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Personal Tax Credits: Children in Low Income Families

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Children in Low Income Families

31st August 2015

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Introduction

This commentary accompanies the publication of the Children in Low-Income Families Local Measure tables for 2015. It is written to provide users with a guide to how these statistics should be interpreted, and explains how they were produced.

The commentary is divided into six sections:

- 1) The Children in Low-Income Families Local Measure
- 2) Changes in the proportion of children living in low-income families
- 3) Local analysis of the proportion of children living in low-income families
- 4) How the Children in Low-Income Families Local Measure is produced
- 5) The impact of recent policy changes on the estimates
- 6) Definition of key terms in the document
- 7) Links to other related information

Section 1: The Children in Low-Income Families Local Measure

The Children in Low-Income Families Local Measure is the proportion of children living in families either:

- in receipt of out-of-work benefits; or
- in receipt of tax credits with a reported income which is less than 60 per cent of national median income.

Administrative data sources on benefits and tax credits from the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) are used in the calculation of the Children in Low-Income Families Local Measure.

These statistics are published on an annual basis and are available at regional, county, local authority, ward, parliamentary constituency, or Lower Layer Super Output Area (LSOA) level. They measure the proportion on children in low income families at a certain point in the year. Typically the 31 August.

These statistics complement the *Households Below Average Income (HBAI) report*¹ published by the Department of Work and Pensions (DWP), which is a headline measure for the number of children in low-income families at a national level. HBAI is based on data from the Family Resources Survey in which the sample sizes are insufficient for useful analysis at the local level. The Children in Low-Income Families Local Measure provides local-level analysis which can help explore the considerable variation in low-income rates that exists between and within regions and local authorities. However, there are some differences between the measures used in these two sets of statistics:

- In HBAI, median household income is calculated using the entire income distribution. The HBAI low income threshold is then calculated by taking 60 per cent of this median. For this publication, HMRC's low income threshold is based on the mean taxable family (not household)² incomes of tax credit cases within £10 of the HBAI low income threshold. As the HMRC low income threshold is calculated on a smaller, subset of cases, it can, therefore, be more volatile than the 60% of median income threshold used in HBAI.
- In addition, income sources captured in the HMRC measure differ from those used and recorded in HBAI. Administrative data provides information on taxable incomes, tax credits and child benefit - it does not record other income sources captured in HBAI, such as non-taxable benefits (e.g. Housing Benefit, Disability Living Allowance). For further details, see sections 4 and 5.

Because of these differences, the statistics contained in this report and associated tables should not be used to obtain a definitive measure of children in low income in any given area. However, these statistics can reliably be used to explore variations in low income across the UK.

¹ <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>

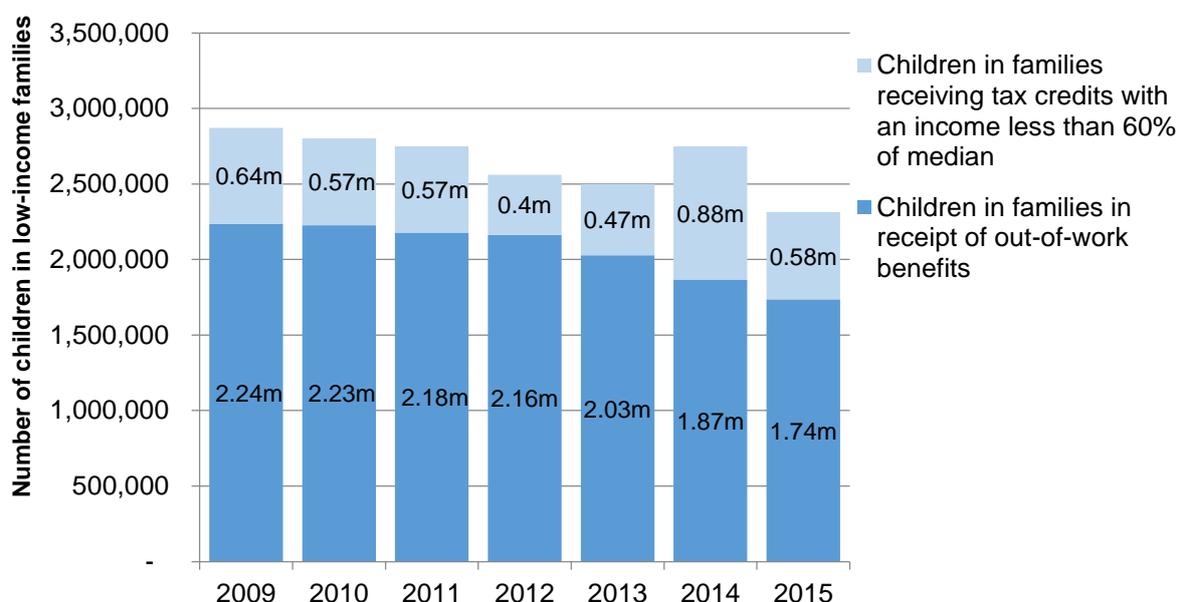
² A family is a single adult or a married or cohabiting couple and any dependent children; same-sex partners (civil partners and cohabitantes) are included in the same family. A household is one person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area. A household will consist of one or more families.

Section 2: Changes in the proportion of children living in low-income families in 2015

In 2015, the overall proportion of children in the UK living in low-income families was 16.9 per cent. This compares to the rate of 20.0 per cent in 2014, and equates to approximately 436,000 less children in low-income families in 2015 compared with 2014 (see Figure 1). This decline can be broken down between a decline of around 306,000 for children in families earning less than the derived 60% of the median income, and a decline of around 130,000 for children in families in receipt of out-of-work.

These reductions may be partly explained by the reduction in the low-income threshold (calculated as 60 per cent of the median income) which decreased from £253 in 2014 to £233 in 2015³ (in nominal terms⁴). The threshold produced in 2014 was unusually high due to an increase in the number of high earners near the low income threshold.

Figure 1: The total number of children in low-income families UK, 2009–2015



³ Income sources captured in this measure differ from income as recorded in HBAI. Administrative data provides information on taxable incomes, tax credits and child benefit- it does not record other income sources captured in HBAI.

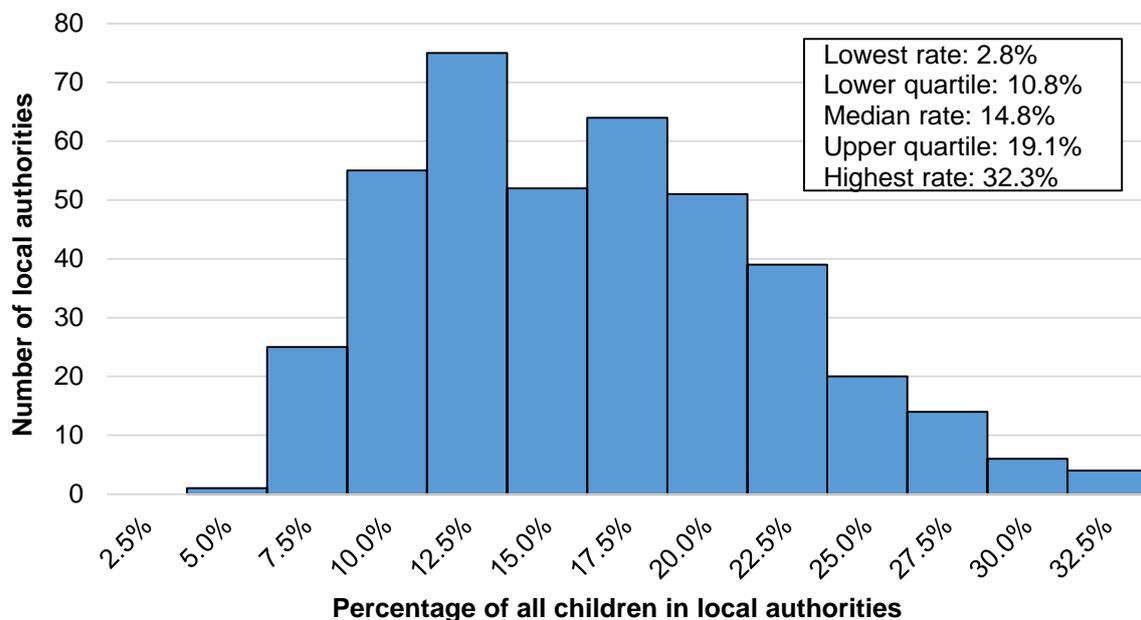
⁴ Not adjusted for inflation.

Section 3: Local analysis of the proportion of children living in low-income families⁵

The national level measures can mask the considerable variation that exists between and within regions and local authorities.

As Figure 2 shows, the proportion of children in low-income families across local authorities ranged from 2.8 per cent to 32.3 per cent. When ranked from the highest to the lowest, Ashford was the local authority in the middle (the median) with 14.8% per cent of all children in their respective areas living in low-income families. More than half of all local authorities had a rate between 10.0 per cent and 20.0 per cent. Derry, in Northern Ireland, had the highest proportion of children in low-income families in the UK, with 32.3 per cent of children living in low-income families in 2015.

Figure 2: Distribution of rates of children in low-income families at local authority level in 2015

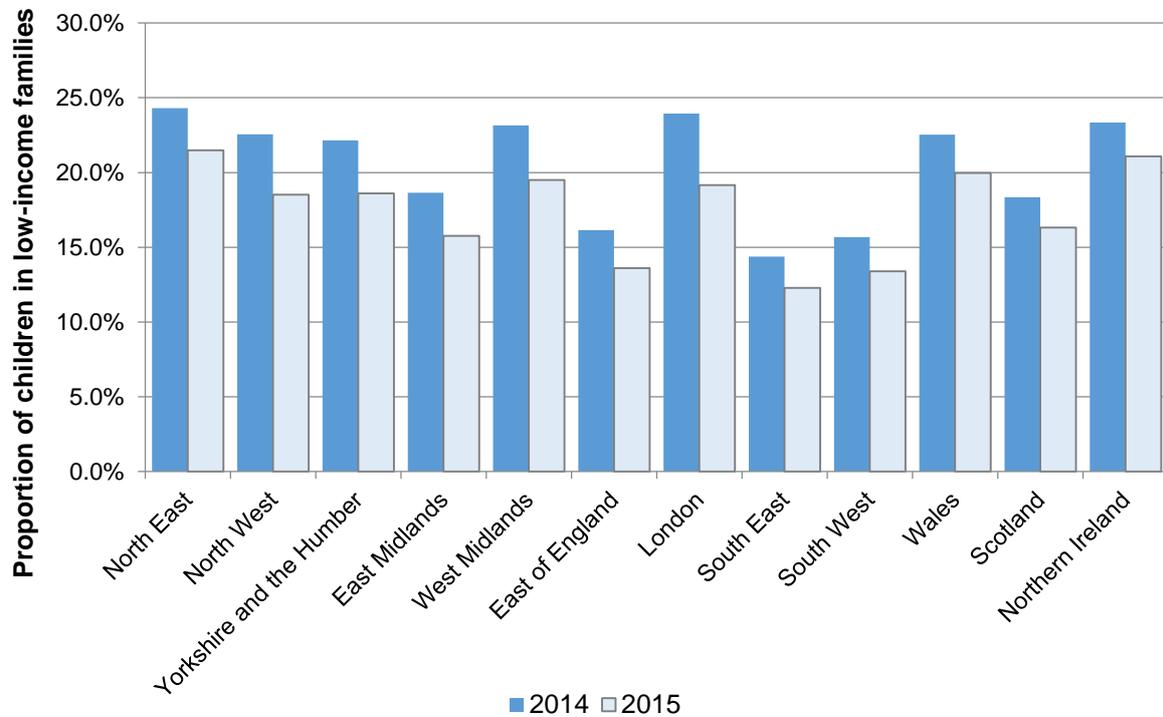


This shows that only a minority of local authorities have either very low or very high rates of children living in low-income families. It should however be noted that even in the least deprived local authorities there are still children living in low-income families.

⁵ Analysis here is based on top tier local authorities for England and lower-tier local authorities for Scotland, Wales and Northern Ireland. Lower-tier local authority data for England are also available.

In 2015, decreases were seen across all regions, with London having the largest decrease of 4.8 percentage points (as shown in the Figure 3).

Figure 3: Proportion of children in low-income families by region between 2014 and 2015



Section 4: How the Children in Low-Income Families Local Measure is produced

Administrative data sources on benefits and tax credits from the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) are used to construct the Children in Low Income Families Local Measure; that is, the proportion of children living in families either in receipt of out-of-work benefits or in receipt of tax credits with a reported income which is less than 60 per cent of median income.

Definition of the Children in Low-Income Families Local Measure

In this measure, a child is considered to be in a low-income family if they are living in a family that is either:

- a) in receipt of out-of-work benefits, or;
- b) in receipt of tax credits and has a reported income less than 60 per cent of national median income.

To calculate the proportion of children in low-income families, the number of children in low-income families (a + b) is divided by:

- c) the total number of children in the area

This methodology is summarised in the diagram below. The following sub-sections explain how figures for a, b and c are produced.

Figure 4: Diagrammatic definition of the Children in Low-Income Families Local Measure

$$\text{Proportion of children in low income families} = \frac{\left(\begin{array}{l} \text{a) Children living in} \\ \text{families in receipt of} \\ \text{out-of-work benefits} \end{array} + \begin{array}{l} \text{b) Children living in families in} \\ \text{receipt of tax credits with} \\ \text{income below 60\% of median} \end{array} \right)}{\text{c) Total number of children in the area}}$$

a) Children in families in receipt of out-of-work benefits

The number of children in families in receipt of out-of-work benefits is based on administrative data held by DWP and HMRC. These out-of-work benefits include Income Support (IS), Income-Based Jobseekers Allowance (JSA), Employment and Support Allowance (ESA) and Pension Credit (PC).

Since 2003, parents who claim these benefits receive their child allowance through Child Tax Credit. This is administered via HMRC. Therefore, the vast majority of children in this part of the measure are identified and counted using HMRC Child Tax Credits data.

New benefit claimants now automatically enter the tax credits system. However, families who were claiming IS or JSA prior to the introduction of tax credits in April 2003 may still receive a child allowance paid through their DWP benefits. This is an ever decreasing number as families migrate on to tax credits or Universal Credit following a change to their family or employment circumstances⁶. Nonetheless, these children and families will not be identifiable within HMRC tax credits data.

As this measure requires a complete picture of children in families in receipt of out-of-work benefits, DWP data is needed to identify those families who still receive their child allowance through DWP. Therefore IS and JSA data is obtained from DWP and matched with HMRC tax credits data. Where no match occurs, this identifies the families who still receive their child allowance through DWP.

These families are then combined with the families who receive their child support via tax credits. This ensures that the measure covers all children in families in receipt of IS or JSA and that no family or child is excluded.

Note: because income information is not available for all families in receipt of out-of-work benefits, all such families are included in the measure regardless of whether a family's income is above the low-income threshold. This is the main divergence between the Children in Low-Income Families Local Measure and the relative low-income measure in HBAI. HBAI figures for 2015/16 report that there were around 500,000 children in relatively low-income in the UK who were from families which received either IS or JSA. This figure is extremely different from the number reported in the Children in Low-Income Families Local Measure, which was around 1.7 million in 2013. Part of this disparity is due to the fact that the Children in Low-Income Families Local Measure does not take into account the income of these families, but also partly because the underlying survey for the HBAI figures, the Family Resources Survey, undercounts the number of children in these types of families.

b) Children in families whose income is less than 60 per cent of median income

Having identified all children in families in receipt of out-of-work benefits, the relative low-income threshold is applied to the remainder of the Child Tax Credit population in order to identify children in families who, whilst not on out-of-work benefits, have income below 60 per cent of median national income.

The 60 per cent income threshold used in the measure is Before Housing Costs (BHC) and has been equivalised to take account of family size and composition. Further details on income, equivalisation and the relative low-income threshold can be found below.

These children are combined with the children identified in a): families in receipt of out-of-work benefits. This completes the total number of children in the Children in Low-Income Families Local Measure.

⁶ Lone parents are in the process of being migrated automatically

c) Total number of children

Historically, the total number of children in any given area has been produced using Child Benefit data held by HMRC. This has typically covered around 96 per cent of all children in the UK and has been the most comprehensive assessment of the number of children available at the local level.

The total number of children in low-income families (from steps a) and b) set out above) is divided by the total number of children. This provides the total proportion of children living in low-income families in any given area.

Why this measure is not equivalent to HBAI's relative low-income measure

HBAI includes the proportion of children living in households where income is less than 60 per cent of median household income.

The children in low-income families measure attempts to create a proxy for the HBAI measure in order to enable local analysis of the variation in the proportion of children who live in families with a low income. However, it is not precisely equivalent for the following main reasons:

- The relative low-income measure in HBAI is based on data from the Family Resources Survey, whereas this measure uses administrative data from DWP and HMRC.
- This measure captures a number of children in families in receipt of out-of-work benefits where their income will be above the 60 per cent low-income threshold. The HBAI measure would not include these children.
- In contrast, this measure does not include children in low-income families that do not claim Child Tax Credit or Working Tax Credit. The HBAI measure includes these children. However, this is assumed to be a small impact.
- Income is measured differently across the two measures. For the Children in Low-Income Families Local Measure, the incomes are restricted to taxable incomes plus tax credits and child benefit rather than all sources of income (see Section 5 for more details). Especially important is the fact that non-taxable benefit income is not included as income in the Children in Low-Income Families Local Measure.
- The Children in Low-Income Families Local Measure is based on family income for families in receipt of tax credits, whereas HBAI is based on household income for all individuals.
- The time period covered is different. The national measure published in HBAI is on a financial year basis - 2015/16 is the latest year available. The Children in Low-Income Families Local Measure is a snapshot at 31st August 2015.

In summary, this measure should not be used to obtain a definitive measure of children in low income in any given area. However, this measure can reliably be used to explore variations in low income across the UK.

Further Notes

- 1) These are Official Statistics which adhere to the procedures set out in the Code of Practice for Official Statistics. As such, all of the estimates within the publication have been independently rounded to the nearest 5 units, so in the case of the Lower Layer Super Output Area (LSOA) statistics these are normally 5 individual children. Because of this, aggregating the individual estimates may not sum to the given totals for an area. The proportion of children who live in families with a low income have been provided to 1 decimal place and have been derived from the unrounded counts.
- 2) The statistics are based on the finalised awards tax credits data – that is, they are based on a finalised view of family incomes and circumstances - and as such are derived from a full set of administrative records rather than a sample. From this data the “sub-period” of the (tax credit) award that spanned the 31st August was selected to ensure that the most up-to-date version of the data was used and that all the data used corresponded to the same reference date. DWP IS and JSA records also relate to August 2013 to be consistent with the tax credits and Child Benefit data.
- 3) Where appropriate, one postcode has been identified for each family, with the postcode from the tax credits database taking precedent as these are likely to be more up to date than those held on the Child Benefit system. The Tax Credits System is linked to all other HMRC systems and personal details are held centrally. These are updated when people move and inform any part of HMRC.
- 4) Additional information, such as child ages, is obtained and added on to the tax credits and DWP data by matching with Child Benefit data.
- 5) Duplicate records may occur in the dataset for a variety of reasons such as a consequence of data matching, family breakdown (where a separate claim begins before the old claim is terminated) or administrative errors. Where possible, any such duplicate records have been identified and removed from the data.
- 6) From 2009 onwards, statistics of children who live in families with a low income for Northern Ireland, Scotland and Wales have also been included. We have included these countries to provide comparable figures for the whole of the United Kingdom (UK). These statistics are based on the UK 60 per cent median income figure of £233.
- 7) Geographies have been allocated by matching the administrative postcode to the National Statistics Postcode Directory Lookup (NSPL) (based on 2011 census output) at November 2015.⁸

- 8) Lower Layer Super Output Areas (LSOAs) are a geographic hierarchy designed to improve the reporting of small area statistics. Unlike electoral wards, the SOA layers are of consistent size across the country and will not be subjected to regular boundary change. The Lower Layer SOAs in England (32,844) were built from groups of Output Areas (typically 4 to 6) and constrained by the boundaries of the Standard Table (ST) wards used for 2011 Census outputs. They have a minimum population of 1,000. In line with the ONS Coding and Naming Policy of UK Statistical Geographies:

<http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/coding-and-naming-forstatistical-geographies/index.html>

The 2013 Children in Low-Income Families statistics include both the old and the new geographical codes which were introduced from 1st January 2012, enabling a lookup between the two.

- 9) The number of children in Child Benefit families gives the most robust estimate of the number of children in a region. However, in some instances, it is possible that there are more children in CTC (<60% median income) or IS/JSA families than there are in Child Benefit. This is due to a time lag between the Child Benefit data and Tax Credits data. Where this has happened we have capped the % of children in low-income families at 100%.

Section 5 – The impact of recent policy changes on the estimates

There have been two key policy changes in recent years that have implications for the statistics produced using the methodology and data set out in Section 4. These are:

- the introduction of Universal Credit (UC); and
- the introduction of the High Income Child Benefit charge

The introduction of Universal Credit

UC will eventually replace the out-of-work benefits and tax credits included in both parts of this measure and will also incorporate additional benefits (e.g. Housing Benefit) not currently included in the measure. UC began to be introduced in 2013 and is being rolled out geographically, gradually across different areas of the country. As families on UC are not included in the Children in Low-Income Families Measure, this measure no longer covers the whole population of children.

The introduction of UC is already starting to have an impact on the estimates contained in this publication. As shown in Figure 5, there are some areas such as Manchester and Liverpool that would have over 400 UC families with children in August 2015.

Figure 5: UC Households with children vs. CTC Families

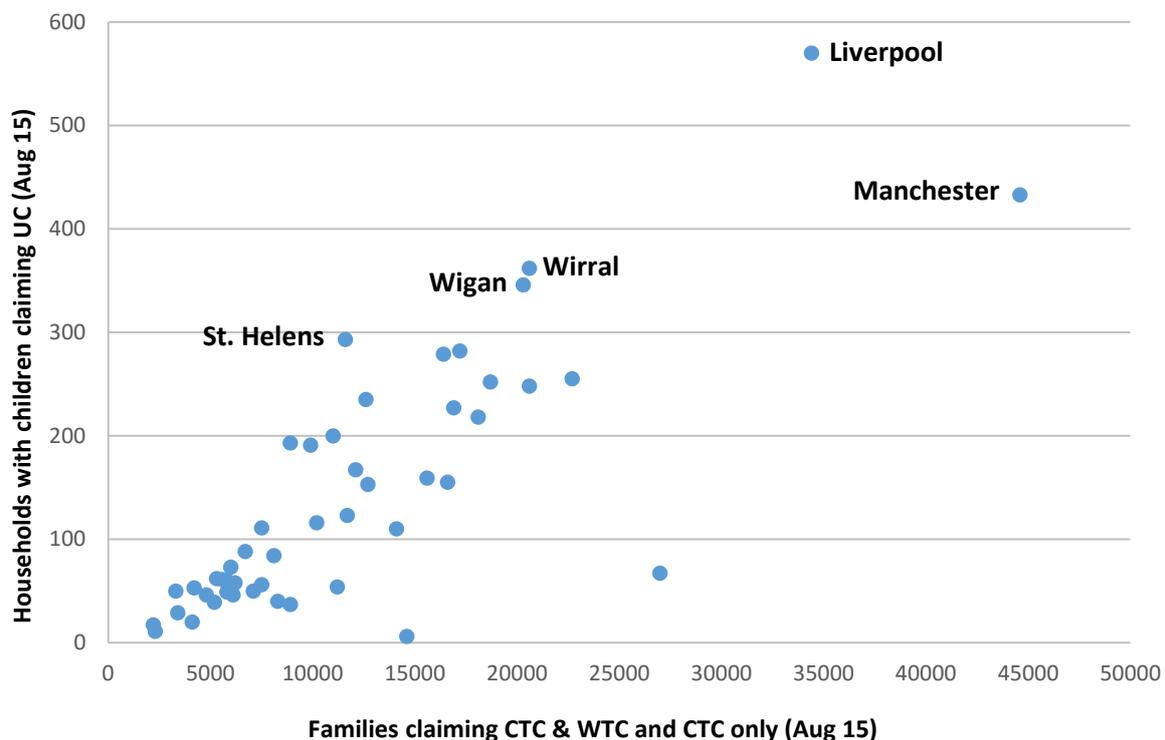
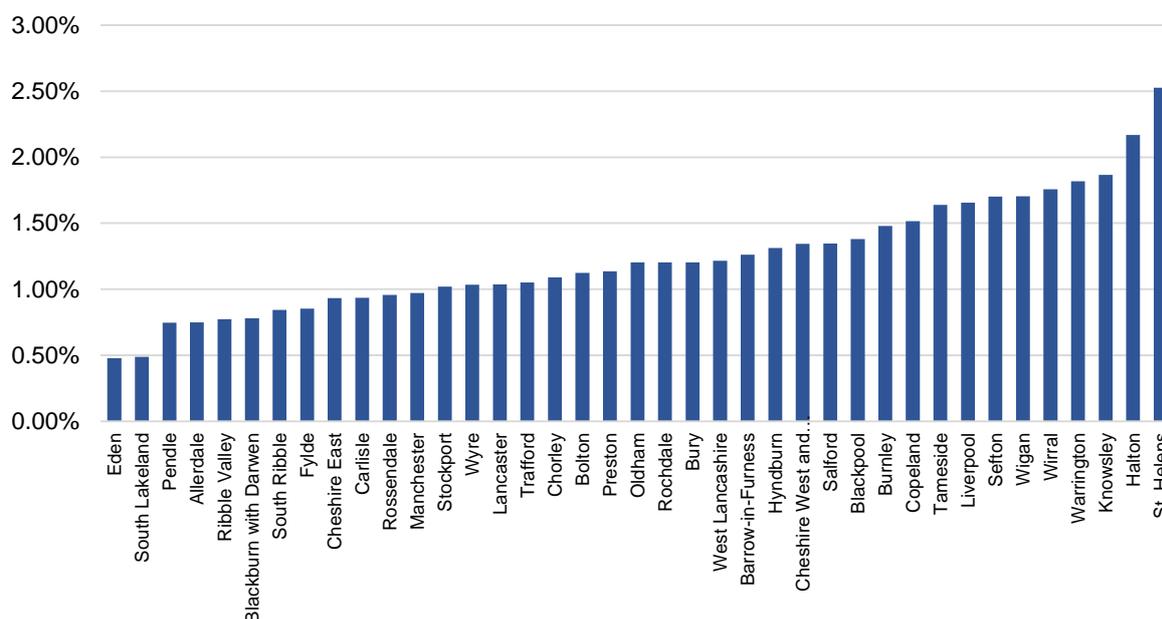


Figure 6 converts this to the ratio of claimants that would appear in Children in Low-Income Families Local Area measure data. For St. Helens there were approximately 300 households with children on UC in August 2015, and 12,000 CTC families identified in August 2015. Therefore, potentially, 2.5% of the tax credits caseload in St. Helens might have instead been on UC.

Figure 7: Ratio of UC households with children vs. CTC families in Aug - 15



For areas such as St Helens, where around 38,000 children live with around 7,000 classed as being in “low income” against the current measure, a potential movement downwards of around 600 children (assuming 2 children in each family) can shift the poverty rate down by more than a percentage point. This shows that small movements in the numbers of children will affect the reliability of results. This issue will become worse over subsequent years as increasingly more people begin claiming UC.

The High Income Child Benefit Charge (HICBC)

In 2013, the Government introduced the High Income Child Benefit Charge (HICBC). This affects families claiming Child Benefit where the claimant or partner earns over £50,000. The entitlement amount of Child Benefit is tapered by 1% for every £100 earned over £50,000 and the award is tapered to zero when the claimant or partner earns £60,000 or more. Families affected by this change can either pay the tax charge at the end of each tax year or opt out of Child Benefit entirely.

This has led to an overall decrease in the number of Child Benefit registrations and subsequently a gap in HMRC’s data on the number of children residing in each area. Furthermore, the number of families affected by this policy is highly correlated with the region’s incomes, which further undermines the reliability of this measure.

User Engagement on Implications

We would like to engage with users of these statistics to better understand the implications of these changes on the use of these statistics so we can develop and assess options for improving these statistics so they continue to meet user needs. If you would like to be involved in these discussions, please contact us using the contact details below by 28th February.

Email: benefitsandcredits.analysis@hmrc.gsi.gov.uk

Section 6: Definition of terms

Child

The measure includes dependent children under the age of 20. A dependent child is defined as an individual aged under 16 or an individual aged 16 to 19 years who is:

- not married nor in a Civil Partnership nor living with a partner; and
- living with parents; and
- in full-time non-advanced education or in unwaged government training

This is the same definition as used within tax credits, Child Benefit and Income Support and Jobseekers Allowance.

Income

The weekly income used for the measure includes total family taxable income (for tax credit purposes), the calculated weekly entitlement to Child Benefit and the weekly value of entitlement to tax credits (as at August 31st). Income is Before Housing Costs (BHC).

Note: as some benefits included in Households Below Average Income (HBAI) series (see Low-Income Threshold section for more information on HBAI) are non-taxable (such as Housing Benefit, Disability Living Allowance, Attendance Allowance, Council Tax Benefit) these benefits are paid on top of tax credits and therefore not included in the income or low-income threshold used in this measure.

Income equivalisation

Income equivalisation takes into account variations in the size and composition of the families in which children live. This reflects the common sense notion that, in order to enjoy a comparable standard of living, a family with, say, three children will need a higher income than a single person living alone.

Equivalence scales conventionally take an adult couple, without children, as the reference point, with an equivalence value of one. The process then increases relatively the income of a single person (since their incomes are divided by a value of less than one) and reduces relatively the incomes of families with three or more persons, which have an equivalence value of greater than one.

The measure uses the OECD scale, as these are the main equivalence scales now used in the HBAI series. The BHC scale values are shown in the table overleaf.

Figure 6: OECD equivalence weights

	Modified OECD rescaled to couple without children=1
First adult	0.67
Second adult	0.33
Children aged under 14 years	0.2
Children aged 14 years and over	0.33

The construction of family equivalence values from these scales is quite straightforward. For example, the equivalence value for a family containing a couple with a fourteen year old and a ten year old child would be 1.53 from the sum of the scale values:

$$0.67 + 0.33 + 0.33 + 0.20 = 1.53$$

This is made up of 0.67 for the first adult, 0.33 for their spouse, and the fourteen year old child and 0.2 for the ten year old child. The total income for the family would then be divided by 1.53 in order to arrive at the measure of equivalised income.

Consider a single person, a couple with no children, and a couple with two children aged fourteen and ten, all having unadjusted weekly family incomes of £200 (BHC). The process of equivalisation, gives an equivalised income of £299 to the single person, £200 to the couple with no children, but only £131 to the couple with children.

Equivalised low income thresholds for different family sizes is provided below in figure 7.

Low-income threshold

The low-income threshold used is a relative measure which means it keeps pace with the changing income of median household incomes.

For further information please see the DWP [Households Below Average Income series](#).

A threshold of 60 per cent of median equivalised income has been applied to this measure to reflect the relative low-income measure set out in the Welfare Reform and Work Act.

As with the measurement of relative low-income at a national level published in HBAI, the low income threshold for the Children in Low-Income Families Local Measure is also estimated from income data sourced from the Family Resources Survey. For this measure the incomes are restricted to taxable incomes plus tax credits and child benefit rather than all sources of income. For 2006 and 2007 the total income includes gross earnings, investment income, occupational pensions, state pension, jobseekers allowance, tax credits and child benefit. To better reflect the full range of taxable incomes the estimates from 2008 to 2011 include Carers Allowance, Employment and

Support Allowance (Contributory only), Incapacity Benefit (after the first 29 weeks) and Statutory Sick, Maternity, Paternity and Adoption Pay. However the effects of these additional incomes on the low income threshold are small.

In 2015 the relative low-income threshold for a couple with no children was £233. This is lower than the HBAI 60 per cent of median threshold (2015/16) of £288 as many households around the low-income threshold are in receipt of non-taxable income streams. Incomes are also measured at the family and not the household level, meaning the incomes of some household members in certain households are not included.

The median incomes and low-income thresholds for a variety of family types for this year and previous years are shown in Figure 7 below.

Figure 7: Low-income thresholds for various family types used in the Children in Low-Income

Families Local Measure (in nominal terms, not adjusted for inflation)

Family types	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Couple no children	£198	£208	£210	£214	£211	£218	£204	£218	£253	£233
Single no children	£133	£139	£141	£143	£141	£146	£137	£146	£170	£156
Couple with two children aged 5 and 14	£303	£318	£321	£327	£323	£334	£312	£334	£387	£356
Single with two children aged 5 and 14	£238	£250	£252	£257	£253	£262	£245	£262	£304	£280

As discussed in Section 4, the low-income threshold was not applied to children in families who receive their child support through out-of-work benefits as the necessary income information is not available for these families. Children living in these families are included because they are known to have a high risk of being in low-income and are often used as a proxy measure for income deprivation.

Means-tested out-of-work benefits

The measure includes children living in families in receipt of out-of-work means-tested benefits: Income Support and Income-Based Jobseekers Allowance. To be entitled to means-tested benefits the claimant must have sufficiently low income and capital. The claimants do not have to satisfy any National Insurance contribution conditions.

Summary of key benefit rules in 2015/16

Income Support (IS)

In 2015/16, Income support provided extra money to help people on a low income. It was for people who don't have to sign on as unemployed. This could be, for example, if an individual is sick or disabled, are a lone parent responsible for a child under 7 years of age, is a carer or registered blind.

To get Income Support the claimant must satisfy the following conditions:

- be 16 years and State Pension Age;
- have a low income;
- work less than 16 hours a week;
- not be in full-time study;
- not get Jobseeker's Allowance;
- not have savings above £16,000, and
- live in Great Britain.

Jobseeker's Allowance (JSA)

In 2015/16, Jobseeker's Allowance was the main benefit for people of working age who were out of work or working less than 16 hours a week on average. It was paid to people who were looking for work.

To get Jobseeker's Allowance the claimant must be:

- available for and actively seeking work;
- between 18 and State Pension age;
- working less than 16 hours per week on average.

Jobseeker's Allowance was not normally paid to 16 or 17 year olds, except in special cases.

Income-based Jobseeker's Allowance is based on income and savings. A claimant could get this if he/ she had not paid enough National Insurance Contributions (NICs) (or had only paid contributions for self-employment) and was on a low income.

Tax Credits

Tax credits are based on household circumstances and can be claimed jointly by members of a couple, or by single people. For further information about who can claim please refer to the GOV website. Entitlement is based on the following factors:

- age
- income
- hours worked
- number and age of children
- childcare costs
- disabilities

During 2015/16 Tax Credits were made up of Child Tax Credit (CTC) and Working Tax Credits (WTC) the details of which are overleaf.

Child Tax Credit

Child Tax Credit (CTC) brings together income-related support for children and for qualifying young people aged 16-19 who are in full time non-advanced education or approved training (see the definition of a child) into a single tax credit, payable to the main carer. Families can claim whether or not the adults are in work.

CTC is made up of the following elements:

- Family element: which is the basic element for families responsible for one or more children or qualifying young people.
- Child element: which is paid for each child or qualifying young person the claimant is responsible for.
- Disability element: for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance for the child.
- Severe disability element: for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance (Highest Care Component) for the child.

Working Tax Credit

The Working Tax Credit (WTC) provides in-work support for people on low incomes, with or without children. It extends eligibility to in-work support to people who work 16 hours or more a week and;

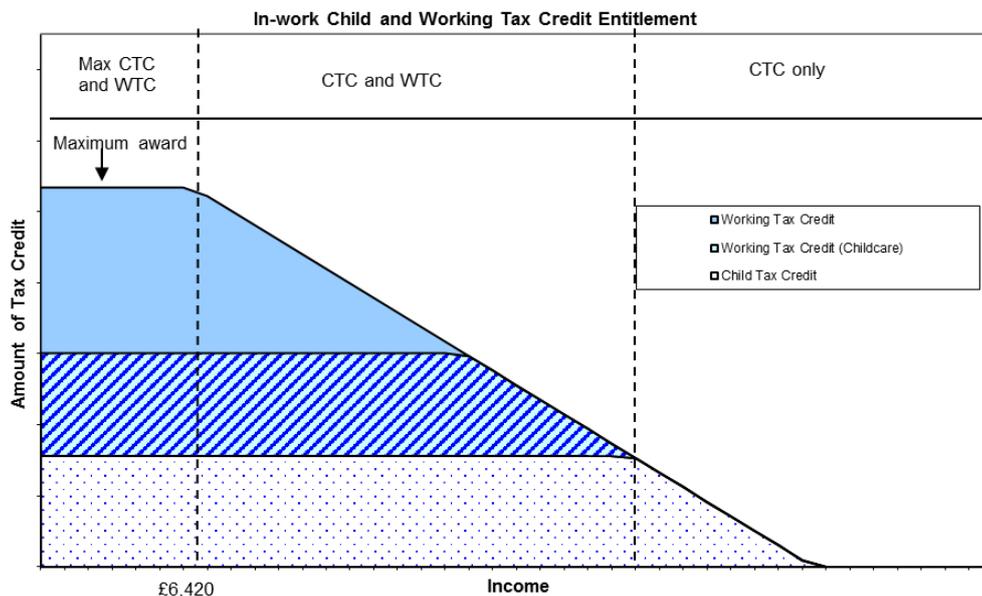
- are aged at least 16 and are responsible for a child or qualifying young person,
- are aged at least 16 and are receiving or have recently received a qualifying sickness or disability related benefit and have a disability that puts them at a disadvantage of getting a job.

Otherwise it is extended to people who are aged 25 and over who work 30 hours a week or more.

It contains a childcare element in recognition of extra costs faced by working parents with childcare needs. The childcare element is extended to include childcare by a registered or approved home carer providing care in the child's own home.

WTC is made up of the following elements:

- Basic element: which is paid to any working person who meets the basic eligibility conditions.
- Lone parent element: for lone parents.
- Second adult element: for couples.
- 30 hour element:
 - for individuals who work at least 30 hours a week,
 - couples where one person works at least 30 hours a week,
 - or couples who have a child and work a total of 30 hours or more a week between them, where one of them works at least 16 hours a week.
- Disability element: for people who work at least 16 hours a week and who have a disability that puts them at a disadvantage in getting a job and who are receiving or have recently received a qualifying sickness or disability-related benefit.
- Severe disability element: for people who are in receipt of Disability Living Allowance (Highest Care Component) or Attendance Allowance at the highest rate.
- Childcare element: for single people who work at least 16 hours a week or couples who both work at least 16 hours a week and who spend money on registered or approved childcare.



Tapering

Tapering is the amount of the award that will be reduced when the household income exceeds a given threshold. Tapering reduces WTC first and then CTC. This is illustrated in Figure 8 above.

Section 7: Other related information

Links to the data tables

- The 2015 Children in Low-income Families Statistics used throughout this publication are available on the HMRC website at the link below:
<https://www.gov.uk/government/statistics/personal-tax-credits-children-in-low-income-families-local-measure-2015-snapshot-as-at-31-august-2015>
- The data for 2006-2010 can be found here:
http://webarchive.nationalarchives.gov.uk/20121103084242/http://www.hmrc.gov.uk/stats/personal-tax-credits/child_poverty.htm
- Information from HMRC on personal tax credits:
<https://www.gov.uk/government/collections/personal-tax-credits-statistics>

Other related indicators

- The latest HBAI data showing relative child low income is available here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/600091/households-below-average-income-1994-1995-2015-2016.pdf
- The 'proportion of children in out-of-work benefit households measure' uses annual data on the numbers of children living in households where a parent or guardian claims out-of-work benefits. Since it uses administrative benefits data to estimate the proportion of children in households where someone claims an out-of-work benefit, this measure is similar to the Children in Low-income Families Statistics. The latest data for this measure is for 2014 and can be found here:

<https://www.gov.uk/government/collections/children-in-out-of-work-benefit-households--2>