

## The setting of national poverty targets United Kingdom

### 1. How are indicators chosen at national level to reflect the multi-dimensional nature of poverty and how do these relate to the EU indicators?

The aim to eradicate child poverty in the UK by the year 2020 was established in 1999 and interim targets were set within the UK Government's now defunct Public Service Agreements which were used to set delivery targets across Government's responsibilities. In 2010 child poverty targets were enshrined in legislation, the Child Poverty Act 2010, binding future governments to achieve these targets.

The Act contains four targets that must be met and sustained by 2020/21.

- reduce the proportion of children living in relative poverty (below 60 per cent of contemporary median income) to less than 10%.
- reduce the proportion of children living in absolute poverty (below 60 per cent of median income from a fixed year, 2010/11, uprated by inflation) to less than 5%.
- reduce the proportion of children living in persistent poverty (currently defined as living below 60 per cent of median for at least three of the last four years). Target to be set by 2015.
- reduce the proportion of children living below 70 per cent of median income and experiencing material deprivation to less than 5%.

The indicators fall very much within the tradition of the EU indicators on relative poverty and material deprivation.

More broadly than the targets alone, the Act says that in developing actions to take in a national strategy to tackle child poverty the Secretary of State must

- (a) consider which groups of children in the United Kingdom appear to be disproportionately affected by socio-economic disadvantage, and
- (b) consider the likely impact of each measure on children within each of those groups.

The current Coalition Government of the United Kingdom came to office in May 2010. Coalition Ministers have expressed their concerns that measures of income alone risk creating too narrow a focus in tackling child poverty (for example, creating an over reliance on income transfers). The UK Government has therefore adopted a broader approach to poverty measurement that reflects the multi-dimensional nature of poverty in the suite of child poverty indicators set out in the recently published child poverty strategy<sup>1</sup>.

<sup>1</sup> A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives [www.education.gov.uk/childpovertystategy](http://www.education.gov.uk/childpovertystategy)

The suite of indicators builds on the four targets in the Act and covers family resources, family circumstances and life chances including a new measure of severe poverty. They are set out in full in Annex A to the strategy.

These indicators have real traction across Government, with overlaps with the Social Mobility Strategy<sup>2</sup> published at the same time and many included in relevant Departmental Business Plans – the mechanism by which Government Departments will be held to account by the centre and the public in delivery of their priorities<sup>3</sup>.

**In particular, what attention is given to the overlap between indicators in identifying the target population at national level?**

As the target population is the number of children living in poverty, there is some overlap. However the targets are defined in such a way as to capture different aspects of low resources and the different groups that are likely to experience them.

## 2. How is (are) the national poverty target(s) defined?

The national child poverty targets are defined in the Child Poverty Act as set out above, that is that by 2020/21

- reduce the proportion of children living in relative poverty (below 60 per cent of contemporary median income) to less than 10%.
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Whilst the child poverty strategy has set out a new suite of indicators there are no targets associated with them (except for those covered by the Child Poverty Act). This is consistent with the Coalition Government's approach to accountability which is driven by transparency rather than top down targets.

**How are the main stakeholders (including people experiencing poverty) involved in this process?**

Stakeholders have been consulted at a number of key points. The Department for Work and Pensions launched its Measuring Child Poverty consultation in April 2002. As well as seeking views from academics and poverty experts, events were also held with adults, young people and children with direct experience of poverty to seek their views. The results from the consultation

<sup>2</sup> Opening Doors, Breaking Barriers: A Strategy for Social Mobility  
<http://download.cabinetoffice.gov.uk/social-mobility/opening-doors-breaking-barriers.pdf>

<sup>3</sup> Departmental Business Plans <http://transparency.number10.gov.uk/transparency/srp/>

lead to the recommendation to adopt a suite of indicators covering relative low income, absolute poverty and combined low income and material deprivation<sup>4</sup>.

Prior to the introduction of the Child Poverty Bill in 2009 the UK Government carried out a consultation exercise, Ending Child Poverty: Making it happen. This included a number of questions related to child poverty indicators<sup>5</sup>.

Given that the targets are in legislation they were subject to considerable debate in both Houses of the UK Parliament and scrutiny by select committees. These will in part be informed by discussions between members and lobby groups and constituents<sup>6</sup>.

A further consultation exercise was carried out in the development of the first child poverty strategy, again questions were asked around the measures (including socio-economic disadvantage and the status of the targets in the Act.) Measures were also informed by independent reviews carried out by Frank Field MP<sup>7</sup>, Graham Allen MP<sup>8</sup> and Dame Claire Tickell<sup>9</sup>.

### **3. Were particular groups identified as the focus of national targets (e.g. children, working poor, ...) and why were these chosen?**

Child poverty was seen as a priority for the previous Government, which in 1999 set out their ambition to eradicate child poverty within a generation. On coming to office, the current Government maintained that commitment and this was explicitly stated in the Coalition Agreement<sup>10</sup>.

### **4. What are the main policy measures for reaching the poverty targets (e.g. is it jobs, welfare payments, better services, targeted programmes, ...)?**

**Are the poverty targets linked to the other targets in Europe 2020?**

The child poverty strategy has set out how the UK Government will meet the 2020 targets on child poverty. A summary of the approach taken from the strategy itself is pasted below.

<sup>4</sup> Measuring Child Poverty, DWP <http://www.dwp.gov.uk/docs/final-conclusions.pdf>

<sup>5</sup> Ending Child Poverty: Making it happen, Child Poverty Unit

<http://www.education.gov.uk/consultations/downloadableDocs/8061-CPU-ending%20Child%20Poverty.pdf>

<sup>6</sup> Bill Documents – Child Poverty Bill 2008-09 to 2009-10

<http://services.parliament.uk/bills/2008-09/childpoverty/documents.html>

<sup>7</sup> The Foundation Years: Preventing poor children becoming poor adults. <http://www.frankfield.co.uk/review-on-poverty-and-life-chances/>

<sup>8</sup> Early Intervention: The next steps. <http://www.dwp.gov.uk/docs/early-intervention-next-steps.pdf>

<sup>9</sup> The Early Years: Foundations for life, health and learning <http://www.education.gov.uk/tickellreview>

<sup>10</sup> The Coalition: Our programme for Government.

[http://www.cabinetoffice.gov.uk/sites/default/files/resources/coalition\\_programme\\_for\\_government.pdf](http://www.cabinetoffice.gov.uk/sites/default/files/resources/coalition_programme_for_government.pdf)

*The first national Child Poverty Strategy, sets out a new approach to tackling poverty for this Parliament and up to 2020. At its heart are strengthening families, encouraging responsibility, promoting work, guaranteeing fairness and providing support to the most vulnerable.*

*It is set against the backdrop of the Child Poverty Act 2010, which established income targets for 2020 and a duty to minimise socio-economic disadvantage. It is also set against the backdrop of a Spending Review that placed a very high priority on improving the life chances of children and the protection of vulnerable families, while also making crucial progress in reducing the nation's fiscal deficit.*

*This Government is committed to eradicating child poverty but recognises that income measures and targets do not tell the full story about the causes and consequences of childhood disadvantage. The previous Government's focus on narrow income targets meant they poured resources into short-term fixes to the symptoms of poverty instead of focusing on the causes. We plan to tackle head-on the causes of poverty which underpin low achievement, aspiration and opportunity across generations. Our radical programme of reform to deliver social justice will focus on combating worklessness and educational failure and preventing family and relationship breakdown with the aim of supporting the most disadvantaged groups struggling at the bottom of society.*

*Addressing the root causes of poverty and not just the symptoms means recognising the importance of the context in which a child is raised, alongside factors including education and income. That is why we are committed to supporting strong families. We also know that effective parenting is critical to enabling children to flourish. As part of this Government's drive to make our society more family-friendly, this strategy also sets out how we will enhance relationship and parenting support.*

*This, alongside a drive to achieve higher social mobility for all, and help families out of poverty and onto and up the ladder, is our strategy for eradicating child poverty once and for all.*

The aim to increase the employment rate of parents and the general population is linked to the target of reducing jobless households or low work intensity households in Europe 2020.

## **5. What are the challenges for the national poverty targets of the economic recession and the public fiscal crisis?**

There has been concern within some lobby groups and think tanks that the fiscal situation and associated spending cuts could lead to an increase in child poverty. The Government takes the view that resources must be better focused. Within the fiscal constraints imposed by the need to reduce the deficit and strengthen the economy, the Treasury's analysis shows that the coalition government's modeled tax and benefit reforms announced since Budget 2010 are not expected to have a detrimental impact on child poverty. By better targeting resources on the most vulnerable and intervening early to tackle the root causes of poverty, we can get a much greater return on our spending. For the first time, the Government have published distributional analysis to show that all of our budget announcements are fair.<sup>11</sup>

<sup>11</sup> [http://www.hm-treasury.gov.uk/spend\\_sr2010\\_impact\\_households.htm](http://www.hm-treasury.gov.uk/spend_sr2010_impact_households.htm)

The Coalition Government have maintained funding for Sure Start<sup>12</sup>, with a refocused core offer that supports disadvantaged families. They have also introduced new grants for the most disadvantaged young people through the Fairness Premium (GBP 7 billion funding to give all disadvantaged two-year-olds an entitlement to 15 hours a week of pre-school education and also to deliver a additional funding for disadvantaged children in schools) and the 16-19 Bursary Fund (additional funding to help the most vulnerable 16-19 year olds continue in full time education), concentrating resources on removing barriers facing the poorest. Reforms to services will allow Government to reduce the country's deficit, whilst also raising the life chances for the most disadvantaged. The Coalition's welfare reforms are also based on the principle that work is the key to reducing poverty.

## 6. What procedures are in place to monitor and review progress on the national targets?

The indicators relating to relative and absolute low income and material deprivation are published as part of the annual DWP National Statistics publication Households Below Average Income, persistent poverty statistics have been published as part of the related publication Low Income Dynamics.

Work is underway within Government to determine arrangements for reporting across the suite of indicators as a whole. In the meantime the majority are either published in the above statistical publications or as part of Department Business plans, this is the mechanism by which Government Departments will be held to account.

The Child Poverty Act required the setting up of a Child Poverty Commission. This is being amended through the Welfare Reform Bill currently before Parliament which will lead to the setting up of the Social Mobility and Child Poverty Commission. The new Commission will have greater powers to hold Government to account. It will produce independent annual reports assessing progress towards reducing child poverty and increasing social mobility. Prior to the setting up of the commission the remit of the Government's Independent Reviewer on Social Mobility (Alan Milburn) has expanded to cover child poverty.

## 7. How are the national poverty targets linked to the EU target (to reduce by 2020 the number at risk of poverty by 20 million), for example in terms of indicators, target groups, policy measures?

**How can the EU support the achievement of the national poverty targets?**

The UK's poverty targets are closely linked to the EU target. Achievement of the aims of the Child Poverty Strategy will lead to a significant reduction in the number of children that are living in poverty in the United Kingdom.

<sup>12</sup> <http://www.education.gov.uk/childrenandyoungpeople/earlylearningandchildcare/delivery/surestart/a0076712/>