# Best Start, Bright Futures

Tackling Child Poverty
Progress Report 2022-23

Annex A: Measurement

Framework
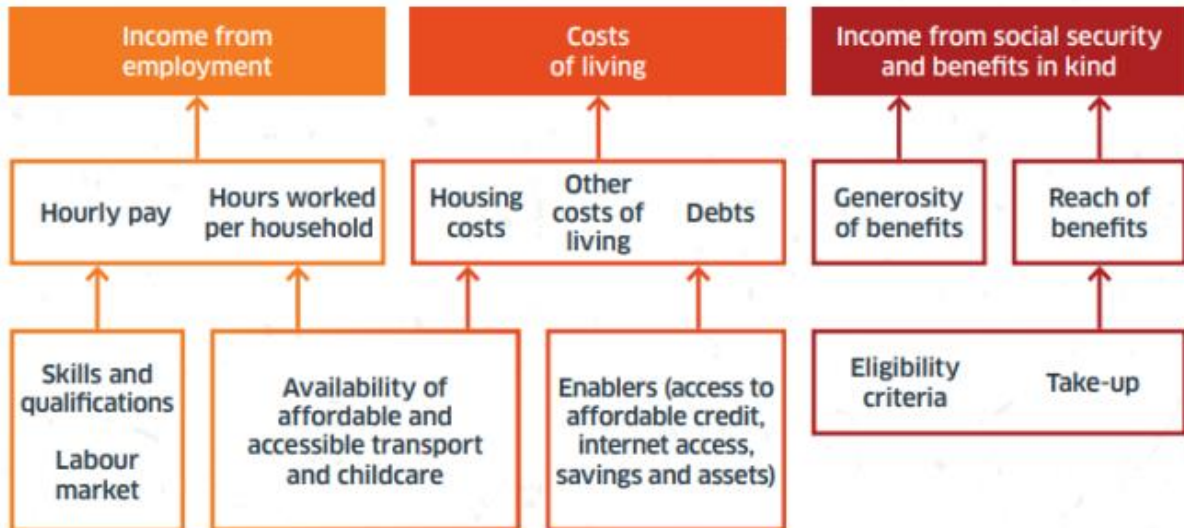
Scottish Government
Riaghaltas na h-Alba

# Introduction

The drivers of poverty are summarised in the diagram below. These are: income from employment, costs of living and income from social security and benefits in-kind.

**Figure 1: Drivers of child poverty**



The indicators in the child poverty measurement framework are intended to monitor the drivers of poverty. They form part of a wider monitoring and evaluation strategy.

This annex sets out the trends over time for each of the child poverty measurement framework indicators. Due to the impact of the COVID-19 restrictions on the data collection of many national surveys, some indicators show a data gap for all or some of the years 2020-2022. Where the data is available and can be trusted to be reliable and robust, new data and trends have been added.

The measurement framework was recently updated with the publication of the second Tackling Child Poverty Delivery Plan: Best Start, Bright Futures.

# Driver: Income from employment

## Indicator 1: Hourly pay

Average hourly earnings, in 2021/22 prices, of low income households (bottom three income deciles) with children where at least one adult is in employment. Figures for all households with children are also provided for context.

Source: Family Resources Survey
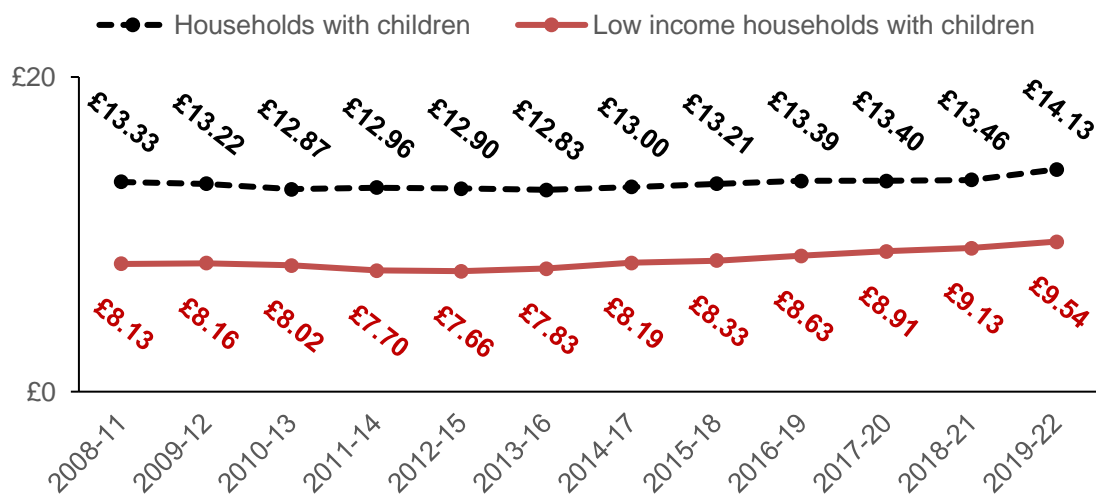


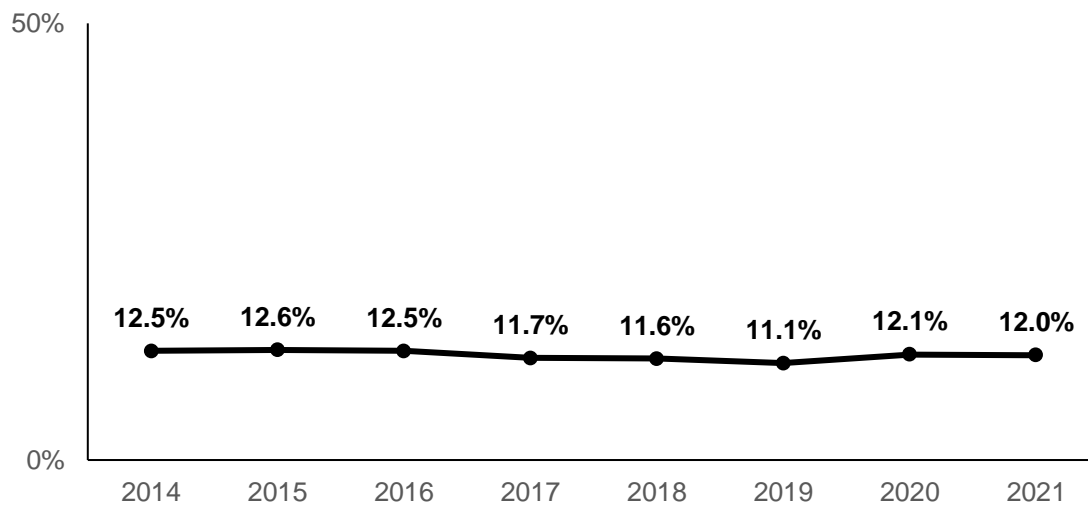**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Hourly pay is a direct driver of income from employment, and therefore influences all four targets. Because poverty is measured at the household level, the hourly pay indicator monitors the average hourly pay per household rather than per parent. Earnings for all years are presented in 2020/21 prices, in order to adjust for inflation when looking at trends over time.

# Indicator 2: No Paid employment

Percentage of children living in households where no adult is in paid employment.

Source: Annual Population Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
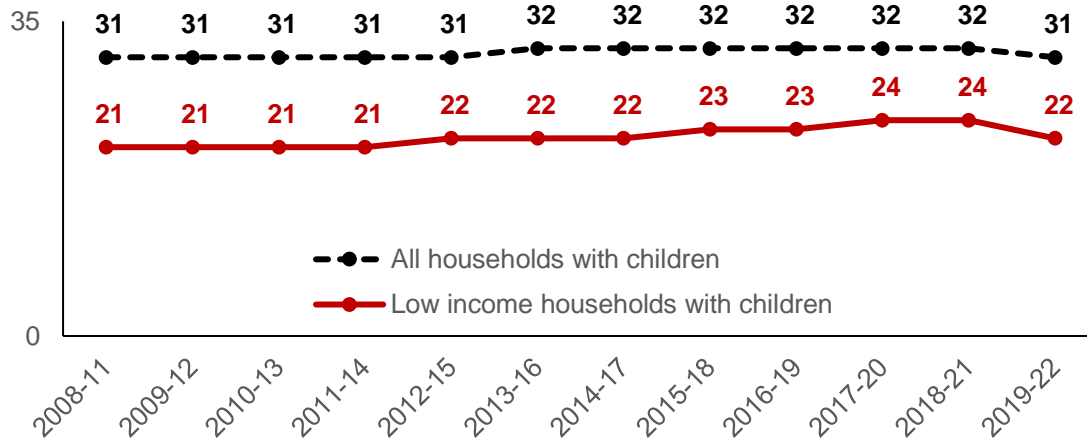Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Hours worked is a direct driver of income from employment, and therefore influences all four targets. Households with no-one in paid employment are at significantly higher risk of being in poverty.

# Indicator 3: Hours worked

Average (median) number of hours of paid employment per working-age adult, in low income households (bottom three income deciles) with children where at least one adult is in employment. Figures for all households with children are also provided for context.

Source: Family Resources Survey
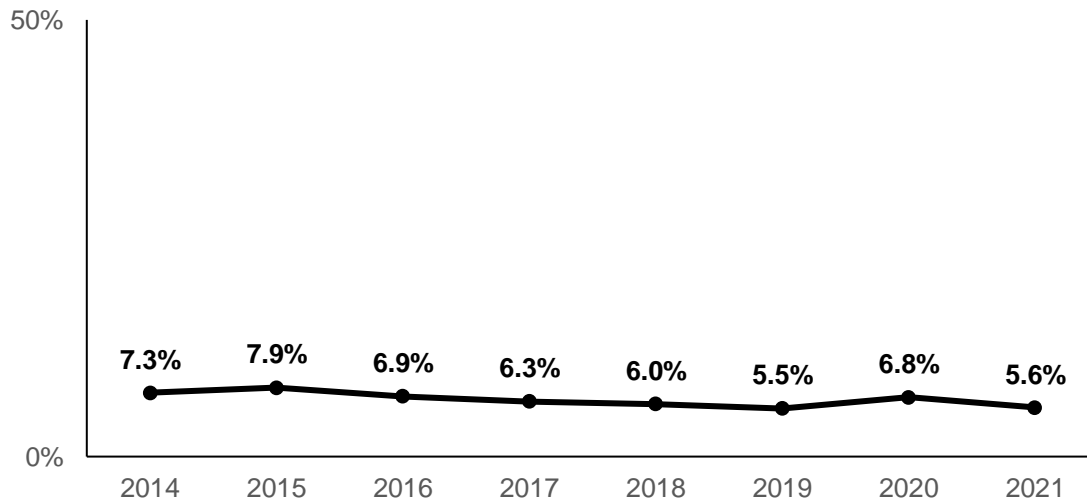


**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Hours worked is a direct driver of income from employment, and therefore influences all four targets. The risk of poverty reduces as the number of hours worked increases.

## Indicator 4: Under-employment

Percentage of parents (16-64) who are in work but would prefer to work more hours in their current job (at the same rate of pay), in an additional job or in a new job with longer hours to replace their current job.

Source: Annual Population Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
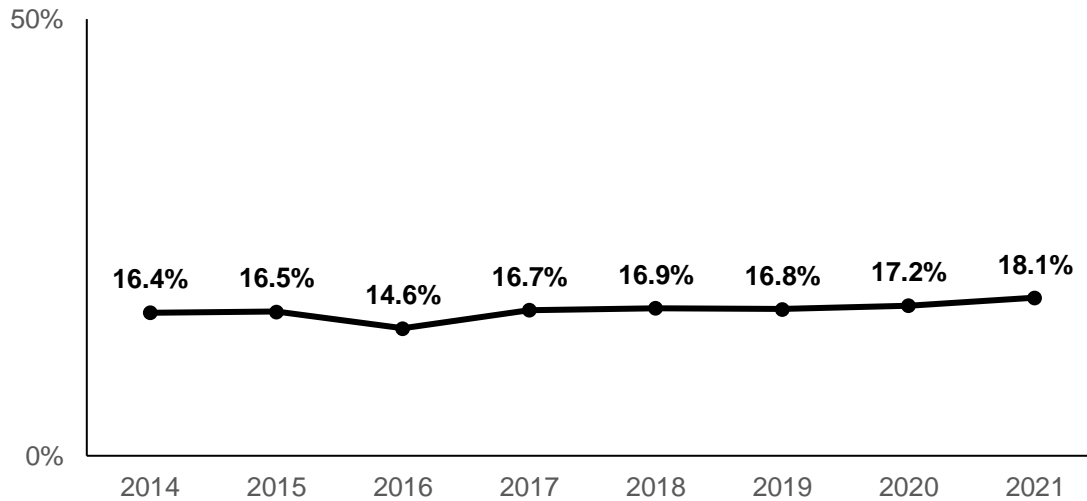Low income + material deprivation √
Persistent poverty √

The number and type of jobs available in the labour market have an impact on parents' hours worked, through the employment opportunities they have access to.

# Indicator 5: Underutilisation of skills

Percentage of employed working age (16-64) parents with degrees who are in low or medium skilled occupations.

Source: Annual Population Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
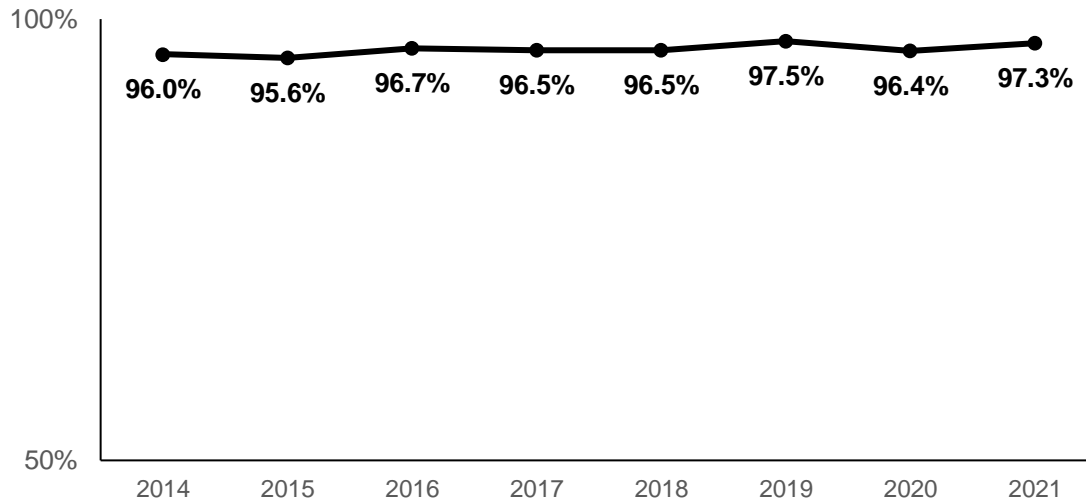Low income + material deprivation √
Persistent poverty √

The number and type of jobs available in the labour market have an impact on parents' hourly pay, through the employment opportunities they have access to.

# Indicator 6: Secure work

Percentage of parents (16+) in employment who have a permanent work contract. This is a new indicator from 2023.

Source: Annual Population Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Being in insecure work can lead to fluctuating household incomes which can make managing finances difficult. It can also make it harder to get a loan or mortgage which can lead to higher spending. Insecure contracts are also generally associated with lower paid work.

To note that estimates of the proportion of employees in contractually secure work do not currently differentiate between the types of agreed working arrangement. Zero-hours contracts, which are by definition insecure, are therefore included in overall number of employees deemed to be 'contractually secure'.
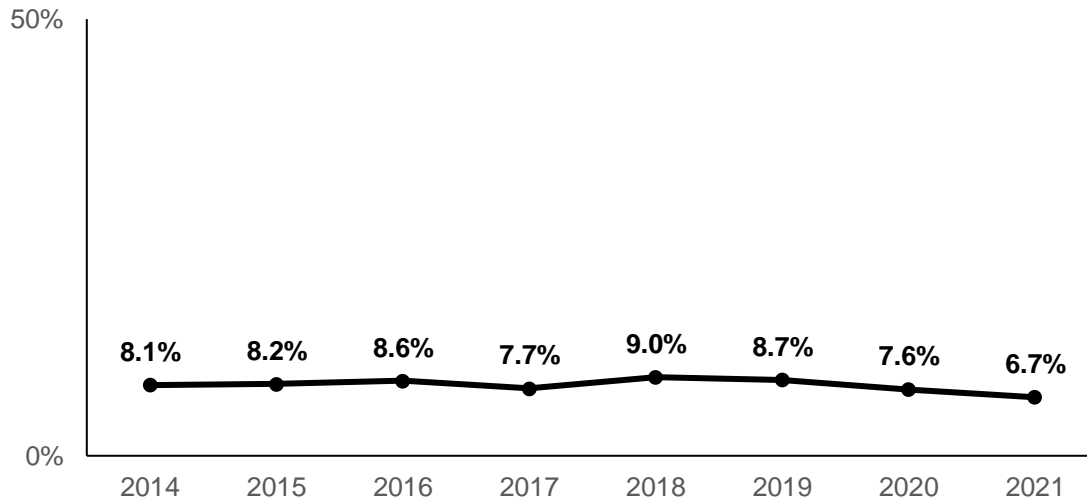
**Future updates to this indicator are expected to exclude zero-hours contracts, even if such a contract is considered to be permanent.**

Employees are those who have reported that they are in employment and are paid a wage by an employer for the work that they do. To be classed as being in employment, a person must have done at least one hour of paid work in the week prior to their interview or have a job that they are temporarily away from (e.g. by being on holiday or off sick).

# Indicator 7: Parents' Qualifications

Percentage of parents (16-64) with no or low qualifications. Low, or no, qualifications equals Scottish Credit & Qualifications Framework level 4 or lower.

Source: Annual Population Survey

| Year | Value |
|------|-------|
| 2014 | 8.1% |
| 2015 | 8.2% |
| 2016 | 8.6% |
| 2017 | 7.7% |
| 2018 | 9.0% |
| 2019 | 8.7% |
| 2020 | 7.6% |
| 2021 | 6.7% |

**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
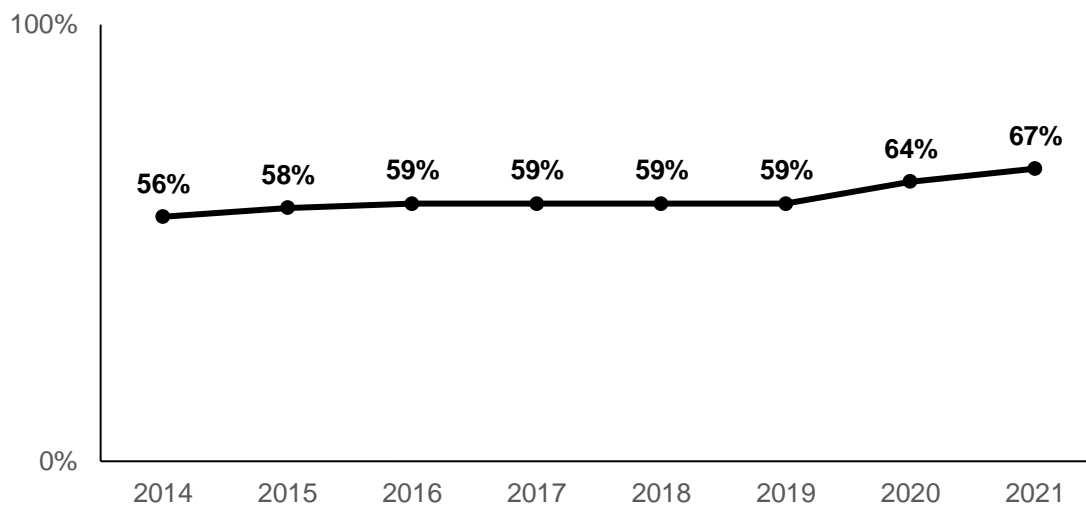Low income + material deprivation √
Persistent poverty √

People with higher qualifications are much less likely to experience poverty than those with no or lower qualifications. Skills and qualifications affect income from employment in two main ways: the likelihood of getting a job, and how much someone is paid.

# Driver: Cost of Living

## Indicator 8: Childcare availability - Holidays

Percentage of children's day care places that are in settings that operate during the school holidays. Day care is care provided for infants and toddlers, pre-schoolers and school-aged children in a centre-based facility, such as a nursery, playgroup or afterschool club.

Source: Care Inspectorate Data
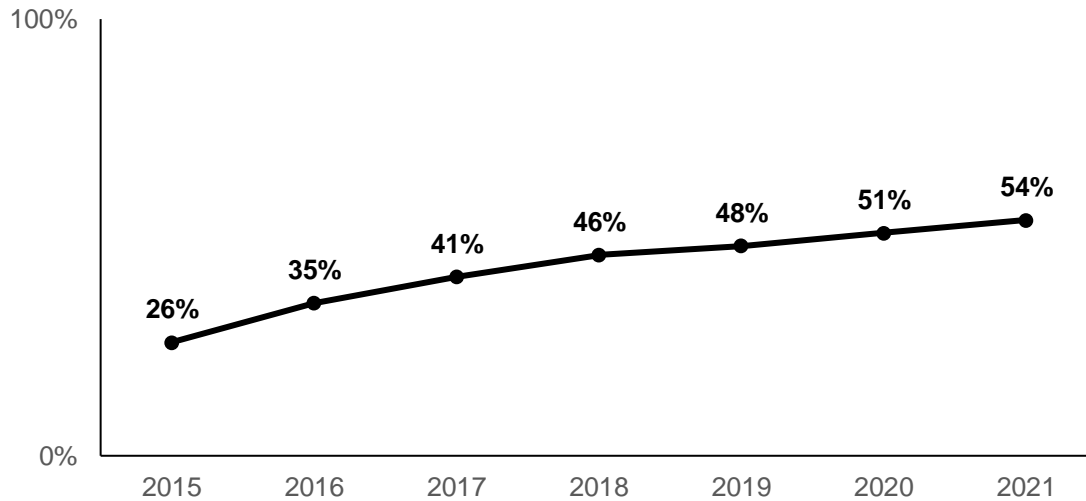


**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

A lack of childcare availability during the school holidays can limit opportunities for paid employment.

## Indicator 9: Childcare availability – Outside school hours

Percentage of children's day care places that are in settings that are open before, during and after school hours.

Source: Care Inspectorate Data



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
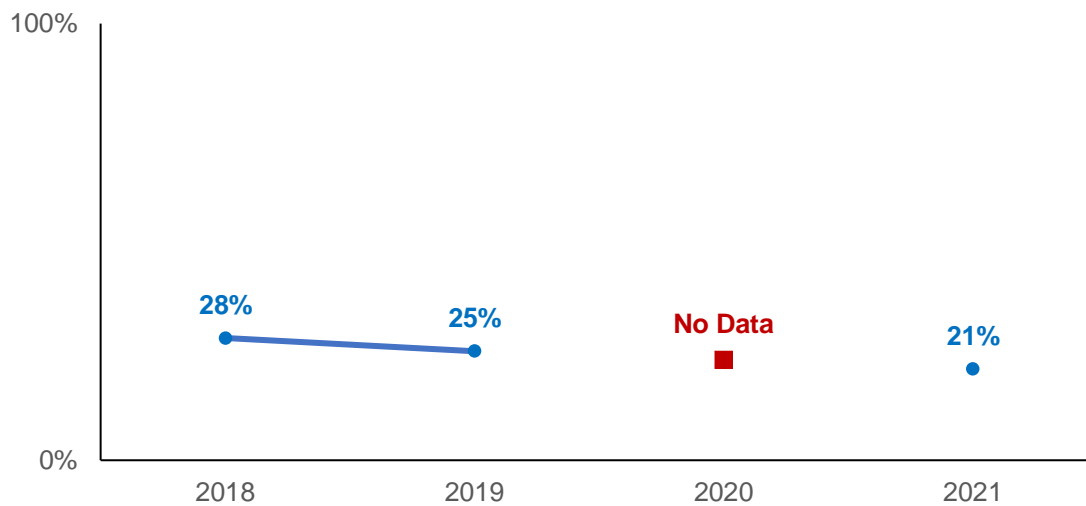Low income + material deprivation √
Persistent poverty √

A lack of childcare availability outside of school hours can limit opportunities for paid employment.

# Indicator 10: Childcare affordability

Percentage of households with one or more children aged between 0 and 11 who pay for childcare and that say they find it difficult or very difficult to afford their household's childcare costs.

Source: Scottish Household Survey

There was a question change between 2019 and 2020. Before 2020, the question was only asked amongst those paying for childcare. From 2020 onwards, this question was asked of all households. In 2020, due to COVID related restrictions on data collection, the sample size was too small to show the percentage for only those paying for childcare so there is a gap in the time series. However, we are able to show this for 2021.



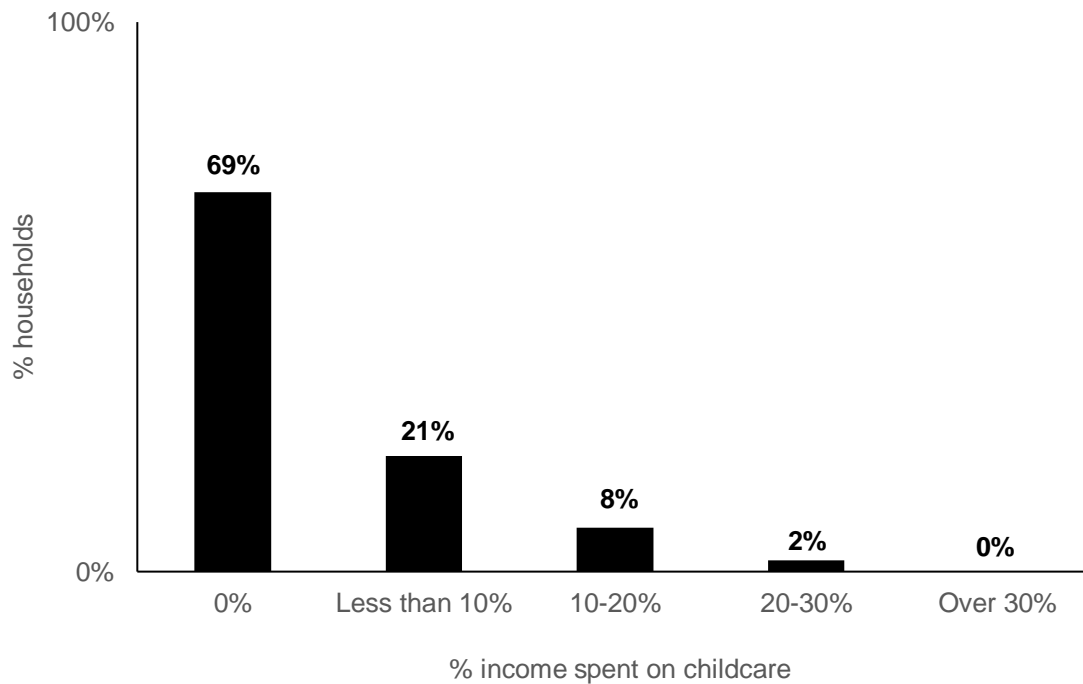**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Childcare can be a significant cost for households with children. And a lack of affordable childcare can limit opportunities for paid employment.

# Indicator 11: Childcare costs

Annual household spend on childcare (all households with children 0-11) as a percentage of annual income. This is a new indicator from 2023.

Source: Scottish Household Survey (2021)



% income spent on childcare
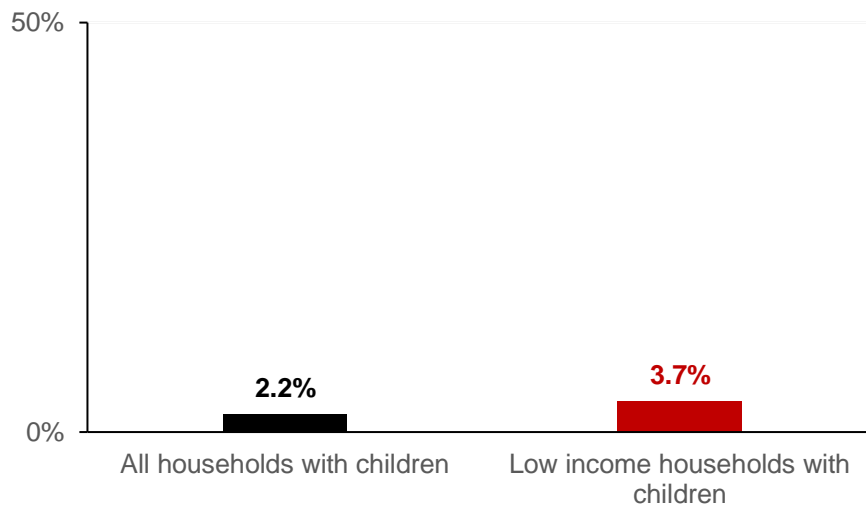
**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Childcare can be a significant cost for households with children. A lack of affordable childcare can limit opportunities for paid employment.

## Indicator 12: Transport costs

Percentage of income spent on transport costs by low income households with children (median proportion spent of annual net income). This is a new indicator from 2023. This indicator will be updated as a time series in the future.

Source: Transport Scotland analysis of Scottish Household Survey (2021)



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
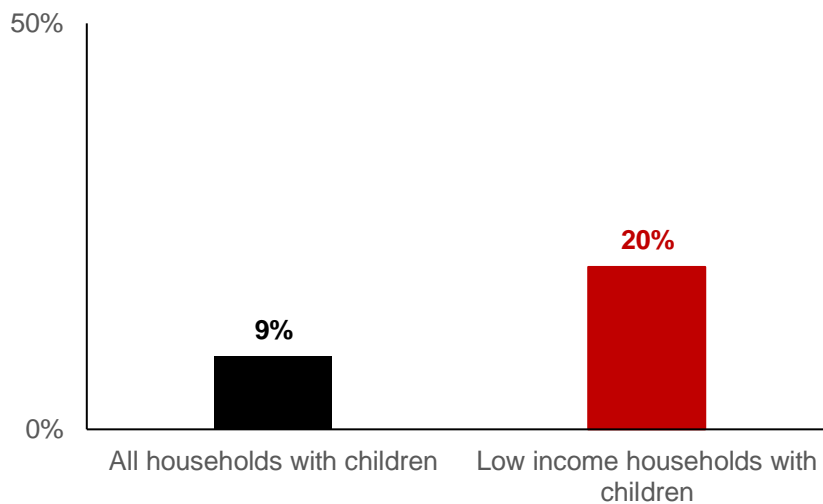Low income + material deprivation √
Persistent poverty √

Transport costs are a largely unavoidable expense and higher spend on transport can contribute to households experiencing material deprivation.

## Indicator 13: Transport affordability

Percentage of people, from low income families with children, reporting that they find it fairly, or very, difficult to afford their individual transport costs. This is a new indicator from 2023. This indicator will be updated as a time series in the future.

Source: Transport Scotland analysis of Scottish Household Survey (2021)



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
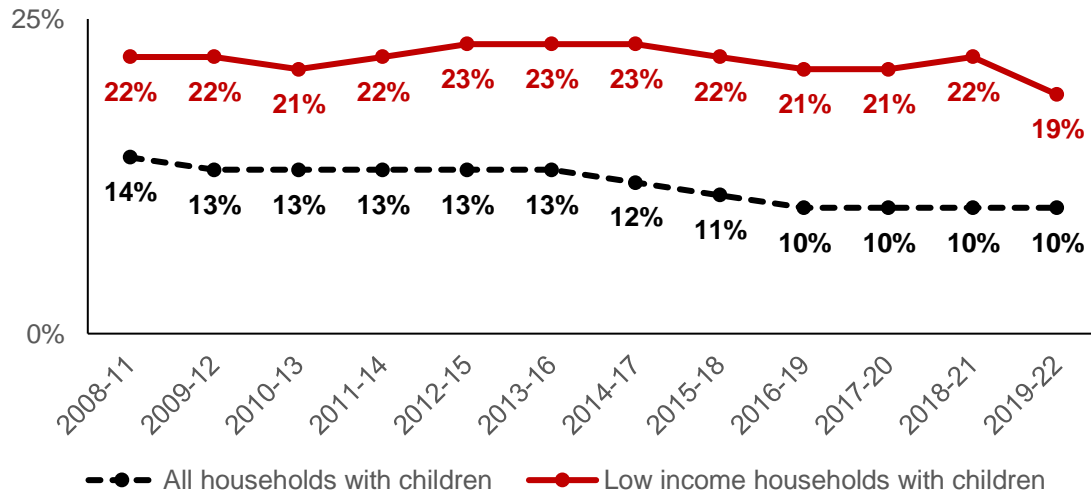Low income + material deprivation √
Persistent poverty √

Lack of affordable transport options can restrict people's access to goods and services (for example, having a choice of where to shop which could save money). It may also limit access to employability as the cost of travelling for work detracts from potential earnings.

# Indicator 14: Housing costs

Percentage of net household income spent on housing by low income households (bottom three income deciles) with children. Figures for all households with children are also provided for context.

Source: Family Resources Survey



**How this indicator relates to the child poverty targets:**
Relative poverty
Absolute poverty
Low income + material deprivation √
Persistent poverty

Housing costs are often the largest single cost a household will face, particularly for those on low incomes. All four of the child poverty targets are based on the income that households have left after housing costs have been deducted.

## Indicator 15: Fuel poverty

The percentage of households with children in fuel poverty or extreme fuel poverty. The rate for all households (i.e. including those without children) is shown for comparison. This is a new indicator from 2023.

A household is in fuel poverty if:

- in order to maintain a satisfactory heating regime, total fuel costs necessary for the home are more than 10% of the household's adjusted (i.e. after housing costs) net income; and

- if, after deducting those fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living.

Source: Scottish House Condition Survey. To note that figures up to 2019 are based on real data. There is no data for 2020 due to COVID-19 related restrictions on data collection. Data from 2021 onwards is based on Scottish Government scenario modelling which uprates modelled fuel bills from the 2019 Scottish House Condition Survey in line with more recent energy prices and accounting for the other support available to households.
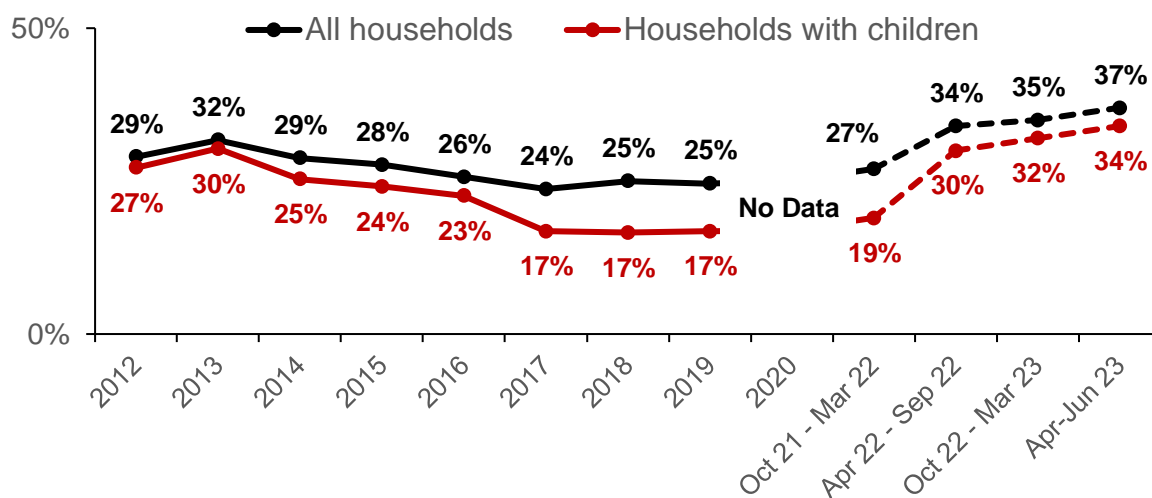


**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
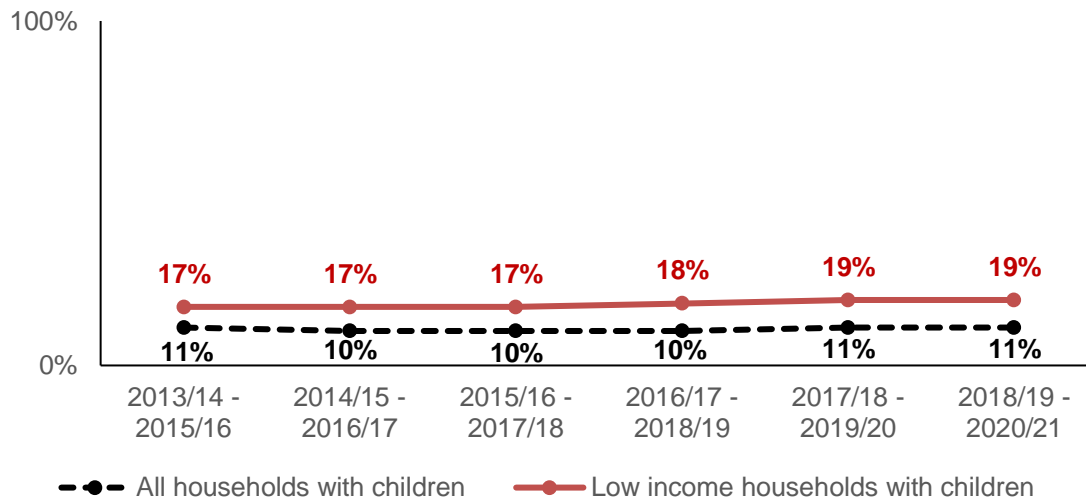Low income + material deprivation √
Persistent poverty √

Fuel costs are not deducted from income for the purposes of determining whether a household is in income poverty. However, spending a high proportion of household income on fuel is a risk factor for material deprivation as households may struggle to afford a reasonable standard of living.

## Indicator 16: Food affordability

Percentage of net income spent on food and non-alcoholic drinks by low income households with children. The rate for all households with children is shown for comparison.

Source: Family Resources Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
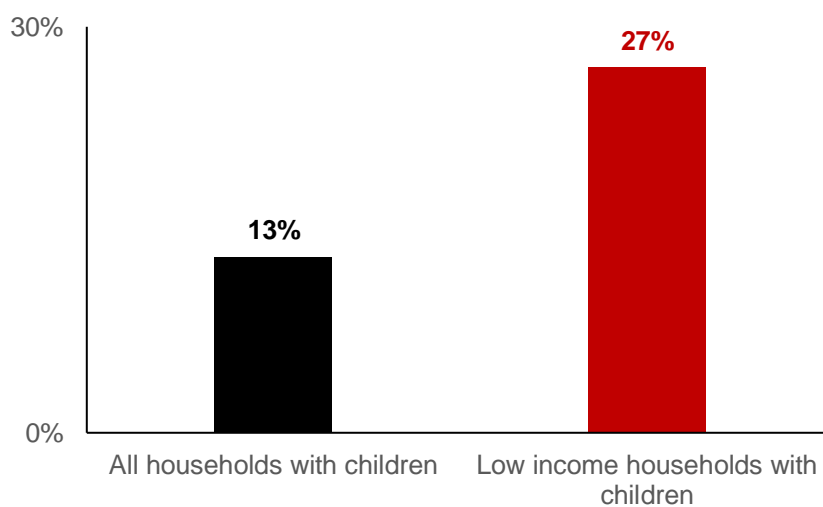Low income + material deprivation √
Persistent poverty √

Food costs are not deducted from income for the purposes of determining whether a household is in income poverty. They do, however, affect the risk of material deprivation, as families spending a greater percentage of their income on food will be less likely to afford essential goods and services.

# Indicator 17: Food security

Percentage of children in low income households with low or very low food security. Food security status is based on the USDA (United States Department for Agriculture) food security scale. Referring to the last 30 days, people are asked whether, and how often, they were worried about running out of food, had to reduce meal sizes or skip meals. From the questions, a ten-point household score is generated. A score of 3-5 = low food security; 6-10 = very low food security.

This is a new indicator from 2023.

Source: Family Resources Survey (2019-2022). Multiple years' data combined due to sample size.



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
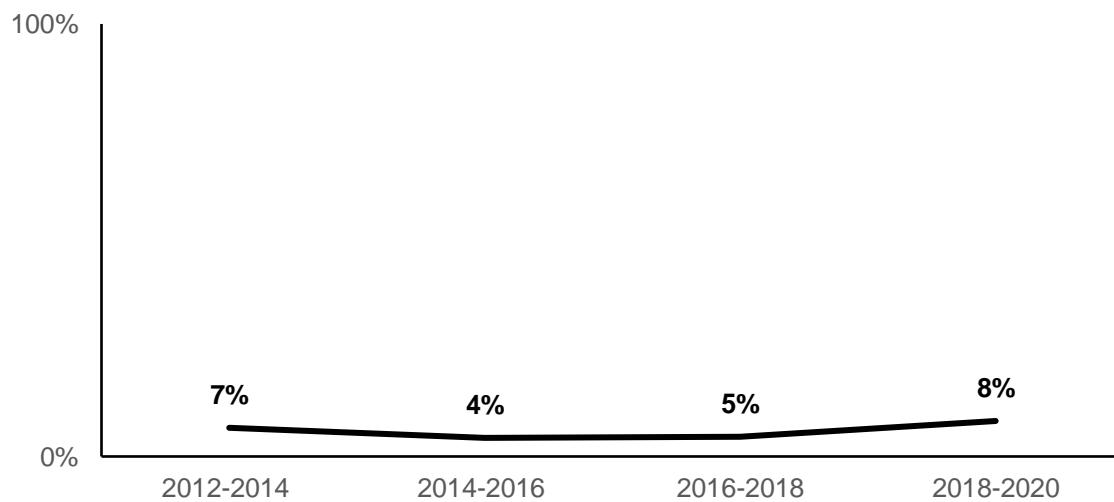Low income + material deprivation √
Persistent poverty √

Access to affordable food is essential to maintaining a reasonable standard of living. High prevalence of food insecurity indicates that costs are too high, incomes are insufficient, or both.

## Indicator 18: Unmanageable debt

Percentage of households with children in unmanageable debt. Unmanageable debt is defined as having at least one of the following three problems:

1. household debt repayments represent at least 25% of net monthly income AND at least one adult in the household reports falling behind with bills or credit commitments

2. at least one adult in the household is currently in two or more consecutive months arrears on bills or credit commitments AND at least one adult in the household reports falling behind with bills or credit commitments

3. household debt represents at least 20% of net annual income AND at least one adult considers their debt a heavy burden

Source: Wealth and Assets Survey. This survey is carried out biennially. New figures will be available in next year's measurement framework (i.e. in 2024).



**How this indicator relates to the child poverty targets:**
Relative poverty
Absolute poverty
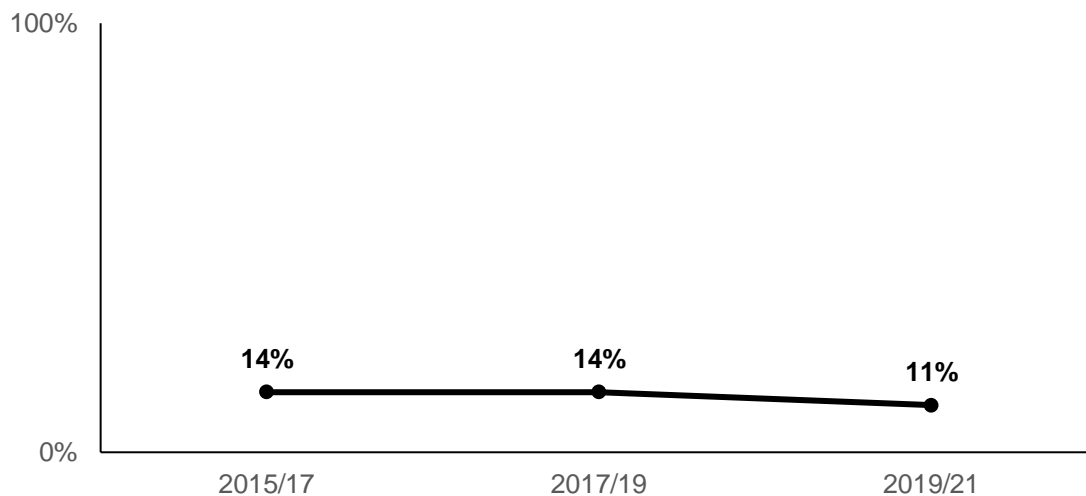Low income + material deprivation √
Persistent poverty

Debt repayments are not deducted from income for the purposes of determining whether a household is in income poverty. They do, however, reduce the amount of disposable income that households with children have to spend on goods and services, thereby increasing their risk of material deprivation.

## Indicator 19: Access to affordable credit

Percentage of households with children that have used high cost credit in the past 12 months. High cost credit is defined as including: catalogues or mail order schemes; hire or rental purchase agreements (like BrightHouse); cash loan from a company that comes to your home to collect payments; loan from a pawnbroker/cash converters; loan from a pay day lender.

Source: Scottish Household Survey. To note that sample sizes are too small to show figures for low income households with children. However estimates are closely aligned with the figures for all households with children.



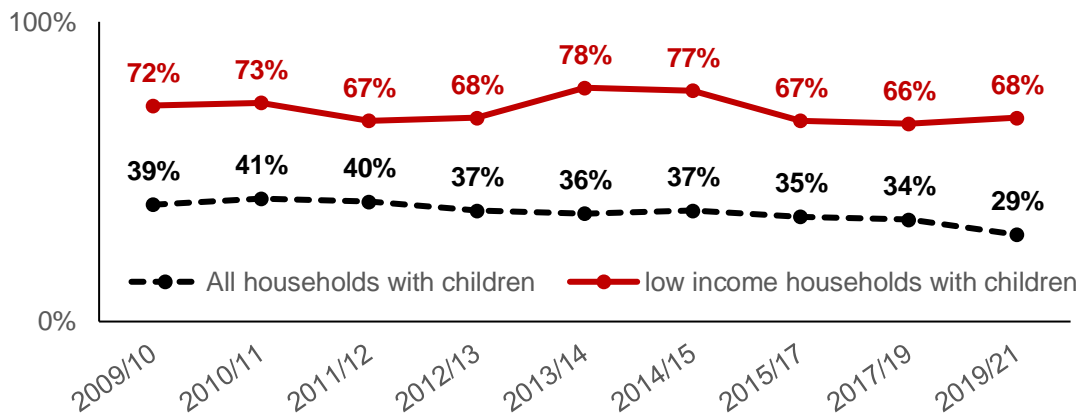**How this indicator relates to the child poverty targets:**
Relative poverty
Absolute poverty
Low income + material deprivation√
Persistent poverty

Access to affordable credit can protect against problem debt and material deprivation. It acts as a buffer against unexpected costs (e.g. replacing a broken washing machine) and fluctuations in income.

# Indicator 20: No savings

Percentage of low income households (bottom three income deciles) with children that have no savings (survey respondents answering that they have no savings or investments at all) . Figures for all households with children are also provided for context.

Source: Scottish Household Survey



**How this indicator relates to the child poverty targets:**
Relative poverty
Absolute poverty
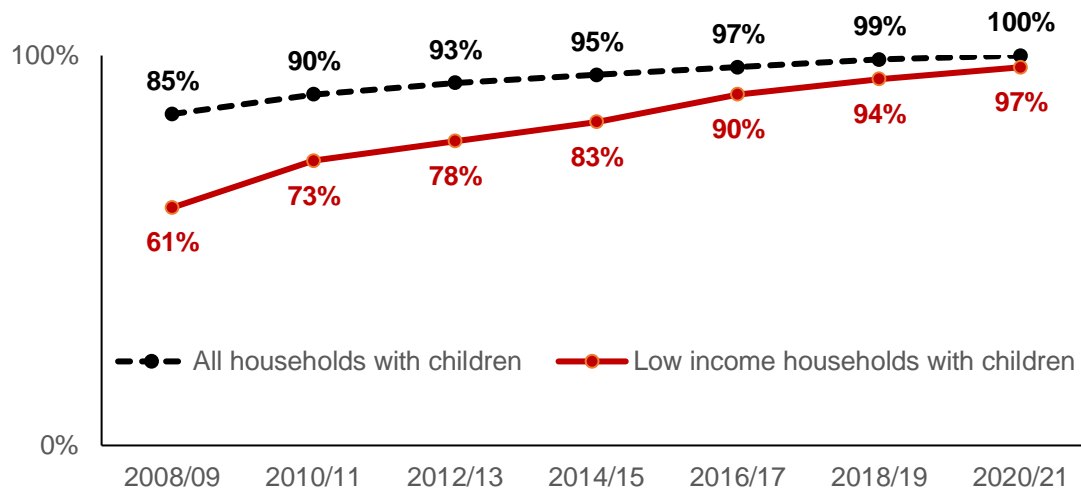Low income + material deprivation √
Persistent poverty

Savings protect against problem debt and material deprivation. They act as a buffer against unexpected costs (e.g. replacing a broken washing machine) and fluctuations in income.

# Indicator 21: Internet access

Percentage of low income households (bottom three income deciles) with children that have home internet access. Figures for all households with children are also provided for context.

Source: Scottish Household Survey



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
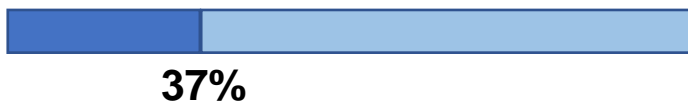Persistent poverty √

Access to the internet allows opportunities to find lower-cost financial products and services, online banking, price comparison sites and online deals. Internet access and digital literacy also increase people's chances of accessing jobs and getting the benefits they are entitled to.

# Driver: Income from Social Security or Benefits in Kind

## Indicator 22: Reach of benefits

Proportion of children, in Scotland, who are eligible for Universal Credit. Full Universal Credit roll-out is assumed in the modelling which is based on three year pooled data from 2017-20. This is a new indicator from 2023.

Data from Family Resources Survey with micro simulation using UK MOD.

**37%**
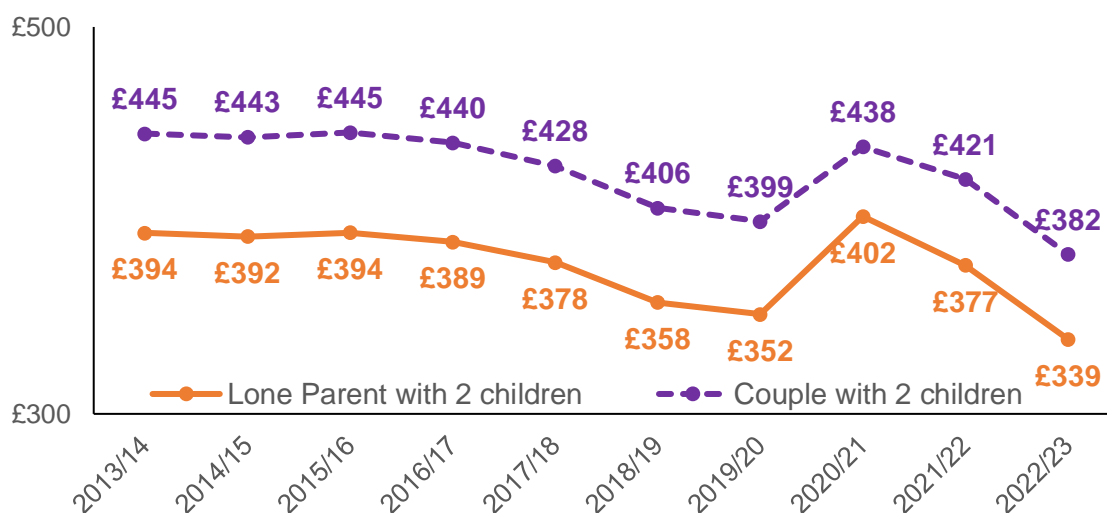
**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

The indicator measures the proportion of children who are eligible for Universal Credit. The calculation is done using a microsimulation model. This indicator requires careful interpretation, as a fall could be a result of positive change, such as households with children having more money, and therefore being above the Universal Credit threshold. It could also, however, be as a result of a negative influence such as eligibility becoming tighter, for example through policy changes such as benefit amounts being frozen.

# Indicator 23: Value of out-of-work benefits

Real terms value (£/per week in 2022-23 prices) of reserved social security entitlement (Universal Credit including housing element) for out-of-work lone parent/couple households with two children in Stirling. This is a new indicator from 2023.

Source: DWP benefit rates



## How this indicator relates to the child poverty targets:
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Social security payments have a direct impact on poverty by providing or supplementing household income. The difference between lone parents and couples throughout the series is largely due to the difference in the amount of the standard allowance of UC depending on whether it is for a single person or a couple.

### Notes on the calculation of this indicator

The real value of Universal Credit for these representative households has been estimated without the childcare element. The judgement to exclude it was made because:

- Take-up of the childcare element is estimated to be low: overall, around 11% of households on UC in Scotland are claiming for a childcare element as part of their UC claim;

- And, among those who do take up the childcare element as part of their UC claim, the majority of recipients are claiming amounts substantially below the maximum.
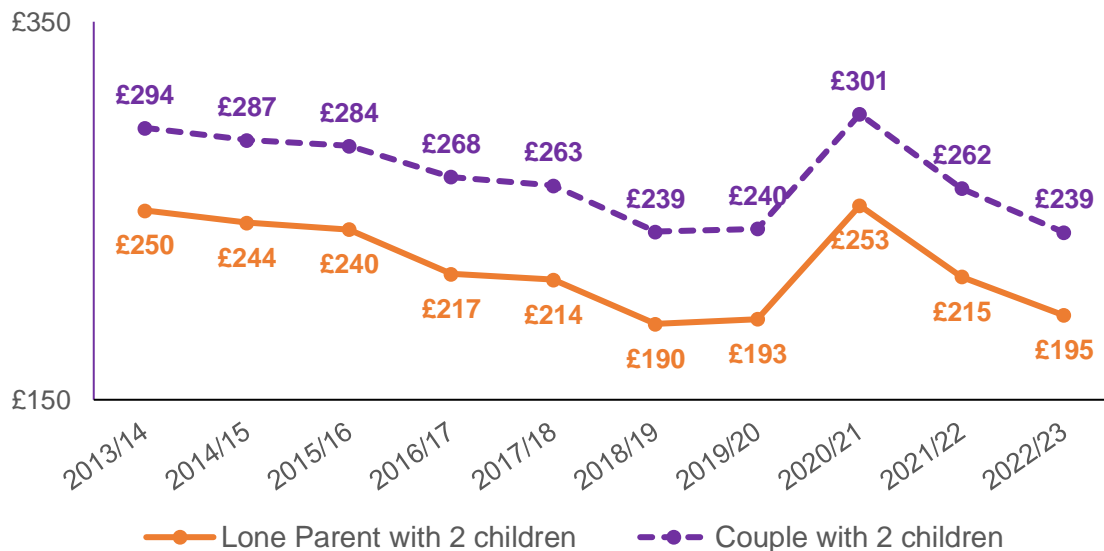
The Spring 2023 budget amended this policy to allow the childcare element to be paid up front, instead of arrears. This could increase take-up and we will therefore keep this decision under review going forward.

The real terms value (£/per month in 2022-23 prices) of UC was calculated using the CPI inflation rate, year-on-year to September 2022, as the previous year's September rate of inflation is used for uprating UC amounts. No taxes or legacy benefits were included in the real terms value calculations – they are based only on income from Universal credit. The benefit cap treatment applied within the calculator limits the amount of UC a household can claim for their circumstances. The cap was frozen from 2016-17 to 202-23. A weighted average was used to incorporate any relevant policy changes that occurred in-year into the UC income calculation.

## Indicator 24: Value of in-work benefits

Real terms value (£/per week in 2022-23 prices) of reserved social security entitlement (Universal Credit including the housing element) for a lone parent working full-time / couple with one working full-time and one not in paid employment, on minimum wage, with two children in Stirling. This is a new indicator from 2023.

Source: DWP benefit rates



**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Social security payments have a direct impact on poverty by providing or supplementing household income. The difference between lone parents and couples throughout the series is largely due to the difference in the amount of the standard allowance of UC depending on whether it is for a single person or a couple.

**Notes on the calculation of this indicator**

The real value of Universal Credit for these representative households has been estimated without the childcare element. The judgement to exclude it was made because:

- Take-up of the childcare element is estimated to be low: overall, around 11% of households on UC in Scotland are claiming for a childcare element as part of their UC claim;

- And, among those who do take up the childcare element as part of their UC claim, the majority of recipients are claiming amounts substantially below the maximum.

The Spring 2023 budget amended this policy to allow the childcare element to be paid up front, instead of in arrears. This could increase take-up and we will therefore keep this decision under review going forward.

The real terms value (£/per month in 2022-23 prices) of UC was calculated using the CPI inflation rate, for the financial year. The ONS estimate of full time hours, and the minimum wage from the UK Government were used to provide an earnings figure for the purpose of calculating the UC benefit reduction resulting from in work activity. No taxes or legacy benefits were included in the real terms value calculations – they are based on income from Universal credit or/and earnings. The benefit cap treatment applied within the calculator limits the amount of UC a household can claim for their circumstances. The cap was frozen from 2016-17 to 2022-23. A weighted average was used to incorporate any relevant policy changes that occurred in-year into the UC income calculation.

## Indicator 25: Value of Scottish Child Payment

Real terms value (£/per week in 2022-23 prices) of devolved social security entitlement (Scottish Child Payment) per child. This is a new indicator from 2023.

Source: Scottish Government benefit rates
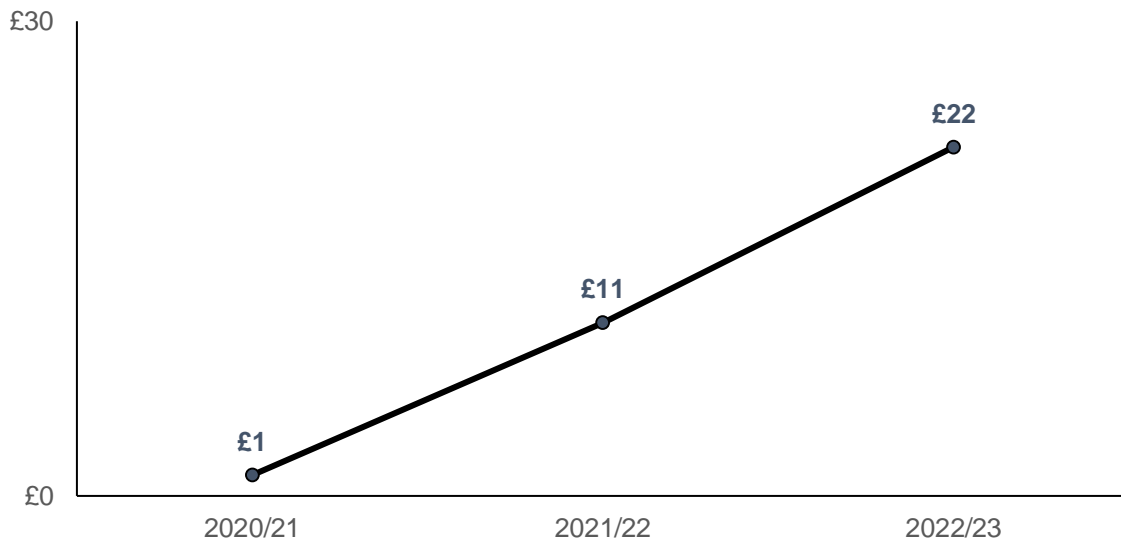


**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Social security payments have a direct impact on poverty by providing or supplementing household income.

**Notes on the calculation of this indicator**

The real value of Scottish Child Payment has been estimated (£/per month in 2022-23 prices) using the CPI inflation rate for the financial year.  A weighted average was used to incorporate any relevant policy changes such as increase in the financial value of payments that occurred in-year into the real value SCP calculation.

## Indicator 26: Benefit take-up: Scottish Child Payment

Estimated take-up (percentage of those entitled to benefit who receive it) of Scottish Child Payment (2021-2022). This is a new indicator from 2023. This indicator will be updated as a time series in the future.

Source: Social Security Scotland

**87%**

**How this indicator relates to the child poverty targets:**
Relative poverty √
Absolute poverty √
Low income + material deprivation √
Persistent poverty √

Social security payments have a direct impact on poverty by providing or supplementing household income. Take-up measures whether the benefit is being paid to those intended.