



Child Poverty Act 2010: a short guide

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In March 1999 Tony Blair announced a commitment to ‘eradicate’ child poverty in the United Kingdom by 2020. An intermediate target of reducing child poverty by a quarter by 2004/05 compared with 1998/99 was missed, and the consensus is that the further target set by Labour of halving child poverty by 2010/11 will also be missed, by a considerable margin.

The *Child Poverty Act 2010*, which received Royal Assent on 25 March, fulfilled the Labour Government’s commitment made in September 2008 to enshrine the 2020 child poverty target in legislation. It establishes four separate child poverty targets to be met by 2020/21, requires the UK Government to publish a regular UK child poverty strategy, requires the Scottish and Northern Irish Ministers to publish child poverty strategies, establishes a Child Poverty Commission to provide advice, requires the UK Government to publish annual progress reports, and places new duties on local authorities and other ‘delivery partners’ in England to work together to tackle child poverty.

The *Child Poverty Bill* received cross-party support but the Conservatives argued that the child poverty targets should focus on the underlying causes of poverty.

The Coalition Government has announced that Frank Field is to lead an independent ‘review on poverty and life chances’ which will look at, among other things, the case for reforms to poverty measures, in particular for the inclusion of ‘non-financial elements.’

The *Child Poverty Act* requires the Government to publish a national child poverty strategy by 25 March 2011.

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1 What is the Child Poverty Act 2010?

The stated purpose of the *Child Poverty Act 2010* is to 'define success in eradicating child poverty and create a framework to monitor progress at a national and local level'.¹ It sets out in legislation a requirement to meet four child poverty targets by 2020. It requires governments to publish a strategy every three years to meet the targets and report annually on progress. It also places new duties on devolved administrations, and on local authorities in England.

The *Child Poverty Bill* was introduced by the Labour Government in the 2008-09 session and was carried over to the 2009-10 session. It received Royal Assent on 25 March 2010.

Tony Blair first announced the commitment to end child poverty by 2020 in March 1999. Gordon Brown announced the Government's intention to enshrine in law the 2020 child poverty target in his speech to the Labour Party Conference on 23 September 2008.

2 What does the Act do?

The Act:

- Places a **duty on the Secretary of State to meet four child poverty targets** by 2020/21, based on a relative low income measure, a low income measure fixed in real terms, a combined low income and material deprivation measure, and a 'persistent poverty' measure
- Requires the UK Government to **publish a UK child poverty strategy**, which must be revised every three years, setting out policies to meet the targets
- Requires **Scottish and Northern Irish ministers** to publish child poverty strategies (the National Assembly for Wales has enacted separate legislation imposing corresponding duties on Ministers in Wales)
- Establishes a **Child Poverty Commission** to provide advice on strategies
- Requires the UK Government to publish **annual progress reports**
- Places **duties on local authorities and other 'delivery partners'** in England to work together to tackle child poverty, conduct a local needs assessment, produce a child poverty strategy and take child poverty into account in the production and revision of their Sustainable Communities Strategies

3 What has happened to child poverty so far?

The Labour Government set a goal of halving child poverty by 2010/11, compared with 1998/99. The number of children in poverty (defined as living in households with an income below 60 per cent of the median, before housing costs) fell from 3.4 million in 1998/99 to 2.7 million in 2004/05, but rose again thereafter to reach 2.9 million in 2007/08. The latest figures (for 2008/09), show a fall of 100,000, but at 2.8 million, the number of children in

¹ [Child Poverty Act 2010: Explanatory Notes](#), para 6

poverty in 2008/09 was higher than in 2004/05.² The previous Government pointed to simulations which suggested however that, had it simply left in place the tax and benefit system it inherited in 1997 and uprated elements in line with prices, two million more children would be in relative poverty today.³

Figures for 2010/11 will not be known until Spring 2012, but the consensus is that child poverty will be nowhere near the target of 1.7 million. Tax and benefit changes already in the pipeline are expected to result in further falls in child poverty, but the Labour Government estimated that there would still be around 2.3 million children in relative poverty in 2010/11.⁴

The *Child Poverty Act* places a duty on the Secretary of State to lay before Parliament a report on whether the 2010/11 child poverty target has been met.

4 What are the targets for 2020?

There are four child poverty targets for 2020:

- Relative poverty – to reduce the proportion of children who live in relative low income (in families with income below 60 per cent of the median) to less than 10 per cent
- Combined low income and material deprivation – to reduce the proportion of children who live in material deprivation and have a low income to less than 5 per cent
- Persistent poverty – to reduce the proportion of children that experience long periods of relative poverty, with the specific target to be set at a later date; and
- ‘Absolute’ poverty – to reduce the proportion of children who live below an income threshold fixed in real terms to less than 5 per cent.

While the Bill’s stated purpose is to ‘eradicate’ child poverty, the targets are not zero. The Labour Government said that the target rates reflected the lowest sustained rates of child poverty achieved in European countries in recent years, and that it would not be technically feasible to achieve zero poverty using a survey measure because of the under-reporting of incomes and the fact that snapshot surveys do not always accurately reflect the living standards of those with low fluctuating incomes.⁵

5 Why are there four child poverty targets?

The justification is that no single measure captures every aspect of poverty. The main emphasis is on low income, but the inclusion of a combined low income and material deprivation indicator recognises that income may not always accurately reflect the extent to which a family can afford necessities. The persistent poverty target recognises that longer periods in poverty can have a serious impact on children’s experiences and life chances.⁶

² Department for Work and Pensions, [Households Below Average Income 1994/5-2008/09](#)

³ [Ending child poverty: mapping the route to 2020](#), 24 March 2010, p5

⁴ [Ending child poverty: mapping the route to 2020](#), 24 March 2010, para 1.15

⁵ *Impact Assessment for the Child Poverty Bill*, December 2009, para 1.15; see also Child Poverty Unit, *Ending child poverty: making it happen*, January 2009, paras 52-53

⁶ *Ending child poverty: making it happen*, January 2009, chapter 3

While the Act requires all four targets to be met, it is likely that the greatest attention will be focused on the relative income poverty indicator.

6 What will child poverty strategies include?

The Act requires the Secretary of State to publish a strategy every three years setting out how the UK Government intends to do to meet the child poverty targets, and also to ensure that as far as possible children do not suffer 'socio-economic disadvantage'. The latter requirement is intended to ensure that governments take into account children not covered by household income surveys (such as children in institutions).

When preparing a child poverty strategy, the Secretary of State must consider whether measures should be taken in certain areas. These 'building blocks' include:

- parental employment and skills
- financial support for children and parents
- information, advice and assistance to parents and promotion of parenting skills
- physical and mental health, education and social services
- housing, the built and natural environment and the promotion of social inclusion

Second and subsequent strategies must also review progress under the previous strategy.

When preparing a UK strategy, the Secretary of State must have regard to advice provided by the Child Poverty Commission. He must also consult all three devolved administrations, local authorities and associations of local authorities in England, children and parents, and organisations working with or representing children and parents.

The devolved administrations in Scotland and Northern Ireland are also required to publish child poverty strategies. There is no corresponding duty on Welsh Ministers under the Act, but the National Assembly for Wales has passed legislation which makes equivalent provision.⁷

The UK child poverty strategy, and advice given by the Commission to the UK and devolved governments, must take into account economic and fiscal circumstances, and the likely economic and fiscal impact of any measure. Scottish and Northern Irish Ministers must also take into account the resources available to them when preparing their strategies.

7 What is the role of the Child Poverty Commission?

The Child Poverty Commission's role is to give advice to the Secretary of State, the Scottish and Northern Irish administrations when preparing their strategies, and the Secretary of State and the devolved administrations must have regard to any advice given. The Secretary of

⁷ [Children and Families \(Wales\) Measure 2010](#)

State may also request the Commission's advice at other times. Advice is to be published as soon as is reasonably practicable after it is given.

The Commission will comprise a chair (to be appointed by the Secretary of State), one member each appointed by the devolved administrations, and other members appointed by the Secretary of State (after consulting the chair and the devolved administrations). The Commission as a whole must have sufficient expertise in the fields of child poverty policy, research into child poverty, and work with children and families experiencing poverty. Appointments must be made in accordance with [Office of the Commissioner for Public Appointments rules](#).

Concern was voiced during the parliamentary stages of the Bill that the Commission might not have sufficient authority and/or resources to fulfil its role in influencing policy effectively.

8 What difference will the Child Poverty Act make?

Legislation introducing binding targets for governments is a relatively recent phenomenon in the United Kingdom, and there is considerable uncertainty about what difference it actually makes, and whether it offers an effective mechanism for holding governments to account.⁸ The requirement in the Act to meet the child poverty targets is not subject to any qualification, but child poverty strategies must take into account 'economic and fiscal circumstances'. In its report on the Bill, the Joint Committee on Human Rights concluded that while judicial review of the adequacy of measures taken by governments to meet the child poverty targets was in principle possible, it would in practice be available only in limited circumstances, for example where a Secretary of State refused to draw up a strategy, or where there was clear evidence to show that the targets were going to be missed so that no reasonable Secretary of State could maintain such a strategy consistently with their duty to meet the targets.⁹

Others have argued that an emphasis on income poverty targets risks skewing policy responses towards measures which have a more immediate impact on household incomes (such as benefit increases) rather than measures aimed at improving other aspects of children's lives and addressing the intergenerational transmission of child poverty (e.g. reducing the gap in educational achievement).¹⁰ However, introducing a wider set of targets could make it more difficult to gauge overall progress and to hold governments to account. The Institute for Fiscal Studies suggests that '...expansion of the scope of the targets should be accompanied by a strengthening in the process of independent verification of the child poverty strategy and progress towards meeting the targets.'¹¹

9 What did the Conservatives and Liberal Democrats say about the Bill?

The Bill received cross-party support but both the Conservatives and the Liberal Democrats criticised elements of the Bill.

⁸ See Library Research Paper 09/62, pp43-45

⁹ [Legislative Scrutiny: Child Poverty Bill](#), HL 183/HC 1114 2008-09, para 1.36

¹⁰ See for example Mike Brewer, [What is the point of the Child Poverty Bill?](#), IFS Observations, November 2009

¹¹

The Conservatives reiterated their support for ending child poverty, but argued that the Bill's real purpose was to distract attention from the expected failure to meet the 2010 child poverty target. Legislating to end child poverty without tackling its "root causes" would not, they argued, eradicate child poverty by 2020. The then Opposition Spokesman on Welfare Reform, Lord Freud, said that the Conservatives would focus on "tackling the causes rather than the symptoms of poverty", and that they would target four areas in particular:

- Family breakdown, including ending the 'couple penalty' in the tax credits system;
- Addiction to drugs and alcohol, with an emphasis on rehabilitation;
- Education and skills, including a 'pupil premium'; and
- A 'Work Strategy', with outcome-based financing to support the economically inactive who were able to work.¹²

The Conservatives' key concern was that the targets in the Bill were "poor proxies for achieving the eradication of child poverty", and the Conservatives would "aim to widen the agenda and build up targets, which are more likely to address the underlying causes of poverty."¹³

The Liberal Democrats strongly welcomed the commitment in the Bill to tackle child poverty, but raised a number of issues, including the need for the Child Poverty Commission to have sufficient "teeth and resources", whether an 'absolute' target was necessary, the adequacy of benefits, and the lack of explicit recognition of the needs of disabled children or parents.¹⁴

10 How did Labour propose to tackle child poverty?

The Labour Government did not publish a child poverty strategy before the dissolution of Parliament, but it published a number of studies and reports on policy options in the run up to the *Child Poverty Bill*.¹⁵ In addition, it published a 'strategic direction paper', [*Ending child poverty: mapping the route to 2020*](#), alongside the Budget on 24 March 2010, which set out how it intended to make progress towards the 2020 targets.

The document emphasised promoting employment as the best route out of poverty, but also said that measures to improve children's life chances would be central to any sustainable approach to the 2010 targets. Labour's child poverty strategy would therefore also focus on early childhood development, narrowing the gap in educational attainment, and promoting smooth transitions from adolescence and adulthood. Local action to tackle 'pockets of deprivation' would also be important.

[*Ending child poverty: mapping the route to 2020*](#) also gave the results of new simulations carried out by HM Treasury of the level of child poverty in 2020. These suggest that, without new policy measures, by 2020/21 there could be around 3.5 million children (25 per cent) in relative income poverty, 2.1 million more than the target. The report estimated that increasing parental employment rates and reducing the incidence of teenage pregnancy

¹² HL Deb 15 January 2010 cc25-27

¹³ HL Deb 15 January 2010 c26

¹⁴ HC Deb 20 July 2009 cc612-630; HL Deb 15 January 2010 cc27-31

¹⁵ See Part 3 of [Library Research Paper 09/62](#)

could reduce the shortfall by about 1 million, but the IFS thought that this was based on a 'set of very ambitious assumptions'.¹⁶ Achieving higher rates of benefit take-up and reducing in-work poverty could, the Labour Government's analysis suggested, reduce the shortfall by a further 900,000 or thereabouts, but the IFS comments:

...the first [increasing benefit take-up] is hard to achieve in practice and the second [reducing in-work poverty] is a leap of faith, and this would still leave a residual 200,000 children to be lifted out of poverty by unspecified 'other' policies.¹⁷

11 What has the Coalition Government said?

At the time of writing, the Coalition Government has not made a statement about the likely content of its child poverty strategy. However, in response to the publication of the latest [poverty statistics for 2008/09](#) on 20 May, the Secretary of State for Work and Pensions, Iain Duncan Smith, said that existing policies had failed:

"These statistics reveal the scale of poverty in the UK today. Millions of children, adults and pensioners are daily experiencing the crushing disadvantage that poverty brings. They are living at the margins of society, unable to achieve their aspirations and trapped in dependency. Such levels of poverty are unacceptable and today's statistics show that, despite huge expenditure, this has made little impact in helping the poorest.

"Vast sums of money have been poured into the benefits system over the last decade in an attempt to address poverty, but today's statistics clearly show that this approach has failed. Little progress has been made in tackling child poverty, society is more unequal than 50 years ago and there are more working age people living in poverty than ever before. A new approach is needed which addresses the drivers behind poverty and actually improves the outcomes of the millions of adults and children trapped in poverty.

"It is right that we invest in addressing poverty, but we must focus our resources where they will be most effective. Work, for the vast majority of people, is the best route out of poverty.

"Yet the current welfare system is trapping in dependency the very people it is designed to help. The rise in working age poverty and continued inequality show that we must make work pay and the first choice for millions of people. It is not right that someone can actually be worse off by taking work, we should be rewarding such positive behaviour by making work pay.

"Likewise, we must demand a return on our investment in work programmes. It is crucial that we fully support people making the transition into work, but tax payers' money should be spent on initiatives that work and make a difference to people's lives.

"The time for piecemeal reform has ended. There has never been a more pressing need for fundamental radical reform and we will waste no time in acting."¹⁸

The Queen's speech on 25 May announced that a *Welfare Reform Bill* would be introduced to make the tax and benefits system 'fairer and simpler'. Precise details of what the Bill will contain are not yet available, but the [Downing Street website](#) states that the Bill will 'simplify

¹⁶ [Poverty and inequality in the UK: 2010](#), p49

¹⁷ [Poverty and inequality in the UK: 2010](#), p49

¹⁸ DWP press release, [Government response to Households Below Average Income figures](#), 20 May 2010

the benefits system in order to improve work incentives' and that the benefits of the Bill will include 'getting the five million plus people languishing on benefits into work and out of poverty'.

Iain Duncan Smith gave a further speech on 27 May in which he set out a 'radical welfare reform programme designed to tackle entrenched poverty and end the curse of intergenerational worklessness'.¹⁹ A DWP press release stated:

Calling for an end to a culture of welfare dependency by bringing the welfare system into the 21st century, Iain Duncan Smith set out the critical need to make work pay and end the absurd situation where some of the poorest face huge penalties for trying to get off benefits and into work.

In a speech in London today Iain Duncan Smith said:

"A system that was originally designed to help support the poorest in society is now trapping them in the very condition it was supposed to alleviate. Instead of helping, a deeply unfair benefits system too often writes people off. The proportion of people parked on inactive benefits has almost tripled in the past 30 years to 41% of the inactive working age population. That is a tragedy. We must be here to help people improve their lives – not just park them on long-term benefits.

"We must not underestimate the challenge ahead. One of the biggest problems is that for too many people work simply does not pay. For some people, the move from welfare into work means they face losing more than 95 pence for every additional £1 they earn. As a result, the poor are being taxed at an effective tax rate that far exceeds the wealthy. We have in effect taken away the reward and left people with the risk. That must and will change."²⁰

The press release also stated that a Cabinet Committee would be set up, chaired by Mr Duncan Smith and including Ministers from departments including the Treasury, Home Office, Health and Communities and Local Government to 'tackle the underlying causes of deep-rooted poverty in Britain.'

On 5 June the Prime Minister announced that Frank Field had been appointed to lead an 'independent review of poverty and life chances'. The following Downing Street press release gives details:

Review on poverty and life chances

Prime Minister David Cameron has announced that Frank Field MP will lead an independent review on poverty in the UK and what the Government can do to improve the lives of the least advantaged people in our society.

Mr Field will chair the Review on Poverty and Life Chances, which will report to the Prime Minister by the end of the year.

The main aims of the Review are to:

- examine the case for reforms to poverty measures, in particular for the inclusion of non-financial elements
- generate a broader debate about the nature and extent of poverty in the UK

¹⁹ *Welfare for the 21st Century*

- explore how a child's home environment affects their chances of being ready to take full advantage of their schooling.
- recommend potential action by government and other institutions to reduce poverty and enhance life chances for the least advantaged, consistent with the Government's fiscal strategy.

Commenting on the review, the Prime Minister said:

"I am pleased that Frank Field is undertaking this work.

"In particular I hope that he can look at the issue of whether we should give more attention to – and find better ways of measuring – the time people spend in deep poverty, the gap between those in deep poverty and mainstream Britain and the problems of multiple deprivation and what keeps people trapped in poverty.

"Understanding the real causes of poverty – both financial and non financial, including the importance of families and the pre school years – is vital if we are going to make Britain a fairer society in which opportunity is more equal."

Frank Field MP said:

"This is a real opportunity to influence the next stage in how our counter-poverty strategy develops, and I am pleased to be offered this chance to lead the Review."

At the time of writing it is not clear how the Review relates to the Child Poverty Commission, which has not yet been set up.

12 What are the prospects for meeting to 2020 targets?

While campaigners have welcomed the *Child Poverty Act*, there is concern that legislation on its own will not be enough to eradicate child poverty. Responses to the consultation which preceded the Bill argued that there should be greater recognition of the nature and scale of the problems that currently exist and how these should be addressed, and that governments would need to demonstrate continued resolve and commitment to tackle child poverty effectively.²¹ Failure to meet the 2010/11 target of halving child poverty, and a worsening economic and fiscal situation, could put the 2020/21 target even further out of reach.

The Institute for Fiscal Studies has estimated that the relative low income child poverty target could be met through tax and benefit measures alone at a cost of around £19 billion a year at current prices.²² However, there is no suggestion that this particular approach would be desirable. As the Labour Government's March 2010 'strategic direction paper', *Ending child poverty: mapping the route to 2020* noted:

The IFS analysis [...] demonstrates that while it may be possible to reach the targets in 2020 based on financial support measures alone, such a strategy would be both costly and unsustainable, because it does not tackle the causes of poverty. It is only through empowering and supporting families to lift themselves out of poverty that the 2020 targets could be met and sustained beyond 2020.²³

²⁰ DWP press release, *Iain Duncan Smith – reforms will tackle poverty and get Britain working again*

²¹ See [Library Research Paper 09/62](#)

²² IFS press release, *Cost of cutting child poverty rises as families fall further below poverty line*, 18 February 2009

²³ para 1.26

Major question marks remain about whether governments will be able and willing to commit the necessary resources to reduce child poverty rates to meet the 2020 targets, and about the appropriate mix of policies to tackle child poverty effectively and permanently. Commentators agree that no single policy can achieve the targets and that action will be needed on a number of fronts simultaneously to reduce worklessness, increase financial and material support for parents and tackle in-work poverty. Any strategy would have to address fundamental issues such as the quality, cost and availability of childcare; how to raise educational attainment and skills to improve parents' earning potential and to tackle the intergenerational transmission of poverty; how to create the necessary labour market opportunities to enable working parents to escape poverty; and the trade-offs between offering improved financial support to parents while maintaining incentives to work.

The scale of the challenge will however ultimately depend on what the child poverty targets are. Any attempt to change the targets could prove highly controversial.

13 What happens next?

The *Child Poverty Act* requires to the Government to publish its first 'National Strategy' setting out how it plans to meet the 2010 child poverty targets by 25 March 2011.

The Child Poverty Commission has not yet been appointed, and no announcement has been made about the timetable for setting it up.

The new duties for local authorities in England under Part 2 of the Act came into force on 25 May 2010. The previous Government issued draft guidance on the local duties on 26 March 2010.²⁴ The consultation ends on 18 June.

²⁴ [Draft Statutory Guidance for Local Duties on Child Poverty \(Child Poverty Act 2010\)](#)