"Consultation on the Child Poverty Strategy 2014-17"

A response on behalf of the Baptist Union of Great Britain, the Methodist Church and the United Reformed Church

The Baptist Union of Great Britain, the Methodist Church and the United Reformed Church are three of the largest Free Church denominations in Britain, representing around half a million Christians.

There are some 150,000 members of Baptist churches associated with the Baptist Union of Great Britain. The Methodist Church has about 230,000 members and over 500,000 people are connected with the Church. The United Reformed Church comprises about 150,000 adults and 100,000 children.

The Churches' views are rooted in our shared faith and informed by the wide range of work that local churches, national church bodies and their associated charities do alongside disadvantaged children throughout Great Britain. We welcome this opportunity to contribute to the process of developing the child poverty strategy.

As the national bodies of the three churches we are best able to answer the questions set out in question 1 relating to the overall approach of the strategy. Local projects are best placed to respond to the questions set out in section 2 . We are aware of a number of responses being prepared either directly or through parent organisations.

Consultation Questions:
Section 1. Our approach

1. To what extent do you agree that the draft Strategy achieves a good balance between tackling poverty now and tackling the drivers of intergenerational poverty?
2. Considering the current fiscal climate, what is your view of the actions set out in the draft Strategy?

Summary

1. The draft strategy begins with a welcome restatement of the Government's commitment to eradicating child poverty by 2020. Our primary concern is that the draft strategy provides no evidence that the policies contained within it will achieve this important goal.

2. There is consensus amongst the academic and policy community that achieving the goal of eradicating child poverty by 2020 will be extraordinarily difficult and may even now not be

possible within the timescale. To have a chance of achieving this goal will require enormous effort and the mobilisation of huge resources. The strategy does not contain new policies which address this or even an explanation of how existing policies may achieve this goal, instead it is mainly a restatement of current Government policy.

Defining Child Poverty:

3. Annex E of the draft strategy contains an analysis of the responses to the earlier consultation "*Measuring Child Poverty*". The draft strategy was accompanied by an announcement that the Government would not progress with it proposed new composite measure of poverty.

4. We are grateful that the Government has halted this proposal. The Churches' response to this consultation outlined our view that the proposed measure unhelpfully conflated causes of poverty, effects of poverty and measures of poverty. We note that these points were included in the "Key Messages" of the consultation analysis and welcome the Government's willingness to listen and be swayed by arguments put forward in consultation responses.

5. The Child Poverty Act contains four measures of poverty - relative income poverty, absolute income poverty, duration of poverty and material deprivation. These measures behaved predictably and understandably during the recession and the subsequent years. For example as median incomes fell, relative child poverty decreased but absolute poverty began to rise. This is an example of a well designed set of measures behaving as they should.

6. On the same day as the draft strategy was released the Secretary of State for Work and Pensions and the Chancellor of the Exchequer co-authored an article in the Guardian. In it the ministers described the fall in the relative poverty measure post banking crisis and used this as evidence to claim that the relative poverty measure in the Child Poverty Act was "discredited". It is unhelpful that they did not mention any of the other measures in the Act or explain how they can be interpreted to make a coherent and understandable picture. While we utterly disagree with this analysis it begs the question what does the Government mean when it commits to "eradicating child poverty".

7. Prior to the 2010 general election an all-party consensus was achieved recognising the fact that relative poverty was important. The consultation responses were also clear that incomes and relative poverty are important in assessing child poverty. It is inconceivable that any credible set of child poverty measures would not include a relative poverty component.

   As the measure in the Child Poverty Act is the internationally recognised gold standard, and *any* relative poverty measure would temporarily fall as a result of falling median wages it is hard to see how the Government's commitment to eradicating child poverty and the statement that this measure is "discredited" are compatible.

The Government must be clear as to what it means by "eradicating child poverty". It needs to be explicit as to what measures of poverty it judges itself by. It is a serious omission that the draft strategy does not clearly define this.

Taken together the four current measures in the 2010 Child Poverty Act have proved robust and reliable and it is our view they should remain as the key tests used to judge progress made towards the eradication of child poverty.

8. On a number of occasions Government ministers have been keen to stress that individual welfare reforms should not be judged in isolation from the whole program. This is an extremely important point in the context of an overall Child Poverty Strategy.

9. The draft strategy however only includes those policies which the Government views to decrease child poverty. It chooses not to mention policies which will increase child poverty.

   For example while the figure of 300,000 children lifted out of poverty by Universal Credit by 2020 is mentioned, the figure of 200,000 pushed down into poverty by the Benefit Up-rating Act (by 2016) is omitted.

10. This selective approach severely hinders readers from coming to informed judgements about the efficacy of the draft strategy.

The finalised strategy should contain an analysis of all the policies that Government believes will have a substantial effect on child poverty not just the ones believed to have a positive effect. The recently published Treasury summary of welfare reforms would provide a good model

11. The strategy provides no estimates of the overall effects of the policies included. Some policies involve direct transfer of money while others involve encouraging behaviour. DWP in its impact analyses regularly models both, but no overall assessment is attempted here. There is also no attempt to analyse cash transfers, the scope for behaviour change or even scale of behaviour change needed to reach the stated goals.

12. An analysis of the overall effects of policy on child poverty in the United Kingdom has been performed for the Northern Irish devolved administration by the Institute for Fiscal Studies. This included the Office for Budgetary Responsibility's estimates of the effects of policy on behaviour in labour markets. This is clearly the most important area for behaviour change in a child poverty strategy that focuses so heavily on work.[1]

13. This analysis shows that far from being eradicated by 2020, child poverty is set to increase by almost 1 million (using either the relative or the absolute measures of child poverty, after housing costs). [2]

14. Importantly this change is *because* of Government Policy. Child poverty levels would have remained relatively stable for the decade had there been no changes to the tax and benefit system.

    The IFS states that: "*despite the impact of Universal Credit, the overall impact of reforms introduced since April 2010 is to increase the level of [child] income poverty in each and every year from 2010 to 2020*"[1]

The NI administration has shown that it is possible to perform robust and credible forecasts of both the relative and absolute measures of child poverty. Independent economic forecasts are a key part of our policy landscape. They ground economic debate in reality and allow Government and opposition policies to be held to account. Regular forecasts would introduce similar rigour into the equally important debate around child poverty.

[1] http://www.ifs.org.uk/comms/r78.pdf
[2] http://www.ifs.org.uk/bns/bn144.pdf

The poverty strategy should include a timetable for regular child poverty forecasts so that our progress towards eradicating child poverty can be judged and policy proposals evaluated.

15. Children are currently the age group most likely to experience poverty. Analysis of the effects of tax and benefit changes introduced this parliament shows that it is that families with children that will lose most. Working age non-parents and pensioners already experience significantly lower levels of poverty than children. Tax and benefit changes have had very little effect on overall levels of poverty in these age groups. [3]

16. While the strategy aims to tackle poverty long term, it is important to recognise that one of the main drivers of child poverty in the long term is today's poverty. Not having sufficient resources prevents families from making the choices that will enhance their child's long term future. Policies which increase poverty in the short term will also increase poverty in the long term.

For this reason we would ask the Government to examine the short term poverty inducing policies it has introduced in the light of the worrying forecasts for increasing child poverty until the end of the decade. These include the change in benefit-up rating levels and the household benefit cap.

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[3] http://www.ifs.org.uk/comms/r81.pdf