

From Target to Legislation: Tackling Child Poverty in the United Kingdom— A Model for the United States?

By Kate Bell

Introduction

For the first time in over 40 years, one in four children in the United States is estimated to be living in poverty. The official U.S. child poverty rate is widely expected to have reached 25 percent in 2009, and is projected to be close to 27 percent by the end of 2010¹ – just about the highest rate ever recorded since the current U.S. federal poverty measure was developed in 1963.² With no immediate decline in sight and a national debate on the federal deficit that may result in safety-net spending cuts in the years ahead, now may be a prime opportunity for the United States to reflect on action other industrialized nations have taken when faced with similar challenges.

The U.K. child poverty target has garnered interest around the world since its introduction in 1999. Ten years on, and midway through the 20-year period in which the U.K. government aims to cut the rate of child poverty in half, we are at a useful point for reflection on how the target came to be and its potential as a source of inspiration to countries, such as the United States, that now find themselves in a predicament of escalating child poverty like the United Kingdom did a decade ago.

At the present moment, the United Kingdom has just elected its first coalition Government since World War II, joining the right-of-center Conservative Party with the centrist Liberal Democrats and replacing a left-of-center Labour Government that had held power for 13 years. There is much talk of the measures that the new Government will take to cut the budget deficit, but we know that while they do so, they will have to have some regard for the impacts of spending cuts on the poorest families and children. One of Labour's last acts in Government was to sign legislation committing the U.K. Government to ending child poverty by 2020, transforming this ambition from a target to a binding legal duty.

Kate Bell is Director of Policy at the UK charity Gingerbread, a charity that works nationally and locally, for and with single parent families, to improve their lives.

This paper examines the implications of that legislation, as well as issues for policymakers and advocates to consider when thinking about drafting similar legislation elsewhere, and argues that although providing no guarantee that child poverty in the United Kingdom will be ended by 2020, the child poverty legislation does provide a source of impetus and scrutiny for Government action in this area.

Why Target Child Poverty?

A high priority has been given in U.K. policy to tackling child poverty since 1999, when then Prime Minister Tony Blair declared: “I will set out our historic aim that ours is the first generation to end child poverty for ever, and it will take a generation. It is a 20-year mission but I believe it can be done.”³

At this point, the United Kingdom had a poor record on child poverty. Between 1979 and 1997 child poverty doubled, and by 1998/99 a quarter of all children were living below the poverty line.⁴ Child poverty at this date was higher in the United Kingdom than in most other industrialized countries.

Alongside the dramatic increases in child poverty, academic evidence at this point was also increasingly showing the damaging effect that growing up in poverty could have on children’s later life chances. Research from the United Kingdom shows that poverty is a significant barrier to children’s educational success, with children from poorer homes already around nine months behind academically by age three compared to those from more affluent backgrounds.⁵ Growing up in poor socioeconomic conditions as a child puts adults at greater risk of heart disease, stroke mortality, having a disability, and poor mental health.⁶

More recent research has also shown a clear link between child poverty and children’s overall well-being in the here and now, as well as their future prospects. A recent academic study in the United Kingdom examined aspects of children’s well-being across four dimensions: “home life,” a measure of the child’s relationship with his or her parents; “educational orientation,” or how well the child was doing at school; “low self-worth,” or psychological health; and “risky behavior.” The researchers found that poverty had a significant, negative impact on all four of these areas.⁷

The U.K. child poverty target therefore reflected concern about the increasing numbers of children experiencing poverty in childhood, and the impact this could have on their future chances – and thus on those of the nation. But tackling child poverty is increasingly seen as a vital part of improving children’s experiences today. Single parents responding to a survey conducted by Gingerbread, a charity that supports single parents in the United Kingdom, told us that poverty was affecting their children’s everyday lives. Examples of these responses included:

My child doesn't receive pocket money. The money I receive just about pays the bills, debts, food & utilities. When my child needs something, i.e., clothes, I have cut back on food. Now my child goes to school full-time. She gets free school dinners. Wish I had a little more to buy fresh fruit and vegetables.

I do not put on the heating. We sit with blankets around us. Meals are made so that we have left-overs. I have to get my parents to buy food usually at least once a month. The kids do not have pocket money as I cannot afford it. There was a fair last month, we could not go as I just didn't have enough money. I am always truthful with them and explain why. We try to do things like picnics and walks that do not cost money. My children do not have holidays like their cousins do.

To pay all the debts that I've been left with due to my ex partner walking away, my daughter and I just go without wherever we can, i.e., activities, holidays, clothing, haircuts, etc. and buy food that has either been reduced or on a deal. Life is what I call existing rather than living.

I am seriously thinking about cancelling my life insurance policy and house contents insurance, as every pound saved by doing this will help with day to day living essentials.⁸

Poverty not only costs children today, but impacts public spending tomorrow. The Joseph Rowntree Foundation, an independent research organization, estimated that child poverty costs the United Kingdom as much as £25 billion (approximately \$36 billion) a year.⁹ In the United States, the Center for American Progress estimated the annual costs of persistent childhood poverty at \$500 billion.¹⁰

The Story So Far...

Setting a target to end child poverty was seen as a historic move. Significant progress has been made, but the interim target to halve child poverty by 2010/11 looks very likely to be missed. The latest data we have, for 2007/08 (see Figure 1), show that 31 percent of children were still poor—and although additional measures taken since that date are expected to lift a further 600,000 children out of poverty, this will still be insufficient to meet the target.¹²

However, viewed in terms of absolute poverty, which is measured against a fixed baseline set at the 1998/99 poverty line, progress looks better. On this measure, child poverty has halved, from 26 to 13 percent. And the risk of a child living in what the U.K. Government is terming “persistent poverty,” that is, in relative poverty for three out of four years, has fallen by seven percentage points. The previous Government asserted that had it taken no action other than to uprate financial support to parents in line with prices, an additional two million children would be living in relative poverty.¹⁴

How the United Kingdom Measures Child Poverty

The United Kingdom's headline child poverty figure is a **relative measure** that compares the living standards of families with children to those of the rest of the population. On this measure, a child is defined as living in poverty if his or her household lives on less than 60 percent of the median equivalized household income (that is, income adjusted to account for the number of people within the household). The new U.K. Child Poverty Act states that child poverty will be "eradicated" when the number of children living in relative poverty falls below ten percent. The Government assesses this income Before Housing Costs, whereas advocates prefer to measure it After Housing Costs. Both figures are currently published annually, based on a large-scale social survey of households.

To supplement this measure, the Child Poverty Act uses three additional measures of poverty:

A combined **income and deprivation measure**. This measure attempts to capture the impacts of child poverty by assessing levels of material deprivation among families. There is no definition within the Bill of material deprivation, but it has usually been measured by assessing the extent to which families possess a range of key items – chosen because they are those that best seem to indicate a difference between families who are "deprived" and those who are not. Families are asked whether they do not have these items because they do not want them, or because they cannot afford them. Each item is given a weighting, according to its prevalence among all families, in order to construct a material deprivation score. Items on the list currently used include going on school trips, sufficient bedrooms in the family home, and accommodation that is warm enough in winter.¹¹

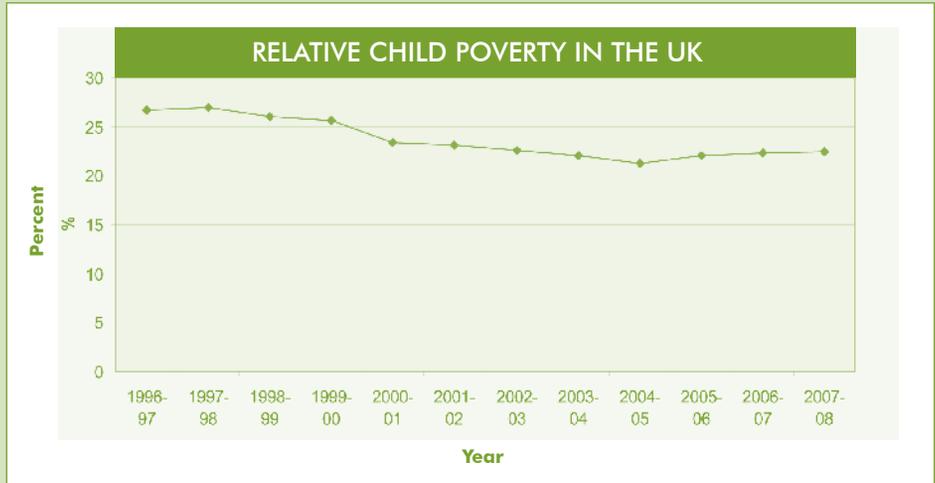
A measure of **persistent poverty**. Details of this measure have not yet been developed, but it aims to capture the length of time a child has been living below the poverty line. The Government has currently used a measure of the number of children living in poverty in three of the last four years.

A measure of **absolute poverty**. This measures progress in tackling poverty against a fixed threshold – in comparison to the relative poverty measure, where the threshold changes with rises or falls in the level of median income. The Government has to date used a benchmark of the relative income threshold in 1998/99 to assess progress in tackling absolute poverty.

It is clear that the existence of child poverty has driven action across the Government, particularly in the period between 2000 and 2004, when significant extra spending saw child poverty fall more rapidly. Key elements of the U.K. strategy to tackle child poverty have included:

Figure 1

Percentage of children in relative poverty, 1997/98–2007/08
(measured as falling below 60 percent of median income before housing costs)



- **Significantly increased spending on financial support for families with children.** Both families out of work and those on low incomes have seen significantly increased financial support, delivered through the tax credit system, which comprises means-tested support to all families with children (through the Child Tax Credit) and subsidies to low-paid workers (through the Working Tax Credit). Families with children will be on average £2,000 (approximately \$2,900) better off in 2010 than they were in 1997 in terms of the support they receive from Government. Those in the poorest fifth of the population will be on average £4,500 (approximately \$6,500) better off per year in real terms.¹⁵ Analysis of changes in the number of children living in poverty suggests that reductions in the risk of living in poverty for workless households played a major role in reducing the overall number of children below the poverty line.¹⁶
- **Measures to encourage more parents to find paid employment.** The system of tax credits, backed up by the introduction of a national minimum wage and targeted employment programs, has seen a significant increase in the employment rate of single parents in particular, which has risen 12 percentage points since 1997. The rate of worklessness among couple families with children also fell five percentage points between 1997/98 and 2007/08.

- **Improvements in the provision and financing of child care.** The increase in paid employment among families with children has rested in part on increases in child-care provision, with free nursery places introduced for all three- and four-year-olds for 12.5 hours a week, 38 weeks a year. Parents who are eligible for the Working Tax Credit can also claim help with up to 80 percent of child-care costs, and in 2006, the Childcare Act placed a duty on local authorities to ensure sufficient child care for all families in work. Families still report problems accessing and paying for child care, with 58 percent of areas saying that families have reported a lack of child care,¹⁷ but significant progress has been made.

The existence of a target to end child poverty has also been used to justify other measures, including the introduction of a disregard for all child support (maintenance) payments in means-tested benefits, and the introduction of a right to request flexible working arrangements from an employer for all families with children under 16.

From Target to Legislation

The target to halve child poverty was announced by Tony Blair and was seen very much as a Labour Party initiative. Although by 2009, all three major political parties in the United Kingdom – Labour, Conservatives, and the Liberal Democrats – had expressed their political commitment to ending child poverty, there were significant fears that the target would be vulnerable to any change of government.

Advocacy groups therefore recommended placing the target to end child poverty on a statutory footing, and the Labour Party, seeing a chance to enshrine its legacy, announced in the autumn of 2008 that it would legislate to place an obligation on the Government to end child poverty by 2020. In one of the last acts of the Labour Government, the child poverty bill that ensued became law in March 2010, passing through the House of Commons and House of Lords unopposed.

The Act has six key elements:

The Government has a duty to end child poverty by 2020.

The legislation states that the Government must have ended child poverty by 2020, assessed against the three measures outlined in Box 1.

The Government must publish a strategy setting out the action it intends to take across Government agencies to ensure that the target is met by 2020.

The first strategy must be published within a year of the Act becoming law (that is, by March 2011), and on a three-year basis following that.

The legislation sets out a number of areas that the strategy must cover – sometimes described as the “building blocks.” These are:

- (a) the promotion and facilitation of the employment of parents or of the development of the skills of parents;
- (b) the provision of financial support for children and parents;
- (c) the provision of information, advice, and assistance to parents and the promotion of parenting skills;
- (d) physical and mental health, education, child care, and social services; and
- (e) housing, the built or natural environment, and the promotion of social inclusion.¹⁸

The strategy must also take into account those groups that are most likely to be affected by socioeconomic disadvantage, a measure intended to ensure that the most vulnerable children are not excluded by a strategy that seeks only to move families just below the poverty line to just above it.

The strategy also must take into account the advice of the independent Child Poverty Commission (see below). The devolved administrations in Northern Ireland and Scotland must also publish their own independent strategies.

The Act establishes an independent Child Poverty Commission to advise on Government progress toward the 2020 target.

The Child Poverty Act provides for the establishment of an independent commission to advise on progress toward the target. The commission has a research budget, and its remit is to advise on the strategy to meet the target – advice that will be made public, and to which the Government of the day must respond when it publishes a strategy.

The idea of the Commission is to provide an independent means to scrutinize the strategy prepared by the Government, as well as to provide additional expertise. The terms of reference for the commission state that members must have expertise in policy or research on poverty, or in working with families and children. Members are to be appointed by the Government of the day, so the Commission’s independence cannot be guaranteed. But it should provide a valuable alternative perspective.

Progress against the target must be reported annually.

A further opportunity for scrutiny is provided by the duty placed on the Government to report annually to Parliament on progress made against the poverty targets, and whether the strategy has been implemented. If the strategy

has not been implemented in full, the Act states that “the report must describe the respects in which it has not been implemented and the reasons for this.”¹⁹

The Act requires local government to work together with other local partners to publish a needs assessment and strategy to tackle child poverty in their local area.

The Act has been used as a means of spurring action to tackle child poverty at a local as well as a national level. Local authorities must work with defined “partner authorities,” generally bodies managed on a national basis but operating on a local level, such as the National Health Service, the police, and youth offending teams. Together, they are responsible for conducting a local child poverty assessment and for producing a child poverty strategy setting out how they will address this poverty. The needs assessment and child poverty strategy must themselves be taken into account when preparing other local government strategies on well-being.

The Act requires the Government to take into account economic and fiscal circumstances when preparing the strategy.

The Act states that any strategy to tackle child poverty must take into account:

- (a) economic circumstances and, in particular, the likely impact of any measure on the economy and
- (b) fiscal circumstances, in particular, the likely impact of any measure on taxation, public spending, and public borrowing.²⁰

Significant concern was expressed during the passage of the Bill that these clauses effectively provided a get-out clause for any Government not wanting to take action on child poverty. “Economic and fiscal circumstances” could, it was feared, be used to claim that action to meet the 2020 target was simply unaffordable. However, clear assurances were made that the target is nonnegotiable, with the Minister in the House of Lords stating that this clause “has no impact on the binding nature of the child poverty targets. The duty to meet the targets is absolute, and the only way of getting out of the duty is by returning to Parliament to repeal the legislation.”²¹ With the current coalition Government planning to cut £6 billion (approximately \$8.7 billion) in public spending,²² it will be interesting to see how this clause is interpreted.

Will a Legal Duty Make a Difference?

Some skepticism has been expressed about the potential of the Child Poverty Act to make a material difference in the lives of poor children. Critics have also suggested that it focuses too much attention on income poverty and not enough attention on other measures of child well-being.²³ These criticisms may to some extent be justified – it is unclear what the redress mechanism will be if the target is not met. But there are several good reasons for believing that the existence of a target defined in legislation creates better prospects for poor families.

The Child Poverty Act promoted political consensus.

Child poverty is now firmly on the political agenda, with all three parties supporting the Bill as it moved through Parliament. This may seem a small achievement, but it represents a significant step forward from former Prime Minister and Conservative Party leader Margaret Thatcher's 1980 statement that "it is just not true to pretend that real poverty is a regular feature of our national life."²⁴ Tackling poverty has been seen as worthy of political competition, with David Cameron, then leader of the Conservative Party and now Prime Minister, claiming in a lecture in November 2009 that "it's clear to me that the Conservatives, not Labour, are best placed to fight poverty in our country."²⁵

Of course, significant differences in approach remain between the political parties. During the passage of the Bill, the Conservatives wanted to introduce elements of the strategy to focus on the "causes" of poverty, including family breakdown. A key part of their policy platform has been the promotion of marriage through a tax break, a policy firmly opposed by the other two parties. David Cameron's November speech criticized the Labour approach of redistribution as having reached the limits of its effectiveness. But the debate now focuses not on whether poverty exists, or on how to define it (although this debate may reemerge), but on how best to tackle it.

The child poverty strategy and annual progress reporting against targets provide a clear mechanism to hold the Government to account.

For advocates wanting to place pressure on the Government to tackle child poverty, the publication of a strategy and annual reporting against it provides a clear target for influence and scrutiny. Ensuring that poverty is seen as a priority in the public debate has always been a challenge. The strategy and annual reporting should provide a means of raising the profile of this issue, and of challenging the Government if it is failing to take action.

The existence of the Act also provides a lens through which to scrutinize Government spending decisions. Advocates will be pushing the Government to consider the impact of any spending cuts in light of their impact on the chances of meeting the 2020 target. Measures that cut essential services or benefits for families today may have a long-term impact on many of those who will be parents in 2020. Increasing parental employment, a key plank of the previous Government's strategy to tackle poverty, depends on an improvement in the skills and health of those likely to be parents tomorrow.

The Act provides a means of uniting local and national action.

Previously, action to tackle child poverty was seen as a central Government priority, which it tried to cajole or persuade local government to engage with. The Act provides a clear framework for action at a local level – and for the first time

a duty across all levels of Government to set out the actions that will be taken to tackle child poverty.

Challenges to Come

The Child Poverty Act provides clear opportunities for action. But significant challenges remain if the 2020 target is to be met. The 2010 interim target to halve child poverty looks certain to be missed, and child poverty has been rising during the last two years for which we have data. Despite significant redistribution by the outgoing Labour government, income inequality increased slightly during Labour's time in office, making the challenge of meeting a relative poverty target still more difficult.²⁶ Inequalities in wealth also remain stark, with the top ten percent of households owning almost 100 times as much as the bottom ten percent.²⁷

As mentioned previously, Britain is facing a major budget deficit, and significant cuts are expected across the public sector. At the same time, the scale of action required to meet the 2020 target is huge; even if the scale of progress to 2010 were to be maintained, an additional one million children would need to be lifted out of poverty.²⁸

We do not yet know whether the significant investment in early-years education and child care made by the previous Government will be sustained, or whether it will have the predicted positive impact on children's life chances in the future. And the speed of recovery from the economic recession will impact parents' chances of finding secure jobs now and in the future.

Notes:

¹ Heidi Shierholz, "New 2008 Poverty, Income Data Reveal Only Tip of the Recession Iceberg," Economic Policy Institute, 2009, http://www.epi.org/publications/entry/income_picture_20090910/.

² U.S. Department of the Census, "Publications – Official National Poverty (CPS Reports)," 1959–2008, <http://www.census.gov/hhes/www/poverty/pubs-natlpo.html>.

³ Tony Blair, Beveridge Lecture, Toynbee Hall London, 1999.

⁴ Using a definition of poverty based on falling below 60% of equivalised median income after housing costs. M. Brewer and P. Gregg, *Eradicating Child Poverty in Britain: Welfare Reform and Children since 1997* (London: Institute for Fiscal Studies, 2001), <http://www.ifs.org.uk/wps/wp0108.pdf>.

⁵ D. Hirsch, *Chicken and Egg: Child Poverty and Educational Inequalities* (London: Child Poverty Action Group, 2007).

⁶ N. Spencer, *Childhood Poverty and Adult Health* (London: End Child Poverty, 2008), http://www.ecpc.org.uk/files/Childhood_Poverty_and_Adult_Health.pdf.

- ⁷ M. Tomlinson and R. Walker, *Coping with Complexity: Child and Adult Poverty* (London: Child Poverty Action Group, 2009).
- ⁸ Quotes taken from an internet survey conducted by Gingerbread of its single parent members in 2008.
- ⁹ Donald Hirsch, *Estimating the Costs of Child Poverty* (York, UK: Joseph Rowntree Foundation, 2008).
- ¹⁰ Center for American Progress, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half* (Washington, DC: Center for American Progress, 2007), http://www.americanprogress.org/issues/2007/04/pdf/poverty_execsum_web.pdf.
- ¹¹ United Kingdom, Department for Work and Pensions, “Households Below Average Income,” 2009, http://research.dwp.gov.uk/asd/hbai/hbai2008/pdf_files/full_hbai09.pdf; see Appendix 2.
- ¹² Mike Brewer, Alastair Muriel, David Phillips, and Luke Sibieta, *Poverty and Inequality in the UK: 2009* (London: Institute for Fiscal Studies, 2009), <http://www.ifs.org.uk/comms/c109.pdf>.
- ¹³ United Kingdom, HM Treasury, Department for Children, Schools and Families; Department for Work and Pensions, “Ending Child Poverty: Mapping the Route to 2020,” 2009, http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/budget2010_childpoverty.pdf.
- ¹⁴ Ibid.
- ¹⁵ United Kingdom, HM Treasury, Department for Children, Schools and Families; Department for Work and Pensions, “Ending Child Poverty: Everybody’s Business,” 2008, http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/12_03_08bud08_childpoverty_1310.pdf.
- ¹⁶ Mike Brewer, Alissa Goodman, Jonathan Shaw, and Luke Sibieta, *Poverty and Inequality in Britain: 2006* (London: Institute for Fiscal Studies, 2006), <http://www.ifs.org.uk/comms/comm101.pdf>; see page 46.
- ¹⁷ Daycare Trust, *Childcare Costs Survey 2010* (London: Daycare Trust, 2010).
- ¹⁸ United Kingdom, Child Poverty Act 2010, http://www.opsi.gov.uk/acts/acts2010/ukpga_20100009_en_2#pt1-pb3-l1g9.
- ¹⁹ Ibid.
- ²⁰ Ibid.
- ²¹ United Kingdom, *Lords Hansard*, February 8, 2010, Column 135.
- ²² “George Osborne to Set Out £6bn Spending Cuts Next Monday,” *Guardian*, May 17, 2010, <http://www.guardian.co.uk/politics/2010/may/17/george-osborne-6bn-spending-cuts-next-monday>.
- ²³ Mike Brewer, *What’s the Point of the Child Poverty Bill?* (London: Institute for Fiscal Studies, 2009), <http://www.ifs.org.uk/publications/4661>.
- ²⁴ Margaret Thatcher, speech to Conservative Central Council, March 22, 1980, <http://www.margarethatcher.org/speeches/displaydocument.asp?docid=104335>.

- ²⁵ David Cameron, speech, November 10, 2009, http://www.conservatives.com/News/Speeches/2009/11/David_Cameron_The_Big_Society.aspx.
- ²⁶ Institute for Fiscal Studies, “Labour’s Tax and Benefit Increases Prevent Rapid Rise in Income Inequality,” press release, April 7, 2010, http://www.ifs.org.uk/pr/ebn123_2010.pdf.
- ²⁷ United Kingdom, Government Equalities Office, “An Anatomy of Economic Inequality in the UK—Summary: Report of the National Equality Panel,” 2010, <http://www.equalities.gov.uk/pdf/NEP%20Summary.pdf>.
- ²⁸ HM Government (2009) “Ending Child Poverty: Mapping the Route to 2020.” http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/d/budget2010_childpoverty.pdf.