schools in deprived areas to pay higher salaries to exceptional teachers. Developing the Sure Start programme would also enable improved effectiveness at little extra cost. However, it would be important to implement changes in a way that leads to improved understanding of policy effectiveness in this area – developing the evidence base is vital. In addition, extending interventions such as Nurse Family Partnerships and Family Intervention Projects nationally would be cost-effective although the targeting mechanisms need to be improved (Chittleborough, *et al.*, 2011).

Apart from these areas, we need to develop new policy trials building on existing evidence and interventions. First, a more holistic approach should be developed to supporting bright children from low-income backgrounds. Programmes such as Aimhigher, some university access schemes and to some extent gifted and talented programmes offer some good practice. However, a more long-term approach should be developed, starting earlier and with greater involvement of parents. Second, there is a need for more cost-effective reading recovery support to be developed for those falling behind at an early stage. Third, a parenting support programme needs to be created that is low cost and effective for the large range of low-income families in the early years, building on Sure Start. Fourth, effective programmes to reduce pregnancy, substance use and anti-social behaviours among teenagers are required. There is a great deal of practice in this area but a review of the evidence for effectiveness would be useful, to provide a basis for further action. Fifth, it is vital to (re-)develop a national programme to address youth unemployment and those not in employment education or training (NEETs). A good evidence base exists in relation to interventions for those who are over 18, but current provision reaches only 1 in 10 of the at-risk population, through approaches such as the Work Programme and Connexions.

Robust field trials of promising interventions should become a core part of the child poverty strategy, building an evidence base of action which is proven to work, be cost-effective and capable of being scaled up to the required level. Meanwhile tackling income poverty directly should remain an important tool in the armoury to tackling poverty given the clear evidence of its impact on a number of key outcomes. The strategy

should therefore adopt an approach which combines action on income poverty with interventions of other kinds rather than treating these as alternatives. Even in a time of limited resources, the weakness of the evidence about effective interventions and those that can be scaled up means that this approach is vital.

Professor Paul Gregg, Professor of Economics, CMPO, University of Bristol

7. Are there additional measures, compatible with our fiscal approach, which could help us combat poverty and improve life chances?

There are four key areas which our research suggests should be prioritised in order to effectively reduce child poverty, now and in the future:

- education;
- childcare;
- the benefits and welfare to work system;
- the labour market, jobs and flexible working.

These include measures for children and their parents. They focus on building individuals' capacity to achieve and maintain a reasonable standard of living and the opportunities that need to be available to enable them to do this.

Education policy

The consultation document (section 6.3) recognises the importance of improving educational attainment among children from disadvantaged backgrounds, as a step to improving their employment outcomes in the future. It also recognises that while early intervention is critical, continuing interventions throughout children's educational journeys are needed to combat educational disadvantage and raise aspirations for these groups (section 8.2).

JRF's wide-ranging research into education and poverty, together with other evidence, strongly supports the need for a strategy that tackles squarely a range of aspects of disadvantaged children's experiences during the school years that contribute to the intergenerational transmission of poverty. The evidence shows that the social inequalities already evident among children at age five continue to widen

substantially during the period of compulsory education (Cassen and Kingdon, 2007; Hirsch, 2007).

The idea underlying the Pupil Premium, that significant extra resources should be directed to giving extra help to pupils, is in principle a sound one, provided schools do use the extra resources effectively for this purpose. The Schools White Paper makes it clear (a) that the deployment of the Pupil Premium will be entirely at the discretion of head teachers, but (b) that the government will 'make available the evidence that we have about interventions which are effective in supporting the achievement of disadvantaged children including, for example, intensive support in reading, writing and mathematics' (DfE, 2010, para 8.7).

However, two crucial issues that will need to be addressed in developing a national child poverty strategy with regard to educational outcomes are:

- how can actions taken by a multiplicity of agencies and organisations be co-ordinated into a coherent strategy? and
- how can such a strategy be sufficiently broad to cover the many aspects of children's lives, inside and outside classrooms, that affect educational outcomes?

If one were to look at the route to improved attainment purely from the point of view of classroom instruction, present evidence strongly suggests that the most important way to help disadvantaged children is to ensure that they have the best teachers. Across the world, research is increasingly showing that having good teachers matters more than any other in factor associated with student outcomes (eg Barber and Mourshed, 2007). Moreover, the latest PISA survey of student performance in 65 countries shows that the one aspect of how different countries resource schools that has a significant relationship with student outcomes after taking per capita national income into account is teacher salaries (OECD 2010, Fig IV.2.8). This suggests that simply enabling schools with more disadvantaged children to recruit better teachers, helped by the pupil premium and potentially new freedoms in setting teacher pay, could make a significant contribution.

However, JRF evidence strongly suggests that social differences in educational outcomes are linked to a much wider range of factors than how well children are taught. (Indeed, the same PISA data that show

teacher salaries making a difference to overall student outcomes across countries show that they do not make a significant difference, across countries, to social inequalities in outcome.) Students come to school with very different prior experiences of learning, attitudes and expectations, which strongly influences how they respond to a given style and quality of instruction. In particular:

- Many children from disadvantaged backgrounds have negative early experiences of school, often seeing teachers as being against them rather than on their side (Hirsch 2007, Horgan 2007). This can be linked to a lack of preparation for learning, not just in the home but also in organised out-of-school activities in which they learn to interact co-operatively with adults (Wikeley, *et al.*, 2007).
- Parental aspirations play a crucial role in the way in which children from different social backgrounds interact with the education system. This is also an important influence at a relatively early age, influencing children at primary school and becoming much harder to reverse at the secondary level. (Goodman and Gregg, 2010).
- The relationships that children form, with peers and with adults, is a crucial factor in determining the transmission of social differences into different educational chances (Hirsch, 2007; Goodman and Gregg, 2010). Projects that work with children and young people who have previously had conflictual relationships with the school system have succeeded through more intensive interactions between student, family and professionals that build the young person's self-esteem and confidence (Frankham, 2007).

Such evidence does not suggest a single prescription for young people, but does suggest that strategies should consider:

- How to ensure that disadvantaged children get the help that they need to engage with the school system. Thus the use of extra resources in schools to provide intensive assistance, as in the example given in the White Paper quote above, may serve not just to enhance literacy and numeracy skills but more generally to build confidence among disadvantaged children that they can interact positively with the school system.

- How to ensure that interventions to develop disadvantaged children's aspirations, attitudes and learning skills are implemented in the formative years of primary education rather than just as 'rescue' attempts for disaffected secondary school students.
- How to develop support for disadvantaged young people in activities outside of school that can help them to develop learning skills and to form constructive relationships.

Central government cannot dictate these actions, but can do a lot to coordinate a strategy that gives them high priority. One important influence will be the ways in which it encourages and publicises good practice, focusing not just on basic educational tasks like the teaching of literacy and numeracy. Another aspect is to recognise that a number of different funding streams will be needed to achieve these tasks, including support for children's services including youth work, not just resources for schools. In this sense, the Pupil Premium must be seen as a start, but not the only relevant funding stream, in a strategy to raise the attainment of socially disadvantaged children.

Donald Hirsch, Head of Income Studies, Loughborough University

There are a number of further implications of all of this for the practical delivery of a strategy to close the attainment gap between richer and poorer children.

First, the quality of teachers cannot be equated straightforwardly with the class of a teachers' first degree. Continuing professional development and the nature of developmental support within and between schools also have a part to play and need to be emphasised in advice and evidence for schools. The evidence arising from the 'Extra Mile' project strongly supports the importance of this approach.

It's also important to note that efforts to close the gap by improving the quality of teaching and schools over the past 25 years have had very limited results. It seems to be easier to drive up overall levels of performance than it is to close gaps in performance between different groups of students. For various reasons, those who are already doing well seem to be best placed to take advantage of any improvements. It is unlikely, therefore, that any further efforts at overall improvement will impact on gaps unless more explicitly targeted strategies are developed to this end.

The effects of the Pupil Premium are uncertain not only because of the issue of how the money will be spent but also because it must be seen in the context of schools' overall experience of funding changes. The core school budget is not the only funding stream that affects the resources available to head teachers. These also include additional grants and funding streams, support from local authority personnel, charitable funding, and access to non-educational services. Wider changes to budgets and spending, particularly reductions in local authority budgets, pressure on charitable funding, and the discontinuation of centrally-funded initiatives, may seriously counterbalance the positive effects of receiving additional funding through the Pupil Premium.

Monitoring and accountability have been acknowledged as important drivers of school action to improve the results of disadvantaged students. It is vital that new indicators of success include a core focus on narrowing the gaps in attainment within schools as well as between them. Where schools are held to account mainly for aggregate or benchmark levels of student performance there is little incentive for them to improve the results of disadvantaged pupils, particularly if they are a small group within the student body.

The way in which national and local school systems operate has an effect on pupils' outcomes. As is discussed above, children's educational disadvantages are compounded by the tendency of the school system to concentrate the poorest children in particular schools, which then face significant challenges in doing a good job educationally. This is compounded by a longstanding tendency of education policy to encourage schools to focus on their own interests and compete against one another. Evidence from the London and Greater Manchester Challenges shows how schools can be encouraged to support one another and the benefits that this brings, particularly to low-income pupils. As more schools achieve academy and free school status, more thought should be given to how they can be encouraged and supported to work as part of local 'families of schools'.

The role specified in the recent Education White Paper of local authorities as the 'champion for vulnerable pupils in their area' is likely to be vital in helping to achieve much of this. However, it is still not entirely clear how this role will work in practice in the context of large numbers of non-local authority-maintained schools. It will be important to consider

this role carefully as the pattern of school types changes, and to take advantage of the diminishing role of the local authority as provider. The need to facilitate and co-ordinate services affecting multiple aspects of children's lives in order to address attainment suggests a strong role for the local authority in doing this. The co-ordination of strategies that go well beyond the usual reach of education policy can be done locally, with schools as partners in local strategy. This is already happening in many places across the country and the key for the government is to be able to nurture this.

Alan Dyson, Professor of Education, University of Manchester

Childcare

Access to childcare is key to reducing child poverty by enabling parents to work. High quality childcare also boosts the life chances of the most disadvantaged children and helps prevent poverty in the next generation.

Until the late 1990s many parents found it difficult to find affordable childcare and as a consequence many mothers left the labour market when they had children. The ability of many families to escape from poverty was therefore constrained. In 1998 the *National Childcare Strategy* committed government to increasing the availability and affordability of early childhood education and childcare. The current infrastructure of support includes the subsidy of parents' childcare costs through the childcare element of Working Tax Credit (WTC) and a free entitlement to part-time early childhood education for all three- and four-year-olds. This free provision is presently for 15 hours a week for 38 weeks of the year, having increased from 12.5 hours a week in September 2010. The number of childcare places has expanded and many more parents are now able to find childcare for their children. The services delivered through Sure Start children's centres have had a large impact on the most disadvantaged children and there have been big improvements in the quality of formal childcare through the introduction of the Early Years Foundation Stage guidance and investment in the quality of the workforce. The coalition government has continued to voice its commitment to early childhood education and childcare and its decision to extend free provision of part-time places to the most deprived 20 per cent of two-year-olds is very welcome. Nevertheless, access to affordable childcare is still a barrier to parental employment and there are fears that progress to improve the quality early childhood education could stall.

Gaps in childcare provision

An analysis of children living in poverty shows that the largest groups of children living in poverty are either living in workless lone parent households (about 33 per cent of children living in poverty) or in couple households where just one parent is in work (Waldfogel and Garnham, 2008). For many of them, finding appropriate childcare is still a barrier to work. Despite a 50 per cent growth in the number of full day care places between 2003 and 2009, there are still gaps in childcare provision across the UK. These include appropriate places for children with disabilities, places in some rural areas and gaps in after-school care. Parents who work atypical hours find it particularly difficult to find formal childcare. Daycare Trust's Childcare Costs Survey 2011 reported that 60 per cent of local authority Family Information Services stated that parents had informed them of a lack of available places in the last 12 months. Similar shortages are highlighted in the latest local authority Childcare Sufficiency Assessments. The 2009 Childcare and Early Years Survey of Parents also reported that 16 per cent of families using no childcare were not doing so because all local provision was full.

Daycare Trust has examined ways that the government and employers could help fill gaps in provision. It has recommended that central government gives local authorities the means to close the gaps in childcare services in poorer areas where there is market failure, including expanding the maintained sector in disadvantaged areas. Daycare Trust has also advocated a continuation of incentives to schools to provide a genuinely wraparound childcare offer to parents, including free places for low-income families and holiday schemes. The experiences of the NHS in developing childcare for parents who work atypical hours need to be more widely disseminated and applied. There would be great benefits from an extension of the present free provision to 20 hours a week and for 48 weeks a year for all two–four- year-olds and for this free provision to be used more flexibly by parents.

Childcare affordability as a barrier to work

In places where childcare is available, it may not be affordable. Daycare Trust's Childcare Costs Survey 2011 indicated that the average weekly cost for 25 hours provision for a child under two in a London nursery was £118.54 a week and with a childminder £118.76. With many parents using 40 or 50 hours of childcare every week, many families have higher costs. In England the cost of a nursery place for a child of two or over rose by 4.8 per cent in the year to 2011, far exceeding the 2.1 per cent

growth in wages. The weekly cost of an after-school club ranged between £39.24 and £49.51 across the UK in the same period.

The Comprehensive Spending Review of October 2010 announced a number of changes to the tax credit system (Daycare Trust, 2010). These changes risk negatively affecting many families, in particular, limiting the eligibility of those receiving the childcare element of WTC and to reduce the maximum amount of childcare costs paid through this from 80 per cent to 70 per cent. All these tax credit changes mean that by 2012 a two-child family will not receive any tax credits if their gross household income exceeds £31,000. There are real concerns that the goal of moving workless households into employment may be compromised if the Tax Credit changes limit families' capacity to do so. There is potential for the new Universal Credit to incentivise work by helping low- and middle-income families with childcare costs. This needs to be set at a level at which parents gain for each extra hour in work after taking into account tax, national insurance, travel and childcare costs.

Not all eligible families receive the childcare element of WTC. The system is complicated and confusing. Parents in the peripheral labour market – those moving in and out of low-paid work - find it difficult to report changes to their income or childcare costs. The development of the Universal Credit also offers many opportunities for simplifications to increase take-up and to help families to move out of poverty.

Where parents are unable to find affordable formal childcare they may sometimes turn to family and friends to look after their children. But not all families have this option. New research from Daycare Trust on informal childcare usage shows marked regional differences in the use of informal childcare by friends and relatives, with families in London using the least informal childcare (20 per cent compared with 33 per cent nationally). The high proportions of internal and international migrants in the capital may account for this, as both are groups of people who are likely to have fewer relatives living in close proximity to care for their children. Female employment in London is the lowest of any UK region or nation, standing at 61.9 per cent of the working age population and child poverty rates are among the highest of any UK city (ONS regional labour market statistics, November 2010). The limited availability of affordable formal childcare and fewer informal support networks are a major cause of female worklessness and child poverty in the capital.

Childcare quality

As is discussed above, research shows that participation in high quality childhood education has very positive effects on children's outcomes. The government's commitment to extend the part-time free place provision to the 20 per cent most disadvantaged children by 2013 is very welcome. However, this commitment comes alongside cuts to Sure Start children's centre services in many local authorities. A survey conducted by Daycare Trust and 4Children in January 2011 indicated that nearly 250 (6.4 per cent of all centres) will close or are expected to close over the next 12 months. A further 58.4 per cent expect to provide a reduced service and 86.5 per cent believe they will face a decreased budget.

Outreach services to encourage disadvantaged families to use free provision and support services are among areas of work seeing large cuts. In 2009, some 24 per cent of workless families did not take up the offer of free provision and in some London local authorities more than 40 per cent of eligible three- and four-year-olds do not take up free provision. Cuts to outreach mean that fewer hard-to-reach children are likely to benefit from free provision. Evidence from research and experience in the children's sector suggests that it is very important that funding for Sure Start is protected and the Frank Field Review recommendation to increase investment in early years should be followed. At present, government spending on early childhood education is about £4 billion, a fraction of the £28 billion spent on secondary education and around 0.5 per cent of GDP (Goddard and Knights, 2009). Investment in early childhood education as a proportion of GDP is significantly lower in the UK than in many continental European countries, most of which have better educational outcomes than in the UK.

It is also important to note that only high quality childcare delivers improved outcomes for children. Daycare Trust believes that the Early Years Foundation Stage requirements have substantially improved the quality of early childhood education and care in England, but more work needs to be done to improve quality. High staff turnover can compromise the quality of early years settings. Support is still needed to upskill a largely under-qualified and low-paid workforce, especially as staff qualifications have been shown to have the biggest impact on the quality of settings and therefore on children's outcomes (Goddard and Knights, 2009). Daycare Trust argues that improving the pay and conditions in the sector would enable the retention of high calibre staff. The

Government's commitment to continue funding training under the Early Years Professional (EYP) scheme is welcome. However the Graduate Leader Fund has been merged into local authorities' Early Intervention Grant, and is therefore not ringfenced. It also appears that the target to have an EYP in every early years setting by 2015 has been abandoned.

In conclusion, high quality and affordable childcare is crucial to reducing child poverty. It is not the only intervention that helps families move out poverty, but it is a large piece in the jigsaw of interventions. While much has been achieved since 1998, much more needs to be done to increase the affordability, availability, flexibility and quality of childcare. These are the challenge to which the 2011 Child Poverty Strategy needs to respond.

Jill Rutter, Policy and Research Officer, Daycare Trust

The benefits and welfare to work systems

The two big developments in the benefit and welfare to work systems both have huge potential to contribute to an effective child poverty strategy. However, there are a number of key concerns about the current plans for both the Work Programme and Universal Credit, which risk undermining their positive impact on child poverty.

Work programme

From mid-2011 Work Programme providers will start to radically change the delivery of employment programmes for unemployed jobseekers. They will cater also for many recipients of Employment Support Allowance and, over the next few years, Incapacity Benefit claimants who are assessed as having some capacity for work, and many more lone parents.

Work Programme providers will enjoy flexibility to deliver personalised employment assistance, and will be paid largely on the basis of placing participants in sustained employment. They will play a critical role in opening up employment opportunities with the potential to reduce child poverty. Such potential would be more effectively realised with targeted reforms to incentives, eligibility rules, and service standards.

Incentives for pay progression and earnings gain

Work Programme providers will be paid an attachment fee, a job outcome payment (after 13 or 26 weeks employment), and employment 'sustainment' payments for each four weeks of completed employment

for up to two years. This payment system increases the incentive for the provider to place a participant in a job that they are more likely to keep. It does not, however, further incentivise a provider to ensure that a participant is placed in employment with the potential for earnings progression. This is a significant omission given that more than half of children in poverty live in a household where someone is working.

The Freud report (Freud, 2007, p. 69) emphasised the rewarding of both employment retention *and* pay progression and the DWP Commissioning Strategy (2008, p. 22) envisaged a reward system that could encourage progression and skill acquisition. Such reward mechanisms have been implemented in the USA where in New York, for example, prime contractors are paid a bonus for meeting earnings gains targets, and in Australia, where providers are encouraged to broker training for participants in skill shortage occupations, and paid an additional bonus for placing participants in jobs that use the skills acquired (Finn, 2009).

Rewarding providers for supporting earnings progression has the potential both to improve family income and to pay for itself by lifting participants out of the in-work benefit system. When Universal Credit is introduced it should be possible to identify and reward providers for earnings gains via the real-time HMRC information system that will be used in the calculation of individual benefit entitlement (DWP, 2010a, p.35).

Part-time employment

A Work Programme participant must be placed in employment that takes them 'off benefit' for each relevant week before the provider qualifies for a job outcome or employment sustainment payment (DWP, 2010b, para 4.09). Lone parents with younger children may choose part-time work that fits with school hours and people with health conditions may need initially to limit their hours of work or may only ever be able to work part-time. There may be value also in participants taking advantage of seasonal and casual employment. When Universal Credit is introduced there will be even greater incentives to take up 'mini jobs' and there is some evidence that these can enhance employability and act as 'stepping stones' to better jobs (Bell, et al., 2007).

DWP should consider paying partial or interim outcome payments to reward providers now for placing participants in sustained 'mini jobs'

rather than wait until 2013 when it may review the definition of a job outcome following the introduction of Universal Credit.

Lone parent eligibility, specialised assistance and differential fees
Employable lone parents whose youngest child is aged seven or over are currently being transitioned into the Jobseekers or Employment Support Allowance regimes, and this process will be extended to those whose youngest child is aged over five from 2012. Families with children aged over five where both parents are employable will have to make a joint claim for JSA with each now required to become a 'job seeker'. The parents who enter the JSA regime become 'new' claimants, even if they have been in receipt of income support prior to their transition. In contrast Incapacity Benefit claimants who are reassessed as either job or work activity ready are quickly eligible for Work Programme assistance.

Research findings indicate that the early stages of the JSA regime are not designed for lone parents or partners who have been out of work for a long time, especially those with additional care responsibilities, literacy or numeracy difficulties and other barriers (Casebourne, *et al.*, 2010; Thomas, 2007). Generalist advisers in outsourced Employment Zones, who expected voluntary lone parent participants to be an easy group to place, found that this was not the case and that many had multiple employment barriers (Griffiths and Durkin, 2007). The evidence suggests that advisers will need specialist skills and expertise to work with lone parents enabling the provision of tailored advice on childcare, benefits, part-time or family friendly working practices, and the flexibilities permitted to lone parents under JSA regulations.

When lone parents and partners are transitioned to JSA they should be fast tracked into the Work Programme if they have been receiving benefits for more than a year. The job outcome fee for such participants should be increased to give providers a stronger incentive and to offset the anticipated higher costs in assisting such parents to gain sustained employment.

Service standards

Work Programme providers are required to specify their minimal service standards, which will be communicated to participants before they start on the programme. It is important that in these service standards, providers clarify their responsiveness to the particular issues faced by parents who are returning to the workforce. Providers should also make

clear that they will provide a flexible mix of services, support and employment advice to meet parental needs and to fit with child care responsibilities.

Dan Finn, Associate Director, Inclusion and Professor of Social Policy, University of Portsmouth

Universal credit

We do not yet know exactly what impact the Universal Credit and other related changes to the welfare system might have on child poverty as the Welfare Reform Bill has not been published at the time of writing. This part of the submission is therefore based on the Welfare Reform White Paper and analyses based on the details contained within.

The principles behind the Universal Credit proposals are based on thorough economic analysis (Brien, 2009) that draws on and is partially in tune with other evidence from JRF (Bell, *et al.*, 2007; Adam, *et al.*, 2006). However, the Universal Credit is not due to start being phased in until October 2014 and will only fully be implemented by 2017, just three years before the child poverty targets are due to be met. The impact of other changes to taxes and benefits are therefore important to consider.

Recent forecasts (Brewer and Joyce, 2010) of the impact of announced and model-able tax and benefit changes, funded by JRF and undertaken by IFS, show that, without further action, relative child poverty is likely to:

- stay more or less the same in 2011/12;
- increase by 100,000 in 2012/13;
- increase by a further 200,000 in 2013/14.

In sum, by 2013/14, the number of children in relative poverty (2.7 million) will, despite these rises, remain slightly lower than the number in 2008/09 (2.8 million). In contrast, the report forecasts an *increase* over the period in the number of children in absolute poverty, rising from 2.5 million to 2.7 million. These figures are all before deducting housing costs. After deducting housing costs, the patterns remain similar but the total numbers are all about 1m higher. This analysis highlights that child poverty is likely to continue to rise *systemically* unless counter-action is taken to prevent the erosion of benefits. A key driver here is the way in which benefits are uprated and effectively eroded in value over time (Sutherland, *et al.*, 2008).

The Universal Credit is focused on getting more people, and particularly parents, into work through a simpler, more streamlined benefits system with fewer claimants on very high rates of benefit withdrawal when they enter work. This is in response to problems with the current system where there are many benefits and Tax Credits, administered by different agencies, with their own eligibility rules and rates of withdrawal and little consistency for claimants moving in and out of work. This has had the effect of making some claimants unsure about the risks of taking a new job (Finn, *et al.*, 2008).

Universal Credit is likely to have an impact on the financial incentives to enter work, with stronger incentives to do low-paid work for single people and those in couples whose partner does not have a job. However, there will be weaker incentives for couples to have *both* members in work rather than just one. In terms of progressing within a job, low earners with children (with weakest incentives to increase earnings at present) will see improvements but incentives to earn more decrease slightly for higher earners and low earners in two-earner couples.

Overall, couples fare better than singles but lone parents lose out, on average, in the long run. Couples with children have the highest average gain but there are substantial differences in impact *within* family type.

These implications highlight clear risks to the goal of eradicating child poverty. The Universal Credit could trap lone parents in low-paid, low-hours work as well as disincentivising second earners in couples. Given what we know about the causes of in-work poverty – being a combination of not enough hours worked and low hourly pay – we need to consider the interactions with the labour market situation as much as labour supply and financial work incentives.

Chris Goulden, Programme Manager, Joseph Rowntree Foundation

The labour market, jobs and flexible working

Removing barriers to work and supporting parents to gain financial independence is an important part of the child poverty strategy. However, our evidence suggests that some major factors in doing this are not being properly addressed. Changing the benefits and welfare system and promoting overall economic growth alone are highly unlikely to fully solve unemployment or address the major problem of in-work poverty.

Over half of children in poverty now have someone in the household in paid work and there has been remarkably little progress in addressing this over the last 15 years (www.poverty.org.uk). Almost all of the reductions in child poverty that have been achieved have been among workless families rather than those with someone in work (Kenway, 2008).

Increasing the hours that some parents work and drawing more second earners into work are part of the solution, as long as issues around childcare, work flexibility and children's development are addressed. However, it is unlikely to be a complete answer. Currently, one in seven children in poverty are in households where either a lone parent works at least part-time, or a couple includes at least one full-time and one part-time worker (DWP, 2010c). There is a real danger that this group could grow if more parents move into work without addressing the type of jobs they get (discussed further below). Recent DWP research showed that households are lifted out of poverty when someone gets a job in 56 per cent of cases; this rises to 66 per cent if it is a full-time job. When looking only at households in persistent poverty, 28 per cent are lifted out when someone gets a job and 42 per cent if it is full-time (DWP, 2010d).

Our evidence suggests that the current nature of the labour market acts as a major barrier to reducing child poverty. There is a particular problem with the UK's high proportion of low-skilled, low-paid and insecure jobs (Goulden, 2010). Research with employers suggests that there is no direct link between a greater use of temporary or variable contracts and business success (Metcalf and Dhudwar, 2010). The government could play an important role in encouraging private sector employers to rethink the assumptions that underpin the decisions they make about their workforce structure. It is vital to focus on the nature of jobs that need to be created, and not simply on reducing worklessness alone. In order to tackle poverty, there is a need for parents to have far more access to secure jobs that provide routes for progression and decent pay.

Improving qualifications in the workforce is, of course, vital to improving the quality of work that people can gain, as well as the motivation of job seekers and their ability to sustain employment. The strategy rightly highlights action on parental skills. However, a note of caution is sounded by a growing body of research, suggesting that reforms to policy have increased low-end qualifications to the point of over-supply, but demand lags behind. Stimulating demand for skills by employers and

making many more jobs at different levels available on a flexible or part-time basis (discussed further below) now needs to be a central focus.

Forthcoming research from our Future Labour Market's programme, focusing on the relationship between skills, jobs and poverty, has highlighted the operation of dual labour markets in the UK and the importance of this in tackling poverty. Dual labour markets mean that there are at least two main sectors of the labour market; primary (or core) and secondary (or peripheral). Moving between the two is difficult and this greatly reduces the effectiveness of work as a ladder out of poverty.

'Evidence suggests that there is a large proportion of the UK working population in peripheral or unstable labour markets faced with low pay and short-term contractual arrangements, which increases their chances of experiencing poverty and material deprivation (Cappellari and Jenkins, 2008; Tomlinson and Walker, 2010). Stewart (1999) finds that one in four adults in poor households were in paid work. One third of families who move into work do not escape poverty, and a significant proportion of those that do end up back in poverty (Browne and Paull, 2010; Ray, et al, 2010). In-work poverty is made a more serious problem by low, and falling, earnings mobility which makes it more difficult for people to move out of low pay over time (Dickens, 1999; Machin, 1998). Persistence in low pay is not only related to the characteristics of workers but also to experiencing low pay previously (Stewart and Swaffield, 1999). Therefore low paid jobs do not act as stepping stones to better paid jobs and instead result in a low pay no pay cycle, consistent with dual labour market theory (Cappellari and Jenkins, 2008; Dickens, 1999; Ray, et al., 2010; Stewart, 1999; Stewart and Swaffield, 1999).

'Moving from unstable employment into secure, stable jobs is made difficult because of the recruitment process. For example recent relevant experience, skills and references are important in gaining job interviews (Atkinson, et al., 1996; Belt and Richardson, 2005; Devins and Hogarth, 2005; Newton, et al., 2005), and this hinders movement between secondary and primary labour market sectors. McQuaid and Lindsay, (2002; 2005) refer to an 'employability gap' that relates to a lack of recent work experience and the effects of social exclusion

associated with unemployment and marginal employment. Having networks of people in employment affects the ability of an individual to hear about and be recommended for a job and this puts those out of work at a disadvantage (Atkinson, et al., 1996; Newton, et al., 2005; Wright-Brown and Konrad, 2001). This suggests that raising skill levels may not be sufficient in matching low skilled workers with stable, high wage employment and to bring them out of poverty and low income. Other mechanisms may be necessary to raise the labour market and job search awareness of low skilled people in poor households, or to encourage firms to employ workers with a history of unemployment or of employment in unstable, unskilled jobs.

(Taylor, forthcoming)

The child poverty strategy needs to include the development of policies specifically to support the development of more quality jobs and of routes to enable those trapped in the peripheral labour market (or at risk of entering and being trapped there) to move into the core labour market.

Part-time and flexible working

The availability of employment opportunities makes a significant difference in many families' ability to get out of poverty. However these opportunities are often unavailable to low-income parents, who need to balance work with caring for their families, particularly lone parents. Most mothers want part-time and flexible work (a recent survey by Gingerbread and Netmums with 500 job searching lone parents highlighted that 97 per cent were looking for jobs with schools hours or flexible working patterns). Yet demand for part-time work still far outstrips supply and what part-time work *is* available is concentrated in the low-wage economy often with fragmented and unsocial hours. This is particularly true in London where almost half of part-time employees earn less than the living wage of £7.60 per hour compared to 15 per cent of full-time employees (GLA Economics, 2010).

As a result many higher skilled women 'trade down' their skills in return for flexibility (EOC, 2005), and 'crowding out' those lower skilled women from accessing the already short supply of intermediary level part-time jobs (Simmonds and Bivand, 2008). This limits opportunities and incentives to mothers, particularly lone parents, to pursue employment,

as the risk of poverty is only marginally reduced by finding part-time work at a low wage (The risk of child poverty by work and family type 2007 DWP data).

Tax credits have helped to subsidise wages but for in-work poverty to be fully addressed, there needs to be a greater focus on how to stimulate business to generate higher value roles.

In a harsh economic climate where business growth is challenging, one of the ways to encourage employers to improve the quality of jobs available in the UK economy, is to promote the benefits of part-time employment: higher value roles but less cost to the employer.

Historically the lack of high-value part-time and flexible work has been due to a number of reasons, predominantly that the traditional model of full-time working (i.e. nine to five, Monday to Friday) is ingrained in the minds of many employers and the consideration of flexible working options as a possibility for a particular role or in their organisation has not occurred to them. But the recession has had one of the biggest impacts on the growth in part-time and flexible working (CBI employment trends survey 2009). It has accelerated a changing landscape in the employment market with part-time employment now much higher up the agenda in all businesses' minds as a cost-effective way to run parts of their business. 27 per cent of the employment market is part-time and part-time employment has increased 25 part time over past five years.

However while part time and flexible employment is on the up, the part-time recruitment market is still largely invisible and inaccessible to workless jobseekers. Estimates suggest that only 1–3 per cent of recruitment market is part-time and 80 per cent of part-time recruitment is due to replacement, not expansion. Many employers are generating part-time and flexible roles to accommodate existing or returning staff, or to manage a downsizing of their business. Employers creating new quality part-time vacancies that are widely accessible to workless job seekers remains an under-developed market.

Government policy has only recently addressed this market failure, having focused predominantly on low skills and a lack of childcare as key barriers to tackling maternal worklessness, and associated child poverty. In January 2010 DWP's Family Friendly Working Hours Taskforce, co-chaired by Women Like Us, highlighted the challenges for government in stimulating the supply of quality part time and flexible jobs

and reducing maternal unemployment as a driver for child poverty. The report called for cross-government consensus to find non-legislative solutions to better support employers to grow a volume of part-time and flexible vacancies, to better promote the business case for part-time and flexible working to employers, to highlight best practice at intermediary and senior levels, and to support employers to get greater access to a wide candidate pool of people who want to work part time (DWP, 2010e).

Yet neither welfare to work providers nor commercial recruitment agencies have been incentivised to rise to this challenge. With part-time roles generating only pro rata fees, it is a financially unattractive market for commercial agencies to invest in. And the welfare to work market is primarily candidate and supply facing so local and regional commissioning has not been designed to fund employer facing/job creation approaches specific to part-time work.

The coalition government has committed to move this agenda forward primarily through legislative change. The proposals to extend the right to request flexible working, and introduce shared parental leave are both welcome measures in encouraging the take up and offering of flexible ways of working. These measures will help many parents *already* in employment to balance work and earning; likewise the introduction of welfare reforms and specifically universal credit as a means through which more parents can enter the labour market in mini-jobs. This is a key step forward in removing the barriers to working part-time created by the benefits system.

But this proposed legislation, while welcome, will have little impact on workless job seekers looking to enter the labour market unless more quality part-time vacancies are created. For this to happen, more needs to be done to encourage and support employers to consider part-time and flexible roles when they are next recruiting. Much qualitative research exists on the business benefits of flexible working – but there remains little understanding of how to directly trigger employers to create part-time vacancies.

To effect real change, government needs to 1) address the reasons behind this market failure and 2) harness the growing interest from employers in the business benefits of part-time and flexible working, particularly the efficiency gains it can bring to businesses struggling to grow. This could include:

- more focus within welfare to work policy and commissioning on employer engagement job creation specific to part-time and flexible working. Prime contractors and JCP should be monitored on this (as discussed above in relation to the Work Programme);
- better promotion of the business benefits of part-time and flexible working through existing business networks and Local Enterprise Partnerships;
- increased access to practical information, just-in-time support and advice for SMEs (job design, training line managers in managing a flexible workforce) without an HR function through work programme provision, and existing specialist business support networks;
- highlighting and promoting good practice among JCP and employment agencies in quality part-time recruitment;
- consideration of tax incentives for small businesses creating part-time roles e.g. National Insurance waiver for first five roles created.

Growing a quality part-time recruitment market will benefit both lone and coupled mothers and also the millions of carers living in poverty. With in-work poverty affecting half of all families in poverty, it is clear that one wage often isn't enough. Helping the potential second earner, predominantly the mother, into part-time employment, could make a measurable impact on families' income.

Making part-time work pay for low-income parents is just one of the factors that can have an impact on lifting families and children out of poverty. It will require continued investment in welfare reforms, employment and skills provision, and childcare provision. But in helping businesses to recognise the business and efficiency gains of part-time and flexible working, government will be pushing on an open door to employers. This has the potential to both impact on child poverty and also help drive business growth.

Emma Stewart, Director of Partnerships, Women Like Us

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