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15 February 2013

By email to: Measure.CONULTATION@childpovertyunit.gsi.gov.uk

For the attention of the Child Poverty Unit

Re: Measuring Child Poverty – A Consultation on Better Measures of Child Poverty.

We welcome the opportunity to respond to the government's consultation on child poverty measurement. We have answered the consultation questions to the best of our ability and our responses are attached at the back of this document. However, we have fundamental concerns about the proposed multidimensional indicator which do not fit easily under the question headings provided. This covering letter summarises these concerns.

Our main points are:

1. The current suite of indicators for measuring income poverty and material deprivation should continue, alongside any new measures. Income poverty is itself a key driver of wider outcomes for children, and monitoring income poverty is important to holding government to account. In addition, these indicators are widely used internationally, and the UK will continue to be judged by them.
2. We identify four different concepts of multidimensional disadvantage in the consultation document. The Government needs to clarify which of these it seeks to develop.
3. Trying to create a "single index" is methodologically challenging and has a number of important limitations. We think it would be more helpful to have a dashboard of separate indicators covering specific areas of deprivation.

Below we expand on each of these points in turn.

- 1. The current suite of indicators for measuring income poverty and material deprivation should continue, alongside any new measures. Income poverty is itself a key driver of wider outcomes for children, and monitoring income poverty is important to holding government to account. In addition, these indicators are widely used internationally, and the UK will continue to be judged by them.**

We believe that the current suite of indicators in the Child Poverty Act does a good job of measuring child poverty as it is widely understood – as income poverty and material deprivation. These indicators play a vital role in holding government to account in progress on reducing income poverty, within a UK and international context. Irrespective of the introduction of additional measures, we are strongly in favour of retaining them, for reasons set out next.

There is a large body of evidence underlining the importance of household income to wider aspects of children's lives and opportunities. Monitoring (and acting on) income poverty independently from other domains of well-being or deprivation is therefore essential. We are currently conducting a review of the literature examining the causal impact of income and material resources on children's outcomes. Preliminary analysis suggests that increases in income lead to improvements in a wide range of child outcomes, including cognitive, social-behavioural and health and mental health outcomes. These increases are statistically significant. Moreover, the estimated effects of income can be given a causal interpretation; they are more than simply correlations. This work will be completed by April, and we would be very happy to discuss our findings with the Child Poverty Unit then.

The relative income measure is the most appropriate headline income poverty indicator, capturing the nature of poverty in contemporary society and allowing for meaningful comparison over time and across countries. The current headline poverty indicator in the Child Poverty Act is a relative income measure: children are considered poor if they live in households with less than 60% of equivalised median income. We believe this is appropriate because it captures the relative nature of poverty: it is widely agreed that a family's minimum requirements in terms of material resources are not fixed but depend on living standards in contemporary society. Furthermore, the 60% of median income measure is consistent with international standards derived by the Canberra Group and the Luxembourg Income Study and is also the definition currently used in the EU's Statistics on Income and Living Conditions (to which the UK contributes). It allows for meaningful international comparison, and it is better than any alternative indicator at capturing medium-term and long-term change in levels of income poverty in a consistent way.

The relative income measure can give counter-intuitive results in certain circumstances, which is why monitoring the full suite of indicators in the Child Poverty Act is important. The relative poverty line is calculated as a share of median income, which means that poverty can be seen to fall during a recession simply because average living standards are falling. As the consultation document points out, this explains at least part of the fall in measured child poverty during the recent UK recession. Similarly, if median incomes are rising quickly, relative poverty can show no improvement even when incomes at the bottom of the distribution are also growing fast, as was observed during the economic boom in Ireland during the early 2000s. This phenomenon is a problem if we think that society's perceptions of minimum or adequate resources take more than a year or two to adjust to

large shifts in average living standards. It is a good reason for keeping track of what is happening to living standards in poor households in real as well as relative terms. The current suite of measures in the Child Poverty Act is well-designed to do precisely this: the fixed-income poverty measure and the combined low income/material deprivation measure provide a fuller understanding of what is happening to real incomes at the bottom of the distribution. It is important for progress to have both relative and 'absolute' measures moving in the right direction, and these dual goals are captured effectively by the child poverty targets.

The existing suite could be improved by adding a measure of poverty depth. We do think that some small improvements could be made to the current suite of measures. In particular, while the persistent poverty measure is very useful in capturing duration of poverty, there is currently no indicator of poverty *depth*. We suggest that the government considers adding the median poverty gap, as used by Eurostat and recommended by Atkinson et al (2002), to measure depth. The median gap captures the extent by which the median poor child (ranked by equivalised income) falls below the poverty line, providing a measure of poverty depth which avoids being affected by potentially unreliable reported income in the bottom 3-4% of the distribution.

In summary, **we would be very concerned about any attempt to downgrade the current income based child poverty indicators**, which we think are important to holding government accountable. The rest of our comments concern proposals to introduce multidimensional measures as set out in the consultation document, but for the avoidance of doubt we strongly recommend that any new multidimensional measurement should be introduced alongside and not as a replacement for the current income based measures.

2. We identify four different concepts of multidimensional disadvantage in the consultation document. The Government needs to clarify which of these it seeks to develop.

We agree that there is much more to children's lives than household income and material resources. A multidimensional concept of impoverishment or deprivation has a solid tradition in social science, the most well-known example being Amartya Sen's capability approach. Several of us have worked on and developed multidimensional indicators (see in particular Burchardt and Vizard, 2011 and, for an extension to the children's context, Holder et al, 2011). We are regular users of the government's Indices of Multiple Deprivation (IMD) for small areas, which capture a number of domains of area-level resources. More broadly, our work at CASE shows our commitment to monitoring and understanding inequality and disadvantage across many dimensions of children's and adults' lives (see e.g. Hills et al, 2009; NEP, 2010).

However, we think the proposed multidimensional indicator put forward in the consultation document is conceptually muddled and would add confusion rather than clarity to current measurement approaches. Not only does the choice of dimensions appear arbitrary, with no conceptual framework put forward to justify the eight areas proposed, but, more fundamentally, the indicators refer to several quite different underlying concepts. We identify four such concepts in the document, and we think it would be helpful if the government clarified which concept it is seeking to capture before going any further with developing new measures. Answering the questions in the consultation response form has been very difficult because of the ambiguity over the concept of

interest. This ambiguity is also likely to make it quite difficult for the government to interpret responses to the questions in a consistent way, as individual respondents may have had quite different concepts in mind.

The four concepts we identify are:

(1) Poverty as commonly understood, in the sense of material deprivation and financial hardship. This is the concept which the existing suite of indicators in the Child Poverty Act seeks to capture. Measures of unmanageable debt and poor housing might reasonably be considered as additions to the current set of indicators, although each raises complications in practice which we discuss in our responses to questions 3, 9 and 11. (Note also that measures of housing quality are already included in the existing material deprivation measure.)

(2) Impoverishment in a broader sense, as deprivation across wider aspects of children's lives. This concept might include deprivation in education and health, for example, with material deprivation included as one of several domains (an approach arguably not dissimilar to what was known as 'social exclusion' under the previous government). If this is the government's intention, we have several comments.

First, from a child's perspective, it is not immediately clear that worklessness, parental skills, parental health or family breakdown would have a place in this concept. There would be interesting debate to be had about the relevance of some of these domains: does parental worklessness in itself represent a source of deprivation for children, other than through its impact on income? Is living with one parent itself a source of deprivation? But it is impossible to have this discussion without first being quite clear that we are aiming to capture children's multidimensional disadvantage.

Second, there are certainly other child-focused dimensions which would be included in a multidimensional measure well before those suggested: why no measures of children's own health and physical security, for example?

Third, even where domains themselves are uncontroversial (e.g. the educational domain) there are questions about whether indicators should be inputs, as proposed (failing schools), rather than outcomes (educational achievement). If the underlying concept is child well-being, then outcome measures would be more appropriate. If the underlying concept is drivers of life chances (see below), then it might make sense to include measures of the extent to which the state is ensuring access to a minimum level of goods and services (in which case we would also want to include measures of access to good GPs, to good quality childcare, safe neighbourhoods and so on).

If multidimensional deprivation is the government's preferred concept, there is a wide literature which would help first to define the dimensions, and then to choose appropriate indicators for each one. Similar exercises have been undertaken by UNICEF (2007), drawing on the Convention on the Rights of the Child; and by Burchardt and Vizard (2011) and Holder et al (2011) for the UK, based on Sen's capabilities approach. Based on both reasoning from

first principles and extensive consultation, Burchardt and Vizard's work identifies ten domains and proposes five appropriate indicators for each for both children and adults; see Holder et al (2011) for detailed discussion of the children's indicators.

(3) Causes/drivers/risk factors of current income poverty and material deprivation. This is not in itself a measure of impoverishment, but brings in a wide range of underlying drivers and risk factors for income deprivation, and thereby encompasses many of the elements identified in the consultation document. These factors might include worklessness, parental health, parental skills and family breakdown. All of these increase the *risk* of children living in poverty, though none of them are perfect predictors. It makes good sense to measure and monitor these factors, but we think it is very unhelpful to mix them together with indicators of *outcomes*.

(4) Factors affecting and predicting long-term life chances and future disadvantage. The consultation document explicitly talks about potentially combining "'current poverty' and 'life chances' type measures" (e.g. p.15). We think combining these measures is unhelpful and confusing; if the aim is a set of measures of factors affecting life chances this should explicitly be the goal. Such a set might include current income poverty as one domain; it might also include measures of child health and education (including early education). We do not think it would include family stability. Consultation on the relevant dimensions would be useful, but only once it was clear that the aim was to capture factors affecting life chances.

In fact, the government does already have a list of leading indicators of long-term life chances, as part of its Social Mobility Strategy (Cabinet Office, 2011). The list includes measures of low birth weight, child development and school attainment, and seems the obvious place to start if the aim is to capture long term life chances. The indicators included are outcome measures, which have been chosen because they provide early indications of children's future life chances. As discussed above, the government might also want to consider measuring the extent to which the state ensures access to goods and services which promote life chances (such as access to high quality health and education services, for example).

3. Trying to create a "single index" is methodologically challenging and has a number of important limitations. We think it would be more helpful to have a dashboard of separate indicators covering specific areas of deprivation.

The consultation proposes to create a single multidimensional measure from the domains put forward. Above we have expressed our belief that the current selection of domains and indicators is problematic and not based on clear underlying concepts of impoverishment or deprivation. Assuming that the underlying concept was clarified, and domains and indicators were chosen in line with that clarification, would there be value in combining the data collected into a single multidimensional indicator?

We have a number of concerns about the feasibility and limitations of such an approach which we set out here (and in more detail in our response to question 27); these have also been extensively discussed in the literature on multidimensional measures of poverty (see for example Atkinson, 2003; Bourguignon and Chakravarty, 2003; Alkire and Seth, 2009; Alkire and Foster, 2011a; Alkire and Foster, 2011b; and OECD, 2008). Whether it is worth persevering with trying to construct an index in the face of these difficulties depends on the added value of the final indicator and whether it will achieve the government's purposes. Overall, while some of us are more optimistic than others about the ultimate possibilities for single indicators, we are all agreed that for the purposes the government has in mind a dashboard approach, in which dimensions are kept separate, would be much more appropriate.

Before setting out our reasons, we should clarify that we have assumed that what government has in mind is an index in which information on all domains is summarised for each *individual* before being put together for a group or the country as a whole (so, for example, we can say that Individual X is deprived on three out of seven dimensions; or that on average Scottish children are deprived on two dimensions out of seven). The alternative approach would be to start by combining information on all individuals for each *domain*, so that we have information on overall deprivation in education, health, income etc before combining them into a single index; this is the approach used to compile the Human Development Report, but does not seem to be what is being proposed here.

Considering the arguments against a single index measure, the central problem is that dimensions of disadvantage are – by definition – different in nature, and indicators use different scales of measurement. This raises difficult questions about how to combine information in a meaningful way for each individual.

A hypothetical example might help clarify what is at stake when we make assumptions about how to combine and weight different dimensions. Imagine that a child has two unemployed parents, living together at time point A. One of those parents moves into work but conflict develops in the relationship and non working parent starts drinking heavily. This causes the other (working) parent to take the child to live in temporary, damp accommodation in a high crime neighbourhood. The child leaves behind friends but moves from a 'satisfactory' to an 'outstanding' school. Would we consider this child to be more poor or less poor than before, and by how much?

The theoretical issues here are twofold. First, what is the unit of measurement for each of the specific domains? In our example, how much extra income from work compensates for how much of a deterioration in housing conditions? Second, how do we "weight" the importance of the different scales – do we think improvements in family income are twice as important as improvements in schooling, or maybe three times as important, in generating the overall "score"?

One possible approach to the first issue would be to reduce the available data in each dimension to a "binary" indicator variable (so children are either deprived or not on each one). This means that there are simpler "triggers" to weight and count. There are problems with this approach, however, in that it requires an arbitrary choice of threshold for each and every indicator. It also means that a small shift over a threshold on one indicator and a large deterioration in another could show up as 'no change' in an individual child's indicator of deprivation, if the two indicators have the same weight. Finally it does not solve the problems of deciding how much "weight" to give to any specific trigger in relation to the others, in constructing the final index figure. It may be suggested that the

simplest approach, and the one easiest to make transparent and understandable to the public, would be not to weight at all, but to add up binary deprivation indicators – but this incorporates assumptions of its own, setting deprivation on one dimension equivalent to deprivation on another.

A further, practical, consideration is that the data requirements for constructing a single indicator would be very large. All the dimensions of interest would need to be captured in a single and regular survey with large enough sample size for sub-group analysis. This would place limits on the indicators that could be included. An approach which monitors individual indicators separately allows a wider range of sources to be used (as demonstrated in the Children’s Measurement Framework proposed in Holder et al, 2011).

Of course, just because problems arise does not mean all such combined measures should be ruled out, and the bigger question is whether the loss of information in a single index is a price worth paying for the advantages of having a single number for multidimensional deprivation. In our view, in this instance it is not, and a single index would fail to meet most of the government’s stated aims for its single indicator, as set out on p.16 of the consultation document:

** Give us a total number of children in the UK currently growing up experiencing multiple dimensions of poverty, which we can track through time.*

Alkire and Foster (2011a), who are the forefront of academic work in this area, point out that single multidimensional indicators can be “particularly ineffective at separating the poor from the non-poor”. Using ten dimensions to identify the poor in India, Alkire and Seth (2009) find that 97% of the population were poor on at least one dimension while one-tenth of 1% were poor on all ten. Choosing an arbitrary number of dimensions between one and ten does not seem a very useful way of identifying the number of children who are poor – neither for the purposes of shaping policy to meet those children’s needs, nor for the purposes of tracking progress over time.

For the purposes of shaping policy, we think government would be better off simply monitoring individual indicators of different dimensions of disadvantage, allowing us to identify how many children are deprived on each one, and to look at the pattern of disadvantage by region, ethnic background, sex etc. We are also fully in favour of digging down beneath the surface of any given indicator, using cross-tabulations and analysis to gain a better understanding of how dimensions overlap. But we do not think a single indicator which separates children into ‘poor’ and ‘non-poor’ by adding up multiple dimensions of disadvantage will be helpful.

For the purposes of tracking over time, a combined indicator might be of some superficial value, and it would certainly be likely to attract media attention. But it is not clear how far it would really be telling us anything useful, and in any case it would be at best a starting point for further analysis and discussion: clearly a positive improvement in one indicator (e.g. a decline in income poverty) could be outweighed by a negative change in another (e.g. a fall in GCSE results), and the extent to which one outweighed the other would depend on (arbitrary) decisions made about weightings.

** Show us the severity of a child’s poverty so that we can tell which groups need the most help*

The combined measure could tell us on how many dimensions a child was deprived, but it is important to be clear that this is *not* the same as severity in any individual dimension or indicator. A combined measure would probably ignore severity in individual indicators, taking the single

threshold approach outlined above. Thus a child severely income-deprived but not disadvantaged on any other indicator would show up as not in need, or in moderate need. But can we say that a child moderately deprived on several dimensions is more in need of help than the first child? Just as there is no adequate way to weigh the importance of one dimension against another, so there is no way to weigh the *extent* of deprivation in different domains against each other. Severe deprivation on any indicator requires intervention and we think it would be more helpful to consider dimensions separately, with the help of cross-tabulations and analysis of overlap between dimensions, as well as measurement of the depth of deprivation in each indicator where possible (for example, measurement of the median income poverty gap, as suggested above).

** Show us how poverty affects different groups of children, for example, ethnic minorities or disabled children.*

If data were rich enough (and note that survey numbers would need to be very large), the indicator could show us the number of dimensions of disadvantage experienced by children from different groups. But once again this would at best be a starting point for discussion, not an end in itself. We think that the dashboard approach described below picks up group inequalities much more effectively and with greater levels of detail and context.

** Be widely accepted by the public and experts as a fair representation of those children who are growing up in poverty and those who are not*

For all the reasons outlined above and on our response form, we think it is extremely unlikely that a single indicator will find support among experts as a fair representation of children growing up in poverty.

A single indicator might find superficial favour with the public, and there would certainly be an appetite for it in the media, but the story told is likely to be over-simplified and misleading. We are aware that there is a trade-off in communicating progress between showering people with a huge body of statistics and providing a single measure such as the relative poverty indicator, which gives only a partial picture. But if a single measure is all that can be digested, we think it is better for it to be intuitively clear and transparent, even if narrow, such as the relative poverty measure, rather than an aggregate which is very difficult for experts, never mind the public, to interpret. On the other hand, if supporting indicators and information on other dimensions are well-organised and presented, it should be possible to put across a richer set of statistics without merging them.

The alternative Dashboard approach:

Our preference, then, is to monitor and present a full set of indicators in an easily understood 'dashboard'. Here the chosen domains are represented by a selected group of indicators, perhaps with one selected as the headline indicator and others useful for providing a richer and more complete picture in each case. A summary table could allow policymakers, journalists and the public to see progress over time across the range of indicators at a glance. Further drilling down into each indicator would aid the development of policy interventions. The dashboard approach allows for policy-specific and group-specific analysis, picking up patterns of inequality more effectively than a single combined measure. Dashboard approaches are now being proposed in the multidimensional capability literature as a solution to the difficulties that arise in combining indicators: see for

example, the Burchardt and Vizard operationalisations of the capability approach for the Equality Measurement Framework (Burchardt and Vizard, 2011) and the Children's Measurement Framework (Holder et al, 2011).

In sum, we would welcome the provision of further information about the multiple domains of children's lives today and their future life chances, and policy measures that reduce child poverty today and in the future. However, our view is that these strategies are best met by adopting a "dashboard" approach to statistical monitoring and, moreover, should not be done at the expense of current procedures.

Once again, we are pleased to have had the opportunity to respond to this consultation and look forward to seeing how the government decides to proceed. Please get in touch if we can provide any further information or input.

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February 2013

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