

Child poverty falls as government calls for new measures

Inclusion responds to Households Below Average Income statistics for 2010-11 on child poverty and government plans to move away from income measures of poverty.

Households Below Average Income (HBAI) statistics published today show that poverty has fallen across the population, and particularly among children. In 2010–11, just over one quarter of children in the UK (3.6 million) lived in households in poverty after housing costs had been deducted, a fall of 200,000 children (two percentage points) on the previous year. These statistics come on the day that the **government announces plans to move away from income measures of poverty**, with a greater emphasis on work and family behavioural factors. While welcoming a multi-faceted approach to capturing child poverty, *Inclusion* believes new indicators should sit alongside current measures rather than replacing them.

Today's statistics show that 27% of children live in households in poverty – that is, with incomes below 60% of the national median – after housing costs have been deducted. *Inclusion* regards 'after housing costs' measures of poverty as better than those that are taken before housing costs have been deducted, as they reflect standards of living more accurately. The measure including housing costs shows that 2.3 million children (18%) were living in poverty in 2010–11, 300,000 fewer than the previous year.

The HBAI figures published today show that interim targets to halve child poverty by 2010, enshrined in law by the previous Labour government, have been missed. Before housing costs, child poverty fell by 900,000, or just over a quarter, over a decade. An increase in housing costs over the period in question means that child poverty after housing costs have been deducted saw a smaller decrease, falling by 600,000, or 14%. A decrease in child poverty is nevertheless good news and reflects positively on the range of initiatives designed to tackle it, including an attempt to raise lone parent employment rates from 45% to a target of 70% – the rate reached 57.6% under Labour and is 57.8% now. However, an observed fall in child poverty must be qualified

by the fact that national median income has itself fallen over the past year, effectively lowering the poverty line.

Although children in workless households are much more likely to be poor, children in households with at least one working adult account for the majority (three fifths) of children in poverty. This is unchanged on the previous year. The current approach to tackling child poverty centres on work, with the introduction of Universal Credit, intended to strengthen incentives to work and lift many working families out of poverty. *Inclusion* has always argued that work is an important part of tackling child poverty and is committed to ensuring that the welfare and welfare-to-work systems provide parents with appropriate work incentives and opportunities. However, weak growth forecasts for coming years suggest that opportunities to work, or work more, may be hard to come by for many poor families. The government's approach to tackling child poverty must not lose sight of this.

In the wake of the statistics published today, the government has announced plans to revisit the way poverty is measured. Iain Duncan Smith, the Work and Pensions Secretary, has called for 'better' measures that 'include income but do more to reflect the reality of child poverty in the UK today'. *Inclusion* agrees that child poverty is about a lot more than money and must be captured via a range of indicators. For this reason, ***Inclusion's* free Child Poverty Toolkit** details indicators of health outcomes, educational attainment, access to resources and services and behaviours that damage life chances, including indicators in the government's **Child Poverty Strategy**, for every local authority. This being said, *Inclusion* regards relative low-income measures, after housing costs have been deducted, as the best single measure of child poverty and the effectiveness of initiatives intended to tackle it. New indicators will be helpful for understanding child poverty and tackling its causes, but should not replace current measures.