There has been some controversy over the proposed changes to the way that we record poverty. We currently use relative poverty, defined as earning below 60% of median income. This means however, that the income below which people are classified as living in poverty is constantly changing, in line with changes to levels and distribution of wealth. Historically, the alternative measure, absolute poverty, was defined as lacking the resources needed for basic subsistence. In the UK, where the number of people of people who would fall into this category is relatively small, it usually means those people whose income falls below a certain level, often by comparison with a base year. For example in the Household Below Average Income Report, published annually by the Department for Work and Pensions, absolute poverty is defined as below 60% of the average earnings of individuals in 2010/11, adjusted for inflation.

Relative poverty is more a measure of inequality than a true measure of poverty and the current measure of absolute poverty is also flawed.

Current measures can produce misleading results; David Cameron noted in a speech last month that, because of the way that relative poverty is calculated, if the Government increased the state pension, child poverty could technically go up because of a rise in median income.

What is needed, instead, is a measure of poverty which can change policy in a way that benefits children. The conclusion of a consultation organised by the coalition Government in November 2012, called for a new measure of poverty which would take into account factors such as worklessness and poor housing, alongside low income, to ‘capture the reality of child poverty in the UK’. Such a measure would also take health into account, as poor health can be both a cause and consequence of poverty. For example rates of diabetes and obesity are significantly higher in the least wealthy fifth of the population whilst 21% of five year olds entitled to free school meals have severe or extensive tooth decay, far higher than the 11% of those who do not. Importantly, the old measures will continue to be published to allow for comparisons of income inequality alongside the new measures which are designed to help reduce the inequalities blighting our children’s life chances.