Child Poverty (Scotland) Bill – Response to Social Security Committee of the Scottish Parliament

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The Social Security Committee has called for views on the Child Poverty (Scotland) Bill which effectively reinstates the targets which were formerly embedded in the (UK) Child Poverty Act 2010.

The following views are offered on the basis of my experience in measuring poverty and deprivation. This includes involvement in the Poverty and Social Exclusion UK 2012 Survey (PSE-UK survey), the largest survey on this subject ever undertaken in the UK, as well as the earlier Millennium Poverty and Social Exclusion Survey 1999 (for details of both, please see www.poverty.ac.uk and the book, Breadline Britain, for a summary of the results). Both surveys contributed to the development of poverty measurement in the UK and internationally. In particular, they form the key recent sources for the development of the consensual approach to measuring poverty which underpins one of the four proposed targets. I advised Scottish Government on the development of a similar measure for use within the Scottish Household Survey from 2014 onwards, based on results from the PSE-UK survey. I have previously advised Scottish Government on the development of the Scottish Index of Multiple Deprivation and was a member of the Scottish Government’s Measuring Deprivation Advisory Group.

Should the statutory child poverty targets should be re-introduced for Scotland?

Yes. Statutory targets are not a guarantee of action but they give a clear, public commitment and enable progress to be tracked in a transparent manner. Their public status can provide important leverage in internal negotiations within Government over priorities and resources.

Appropriateness and scope of the four proposed targets

The existing four targets were the outcome of an extensive period of consultations with a wide range of stakeholders, including a number of academics involved in the field. They represent a trade-off between minimising the information presented so the picture is reasonably clear and can be widely understood, yet giving broad enough coverage that they give a balanced assessment.

Two measures are based on low income (relative to standards of the day, and absolute, i.e. relative to a fixed point in time). The advantage of these is that they are easily understood and fairly widely available. The main disadvantage is that current income, measured at one point in time, captures

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only part of the picture about the level of resources a household has at its disposal. Resources come not just from cash incomes but also from other sources including savings or other assets (especially wealth tied up in housing), or in the form of gifts or help from family and friends. In addition, poverty is the result not of very short-term reductions in income but of the cumulative effects of a lack of access to resources over time.

Relative income measures are sometimes criticised because they can report a reduction in poverty during a recession when general living standards are in decline. This can occur, as during the recent UK recession, if the median income drops faster than incomes for the poorest. This criticism is a mistaken one, however. If poverty as captured by this measure does fall during a recession, it is telling us something important: that the incomes of the poorest have had some degree of protection due to the welfare benefits and pensions systems. In addition, the absolute poverty measure would provide a corrective picture, showing a rise in poverty in these circumstances. The two therefore work together.

A third measure in the set of four complements the first two by taking a longer-term assessment of incomes, overcoming some (but not all) of the limitations which they share noted above. It is also of relevance to policy to understand the extent to which people in poverty form a relatively fixed group who remain poor for long periods, or a relatively fluid group, composed of many people who are poor only for relatively short periods of time. Most would accept that the former is more damaging than the latter.

The fourth measure, based on a combination of low income and material deprivation, is in many ways the most important. It is the only one which includes a direct measurement of a household’s achieved living standards rather than the indirect measurement provided by incomes alone. The deprivation element captures the effects of access to all kinds of resources, not just cash income, and the effects of the longer-term not just current. For example, households which have wider family who can help them out or which have savings to draw on will be less likely to be deprived than those without such advantages.

To construct this measure, respondents are asked whether they lack items from a list of “necessities” and, if so, whether that lack is the result of a lack of money (rather than simply not wanting a particular item). The list of necessities is drawn up using a consensual method, based on a large survey of public opinion. It requires periodic revision to keep it current since living standards and hence views about an acceptable minimum tend to rise over time although, in the recent recession, public views on many necessities items tended to become less generous. Detailed comparison of the views of Scots on the “necessities” items shows that they are no different to views in the rest of the UK.

Different measures of poverty can give slightly different pictures about who is most at risk of poverty and therefore a different picture of change over time. In the context of measuring child poverty, one particular advantage of the combined low income and deprivation measure is that it appears to better capture the high levels of financial stress and hardship faced by working-age households. As

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Figure 1 shows, using data from the PSE-UK survey for Scotland, low income measures tend to report more poverty amongst older adults (55+) than measures which include deprivation. One important factor here is that low income measures do not reflect the higher level of savings and other assets which tend to be more available to older households.\(^7\)

**Figure 1: Comparing poverty measures by age**

![Bar chart showing poverty measures by age](chart.png)

Source: Poverty and Social Exclusion UK Survey 2012. Low income – below 60% median income after housing costs. Low income AND deprivation – same income threshold AND lacking three or more out of 22 necessities. These are not identical to the proposed child poverty targets but are very similar.

**Are interim targets needed?**

I’m not sure that they are. The four measures can be tracked annually and the direction of travel clearly assessed. It will be clear whether Government is broadly on track to achieve the overall goal.

With low income and deprivation data from the Scottish Household Survey, I believe results could be reported at local authority and health board level every two years (although the method of measuring incomes in the SHS is not as sophisticated as in the Family Resources Survey which is the basis of reporting on the old UK targets). There are additional indicators in the Scottish Government’s Child Poverty Measurement Framework which are also intended to give more detailed assessment of the effects of specific policy interventions.

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