



Ein cyf/Our ref: SF-FM-1399-13

David Melding AM
Chair
Committee for the Scrutiny of the First Minister

17th April 2013

Dear David

I am writing in response to your letter of 25 March 2013 regarding the issues the Committee for the Scrutiny of the First Minister raised on child poverty.

In the *Programme for Government* we set out how we will measure our performance against the big long-term challenges facing Wales including our performance on tackling poverty and child poverty. Measures used in previous strategies were migrated into this framework.

Alongside the annual reporting cycle of the *Programme for Government*, we also commissioned Ipsos Mori and the New Policy Institute to conduct an in-depth evaluation of the Child Poverty Strategy and the wider strategic approach to tackling poverty since 2005. This evaluation is ongoing but in March 2013 we published the first report from the study.

The report sits alongside the headline indicators in the *Programme for Government* and considers a wider range of indicators and trend analysis to help inform policy developments.

<http://wales.gov.uk/about/aboutresearch/social/latestresearch/child-poverty-strategy-wales-baseline-indicators/?lang=en>

The report provides an overall picture of child poverty in Wales, based on 23 indicators, and how these have moved since the baseline year of 2005. It sets the changes in the indicators within the context of wider economic changes and relevant policy developments in Wales and the UK. The report will be updated when new data become available through the course of the study.

The report found that economic conditions in the baseline year of 2005 were favourable for action to tackle child poverty, with low unemployment and a child poverty rate of 28 per cent, but unemployment and child poverty were rising from this date. The report suggests that increases in child tax credits and child benefit delivered in 2008 help explain why child poverty did not rise through the early years of the recession.

Subsequent falls in the median income and the poverty threshold contributed, as general living standards declined, to a misleading fall in the child poverty rate. The most recently available figures show little or no change in the proportion of children in relative poverty (after housing costs) since 2005.

The report stresses that influence over the macro-economic environment and control over taxation and the benefits system lie with the UK Government and are very important factors affecting child poverty.

On seven of the 23 indicators there has been a statistically significant deterioration, four in the 'Work and Worklessness' field and the other in the proportion of young people who are 'not in employment, education or training'. The report concludes that much of this is down to the overall worsening in economic conditions.

Four of the 23 indicators show improvement, in the education and housing fields and in road traffic accidents, and the remaining 10 show no change.

The report emphasises that many of the Welsh Government's policies and programmes with potential to impact on child poverty, many related to greater labour market participation, early years and education, are relatively recent and longer-acting. Their effects may take some time to be reflected in aggregate statistics.

We will also report in the autumn 2013 against the objectives and measures contained in the Child Poverty Strategy 2011 as required by the Children and Families (Wales) Measure 2010.

We discussed the performance of Scotland in relation to the levels of child poverty in the population. There are many factors likely to be at play in Scotland's performance against poverty indicators but an obvious factor is the better performance of the Scottish labour market, which has been reflected in lower levels of workless households. This is probably influenced by a stronger qualifications profile of the population, a higher proportion of people living in major cities (where productivity and wages tend to be somewhat higher than elsewhere) and the continuing strength of the local economy in some areas of Scotland. My officials are due to visit the Scottish Government in the near future and will also consider whether further lessons learned in Scotland could also be applied to Wales.

The child poverty discussion at the Joint Ministerial Committee (Domestic) meeting in March provided an opportunity to discuss the UK Government's consultation on new measures of child poverty and the work of the new Social Mobility and Child Poverty Commission. We were able to highlight to UK Government Ministers the Welsh Government's concerns about the proposed new multi-dimensional measure and that more information was needed from the UK Government on the measure and its impacts on devolved services in Wales. The Deputy Minister for Skills and Technology flagged up the importance of the Social Mobility and Child Poverty Commission setting out a clear communication plan and timeframe for engaging the Welsh Government, giving Welsh Ministers sufficient time to consider the impacts of the Commission's report upon their respective devolved areas of responsibility.

As you know I recently appointed Huw Lewis as the Minister responsible for Communities and Tackling Poverty. Child poverty remains a specific policy focus of his portfolio.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carwyn Jones', written in a cursive style.

CARWYN JONES