

CHILD POVERTY ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Part 1 – National Targets, Strategies and Reports (Sections 1 to 18)

Section 7: Interpretation of terms used in relation to targets

25. *Section 7* enables provision to be made for a number of technical terms underpinning the child poverty targets in this Part of the Act to be defined in regulations. Powers to make regulations under this section are subject to the affirmative resolution procedure.
26. As noted above, the child poverty targets are defined in the Act in such a way that success can be measured by Government analysis of two statistical surveys, the Family Resources Survey and *Understanding Society*. If survey methodologies improve with regard to measuring income and poverty for children, and these improvements are incorporated into these surveys, it will be necessary to amend the definitions used for the child poverty targets in the Act so that they match the definitions used in the survey. This would ensure that the survey is still able to measure success against the targets as defined in the Act. If no such regulation-making powers were conferred, and the survey methodology changed, the survey could not be used to measure success against the targets.
27. These powers will also ensure that if the way in which income is defined for the relevant survey statistics changes in response to research or methodological evidence, these changes can be reflected in the definitions used in the Act.
28. *Subsection (1)(a)* provides a power to set out in regulations the definition of a “qualifying household” for the purposes of the child poverty targets. Qualifying households are likely to be defined according to the rules the surveys use to sample households.
29. *Subsection (1)(b)* provides a power to define the circumstances in which a child is or is not to be regarded as living in a qualifying household. This would cover, for example, situations where a child spends time living in different households.
30. *Subsection (1)(c)* provides a power to set out in regulations what is to be regarded as the income of a household for the financial year for the purposes of the targets. This power is likely to be used to set out how different types of income from different family members are to be treated, and how the income data collected is to relate to a financial year.
31. *Subsection (1)(d)* provides a power to make provision about what deductions are to be made from a household’s income in calculating its net income. *Subsection (2)* provides that any deductions prescribed under regulations made under *subsection (1)(d)* must not include housing costs, but regulations made under that subsection may provide that specified expenses are not to be treated as housing costs.
32. *Subsection (1)(e)* provides a power to set out in regulations how household income is to be equalised. Income is equalised using equivalence scales, which reflect the

*These notes refer to the Child Poverty Act 2010 (c.9)
which received Royal Assent on 25 March 2010*

extent to which households of different size and composition require a different level of income to achieve the same standard of living. There are a number of different scales that could be used and the intention is that regulations under this power will set out the equivalence scale to be used for the purpose of calculating household income under the Act.

33. *Subsection (4)* provides that when making regulations under *subsection (1)(a)* the Secretary of State must ensure that the targets cover as many children in the UK as possible, having regard to the surveys that are being or can reasonably be expected to be undertaken to measure child poverty. For example, this would ensure that regulations made under this section would reflect any improvements in survey methodologies which extend the coverage of the survey.