



HM Government

# **Setting the 2020 persistent child poverty target**

**Government consultation response**

**October 2014**

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## Summary

1. On 26 June 2014 the Government launched a seven-week consultation inviting views on a proposed level for a new statutory persistent child poverty target. The consultation closed on 14 August 2014.
2. The Government is grateful for the wide range of views received in response to the consultation and has carefully considered all representations made. This document summarises the points made and provides the Government's response.

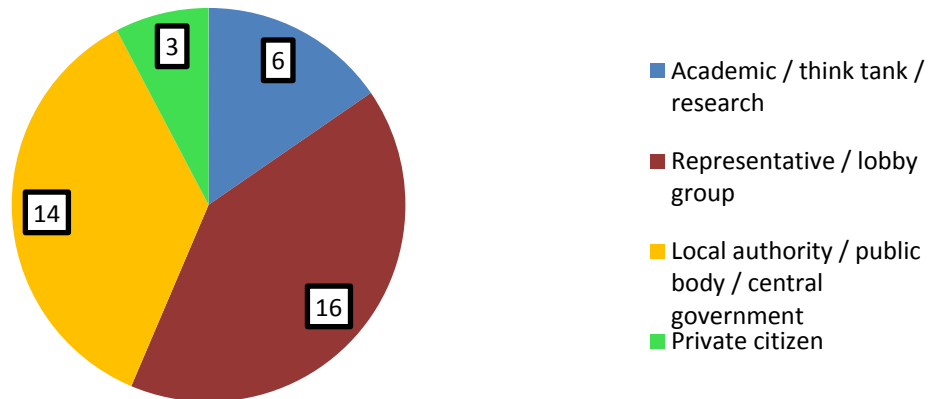
## The consultation exercise

3. Section 6 of the Child Poverty Act 2010 (the Act) sets out a target which must be met by the financial year 2020-21 in respect of the proportion of children living in persistent poverty. The target is that less than a fixed percentage of children live in a household with an equivalised income of less than 60 per cent of the UK median income for at least three years over a four-year period.
4. The Government is required to set out in regulations by 31 December 2014 the percentage target for the persistent child poverty target.
5. In the 'Consultation on setting the 2020 persistent child poverty target' document the Government set out its case for a persistent child poverty target percentage of less than 7 per cent.
6. The consultation sought views on two questions:
  - Do you agree that the Government should legislate for a persistent child poverty target of less than 7 per cent by 2020?
  - If you do not agree, please give your reasons, and set out at what percentage you think the persistent child poverty target should be set at, and why.
7. Over the course of the consultation the Government received 39 written responses commenting on the proposed target level. It also held a roundtable event with a number of interested stakeholders. A full list of attendees is in Annex A of this document.

## Summary of written responses

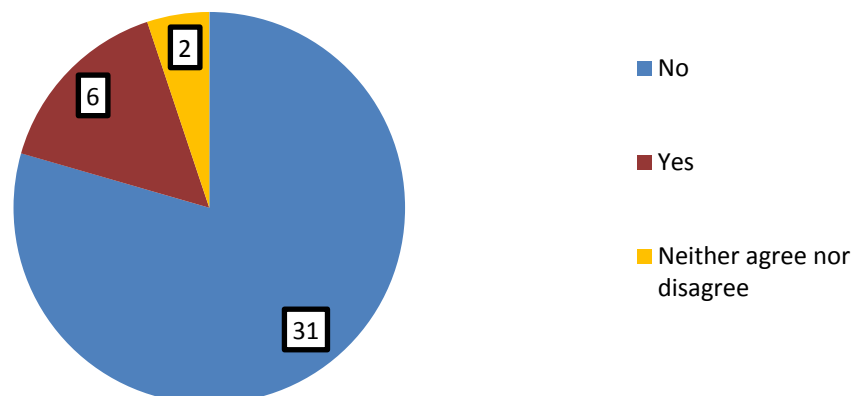
8. The 39 written responses to the consultation came from a wide spread of organisations and individuals, as shown in Figure 1 below. A full list of consultation respondents can be found in Annex B.

**Figure 1. The number of consultation responses, by respondent type**



7. A number of respondents stated that government action was essential in order to end child poverty by 2020 and welcomed the Government's commitment to setting a statutory target for persistent child poverty.
8. The Government asked respondents whether they agreed with setting the persistent child poverty target at less than 7 per cent. The responses received to this question are shown in Figure 2 below.

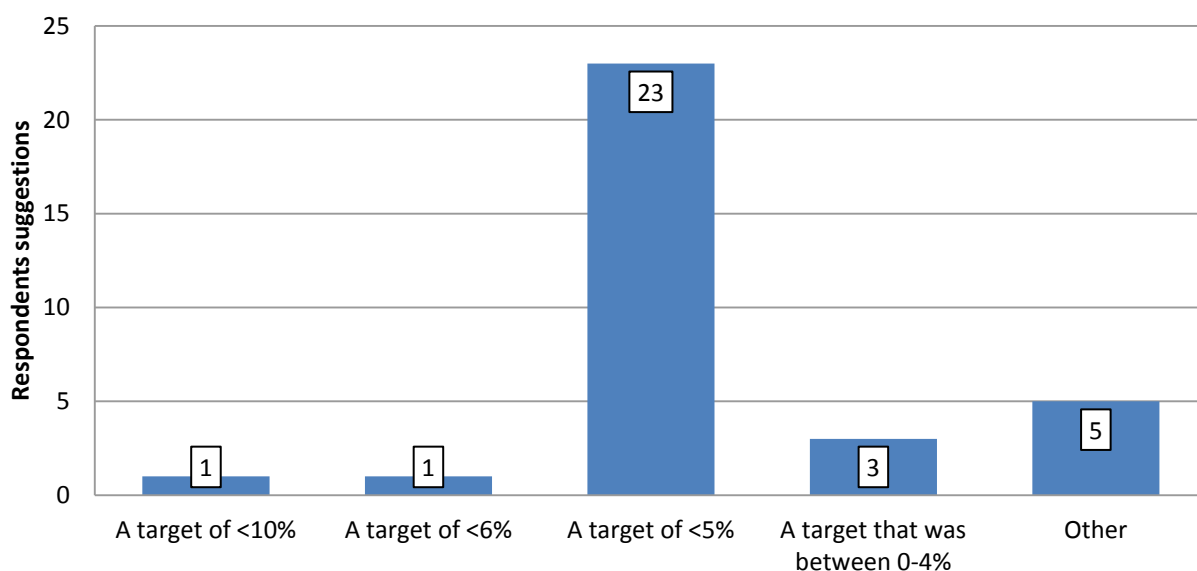
**Figure 2. Responses to the consultation question 'Do you agree that the Government should legislate for a persistent child poverty target of less than 7 per cent by 2020?'**



9. The majority of respondents did not agree with the proposed target of less than 7 per cent and felt that a lower target would be more consistent with the aim of ending child poverty. Overall:

- 2 respondents neither agreed nor disagreed with the target level, instead focused their comments on how persistent poverty is measured.
- 6 respondents agreed with a persistent child poverty target level of less than 7 per cent.
- 31 respondents did not agree with the proposed target level. 26 of these respondents suggested an alternative target level that was lower. Of the remaining 5, 1 respondent suggested a higher target and 4 did not specify.
- In total, 23 respondents suggested that the persistent child poverty target should be set at less than 5 per cent, as shown in Figure 3 below.

**Figure 3. The preferred targets of those respondents who disagreed with a less than 7 per cent target**



Note: Numbers in the above chart do not sum to 31 as some respondents suggested several alternative targets.

10. Many of those who agreed with a persistent child poverty target of less than 7 per cent did not provide a reason why. However, one respondent stated that the assumptions made in the consultation document were reasonable given the uncertainty of the data.

11. One respondent suggested a higher persistent child poverty target of less than 10 per cent. This was based on the argument that should relative poverty be as low as 10 per cent it was likely that all of these children would also be in persistent poverty and that it was therefore sensible to set the target at this level.

12. The main reasons given by respondents who stated that the persistent child poverty target should be set at a lower level were:

- The Government should be more ambitious in its goal to end child poverty by 2020.
- The Government should put additional effort into reducing persistent poverty over and above transitory poverty. This is because persistent poverty has more damaging and long-lasting effects on a child's educational attainment, health outcomes and future life chances.
- It would be more coherent with meeting the existing targets for absolute low income as well as combined low income and material deprivation, both of which are set at less than 5 per cent.

13. The Social Mobility and Child Poverty Commission proposed an alternative persistent child poverty target which would be a fixed ratio of relative child poverty in the target year, regardless of what level relative poverty was in 2020. For example, this might state that persistent child poverty should be no more than 50 per cent of whatever total relative child poverty is in 2020. The Commission argued that Government should set a target which is realistic and not directly tied to the other Act targets, which it considers unachievable. A ratio target of this type would not be dependent on achieving the relative poverty target and would arguably provide stronger incentives for Government to take action on tackling persistent child poverty.

## Summary of roundtable event

14. In total, 13 representatives from academic and third sector organisations attended a Child Poverty Unit roundtable event on 5 August 2014. A list of the attendees can be found in Annex B.

15. The roundtable discussion covered the consultation questions, the aims and purpose of the Act targets more broadly as well as other issues such as measurement and data quality. Several issues were raised at the roundtable event which are already covered in the summary of written responses section of this document.

16. The main points raised include:

- A preference by some for a lower persistent child poverty target of less than 5 per cent rather than the less than the 7 per cent target proposed by the Government. There was also discussion about the possibility of setting a target where persistent child poverty would be less than 50 per cent of relative child poverty, regardless of what level relative child poverty is in 2020 (a ratio target).
- A lower persistent child poverty target would be more consistent with current government policy which is already more focused on helping those in longer spells of poverty than those in transitory poverty. Examples of these include policies around helping troubled families and the roll out of Universal Credit, which aim to reduce incidence of long-term disadvantage.
- The other targets in the Act were intended to be consistent with making child poverty in the UK among the lowest in Europe: a lower persistent child poverty target was more consistent with this.
- Some discussion about using the Understanding Society survey as the data source for measuring persistent poverty. This included concerns raised about the quality of income data in the first survey year and the number of people dropping out between each survey year.
- Some respondents noted that no new persistent poverty data has been produced since 2010 and as yet no figures have been produced using the new and largely untested Understanding Society survey.



## The Government's response

17. The Government remains committed to the goal of ending child poverty in the UK by 2020. The Government recognises that persistent poverty can be particularly harmful to children's life chances. In representations to the consultation the Social Mobility and Child Poverty Commission, and others, put particular emphasis on the damaging effects of persistent poverty and urged the Government to continue to put this at the centre of policy ambition. The Government will do so. The Government's Child Poverty Strategy 2014-17, published in June, sets out action on this front, such as tackling entrenched worklessness. The Government will continue to focus action on breaking the cycle of persistent poverty, exploring what further steps can be taken to reduce persistent poverty as far and as fast as possible. We will keep the degree of ambition of the target itself under close review.
  
18. The Government has carefully considered the representations made during the consultation. It was the view of the majority of respondents that the persistent child poverty target should be set at a lower level than that proposed in the consultation. However, the Government is ultimately not persuaded by the arguments put forward to justify a target lower than less than 7 per cent. When the existing Act targets were set to end child poverty by 2020, they represented a high degree of ambition. The Government remains convinced that a persistent child poverty target of less than 7 per cent is consistent with this high level of ambition and with meeting the other three targets set out in the Act.
  
19. The target proposed in the Government's consultation document of less than 7 per cent is based on analysis looking at the relationship between relative poverty and persistent poverty historically. The conclusion of this analysis was that levels of persistent poverty are typically 50 to 70 per cent of those of relative poverty in a given year. Should relative poverty be around 10 per cent it is likely therefore, based on past trends, that persistent poverty would be somewhere between 5 and 7 per cent.
  
20. However, this historical relationship could change once levels of relative child poverty are around 10 per cent as the persistent child poverty group could make up a higher proportion of the relative child poverty group, if not the entirety of it. If this relationship were to change in this way once levels of relative child poverty were around 10 per cent, then the proportion of children in persistent poverty could technically also be much closer to these levels.
  
21. This analysis suggests any target set should have a minimum lower bound of 5 per cent and maximum upper bound of 10 per cent, making a target of less than 7

per cent consistent with the other Act targets and providing the most coherent overall suite of targets.

22. The Commission proposed an alternative target to be set as a proportion of relative poverty in the target year rather than as a fixed level. The Government has considered the merits of this proposal carefully.
23. The Government does not believe that this approach would offer a better means to drive government action on persistent poverty or the coherence of targets which it considers important. It would mean that the target could be achieved even if numbers in persistent child poverty remained the same while short-term child poverty increased. This could create a possible disincentive to take action on child poverty in all its forms. Furthermore, the Child Poverty Act does not enable a target to be set in the manner suggested by the Commission without making amendment by affirmative regulations to the definition of persistent child poverty set out in the Act. The Government's view is that such an amendment would require further consultation, making it impossible to achieve its duty to set the persistent child poverty target before the end of 2014.
24. Regarding the quality of the survey data available, the Government is content that the Understanding Society survey remains the best choice for measuring persistent poverty due to its ability to capture detailed income information over time, comparable in quality to the Family Resources Survey used for producing the Households Below Average Income publication. Government officials will work with survey providers to monitor and where necessary address the concerns raised about any survey issues.
25. The Government has listened to the range of views set out by the respondents to the consultation. The Government recognises that persistent poverty can be particularly damaging to children's life chances and it will continue to focus action on breaking the cycle of persistent poverty, exploring what further steps can be taken to reduce it as far and as fast as possible. The Government's view remains that a target of less than 7 per cent is most consistent with the relative poverty target, giving the most coherent overall package of targets, and driving continued efforts to address persistent child poverty. The Government will therefore now lay affirmative regulations in Parliament for debate and approval by both Houses on this basis. The Government will keep the degree of ambition of the target itself under close review.

## **Annex A – External attendees at the roundtable event on 5 August 2014**

David Ayre (The Children's Society)

Matt Barnes (City University)

John Davies (4Children)

Lisa Davis (Office of the Children's Commissioner)

Jerome Finegan (Save the Children)

Kris Graham (Banardo's)

Moussa Haddad (Child Poverty Acton Group)

David Holmes (Family Action)

Andrew Hood (IFS)

Steve McKay (Lincoln University)

Sam Royston (The Children's Society)

Katie Schmuecker (Joseph Rowntree Foundation)

Kate Webb (Social Mobility and Child Poverty Commission Secretariat)

## **Annex B –List of organisations that responded to the consultation**

### **Research Body or Academic**

Centre for Social Justice

Professor Jonathan Bradshaw (based at the University of York, responding as an individual)

Department of Sociology, City University London

Department for Quantitative Social Science, Institute of Education

Joseph Rowntree Foundation

NatCen Social Research

### **Private Citizen**

John Hume

Natalie Rigby

Graham Phillips

### **Representative/Lobby Group**

4Children

Association of School and College Leaders

Barnardo's

Caritas Social Action Network

Child Poverty Action Group

The Children's Society

End Child Poverty

Gingerbread

NASUWT

Newcastle Council for Voluntary Service

The Poverty Alliance

Save the Children

Scope

Taxpayers Against Poverty

Westminster Advice Forum

Voice

### **Local Authority/ Public Body/ Central Government**

Bradford Metropolitan District Council (Bradford District Child Poverty Board)

Buckinghamshire County Council (Children and Young People's Services)

Camden Council

City of York Council

Darlington Borough Council

Derby City Council

Hertfordshire Council

The Liverpool City Region Child Poverty and Life Chances Commission

NHS Health Scotland

Northern Ireland Assembly

Public Health England

Scottish Government

Social Mobility and Child Poverty Commission

Welsh Government



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