



THE COST OF CHILD POVERTY IN 2023

Summary and recommendations

March 2023

Summary

- The cost of child poverty extends beyond the physical and emotional hardship felt by children growing up in low-income families.
- There are also costs to the economy due to the greater risk of unemployment and lower earnings potential of adults who grew up in poverty, and the additional amount spent on public services to help address the damage done to children growing up in poverty.
- In 2023, this economic and societal cost is over £39 billion a year, up from £25 billion in 2008.
- Forecasts of a continued rise in child poverty mean that the cost is set to increase to more than £40 billion in today's prices by 2027. These forecasts are based on previously announced benefit cuts continuing to roll out, so the increase is avoidable if policies are changed.
- This evidence shows that a large investment in reducing child poverty would bring similarly large gains to the economy, while also avoiding the damage to children who are harmed directly by growing up in poverty. The very high financial cost of child poverty demonstrates that investment in an effective anti-child poverty strategy is likely to pay for itself.
- There is a large body of evidence showing that the best way to reduce child poverty is through investing in social security. Child poverty fell in the early 2000s and the predicted reduction in child poverty rates in Scotland are both as a result of increased benefit entitlement. Similarly, the rise in child poverty seen in the 2010s was largely due to cuts to social security.
- The [full report setting out the cost of child poverty is on CPAG's website](#).

Recommendations

CPAG's priorities for reducing child poverty are:¹

- **Scrap the two-child limit** – the two-child limit has been a key driver of rising poverty and is forecast to increase child poverty over the next few years. It would currently cost £1.3 billion to scrap the policy, which would reduce child poverty by 250,000, while lessening the depth of poverty for a further 850,000 children. It is the most cost-effective way to reduce child poverty.
- **Remove the benefit cap** – the benefit cap pushes 250,000 children into even deeper poverty. It would only cost £300 million to remove. Removing it would make a significant difference to some of the poorest families in the UK.
- **Increase child benefit by £20 a week** – this would reduce child poverty by 500,000 while also supporting the income security of low- and middle-income families who have seen their budgets stretched significantly in recent times. Increasing child benefit by £20 a week would cost £10 billion.
- **Introduce universal free school meals** – this would support all families through the current cost of living crisis and beyond. For families, free school meal entitlements can relieve pressures on household budgets and free up money for other living costs. The current provision of free school meals is far too stringent. CPAG's analysis shows that 800,000 children in poverty in England do not currently qualify for free school meals, and therefore miss out on the many benefits, which further disadvantages them.²

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice, and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights.

¹ See CPAG, [Budget submission 2023](#), 2023 for more details.

² The provision of free school meals to all children in Years 3-6 in London means 90,000 of the 800,000 are covered for next year. However, this provision is paid for using money from the London Mayor's own budget. This is of course hugely welcomed, but CPAG believes that it should be the responsibility of the national government to make sure no child goes hungry at school, not local governments who have faced substantial budget cuts over the past decade. It also turns who gets free school meals into a postcode lottery, when we believe all children should benefit.