

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 19 June 2024 **Security Level:** In-Confidence
To: Hon Louise Upston, Minister for Child Poverty Reduction
File Reference: REP/24/6/526

Confirming the function of the Child Poverty Related Indicators

Purpose of the report

- 1 This report seeks your agreement that the refresh of the Child Poverty Related Indicators (CPRIs) constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018. It also seeks further direction on the broad scoping of the CPRIs in the context of the wider Child and Youth Wellbeing Strategy measurement framework.

Executive summary

- 2 You have indicated you intend to change the CPRIs to align them with the Government Targets [CBC -24-MIN-0056 refers].
- 3 The Child Poverty Reduction Act 2018 (the Act) requires you to review the CPRIs every three years. While the CPRIs can be changed without being formally reviewed, the refresh of the CPRIs can constitute a statutory review and would re-set the timeframe for review so the next review is not required until 2027. We therefore recommend you agree that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018.
- 4 Before refreshing the CPRIs, we would like to confirm your vision for their purpose and scope in the context of the wider Strategy. Confirming this will enable us through the statutory review to identify and assess the best set of CPRIs aligned with your preferred function.
- 5 We have identified two main options for the approach to scoping the CPRIs, summarised in **Attachment A**.

- 6 **Option 1** is to narrowly focus the CPRIs on selected causes of child poverty that are also either Government Target measures or supporting measures, or Portfolio Targets. This would focus on measures or outcomes with the strongest evidence of a relationship with child poverty.
- 7 We would need to assess the suitability of specific CPRIs through the review process, but our initial scoping suggests that following this approach the CPRIs could focus on the number of children in main benefit households (supporting measure under Government Target 5), the percentage of students regularly attending school (Government Target 6) and the percentage of students meeting expected curriculum levels (Government Target 7).
- 8 Under this option, the other relevant Government and Portfolio Target indicators would be included as measures in the Strategy measurement framework, and would be externally reported on as required by the Children's Act 2014.
- 9 **Option 2** is to scope the CPRIs more broadly to include causes, consequences and correlates of poverty that are aligned to relevant Government and Portfolio Target measures (or supporting measures).
- 10 It is likely that most, if not all, of the child and youth-relevant Government and Portfolio Target measures will be at least correlated with, or a consequence of, child poverty and/or socio-economic disadvantage. This means that the CPRIs and the externally reported Strategy measures would effectively be the same.
- 11 We recommend scoping the CPRIs more narrowly (**Option 1**) because it provides a clearer rationale and provides greater flexibility in framing the Strategy measures.
- 12 Following your decision on the advice in this paper, we will provide advice on the recommended set of CPRIs as part of the July advice on the Strategy measurement framework.
- 13 While you are able to change the CPRIs directly without consulting other Ministers and Cabinet, you have indicated that you intend to report back to Cabinet on the updated CPRIs as part of the refresh of the Strategy. If you wish to test your thinking with your Ministerial colleagues in advance of Cabinet, there is an opportunity to do this at the Child and Youth Ministers meeting, currently scheduled for 1 August 2024. We would welcome the opportunity to discuss this with you at the officials meeting on 27 June.
- 14 In addition to confirming the public-facing CPRIs and Strategy measures we are in the process of developing a tiered measurement framework that will allow us to provide more tailored monitoring and reporting products for Child and Youth Ministers and supporting cross-agency governance.

Recommended actions

It is recommended that you:

- 1 **agree** that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018

Agree/Disagree

- 2 **confirm** your intent to focus the CPRIs on measures that are directly linked to the Government Targets

miss **Agree / Disagree**

- 3 **indicate** if you would like the function of the CPRIs to

EITHER:

- 3.1 **Option 1:** focus on a narrow subset of selected causes of child poverty that align with the Government and Portfolio Target measures or supporting measures (**Recommended option**)

Agree/Disagree

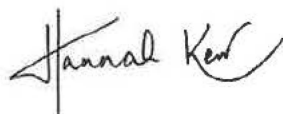
OR

- 3.2 **Option 2:** focus on a wider set of causes, consequence and correlates of child poverty and that align with the Government and Portfolio Target measures or supporting measures

Agree/Disagree

- 4 **discuss** your preferred approach to scoping the CPRIs and the next steps to progress this at your meeting with Child Poverty Reduction officials on 27 June 2024.

Agree/Disagree



19/06/24

Hannah Kerr
Director, Child Wellbeing and Poverty
Reduction Group, Policy

Date



Hon Louise Upston,
Minister for Child Poverty Reduction

20240623

Date

Background

- 15 You have agreed to refresh the Child and Youth Wellbeing Strategy (the Strategy) measurement framework, including the CPRIs, as part of the refresh of the Strategy [DPMC-2023/24-988 refers]. You've indicated your preference for a streamlined and simplified measurement framework, with the CPRIs serving as key indicators within the framework.
- 16 You have also expressed interest in exploring whether lead indicators for child poverty, particularly material hardship, could give an early signal about expected child poverty rates. We have advised that the CPRIs and material hardship lead indicators be considered in the context of the overall Strategy measurement framework [REP/24/4/374 refers].
- 17 You have indicated to your Cabinet colleagues that you intend to update the CPRIs to align them with the Government Targets and to report back to Cabinet on this as part of the refresh of the Strategy [CBC -24-MIN-0056 refers].

We recommend you agree that the refresh of the CPRIs constitutes a statutory review of the CPRIs

- 18 The Child Poverty Reduction Act 2018 (the Act) requires you to review the CPRIs every three years, in line with the regular review requirements for the Strategy in the Children's Act 2014.¹ The Act does not explicitly prescribe the nature and scope of the CPRI review. For the first review of the CPRIs in 2022, the Child Wellbeing and Poverty Reduction Group (CWPRG) developed a framework to systematically review the CPRIs, taking into account:
 - a. the function the CPRIs are intended to serve
 - b. how well the CPRIs align to the function
 - c. the quality of the data and measures underlying each indicator
 - d. the approach to reporting.
- 19 While the CPRIs can be changed without being formally reviewed, and are not required to be reviewed until 2025, the refresh of the CPRIs can constitute a statutory review and would re-set the timeframe for review so the next review is not required until 2027. We note you would be able to review the CPRIs ahead of the re-set 2027 timeline.

¹ Section 42(1) of the Child Poverty Reduction Act 2018 sets out that the Minister must ensure that each current CPRI is reviewed before the deadline for review of the Child and Youth Wellbeing Strategy.

- 20 The work to formally review the CPRIs is the same as the work we expect to do to refresh them. Formally reviewing the CPRIs now will ensure that the rationale for the proposed changes to the CPRIs is clearly documented and that the CPRIs meet the legislative requirements. Undertaking a review now will also ensure the timing of the statutory reviews of the Strategy and the CPRIs are aligned going forward.² This would support a consistent and coherent approach to the Strategy and the CPRIs.
- 21 We therefore recommend you agree that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018.

Before refreshing the CPRIs, we would like to confirm your vision for the scope and purpose of the CPRIs

- 22 Before undertaking a statutory review of the CPRIs we would like to confirm your vision for the purpose and scope of the CPRIs in the context of the wider Strategy. Confirming this will enable us through the statutory review to identify and assess the best set of CPRIs aligned with your preferred function.

There are two broad options to scope the CPRIs

- 23 Under the Act you must set one or more CPRIs, which must be either causes, correlates or consequences of child poverty. This creates an expectation that there is strong evidence of an income poverty, income or socio-economic gradient in the outcomes that are measured via a CPRI.
- 24 In practice this means that a potentially wide range of social outcomes can be used as CPRIs because most social outcomes have a level of socio-economic gradient and can therefore be understood as causes, consequences or correlates of poverty.
- 25 Some social outcomes are *both* causes and consequences, depending on the time frame that is looked at. For example, poor school attendance can be thought of as a long-term cause of poverty, because poor school attendance is a key determinant of educational attainment, which in turn influences future earnings and poverty risk over the life course. Poor school attendance can also be seen as a consequence of poverty, for example if children are unable to attend school due to transport costs or food insecurity, or are missing school to work part time to supplement their household's income.

² Section 42(2)(b) of the Child Poverty Reduction Act 2018 sets the deadline for review of the Strategy as being within three years after the date of completion of the most recent review. The most recent reviews of the Strategy and the CPRIs are 2022.

- 26 Given the potentially wide range of social outcomes that could be CPRIs, it is helpful to narrow the scope by defining the rationale and function you would like the CPRIs to serve and to ensure there's coherence and alignment with other reporting, particularly the external statutory reporting on the Strategy.
- 27 We've identified two main options for the approach to scoping the CPRIs that meet the direction provided and the legislative requirements for the CPRIs, summarised in **Attachment A**.

Option 1: Narrowly focusing the CPRIs on selected causes of poverty that are aligned to the Government Targets

- 28 One approach to scoping the CPRIs is to narrowly focus the indicators on selected causes of child poverty that are also either Government Target measures or supporting measures, or Portfolio Targets.
- 29 This would focus on measures or outcomes with the strongest evidence of a relationship with child poverty. We would fully assess the suitability of specific CPRIs through the review process, but our initial scoping suggests that following this approach the CPRIs could focus on:
 - a. **The number of children in main benefit households.** Benefit receipt can in many cases be understood as a cause of child poverty over the short term. This measure is also a supporting measure for Government Target 5: Fewer People on the Jobseeker Benefit.
 - b. **The percentage of students regularly attending school.** This can be understood as a long-term cause of child poverty (although, as noted in paragraph 25, it is also a consequence). This is the measure underpinning Government Target 6: Increased School Attendance.
 - c. **The percentage of students meeting expected curriculum levels.** Like school attendance, this can be understood as a long-term cause of child poverty. This is the measure underpinning Government Target 7: More students at expected curriculum levels.
- 30 Under this option the other child and youth-relevant Government and Portfolio Target indicators would still be included as Strategy measures that are externally reported on, but would not be designated as CPRIs.

Option 2: Focusing the CPRIs on a wider set of causes, consequences and correlates of child poverty that are aligned with the Government Targets

- 31 An alternative option is to scope the CPRIs more broadly to include causes, consequences and correlates of poverty that are aligned to relevant Government and Portfolio Target measures (or supporting measures).
- 32 It is likely that most, if not all, of the child and youth-relevant Government and Portfolio Target measures will have some level of correlation with child

poverty or socio-economic disadvantage, or could be considered a consequence. This would mean that there would be a larger set of CPRIs, and less of a distinction between the CPRIs and the Strategy measures.

We recommend scoping the CPRIs more narrowly (Option 1) because it provides a stronger and clearer rationale and provides greater flexibility in framing the Strategy measures

- 33 The main benefit of framing the CPRIs around selected causes of poverty is that it provides a clearer and more focussed rationale for the indicator set. Option 1 draws together a set of indicators that have strong evidence of a relationship and connection to child poverty.
- 34 In contrast, making all the relevant Government and Portfolio Target measures CPRIs risks overstating the evidence base and their relevance and connection to child poverty. These indicators may be better suited as Strategy measures to provide additional insight into child wellbeing more generally, rather than child poverty specifically.
- 35 Making most of the relevant Government and Portfolio target measures Strategy indicators, rather than CPRIs, provides greater flexibility. Unlike the Strategy indicators, CPRIs must be formally gazetted and there is more limited flexibility to add or adjust which indicators get reported.
- 36 We will review the Government Targets to assess their fit with the intended function of the CPRIs and to make sure the legislative requirements around the CPRIs are met. This will include an assessment of the evidence of an income or socio-economic gradient in the outcomes that are measured via a CPRI.
- 37 While, as the Minister for Child Poverty Reduction, you are able to change the CPRIs directly without consulting other Ministers and Cabinet, you have indicated that you intend to report back to Cabinet on the updated CPRIs as part of the refresh of the Strategy. If you wish to test your thinking with your Ministerial colleagues in advance of Cabinet, there is an opportunity to do this at the Child and Youth Ministers meeting, which is currently scheduled for 1 August 2024. We would welcome the opportunity to discuss this with you at the officials meeting on 27 June.

We’re planning to embed the public facing CPRIs and Strategy measures within a tiered monitoring and reporting framework

- 38 We are developing a framework for future measurement and monitoring incorporating the following inputs:

Table 1: Inputs into the Strategy measurement framework

Nine Government Targets	Portfolio Targets	Three priority areas for the refreshed Strategy	Six Strategy outcomes
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39 We will ensure the measurement framework:

- a. is simple and streamlined
- b. is tailored to the needs of different audiences, including the public, iwi and hapū Māori, Ministers and agencies
- c. reflects the levels of measurement and monitoring needed to understand if we are on track to achieve priority outcomes
- d. is aligned to Government and portfolio targets, and priority areas for the Strategy
- e. meets the legislative requirements around monitoring and reporting on progress towards the six Strategy outcomes and for particular subpopulations;³ and
- f. uses measures and indicators that are fit for purpose, for example measures where data is readily available.

40 We note you are considering the Strategy as having two functions, as a communications tool for the public and as an investment framework for Government and agencies. We want to reflect these functions in the measurement framework.

41 To serve these different functions, we expect to need to have a tiered measurement framework that reflects different approaches to monitoring and reporting. We've identified three tiers of measurement and/or reporting that can meet these functions:

Table 2: Three-tiered measurement framework outline

Strategy Function	Monitoring and Reporting Function	Indicator set
Communications tool	External monitoring and reporting	Base set of Strategy indicators, made up of refreshed CPRIs, other child and youth-relevant

³ As outlined in the Children's Act 2014, monitoring of the Strategy must include measures that show progress on the Strategy outcomes. These measures must be able to disaggregated by the following groups of children and young people: Māori children and young people, children in poverty and children with socio-economic disadvantage, alongside any other groups identified by the Minister.

Strategy and Investment Framework		Government and Portfolio Targets, and any further indicators required to enable monitoring of the six Strategy outcomes.
	Ministerial monitoring of progress on key supporting indicators	Additional set of indicators for three priority areas, including "lead indicators" dashboard for monitoring material hardship, and indicators that reflect the life course approach.
	Agency monitoring of progress on additional indicators, as required	Additional set of measures to monitor broader dimensions of wellbeing.

- 42 The **first tier**, to monitor and report on the Strategy externally, would be a small public-facing set of indicators that would support you to tell the story of what the Government is doing for children and young people. These indicators would be aligned to the wider Government priorities, including the Government Targets, and the six Strategy outcome areas.
- 43 The **second tier** of monitoring would be an additional indicator set that you and the Child and Youth Ministers can use to understand whether we are on track to achieve priority outcomes and targets. This would identify additional lead and supporting indicators for the three Strategy priority areas that you would receive regular updates on, to track progress. This would include the lead indicator dashboard you have directed us to develop on material hardship.
- 44 The **third tier** of monitoring would be the internal monitoring of a broader set of indicators that support officials to identify early whether things are getting off track, which allows for wider monitoring.

Next Steps

- 45 We will confirm the outcome of the review of the CPRIs and the recommended set of CPRIs as part of the July advice on the Strategy measurement framework. The targeted consultation on the Strategy refresh will provide us with insights and views on the overall measurement framework, that will also inform our further considerations and refinement of the CPRIs.

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Attachment A – Options to scope the CPRIs

Option 1- Narrowly focusing the CPRIs on selected causes of poverty that are aligned to the Government Targets

Strategy outcomes	Outcome 1- Loved, safe and nurtured	Outcome 2- Have what they need	Outcome 3- Happy and healthy	Outcome 4- Learning and developing	Outcome 5- Accepted, respected and connected	Outcome 6- Involved and empowered
CPRIs		Government Target 5 supporting measure: Number of children in main benefit households (GT 5 supporting measure)		<p><i>Drawn from:</i></p> <p>Government Target 6- Increased student attendance</p> <p>Government Target 7- More students at expected curriculum levels</p>	<p><i>Note: There are not currently any Government or Portfolio Targets that align with Outcome 5. We will look for an alternative indicator to ensure we're monitoring progress towards this outcome</i></p>	
CYWS measures	<p>Government Target 4: Reduced violent crime against children and youth</p> <p>Portfolio Target- Justice sector - Target TBC</p>	<p>Government Target 8- Fewer families with children in Emergency housing</p> <p>Portfolio Target- Child Poverty Targets</p>	<p>Government Target 1- Shorter stays in emergency targets for children and youth</p> <p>Government Target 2- Shorter wait times for treatment for children and youth</p> <p>Portfolio Target- Immunisations by age 2</p> <p>Portfolio Target/s- Mental health- Target/s TBC</p>			<p>Government Target 3- Reduced child and youth offending</p>

Option 2: Focusing the CPRIIs on a wider set of causes, consequence and correlates of child poverty that are aligned with the Government Targets

Strategy outcomes	Outcome 1- Loved, safe and nurtured	Outcome 2- Have what they need	Outcome 3- Happy and healthy	Outcome 4- Learning and developing	Outcome 5- Accepted, respected and connected	Outcome 6- Involved and empowered
CPRIIs	<p><i>Drawn from:</i></p> <p>Government Target 4: Reduced violent crime against children and youth</p> <p>Portfolio Target- Justice sector - Target TBC</p> <p>Government Target 5 supporting measure: Number of children in main benefit households (GT 5 supporting measure)</p> <p>Government Target 8- Fewer families with children in Emergency housing</p> <p>Portfolio Target- Child Poverty Targets</p> <p>Government Target 1- Shorter stays in emergency targets for children and youth</p> <p>Government Target 2- Shorter wait times for treatment for children and youth</p> <p>Portfolio Target- Immunisations by age 2</p> <p>Portfolio Target/s- Mental health- Target/s TBC</p> <p>Government Target 6- Increased student attendance</p> <p>Government Target 7- More students at expected curriculum levels</p> <p><u>Note: There are not currently any Government or Portfolio Targets that align with Outcome 5. We will look for an alternative indicator to ensure we're monitoring progress towards this outcome</u></p> <p>Government Target 3- Reduced child and youth offending</p>					