Tackling Child Poverty and Improving Life Chances: Consulting on a New Approach

Consultation Response Form

The closing date for this consultation is: 15 February 2011
Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online or offline response facility available on the Department for Education e-consultation website (http://www.education.gov.uk/consultations).

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please tick if you want us to keep your response confidential.

Reason for confidentiality:

Name:	**Mr John Davies**
Organisation (if applicable):	**Credit Action**

Address: **Credit Action, 6th Floor, Lynton House, 7-12 Tavistock Square, London WC1H 9LT**

If your enquiry is related to the policy content of the consultation you can telephone: 0370 000 2288 or email: Childpoverty.strategy@childpovertyunit.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Consultation Unit by telephone: 0370 000 2288 or e-mail: consultation.unit@education.gsi.gov.uk

Please select ONE the box which best describes you as a respondent

☐ Local authorities and organisations of local authorities	☐ Families and organisations representing families and children	☐ Voluntary and community sector organisations
☐ Research bodies and academics	☐ Public bodies and named partners in the Child Poverty Act	☐ Employers and business organisations
☐ Practitioners working with children, young people and families	☐ Central Government	☐ Social Enterprises
☒ Other		

Please Specify:

Credit Action is a national money education charity. We offer a range of resources, tools and training to help everybody handle their money well, and to inform consumers so that they can make informed decisions about their personal finances.

Credit Action operates at a national level through advocacy, collaboration and partnerships with various groups and companies as well as at a local level through a variety of targeted projects, with a particular emphasis on those most vulnerable to financial difficulties and over-indebtedness. Through its work Credit Action reaches over 650,000 UK citizens every year.

We also have extensive experience of working with young people on these issues, and currently deliver a number of educational programmes in secondary schools and colleges through a national network of training consultants. Furthermore, over the past four years we have partnered with UCAS to provide free student money guides to young people going into further education. In this academic year we will provide 430,000 guides to successful university applicants.

Building our Approach

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?

Comments:

As a money education charity, the focus of Credit Action's work is on improving levels of financial capability, particularly amongst the most vulnerable members of society. We believe that enabling people to handle their money effectively is absolutely essential to protecting them from the danger of uncontrollable debt and the devastating effect that this can have on life for both individuals and families.

While we do not work directly with children in the 0-5 Foundation Years age range that the *Frank Field Review* identifies as being so fundamental to addressing child poverty, we do work extensively with young people in secondary school education through *DebtCred* (a financial education project aimed at 11-16 year olds) as well as *Future Ready* (a financial education project aimed at 16-19 year olds). From our perspective therefore, the points that the *Frank Field Review* makes regarding the secondary school curriculum are of particular interest.

We note that the *Frank Field Review* calls specifically for greater prominence to be given to developing parenting and life skills in the national curriculum, as a way of preparing young people for parenthood and supporting them in building a stable and loving family life for their own children during the Foundation Years. We would wholeheartedly endorse this proposal, and also note that the *Frank Field Review* identifies a place for financial education within this framework. In particular, paragraph 4.32 of the Review suggests that as well as giving increased prominence to parenting and family relationships from primary school onwards, "In secondary school, there should also be a focus on other life skills such as budgeting" (p. 64).

We strongly believe that financial education should be made a compulsory part of the national curriculum, so that all young people are given the opportunity to develop the skills necessary to manage their money effectively both now and in later life. We therefore view the *Frank Field Review's* recognition that developing key life skills at secondary school, including financial capabilities such as budgeting, can play a valuable role in the broader effort to tackle child poverty as particularly important, and would encourage the Government to take full account of this when developing its child poverty strategy.

2 What are your thoughts on the best way to incorporate early intervention into the child poverty strategy? (Note: We expect that the Graham Allen Review's interim report will be published before our consultation closes on the 15th February 2011. Respondents are welcome to include any reflections on the report in their responses).

Comments:

The central premise of the *Graham Allen Review*, as outlined in the interim report, is that "A baby's early experiences are influential in determining the course of their future emotional, intellectual and physical development". The report continues "Children develop in an environment of relationships that usually begin with their family. From early infancy, they naturally reach out to create bonds, and they develop best when caring adults respond in warm, stimulating and consistent ways" (p. 14).

Family life therefore plays an absolutely central part in shaping a child's development in the crucial early years of their life, with the role of parents utterly fundamental to this – as the interim report notes "An unhappy, unresponsive carer limits a baby's ability to develop their social and emotional capabilities" (p. 14). From our perspective, it is striking that several factors which have the potential to create instability and severe difficulties in family life are strongly connected to money and, in particular, debt.

Evidence from a variety of sources suggests that there are strong links between debt and issues such as mental health (which the interim report identifies as a specific issue for parents (pg. 14)) and family breakdown. For example, the Royal College of Psychiatrists suggested in a December 2009 publication entitled *Debt and Mental Health* that one in two adults with debts has a mental health problem. Meanwhile, a study conducted by debt advice charity Christians Against Poverty in late 2010 found that 77% of clients who were in a relationship felt that debt had affected their relationship, with 28% saying debt had caused it to break down completely.

Given the potential role of debt in undermining the stability of family life, which the *Graham Allen Review* identifies as so crucial to children's early development, we feel that the case for ensuring that all prospective parents become sufficiently financially capable from a young age is further strengthened.

We note that the *Graham Allen Review* defines Early Intervention in terms of both the 0-3 age range and the 0-18 age range, arguing with respect to the latter in its interim report that "to fulfil their roles, parents and carers must benefit from policies across the age range 0-18 which significantly strengthen the ability of babies, children and young people to raise their future children with the social and emotional capabilities that are the right of every child" (p. 6). We therefore feel that the proposal that we put forward in response to Question 1, that financial education be made a compulsory part of the national curriculum, is consistent with the objectives of both the Early Intervention approach and the Government's wider child poverty strategy, and would therefore encourage Government to consider the potential value of the role it could play.

The Child Poverty Act 2010

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

☐ Yes ☐ No ☒ Not Sure

Comments:

We broadly agree with the working definition of socio-economic disadvantage provided in the consultation document, in so far as it captures the link between children's participation in meaningful activities, services and relationships and the longer-term effect this has on their wellbeing, development and future life chances.

However, we feel that the initial causal factors provided in the definition are perhaps a little limited, and that socio-economic disadvantage may be the product of more than just a lack of "parental resources and/or opportunities". For us, this almost suggests that the causes socio-economic disadvantage are primarily material, and perhaps misses some broader drivers of disadvantage which it might be appropriate to include.

In particular, we feel that referring particularly to "parental resources" in the definition is somewhat restrictive, as this potentially ignores the need for the softer capabilities that are required on the part of parents to raise their children effectively. Making some reference to "capabilities" within the definition would draw in broader characteristics such as the emotional or social capability of parents, as well as financial capability which from our perspective is also important to guaranteeing familial stability, which may not be fully captured by the use of the term "resources" on its own.

We therefore suggest a slightly amended definition of socio-economic disadvantage which reads as follows:

"a parental lack of the necessary resources and capabilities, and/or limitations on children's opportunities, mean they are unable to participate in meaningful activities, services and relationships, and such experiences during childhood – especially over persistent periods of time – negatively affect children's wellbeing, development and future life chances."

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

☐ Yes	☐ No	☒ Not Sure

Comments:

We broadly agree that these are the right areas for the child poverty strategy to cover. However, we would make one comment with regard to the definitions outlined in the *Employment and Skills* and *Financial Support* sections, both of these seek to support families in achieving "financial independence".

We would suggest that helping families to become financially *capable* is as important an objective as helping them to achieve financial independence. For us, financial capability means that families spend the money that they earn appropriately, and do not engage in behaviour which results in them taking on large amounts of unmanageable debt. In our opinion, this is discernibly different to the notion of financial independence, which primarily concerns whether or not an individual relies on their own earned income. We believe that there is little point in an individual being financially independent if they spend all the money that they do earn inappropriately and accrue substantial levels of debt, and that this has the potential to be as damaging to a family as not having any earned income at all.

We therefore believe that the notion of financial capability should be incorporated into the *Employment and Skills* and *Financial Support* definitions given in the consultation, and suggest slightly amended versions which read as follows:

"*Employment and Skills*: Removing barriers to work and supporting families to achieve financial independence and capability"

"*Financial Support*: Reforming the benefits system to ensure that work pays and the most vulnerable families receive the support they need, and encouraging financial independence and capability"

Reviewing the role of the Child Poverty Commission

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

☐ Yes	☐ No	☐ Not Sure

Comments:

What is important in determining children's life chances?

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

Comments:

Of the seven key drivers of life chances that the consultation identifies, we would focus on parent-child relationships as being particularly important. In our response to Question 2, we highlighted the important links we feel the *Graham Allen Review* in particular draws between a child's development and their relationship with their family and parents, and the detrimental effect that we believe debt can have in this regard.

We note that Paragraph 6.3 of the consultation takes a particular view of the causal role of income in addressing child poverty, stating clearly that "simply increasing household income, through reducing income poverty, will not make a big difference to children's life chances". However, we would also encourage Government to take a wider view of the effect that a family's financial circumstances can have on life chances. While increasing household income in itself may not be enough to make a decisive difference, we would stress that low income and particularly the associated risk of getting into debt can have broader emotional effects on a family, as we outlined in our response to Question 2 in relation to issues such as mental health and family breakdown.

In our opinion, these broader factors could have a definite negative impact on some of the key drivers of life chances, particularly the parent-child relationship which the consultation itself identifies as being highly contingent on strong relationships between parents. Given the linked role that we believe income can play in catalysing problems such as mental health issues and family breakdown, we would urge Government not to discount it as a contributing cause to child poverty and poor life chances. With this in mind, we would return once again in our response to Question 7 to the prospective value of making financial education compulsory in schools. This is a reform that we believe would make a considerable impact on young people's ability to handle their finances. Subsequently, we feel it would help contribute to enabling those young people to build stable family environments in the future, and the strong relationships with their children which the consultation views as being so important.

Emerging proposals for radical reforms to the system

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

☒ Yes	☐ No	☐ Not Sure

Comments:

We would strongly encourage Government to make financial education a compulsory part of the national curriculum, and believe that this is a proposal which is fully compatible with the Government's fiscal objective of reducing the budget deficit. As we outline below, the cost per pupil of introducing compulsory financial education would in our opinion be effectively nominal, given that a wide range of organisations already exist which help support teachers in delivering this at little or no cost.

However, while we recognise that there are numerous bodies who conduct excellent work in this area, such as ourselves, we feel strongly that the fact that financial education is not compulsory remains a core weakness of policy. We believe that there is a danger that unless financial education is a requirement of the curriculum, many teachers will, quite understandably, choose to focus on those areas of the curriculum which are mandatory and in which their pupils are assessed. Consequently, we fear that there is a real risk that an ideal opportunity to provide all young people with a fundamental understanding of the basic life skill of managing money is being missed, and that this may have a serious negative impact on those young people and their children and families in the future. We view the collapse of attempts to introduce compulsory financial education during the wash-up period before this year's General Election to have been highly damaging in this regard, and would urge policy makers to address the issue.

We believe that making financial education a compulsory part of the curriculum would also be an extremely cost effective way of reaching large numbers of young people. There are already a wide range of providers capable of supporting teachers in this area at little or no cost. By way of example, we provide a number of free programmes and resources to help young people build their financial capability including *DebtCred* (aimed at 11-16 year olds) and *Future Ready* (which targets 16-19 year olds). Furthermore, we also contributed to the development of *The Price of Parenting*, a course which addresses the financial consequences of teenage pregnancy and parenthood.

Therefore, the actual additional cost of introducing compulsory financial education into the curriculum and supporting teachers to deliver it effectively would, in our opinion, be small in purely financial terms. Given the fact that such a move would guarantee financial education to nearly all the young people in the country, the cost per pupil would be nominal.

8 What further steps can be taken to help local authorities to reduce poverty and improve life chances?

Comments:

9 How can the voluntary, community and private sectors contribute most effectively to local approaches to tackling child poverty and improving life chances?

Comments:

10 Please use this space for any other comments you would like to make.

Comments:

11 Please let us have your views on responding to this consultation (e.g. the number and type of questions, was it easy to find, understand, complete etc.)

Comments:

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply X

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

X Yes	☐ No

All DfE public consultations are required to conform to the following criteria within the Government Code of Practice on Consultation:

Criterion 1: Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2: Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3: Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4: Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5: Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6: Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7: Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you have any comments on how DfE consultations are conducted, please contact Donna Harrison, DfE Consultation Co-ordinator, tel: 01928 738212 / email: donna.harrison@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.

Completed questionnaires and other responses should be sent to the address shown below by 15 February 2011

Send by post to: Consultation Unit, Floor GB, Castle View House, East Lane, Runcorn, Cheshire WA7 2GJ.

Send by e-mail to: Childpoverty.strategy@childpovertyunit.gsi.gov.uk