

2012 Children in Low-Income Families Local Measure (Revised)

Reason for Revision

This revised version is necessary due to an error having been found within the original 2012 publication. The error was caused by a coding problem which has now been corrected. There was no issue with the underlying data and no previous versions of the statistics were affected.

Introduction

This commentary accompanies the publication of the Children in Low-Income Families Local Measure for 2012. 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 seven 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) Definition of key terms in the document
- 6) Links to other child poverty information
- 7) Forthcoming changes to the Children in Low-Income Families measure and user engagement

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 within the UK that are 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.

This measure provides a broad proxy for relative low-income child poverty as set out in the Child Poverty Act 2010 and enables analysis at a local level.

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 region, county, local authority, ward, parliamentary constituency, or Lower Layer Super Output Area (LSOA)¹ level.

The Households Below Average Income (HBAI) publication provides the definitive national measure of relative child poverty as set out in the Child Poverty Act 2010. HBAI is based on data from the Family Resources Survey meaning that 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.

Under the Child Poverty Act 2010, a child is defined as being in relative poverty if they live in a household with an income of less than 60 per cent of the national equivalised median income. The Children in Low-Income Families Local Measure is based on administrative tax credits and benefit data sources. The measure includes children who are living in families either in receipt of out-of-work benefits or in receipt of tax credits with reported income less than 60 per cent of median income.

¹ A small area consisting of around 1,000 households

Section 2: Changes in the proportion of children living in low-income families in 2012

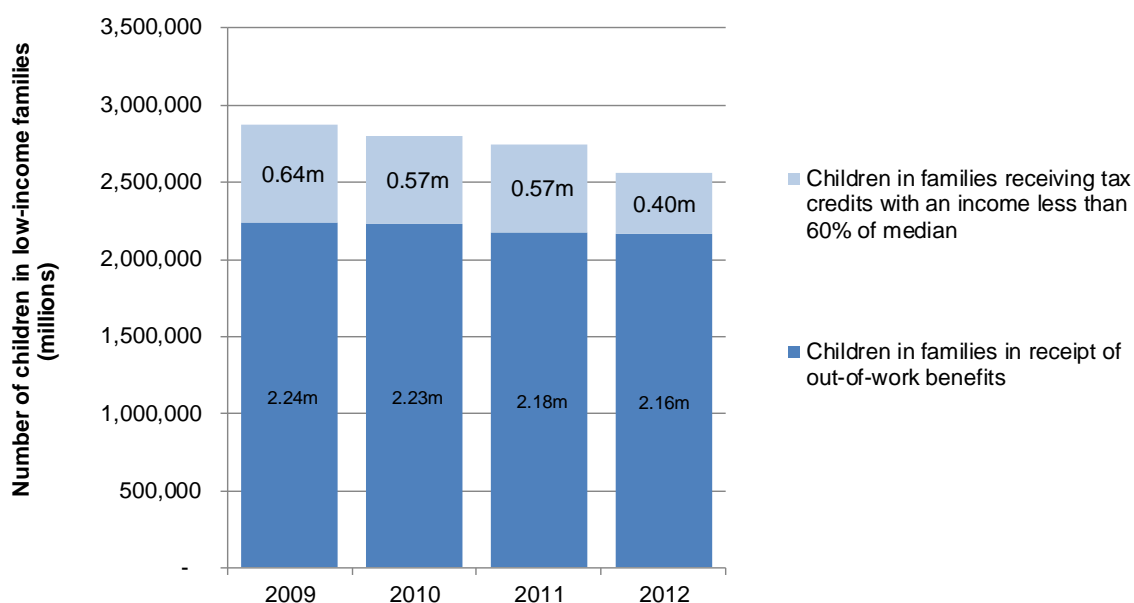
The definitive national measure of relative child poverty, as set out in the Child Poverty Act 2010, is contained in the DWP HBAI publication series. At an aggregate level, the Children in Low-Income Families Local Measure can also provide information at a national level, though it is important to recognise differences in methodology when comparing with HBAI statistics.

In 2012, the overall proportion of children in the UK living in low-income families decreased from 20.1 per cent to 18.7 per cent. This equates to 185,000 fewer children in low-income families in 2012 compared with 2011².

As shown in Figure 1 below, the number of children in low-income families in the UK decreased by 185,000 between 2011 and 2012, from 2.75 million in 2011 to 2.56 million in 2012. The vast majority of this decrease came from a fall of around 170,000 children in families receiving tax credits with an income less than 60 per cent of the median. However, this does not necessarily imply that the incomes of these families have improved.

The low income threshold, which is 60 per cent of the median income, fell from £218 in 2011 to £204 in 2012 (in nominal terms)³. In addition to this, there have been welfare reforms to tax credits within the same period. It is more likely that the low-income threshold had an impact upon the total number of children from families receiving tax credits with an income less than 60 per cent of the median.

Figure 1: The total number of children in low-income families, 2009–2012



²Over a comparable period, the percentage of children experiencing relative poverty Before Housing Costs (BHC) as measured by HBAI stayed flat at 17 per cent in 2012/13. The slight difference in trends and levels is due to methodological differences; see section 4 for more detail.

³Income 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. Median income and hence the low-income threshold in the 2012/13 HBAI was flat compared to 2011/12.

Tax credits reform in 2012

The following changes were introduced on 6th April 2012 as part of the Government's announcements in the June 2010 Budget and the 2010 Spending Review:

- The first income threshold for those entitled to CTC only was reduced from £16,190 to £15,860.
- The second threshold was abolished.
- The first taper rate increased by 2 percentage points to 41% while the second taper rate was abolished.
- The support provided through the childcare element of WTC is reduced to its 2005-06 level, supporting 70% of eligible childcare costs.
- A new working hours condition for couples with children. At least one adult must work 16 hours or more per week, and their combined working hours must be 24 hours or more in order to be eligible for WTC.
- Income increase disregard has been reduced from £25,000 to £10,000
- A new Income fall disregard of £2,500 has been introduced.
- The 50+ return to work payment has been abolished.
- The baby element of CTC has been abolished.

Section 3: Local analysis of the proportion of children living in low-income families⁴

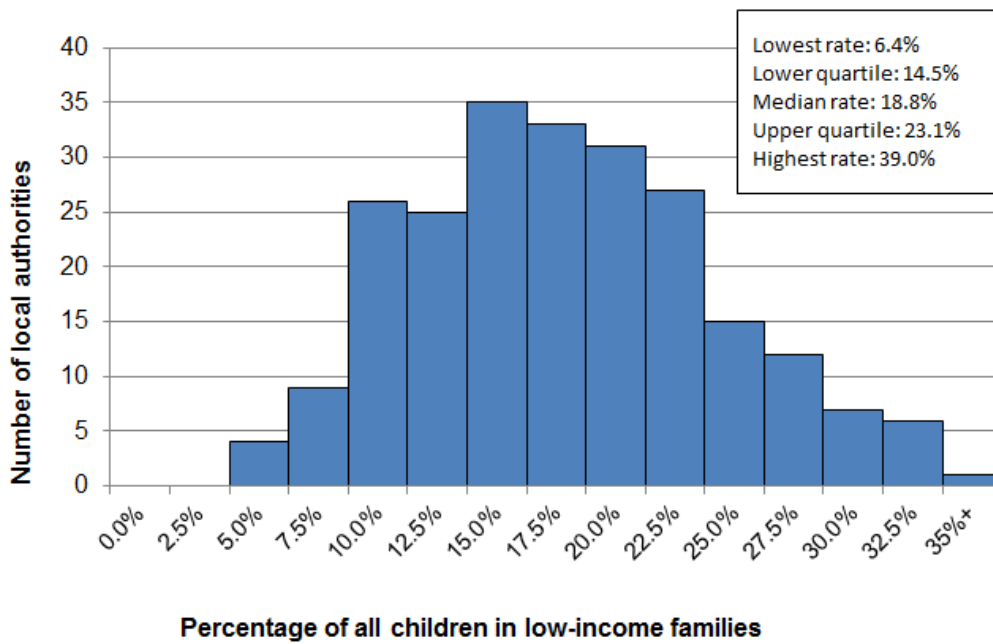
National-level measures of child poverty can mask the considerable variation that exists between and within regions and local authorities.

As Figure 2 shows, the proportion of children in low-income families across local authorities ranged from 6.4 per cent to 39.0 per cent⁵. When ranked from the highest to the lowest, Down, Reading and Wigan were the local authorities in the middle (the median) with 18.8 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 25.0 per cent. Tower Hamlets had the highest proportion of children in low-income families in the UK, with 39.0 per cent of children living in low-income families in 2012.

⁴ 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.

⁵ The Isles of Scilly had the lowest proportion of children in low-income families but the percentage has been suppressed to prevent disclosure.

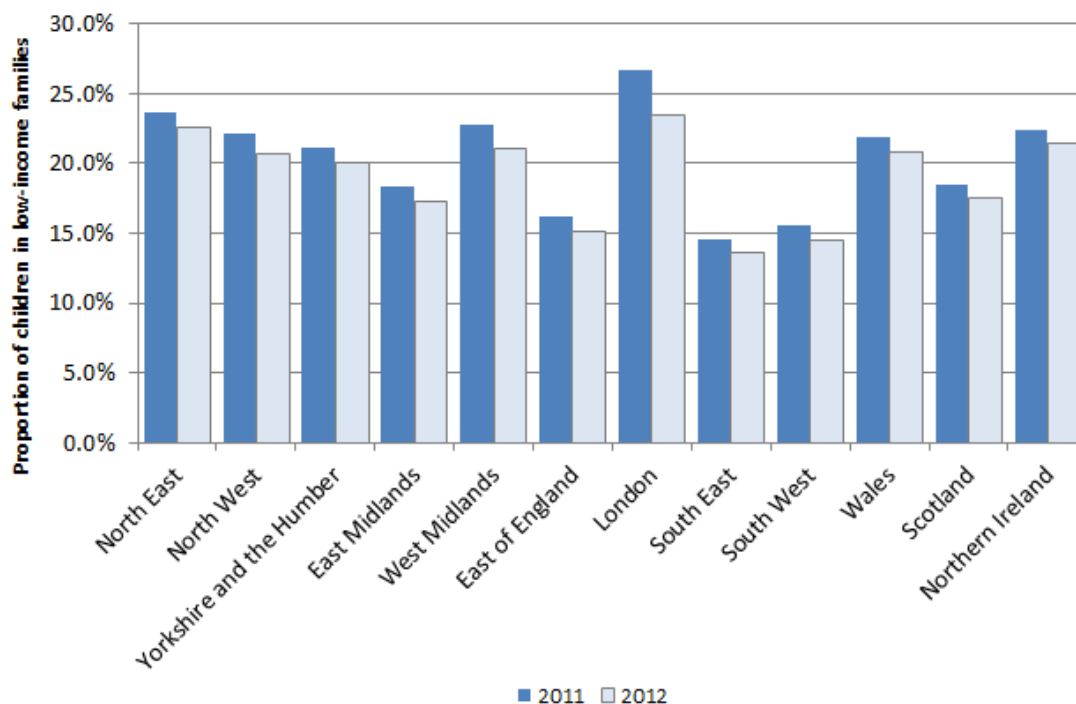
Figure 2: Distribution of rates of children in low-income families at local authority level in 2012



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 local authorities with the lowest rates, there are still children living in low-income families and these numbers can be substantial.

In 2012, decreases were seen across all regions, with London having the largest decrease of 3.2 percentage points (as shown in the Figure 3).

Figure 3: Proportion of children in low-income families by region between 2011 and 2012



Cities and other large urban areas have higher than average rates of children in low-income families. Large rural authorities tend to have much lower rates. The heat map in Figure 4 shows the variation in the rate of children in low-income families across the UK.

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.

This measure creates a broad proxy for the official relative child poverty measure but for reasons of methodology is not precisely equivalent.

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:-

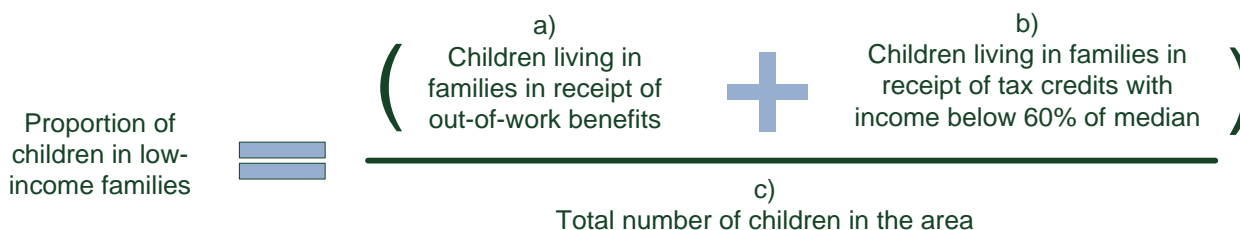
- a) in receipt of out-of-work benefits, *or*,
- b) in receipt of tax credits and has a reported income less than 60 per cent of national median income.

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



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 Tax Credits data.

However, whilst new benefit claimants now automatically enter the Tax Credits System, 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 following a change to their family or employment circumstances⁶. Nonetheless, these children/families will not be identifiable in 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.

⁶ Lone parents are in the process of being migrated automatically.

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 official relative child poverty measure. HBAI figures for 2012/13 report that there were around 600,000 children in relative poverty 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 2.2 million in 2012/13. 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.

c) total number of children

The total number of children in any given area is produced using Child Benefit data held by HMRC. This covers around 96 per cent of children. This data is 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 precisely equivalent to relative child poverty

The Households Below Average Income (HBAI) publication provides the definitive national measure of relative child poverty as set out in the Child Poverty Act 2010; the proportion of children living in households where income is less than 60 per cent of median household income.

This measure attempts to create a proxy for the national measure in order to enable local analysis of the variation in child poverty rates. 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 is 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 of negligible impact.
- Income is measured slightly 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).

- The Children in Low-Income Families Local Measure is based on families, whereas HBAI is based on households.
- The time period covered is different. The national measure as set out in the Child Poverty Act is on a financial year basis - 2012/13 is the latest year available. This measure is a snapshot at 31st August 2012.

In summary, this measure should not be used to obtain a definitive measure of child poverty 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 child poverty proportions 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 2012 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) As a result of the local government changes that came into effect for parts of England from 1st April 2009, there have been a number of changes to the classification of Counties, Local Authorities and Ward level data. As these statistics are for a period of time after the changes, they are presented using the latest boundaries.
- 7) From 2009 onwards, local child poverty statistics 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 £204.
- 8) Geographies have been allocated by matching the administrative postcode to the August 2012 National Statistics Postcode Directory.
- 9) Lower 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-for-statistical-geographies/index.html>) the 2012 Children in Low-Income Families statistics include both the old and the new geographical codes which were introduced from 1st January 2011, enabling a lookup between the two.

Section 5 – Definition of key 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 below.

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	0.20
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

Relative child poverty is measured by the number of children living in households whose income falls below 60 per cent of the contemporary equivalised median income (BHC). This measure is the European standard and captures the extent to which incomes of the poorest families are keeping pace with the rising incomes of the population.

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

When ranking individuals from the highest to the lowest equivalised household income, the median income is the income of the middle individual. The median income therefore divides the population of individuals into two equal sized groups. The 60 per cent of median threshold is applied to focus on the gap between the poorest and middle families. The mean income is not used as this can be driven by the changes to the highest incomes.

A threshold of 60 per cent of median equivalised income has been applied to this measure to reflect the relative poverty measure set out in the Child Poverty Act.

As with the measurement of relative poverty at a national level published in HBAI, the poverty 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 2012 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 poverty threshold are small.

In 2012 the relative low-income threshold for a couple with no children was £204. This is lower than the HBAI 60 per cent of median threshold (2012/13) of £264 as many households around the low-income threshold pay little tax and are in receipt of non-taxable income streams.

The median incomes and low-income thresholds for a variety of family types for this year and previous years are shown in the 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
Couple no children	£198	£208	£210	£214	£211	£218	£204
Single no children	£133	£139	£141	£143	£141	£146	£137
Couple with two children aged 5 and 14	£303	£318	£321	£327	£323	£334	£312

Single with two children aged 5 and 14	£238	£250	£252	£257	£253	£262	£245
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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 low-income poverty 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 you must have sufficiently low income and capital. You do not have to satisfy any National Insurance contribution conditions.

Income Support (IS)

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

To get Income Support you must:-

- 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)

Jobseeker's Allowance is the main benefit for people of working age who are out of work or work less than 16 hours a week on average. If you're eligible, it is paid while you're looking for work.

To get Jobseeker's Allowance you 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 isn't normally paid to 16 or 17 year olds, except in special cases.

Income-based Jobseeker's Allowance is based on income and savings. You may get this if you have not paid enough National Insurance Contributions (NICs) (or you've only paid contributions for self-employment) and you're 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 2012/13 Tax Credits were made up of Child Tax Credit (CTC) and Working Tax Credits (WTC) the details of which are below.

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.

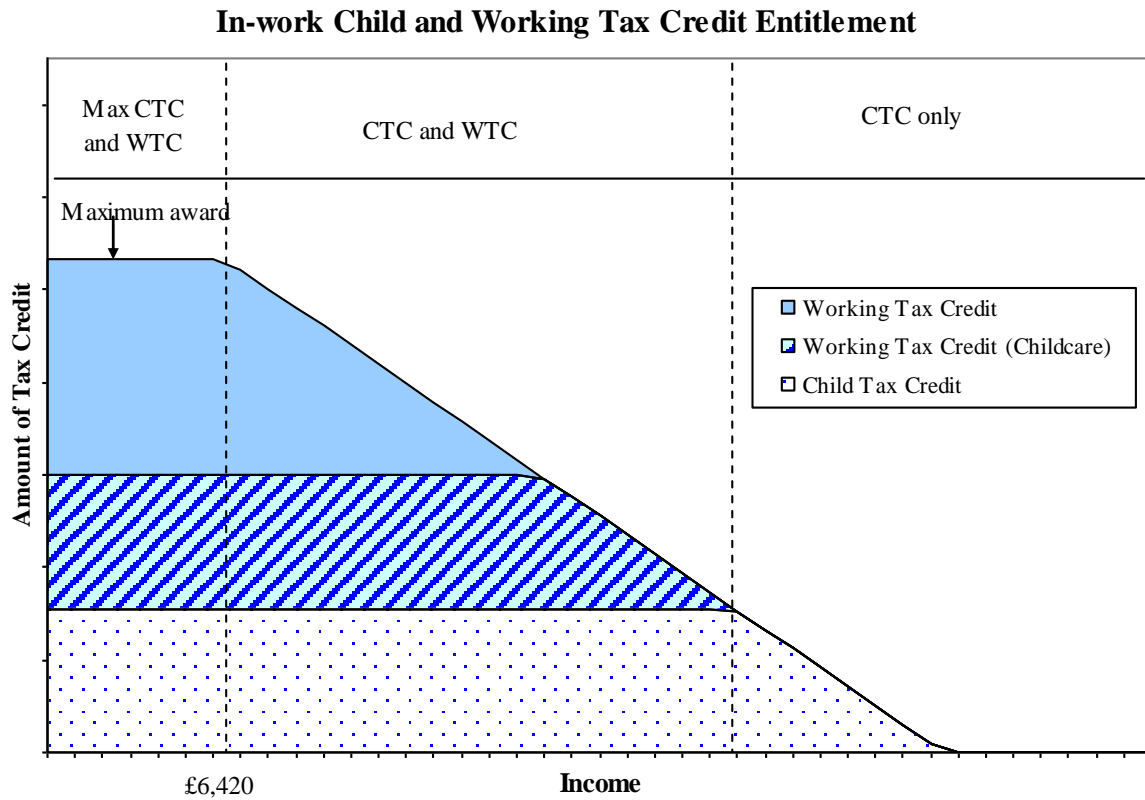
Otherwise it is extended to people who are aged 25 and over who work 30 hours a week or more.

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.

Figure 8: In-work Child and Working Tax Credit Entitlement



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 6: Other related information

Links to the data tables

- The 2012 Children in Low-income Families Statistics used throughout this publication, as well as the 2011 statistics, 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>
- The data for 2006-2010 can be found here:
http://webarchive.nationalarchives.gov.uk/20120106153543/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 national measures of child poverty are laid out in the Child Poverty Act 2010:
<http://www.legislation.gov.uk/ukpga/2010/9/contents>
- The latest HBAI data showing relative child poverty is available here:
<https://www.gov.uk/government/organisations/department-for-work-pensions/series/households-below-average-income-hbai--2>
- There is an additional proxy of child poverty at local level. The 'local child poverty proxy 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 poverty, this measure is similar to the Children in Low-income Families Statistics. However, it is less sophisticated as it only counts those children who are in households that receive an out-of-work benefit and does not take into account the households income. Therefore, this measure does not provide as good a proxy of child poverty across the UK. The latest data for this measure is for 2011 and 2012 and can be found here: <https://www.gov.uk/government/organisations/department-for-work-pensions/series/children-in-out-of-work-benefit-households--2>
- The Children in Low-income Families Statistics only focus on a family's income as a measure of poverty. Looking at relative income in isolation does not provide a comprehensive picture of poverty. However, there are broader measures of child poverty that also take into account key factors related to child poverty beyond a family's income. The Child Poverty Basket of Indicators, produced by the Child Poverty Unit, provides local authorities with a range of local level statistics which identify key indicators of child poverty beyond a family's income. Examples of statistics included in the basket are the school attainment gap between pupils who receive free school meals and those who do not and the employment rate. These can be found here:
<https://www.gov.uk/government/publications/child-poverty-basket-of-indicators>

Section 7: Forthcoming changes to the measure and user engagement

There are two changes to the benefits and tax credit system which will affect the future reporting of the Children in Low-Income Families local measure; these changes have already come into force and will affect any further publications of the measure after this year. The changes and their effect on the measure are detailed below:

1. **High Income Child Benefit Tax charge:** receipt of Child Benefit has previously provided a largely comprehensive account of the number of children in the UK. In combination with information about geographical location, this data has provided a robust measure of the number of children living in each local area. Child Benefit data has therefore been used as

the denominator to calculate the proportion of children in low-income families for each local area. It has also provided local level data around family size and composition, which has allowed these statistics to be broken down by family type, child age and number of children.

As of January 2013, claimants may be liable to a tax charge called the 'High Income Child Benefit charge'. Being liable for this charge does not affect a claimant's eligibility but any Child Benefit recipient is liable to repay some or all of their Child Benefit back if they or their partner has an individual income of more than £50,000 per year. Any recipient whose income (or partner's income) is over £60,000 will be liable to repay their entire Child Benefit entitlement.

Claimants affected by the High Income Child Benefit charge have the option to opt-out of receiving Child Benefit, thereby ceasing their payments. Figures on those that have chosen not to claim Child Benefit due to the introduction of the High Income Child Benefit charge are not available. This means that the Child Benefit administrative data will no longer be a suitable proxy for the child population from 2013 onwards

2. **The roll out of Universal Credit:** Universal Credit aims to simplify the welfare system by replacing six benefits and tax credits with a single payment. Universal Credit is being introduced gradually, with the first claims made in April 2013. As the Children in Low-Income Families statistics are derived from administrative data on existing tax credits and benefits, we will need to consider how to adapt their construction as Universal Credit is implemented.

In accordance with the Code of Practice for official statistics, Child Poverty Unit is seeking user views on the future of the Children in Low-Income Families local measure as an official statistics publication, particularly regarding the potential impact of the above changes upon the quality and completeness of the measure. The Unit would also be interested to hear of any alternative approaches or solutions to the issues the measure is facing, in order to continue it in some capacity.

Users' views and experiences of the measure would be welcome by 31st December 2014. Please contact the Child Poverty Unit by emailing Contacts.CPU@childpovertyunit.gsi.gov.uk.

A decision about the future of the measure is expected towards the beginning of 2015.