



House of Commons
Work and Pensions Committee

Children in poverty: Measurements and targets: Government Response to the Committee's Third Report

**Fifth Special Report of Session
2021–22**

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Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

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Fifth Special Report

The Work and Pensions Committee published its Third Report of Session 2021–22, *Children in poverty: Measurement and targets* (HC 188) on 22 September 2021. The Government's Response was received on 23 November 2021 and is appended below.

Appendix: Government Response

Tackling poverty, especially child poverty, is a cross-government priority. DWP helps to do this by supporting people into work and enabling progression in the workplace, providing a strong welfare safety net and increasing financial resilience. Other departments also have an important role – the Department for Education (DfE) – which is the champion within Government for childcare – works to ensure children have the best start in life through providing high-quality local services and education, for example, while the Department for Health and Social Care (DHSC) works to improve, protect and level up the nation's health, including by reducing health disparities and improving the available support for children with mental health issues. Local authorities also have an important role to play in tackling child poverty. The Government have provided several rounds of funding to Upper Tier local authorities in England over the pandemic, to support vulnerable households, including those with children, with essential costs. Combined, the Covid Winter Grant Scheme, the Covid Local Support Grant and the Household Support Fund total £850m in funding. The Devolved Administrations have received equivalent funding where appropriate through the Barnett Formula.

Recommendation 1

We recommend that DWP publishes a detailed and full response to all the recommendations made by the Office for Statistics Regulation in its review of income-based poverty statistics by March 2022.

The Cross-Government Income and Earnings Coherence Steering Group, chaired by the ONS, will respond to OSR's recommendations, and develop a workplan. The first version of [the workplan](#) was published on 14 October. The Income and Earnings Coherence Steering Group will continue to liaise with OSR on the delivery of the work plan.

Recommendation 2

We recommend that DWP should commission a systematic review of the latest evidence on child income poverty, its definitions, its causes and its consequences. It should use this review to prompt a better dialogue with the public, charities and others, and inform future cross-government work on measures to address child poverty. The findings should be published by July 2022.

Government analysts continually review external evidence to inform work to address child poverty. We have no plans to commission a published systematic review at this time.

Recommendation 3

Ministers should reaffirm their commitment to measuring poverty through all four measures of children in low income as set out in the Welfare Reform and Work Act

2016. To keep these poverty measures aligned with what is considered normal or essential today, DWP should review the appropriateness of the base year used in the Government's 'absolute low income' measure and the relevance of questions asked about goods and services in its 'low income and material deprivation' measure. DWP should ensure that improvements to the four income-based measures are made in line with the UK Statistics Authority Code of Practice for Statistics.

The Government will continue to publish all four measures of children in low income as set out in the Welfare Reform and Work Act 2016 in line with its statutory responsibilities.

Analysts continue to review the statistical validity of the absolute poverty low income line and are intending to review the material deprivation goods and services to ensure they are still relevant. We will update the committee about this in due course.

The Government develops and releases all statistics in line with the UKSA Code of Practice for Statistics and will continue to do so.

Recommendation 4

We recommend that the Department for Work and Pensions broadens the scope of its 'Helping workless families indicators' to measure the quantity and quality of work in families and communities, and the quality of family support so that they better address the challenge of in-work poverty and the additional stresses often endured by families in income poverty.

The 'Helping Workless Families Indicators' are intended to track progress in tackling the disadvantages associated with worklessness. They were developed on the basis of a significant and high-quality evidence base around worklessness and associated root causes of disadvantage and child outcomes. Therefore, we do not intend to expand the scope of this publication further at this time.

Statistics measuring the quantity and quality of work are already published elsewhere and therefore broadening these indicators does not offer sufficient public value.

Rates of poverty by economic status of the family (e.g. part time / full time / unemployed / inactive) can be found in DWP's publication Households Below Average Income.

The ONS publish a range of labour market statistics using its Household and Social Surveys:

- The [main ONS labour market statistics](#) produced each month provide measures of the quantity and type of employment, broken down by a range of characteristics.
- [ONS working and workless households](#) quarterly statistics cover labour employment by parental status; the labour market status of people with and without dependent children; and the economic status of households with children.
- You may also be interested in their publication [Job Quality indicators in the UK](#).

Recommendations 5, 7 and 9

DWP should consolidate its statistical publications on income-related poverty and wider social deprivations to create a single dashboard of indicators of child poverty which logically describe the evidence-based causes and consequences of child poverty. DWP should, in doing so, be careful to keep its core income-related measures of poverty separate from indicators which describe wider social deprivations. DWP should align work on a single dashboard of indicators with household income data publications from the Office for National Statistics.

DWP should continue to liaise with other countries, universities, and international organisations in developing a single dashboard for reporting income-related measures of poverty and the wider social deprivations on which the Government currently reports.

Working with HMRC and other UK producers of income statistics, DWP should develop a dashboard of child income-related poverty 'lead' indicators which are closer to real time and supplement existing survey data sources. DWP should publish this data as part of its child poverty measurement framework.

Tackling poverty, especially child poverty, is a cross-government priority. DWP is one of several producers of statistical publications on social deprivations and poverty. Other departments including DfE, DHSC and the ONS have responsibility in this space as tackling poverty requires cross-government effort. The Government liaises with various organisations and other countries to draw on the latest available evidence.

The ONS are leading on the development of an interactive tool where users can explore the complex landscape of income and earnings statistics in one location.

Recommendation 6

DWP should set out clearly, in response to this report, what work it now plans to do on the development of supplementary experimental statistics using the SMC's methodology and a timescale for completing this work. It should also explain how the Secretary of State's focus on aspects of material deprivation will inform its approach to poverty measurement.

This area of work is still under consideration.

Recommendation 8

The Government should commit to developing and implementing a long-term, cross-departmental strategy to address child poverty now and in the future. This should be informed by findings from the Inter-Ministerial Group on the cost of living and, more broadly, by the latest evidence on the key drivers of poverty.

As part of a new cross-departmental strategy, the Government should set clear, ambitious and measurable objectives and plans for reducing child poverty. The Government should report to Parliament annually on progress in implementing its child poverty objectives and plans.

The Government is committed to a sustainable, long-term approach to tackling poverty and reports progress to Parliament in several ways. As set out in the Welfare Reform and Work Act 2016, the Government publishes key measures of child poverty annually in line with its statutory responsibilities. In addition, we update Parliament via our annual report and Ministers are held to account on a regular basis at Oral questions and by the WPSC.

As our economic recovery progresses our focus is on helping people get back into and to progress in work, based on clear evidence that work, particularly full-time work, is the most effective way of tackling poverty. The £500 million expansion of the Plan for Jobs will ensure that people across the country continue to be supported to do so.

DWP's Secretary of State continues to lead wider cross-Government action on tackling poverty and the cost of living.

Recommendation 10

DWP should commission research examining, in depth, the impacts of the pandemic on children living in families in low income. It should publish the results of this analysis alongside its March 2022 Households Below Average Income statistics. DWP should also publish early findings from its longer-term project with the Department of Health and Social Care and the Office for National Statistics to understand the differential impacts of the pandemic. DWP should use the lessons from its exercise with the Department of Health and Social Care to inform how it might better estimate the health and well-being impacts of future changes to social security affecting children and families.

This Government remains committed to publishing its annual Households Below Average Income publication in March 2022 which covers the first year of the pandemic, subject to the usual checks on data quality. The large household surveys which inform our poverty publications – the Family Resources Survey and Understanding Society – have continued to run during the pandemic, despite significant challenges. This Government also continues to monitor and collect a variety of evidence, including data and external research about the impacts of the pandemic.

DHSC is the Department leading the Shared Outcomes Fund project and will coordinate publication decisions.

Recommendation 11

DWP should liaise with other government departments to identify lessons for how it might take a more constructive approach to sharing data related to child poverty. DWP should write to us by June 2022 updating us on its progress (a) in working with the Office for National Statistics, Administrative Data UK and other government departments to develop new data matching and analysis programmes to understand better the causes and consequences of child income poverty; and (b) in addressing local authority concerns about the sharing of Universal Credit administrative data.

As we wrote to you earlier in the year we intend to conduct more detailed research into the possibility of making improvements to existing data shares, including taking into account the costs and benefits of doing so, and attempting to balance this against other resource demands. This work includes investigating the local authority reasons for additional data

shares, and whether legal gateways exist, enabling us to conduct these data shares. We are continuing to engage local authorities in this work and have established a Working Group of 40 representative local authorities to ensure all requests are considered.

Recommendation 12

DWP should work with other UK producers of income statistics to co-ordinate the current suite of survey and data analysis to strengthen the breadth and depth of work and improve reporting clarity. DWP should write to us by March 2022 setting out the additional steps it has taken to integrate surveys to maximise their efficiency and reach.

The Government continually considers ways to strengthen and improve its statistical publications in line with the UKSA Code of Practice for Statistics, and as detailed in the GSS income and Earnings Coherence work plan and the Cross-Government Income and Earnings Coherence Steering Group, chaired by the ONS, will continue to liaise with OSR on this work.

Recommendation 13

To improve its measurement of income-related poverty, DWP should work with others, including the Office for National Statistics, relevant academics, and children's charities to identify a list of inescapable household costs and define options for how data on these might be collected. DWP should write to us by June 2022 setting out the additional costs it intends to capture and the methods it proposes to use.

The Family Resources Survey (FRS) already collects information on: taxes and national insurance, domestic rates and council tax, child maintenance and child support payments, parental contributions to students living away from home, contributions to pension schemes, the cost of childcare and housing costs (including water rates, ground rent / service charges and structural insurance premiums for owner occupiers). The Government also plans to introduce new questions in the FRS on debt repayments once the questionnaire returns to face-to-face. The FRS also collects data about whether families can afford a list of goods and services as part of our material deprivation measures.

However, the FRS lacks sufficient space to cover all costs comprehensively. The ONS runs a more extensive survey on costs families face: the [Living Cost and Food Survey](#).

Recommendation 14

DWP should write to us by June 2022 setting out precisely what additional subgroup analysis, including analysis of ethnic minority households, it expects to be able to conduct as a result of the increase in the sample size for its Family Resources Survey

The full FRS boost starts in April 2022. Precisely which subgroups can be covered post-boost will depend on analysis on the data collected, the response rate and final sample sizes we achieve. It is therefore not possible to provide a list of subgroups by June 2022.

Recommendation 15

DWP works with the Office for National Statistics to produce robust income-related poverty and income data on children and their families with no recourse to public funds. DWP should write to us by June 2022 to give an update on its progress in addressing this unsustainable gap.

The Home Office have the policy lead on No Recourse to Public Funds ('NRPF').

Recommendation 16

We recommend that DWP works with external academics, local authorities and other government departments to identify options for reflecting the cost of housing in its local area estimates of children in low income families. DWP should write to us by June 2022 to update us on its analysis of options.

There is no single administrative data source of housing costs for individual families. Any new measure which takes account of housing costs would require significant development work. DWP has several statistical development priorities and therefore has no immediate plans to take this forward.