



## Measuring child poverty: A consultation on better measurements of child poverty

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CPAG's response

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## Introduction

1. Child Poverty Action Group (CPAG) has worked for almost 50 years to prevent and relieve poverty among children and families in the UK. We have particular expertise in the functioning of the social security system through our welfare rights, training and policy research. Our work is informed by the longstanding view of social scientists that poverty is a condition characterised by a lack of adequate resources.<sup>1</sup>
2. We welcome this opportunity to respond to the government's consultation on child poverty measurement.<sup>2</sup> We recognise that child poverty manifests in various and complex ways and have published extensively on the multi-dimensional nature of child poverty.<sup>3</sup> Given this, it is not surprising that *definitions* of poverty are sometimes confused with the *indicators* we use to measure it. However, in our view this is not a mistake that the government should be making.
3. We believe that how we *measure* poverty is primarily a technical question. As a result, the government must give due regard to expert views provided in response to this consultation. The value of non-specialist opinion on how to devise any new metric is more limited: while we rightly ask the public how the economy affects their lives, for example, we do not then ask them to define how we measure growth, inflation or the like. Consequently, we are sceptical of the value of public polling on measurement and cannot regard this as superior to technical advice.<sup>4</sup>
4. We are pleased that this consultation recognises that tackling child poverty is a cross-departmental responsibility. However, measurement is not a substitute for political will: if the government wishes to take action on key causes, correlates and consequences of poverty it is entirely at liberty to do so, and the current measures of child poverty do not stand in its way. As a result, we find the case for change advanced as part of this consultation unpersuasive.
5. It is vital that any new measurement is based on a robust understanding of poverty, and is mindful of the extensive work by academics and other experts on this topic over the past 40 years. To this end, we offer the following comments on the consultation.

## Multi-dimensional measures

6. CPAG is in agreement with the government that poverty manifests in multiple ways, and that it is important that we track the various facets of the condition over time. Indexes of international poverty have a long pedigree, and facilitate interesting cross-national analysis.<sup>5</sup> However, their utility at the country level is less apparent, and we are not convinced of the value of a single composite measure of poverty as proposed in the consultation document (p47).

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<sup>1</sup> See, for example, the eminent sociologist and co-founder of CPAG, Peter Townsend, who defined poverty as follows: 'Individuals, families and groups in the population can be said to be in poverty when they lack resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged and approved, in the societies in which they belong.' P Townsend, *Poverty in the United Kingdom*, Penguin: 1979

<sup>2</sup> HM Government, *Measuring child poverty: a consultation on better measures of child poverty*, November 2012 CM 8482

<sup>3</sup> See, for example, our publication M Tomlinson and R Walker, *Coping with complexity: Child and adult poverty*, CPAG: 2009

<sup>4</sup> [http://statistics.dwp.gov.uk/asd/asd1/adhoc\\_analysis/2013/public%20\\_views\\_on\\_child\\_poverty.pdf](http://statistics.dwp.gov.uk/asd/asd1/adhoc_analysis/2013/public%20_views_on_child_poverty.pdf)

<sup>5</sup> See, for example, the UN's Human Development Index at <http://hdr.undp.org/en/statistics/> and the Oxford Poverty and Human Development Initiative at <http://www.ophi.org.uk/policy/multidimensional-poverty-index/>

7. One of our primary objections to combining a range of indicators into a single number is that rather than throwing light on the texture of poverty as the government states it hopes to do, it will simply obscure the condition. As this single figure moves over time, it will only be through decomposing the indicator that we will be able to understand which dimensions are driving changes. So, while tracking the multiple ways which poverty impacts of people's lives is indeed essential, in our view the case for aggregating these into a single number is weak.
8. Any composite indicator also embeds value judgments as to the causes and consequences of poverty that are, in our view, better left out in the open for vigorous debate. Clearly a range of opinions exist in the UK today as to why some people are poor and why some find it harder to escape the condition than others. A composite indicator, through the selection and possible weighting of its elements, encodes a view of poverty which is then difficult to contest. Consequently, it closes down, rather than opens up, critical discussions about poverty.
9. Alongside these theoretical objections we also have a number of practical concerns. We question whether there is currently appropriate, quality data available to generate such an indicator. As international practice shows, there are two ways of approaching the production of a composite measure: first, to use different data sources for different indicators, and second, to draw on the same data source for all.<sup>6</sup> The first approach has clear shortcomings in that it brings together results from different samples; the second approach may be more robust but is often constrained by lack of quality data.
10. It is hard to see how these problems will be resolved in the UK context without significant new investment in data collection. The Understanding Society survey which currently provides the most comprehensive dataset for a wide range of indicators still suffers from limitations: it does not, for example, provide a high level of detail for some indicators including, critically, income; other indicators, such as indebtedness, are not refreshed in every wave; and some key indicators, such as school quality, are simply not captured by this survey.
11. Producing a composite indicator, then, would most likely be complicated, time-consuming and costly. At a time when the government is assessing the cost-benefits of other statistical outputs, the advantages of a composite measure do not seem compelling enough to justify its production.<sup>7</sup>
12. Instead, should the government have additional resources to dedicate to measurement, we would recommend that they invest in a series that monitors child wellbeing across the board, and allows for cross-tabulation of this data. The Children's Wellbeing series recently established by ONS could, for example, usefully be developed going forward to ensure that all the indicators tracked over time can be correlated with income data.<sup>8</sup>

#### The government's selected dimensions

13. Should the government decide to proceed with the production of a composite indicator, it is critical that those measures which are brought together are consistent and robustly related.

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<sup>6</sup> The UN's Human Development Index takes the former approach, the Oxford Poverty and Human Development Initiative the latter.

<sup>7</sup> See, for example, government's recent consultation on statistics of take-up of income-related benefits consultation at <http://www.dwp.gov.uk/consultations/2012/take-up-stats.shtml>

<sup>8</sup> See [http://www.ons.gov.uk/ons/dcp171766\\_283988.pdf](http://www.ons.gov.uk/ons/dcp171766_283988.pdf) for further information

Here we provide our views on the appropriateness of the eight dimensions highlighted in the consultation for inclusion in any multidimensional measure.

14. Overall, we are concerned that the dimensions selected in the consultation lack logic: while at first glance it might seem sensible to bring together 'current poverty' and 'life chance' measures (p15), in fact this leads to a very unhelpful conflation of the risk factors, correlates, and consequences of poverty. Put simply, poverty is a condition marked by a lack of adequate resources, and therefore what any measure of poverty needs to capture is the level of these resources. Causal and consequential relationships are critically important to explore, but embedding them in a poverty measure obscures rather than improves our understanding of the condition.
15. We are pleased to see that the government acknowledges the centrality of income and other material resources to a definition of poverty (dimension 1), and note its previous commitments that any new indicators will not displace the four measures already encoded in the Child Poverty Act 2010.<sup>9</sup> However, we are concerned by the choice being presented in the consultation between an absolute and relative poverty measure (p21). Both provide us with critical, but different, information: the first tells us whether the living standards of some are dropping in real terms and the second, whether the fortunes of part of the population are drifting away from the majority over time. While the relative measure does produce what may look, to a non-specialist, like counterintuitive results under some conditions, policy makers should fully understand its meaning. Moreover, it is internationally regarded as an essential measure of poverty in any developed country context such as the UK.<sup>10</sup>
16. The consultation picks up on other resources that children may lack such as decent housing (dimension 4) and the high quality education provision (dimension 6). As such, it usefully recognises the statement that 'services for poor people are often poor services'.<sup>11</sup> In our view it is useful for the government to collect better data on the availability, accessibility and quality of public services and to break this information down by income levels. This would allow us to assess the extent to which children from poorer backgrounds are less able to avail themselves of public goods, while also helping us understand the extent to which high quality service provision can offset the consequences of growing up in a low income family. It is not helpful, however, to conflate poor services with poverty.
17. Equally, including factors that can precipitate families into poverty such as unemployment (dimension 2), relationship breakdown (dimension 7) and poor parental health (dimension 8) confuses the risk of poverty with poverty itself. Such risks in life are universal, but in the absence of either private resources or an adequate social safety net, events such as losing a job or falling ill will inevitably result in families having insufficient resources to meet their needs. No country can legislate these risks away but instead, need to foster systems that manage and mitigate these risks: countries that do just this reduce the association between poverty and worklessness, lone parenthood and disability significantly.<sup>12</sup>

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<sup>9</sup> See, for example, the speech by the Rt Hon Iain Duncan Smith MP on 14 June 2012 available at <http://www.dwp.gov.uk/newsroom/ministers-speeches/2012/14-06-12a.shtml>

<sup>10</sup> See, for example, the EU's Statistics on Income and Living Conditions (SILC) dataset available at [http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu\\_silc](http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc)

<sup>11</sup> R Titmuss and P Alcock, *Welfare and Well Being: Richard Titmuss's Contribution to Social Policy*, Policy Press 2012

<sup>12</sup> See, for example, OECD, *Doing better for children*, OECD 2009

18. Likewise, low parental skills (dimension 5) is another factor that increases the risk of children living in poverty and we strongly support government initiatives that aim to increase skills levels for all. However, as with other risks factors, to a large degree it is extraneous circumstances that conspire to produce poverty: low skills levels may explain why some parents work in the low-wage economy but they do not explain why the wage levels in this sector are insufficient to support a family. We need to look, then, to the level of rewards as well as the level of skills for an explanation of poverty.
19. Thus, there is nothing inevitable about any of these factors leading to poverty. While it is vital to collect data on each of these risks, understand how they relate to low income, and analyse how they respond to policy initiatives over time, in our view, it is unhelpful to confuse risk with a lack of adequate resources itself.
20. Likewise, the consultation also conflates the consequences of poverty with poverty itself. It is no surprise, for example, that many low income households are behind with bills and find debt problematic (dimension 3), or that they often live in low quality housing (dimension 4). Including the consequences of poverty in a poverty measure risks double-counting and cannot be considered robust.
21. Our comments above in no way suggest that collecting data which increases our understanding of the causal, correlative or consequential relationships of poverty is unimportant and we believe there is much the government could do to improve the statistics and facilitate this analysis. However, confusing risks and consequences with the characteristics of poverty itself, as the consultation does, fails to advance this enterprise.
22. Overall, if the government wishes to develop a multidimensional indicator we strongly encourage it only to bring together factors which are logical to combine. Combining the dimensions set out in the consultation would have no utility: it will not be regarded as robust by policy makers, social scientists or international organisations. As a result, it is hard to see who would employ this measure to any effect other than the government.

### Conclusions and recommendations

23. We are pleased to note that the government has committed not to move forward with any new measure in the absence of broad-based consensus, and hope that our and other expert views will be given due consideration in this consultation. However, no new measure that comes out of this exercise should substitute for the four metrics encoded in the CPA 2010: a public consultation cannot, and should not, be used to evade the will of parliament.

To summarise our views:

- We agree with the government that poverty is a complex phenomenon and that no single measure tells us the full story about the lived experience of poverty.
- However, the consultation has inadequate regard for the existing portfolio of poverty and child wellbeing measures we have in this country. It does not, in our view, make a convincing case for investing significant new resources in a measure of the type outlined.

- It is critical that the government does not retreat from current good practice and continues to collect, analyse and publish all available data on child poverty. In particular, we would like assurances that the child poverty section of *Households Below Average Income* will continue to be published in its current form.
- While we would always support sensible efforts to collect and analyse data on the different dimensions of poverty, we see little value in combining these in a composite indicator. Such an indicator would obscure rather than illuminate the condition, as well as prove technically difficult and expensive to construct.
- Should the government proceed with the development of a multidimensional indicator, it must ensure that any new metric is logical and does not bring together ‘apples and oranges’ in a way that confuses, rather than advances, our understanding of poverty. If it fails to do so, the utility of any new measure will be limited domestically, and non-existent internationally.
- We recommend that rather than develop a composite indicator of poverty, the government invest resources in better data collection that can facilitate our analysis of the causes, correlates and consequences of low income. This would increase our understanding of what drives poverty and would point us clearly in the direction of appropriate policy responses.
- We believe poverty is a condition marked by a lack of adequate resources, some of which may not be financial. Nonetheless, an inadequate income remains the decisive characteristic of poverty and must remain central to any poverty measurement. Any measure that is not sensitive to changes in income cannot be regarded as a robust measure of poverty.
- In a period when family incomes are declining significantly in real terms, any measure that is not responsive to changes in income will also lack credibility.
- Any new measure the government develops must supplement, and not substitute for, the four measures set out in the CPA 2010. The relative poverty measure has its limitations as does any other single measure but it provides us with critical information about the fortunes of children growing up in the UK today. As such, it should be retained as one of the key measurements of poverty alongside absolute poverty, persistent poverty and material deprivation.

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