

CHILD POVERTY (SCOTLAND) ACT 2017

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 4 – Absolute poverty

12. **Section 4** provides that a child falls within the section (absolute poverty) in a financial year if the child lives in a household whose equivalised net income for the year is less than 60% of the amount of the median equivalised income for the financial year beginning on 1 April 2010, adjusted so as to take account of changes in the value of money. Subsection (2) sets out the power of the Scottish Ministers to change the date referred to in subsection (1) (currently 1 April 2010). Subsection (3) provides that regulations under subsection (2) are subject to the affirmative procedure (see section 29 of the Interpretation and Legislative Reform (Scotland) Act 2010).
13. The absolute poverty target enables an assessment of whether living standards at the bottom of the income distribution are rising or falling over time. It is a measure of whether the incomes of the lowest income households are keeping pace with inflation. The baseline for the absolute poverty measure is currently the financial year beginning with 1 April 2010. The reason for this is to allow a ten year comparison between the 2010 base year and the 2020 target year which was originally set out in the Child Poverty Act 2010. As this Act sets 2030 targets, it is likely that in the future the base year will need to be changed to 2020 to ensure that the absolute poverty measure is consistent with contemporary living standards. Section 4(2) therefore allows the Scottish Ministers to make regulations changing the date of the base year for the absolute poverty target.
14. Children are considered to be living in absolute poverty if they are living in households whose adjusted income is below 60% of the (inflation adjusted) median income in 2010/11.