



## Inequalities amplified

The alarming rise of child poverty in the UK

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### Introduction

More than 4.2 million children in the UK are growing up in poverty,<sup>1</sup> a number that has been rising over the last decade and is forecast to grow even further.<sup>2</sup> Failure to disrupt and reverse this trend will have profound impacts on individual life chances, have intergenerational effects and exacerbate structural racialised inequalities.

This report brings together the expertise of three organisations: Child Poverty Action Group (CPAG), Runnymede Trust and Women's Budget Group to understand why Black and minority ethnic children are more likely to grow up in poverty, how this links to wider racial and gender disparities and what can be done to reduce child poverty and create a more equal society. It highlights relevant literature and draws on the real-life experiences and reflections of Black and minority ethnic parents living on a lower income in London.

### Child poverty and intersectional inequalities

The risk of growing up in poverty is not uniform across the UK. Children face a particularly high risk of poverty if they live in:

- Private rented or social rented housing

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<sup>1</sup> DWP, [Households below average income: for financial years ending 1995 to 2022](#), 2023

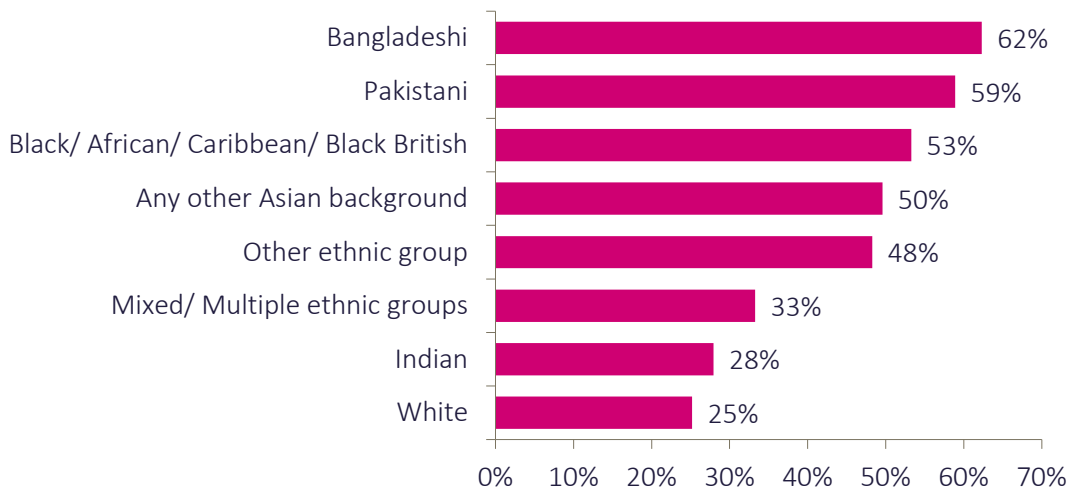
<sup>2</sup> Resolution Foundation, [The Living Standards Outlook 2023](#), 2023

- A single parent family
- A couple family where only one parent is in work
- A family with three or more children
- A family where someone is disabled
- A family where the youngest child is aged under five

These factors are interconnected and overlapping, and it is crucial to consider them within a context where families are not adequately supported by public infrastructure and systems. For instance, inaccessible and expensive childcare services often prevent the parents of young children from returning to full-time work after parental leave; and the value of benefits can leave larger families, even those where parents are in paid work, struggling to afford essentials.

In every region of the UK, Black and minority ethnic children face a greater risk of poverty than white children<sup>3</sup> and the levels of child poverty among some ethnic groups are particularly high. As Figure 1 shows, the poverty rate of children with Bangladeshi, Pakistani or Black heritage is more than double the rate for white children.

Figure 1: Child poverty rate by ethnicity<sup>4</sup>



Unfortunately, one of the key difficulties with understanding the nuances in child poverty by ethnicity is that we do not gather enough data for a detailed or up-to-date analysis of the issue. For instance, the survey we use to estimate poverty in the UK does not sample enough Black and minority ethnic families to produce poverty estimates with just a single year of data so we have to average the data over three years. Even then, the sample is not large enough to break down people with a 'Black ethnicity' into smaller groups. This is especially important as there are distinct differences between Black Caribbean and Black African communities that are masked by this aggregation.

What we do know is that there are important factors that expose Black and minority ethnic children to a greater risk of poverty. Black and minority ethnic families are more likely to experience many of the risk factors listed

<sup>3</sup> J Stone, [Local indicators of child poverty after housing costs 2021/22](#), Centre for Research in Social Policy, Loughborough University, 2023

<sup>4</sup> CPAG analysis of DWP, [Households Below Average Income dataset for the years 2018/19, 2019/20 and 2021/22](#), accessed via Stat Xplore

above, but this varies widely within ethnic groups, as illustrated in Figure 2. For example, Pakistani children are more likely to be part of a larger family and have only one parent in work, and Black children are more likely to be part of a single parent family and live in rented housing. But, beyond these factors, wider systemic inequalities entrench poverty among Black and minority ethnic children.

Figure 2: Proportion of children in households associated with higher risks of poverty by ethnic group<sup>5</sup>

	Total	White	Mixed	Indian	Pakistani	Bangladeshi	Other Asian	Black	Other
In private rented or social rented housing	44%	40%	59%	34%	45%	63%	57%	<b>78%</b>	69%
In a single parent family	23%	23%	<b>41%</b>	5%	14%	12%	12%	38%	20%
In a couple family where only one parent is in work	32%	27%	42%	45%	<b>74%</b>	57%	45%	46%	56%
In a family with three or more children	31%	28%	41%	24%	<b>58%</b>	54%	32%	53%	42%
In a family where someone is disabled	34%	36%	<b>37%</b>	19%	33%	<b>37%</b>	30%	25%	28%
In a family where the youngest child is aged under 5	43%	42%	53%	42%	42%	<b>55%</b>	42%	50%	<b>55%</b>

Notes: Highlighted cells indicate where the rate is above the average for the UK. Bold font indicates the ethnic group with the highest rate.

### Systemic inequalities compound child poverty

Evidence shows that Black and minority ethnic people, particularly women, face systemic and persistent disadvantages in society. When this affects parents, it affects child poverty.

Paid work is often lauded as a route out of poverty, but evidence shows that Black and minority ethnic people do not have equal opportunities in the labour market. Recent analysis of the Labour Force Survey by the TUC<sup>6</sup> showed that Black and minority ethnic people are less likely to be employed, more likely to be low paid and more likely to be in insecure work, compared to their white counterparts. It found that, at the current pace of progress, the employment rate gap between Black and minority ethnic workers and white workers would take two more decades to close.

<sup>5</sup> See note 4

<sup>6</sup> TUC, *Jobs and recovery monitor - BME Workers 2023*, May 2023

Women's Budget Group and Runnymede Trust analysis<sup>7</sup> show that Pakistani and Black African communities are overrepresented in low-paid and insecure work. Alongside this, research by the Fawcett Society<sup>8</sup> shows that Pakistani and Bangladeshi women experience the biggest gap in earnings relative to white men, while the gap for Indian women is much smaller (though still pronounced).

A significant body of literature reviewed in the Social Mobility Commission's Ethnicity, Gender and Social Mobility report<sup>9</sup> showed that, even when educational qualifications are considered, Black and minority ethnic people are more likely to be unemployed than their white counterparts. JRF research,<sup>10</sup> as highlighted by McGregor-Smith in the Race in the Workplace<sup>11</sup> review, found that all Black and minority ethnic communities are more likely to be overqualified than white communities, but that white employees are more likely to be promoted than all other groups. Underpinning these statistics are levels of discrimination and racism in the labour market, with Runnymede Trust and Fawcett Society<sup>12</sup> analysis showing that 75 per cent of Black and minority ethnic women have experienced racism at work and 27 per cent have suffered racial slurs.

These disadvantages in the labour market compound levels of child poverty. If parents face barriers and discrimination in work, it's more likely that their children will be growing up in poverty. This is illustrated by the Fawcett Society's research,<sup>13</sup> which concluded that the 'motherhood pay penalty is compounded by existing ethnicity pay gaps and the intersection of gender-based and racial inequalities at work'.

Being disadvantaged in the labour market undermines an individual's long-term earning potential and a family's overall financial security. Runnymede Trust research<sup>14</sup> has shown that Black and minority ethnic people generally have much lower levels of savings or assets than white British people. Indian households have 90–95p for every £1 of white British wealth, Pakistani households have around 50p, Black Caribbean households around 20p, and Black African and Bangladeshi households approximately 10p.

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<sup>7</sup> S Hall, K McIntosh, E Neitzert, L Pottinger, K Sandhu, M Stephenson, H Reed and L Taylor, [\*Intersecting Inequalities: The impact of austerity on Black and Minority Ethnic women in the UK\*](#), Women's Budget Group and Runnymede Trust, November 2017

<sup>8</sup> A Breach and Y Li, [\*Gender Pay Gap by Ethnicity in Britain – Briefing\*](#), March 2017

<sup>9</sup> B Shaw, L Menzies, E Bernardes, S Baars, P Nye and R Allen, [\*Ethnicity, Gender and Social Mobility\*](#), Social Mobility Commission, 2016

<sup>10</sup> M Morris, [\*Supporting ethnic minority young people from education into work\*](#), JRF, 2015

<sup>11</sup> R McGregor-Smith, [\*Race in the workplace: The McGregor-Smith Review\*](#), Department for Business and Trade and Department for Business, Energy & Industrial Strategy, 2017

<sup>12</sup> M Gyimah, Z Azad, S Begum, A Kapoor, L Ville, A Henderson and M Dey, [\*Broken Ladders: the myth of meritocracy for women of colour in the workplace\*](#), Runnymede Trust and Fawcett Society, 2022

<sup>13</sup> J Rose, Y Li and L Ville, [\*The Ethnicity Motherhood Pay Penalty\*](#), Fawcett Society, June 2023

<sup>14</sup> O Khan, [\*The Colour of Money\*](#), Runnymede Trust, 2020

## The perspectives of Black and minority ethnic parents in London

London is the UK's most diverse city and has some of the highest levels of child poverty. It also has the highest housing and childcare costs in the country, which adds to the financial strain families face.

Over the last three years, CPAG has been convening a panel of 32 Black and minority ethnic parents from across London to understand how the pandemic and the cost-of-living crisis have affected them. They have also discussed other pressing issues affecting their lives, and what they would like to see changed. At the time they were recruited, all panellists were in work and received either child tax credit or universal credit. Their experiences illustrate the intersections between racism, employment, housing and hardship, and the impossible situation that some families face.

### ***Making ends meet***

Despite being in work, the cost of living in London has made budgeting a day-to-day struggle for many of the panellists.

*"As a grown woman, a working parent, I should not have to rely on my parents, but I do not have a choice. It's that or we lose the roof over our heads... I feel like a failure, but my kids need a home."*

*"60 per cent to 70 per cent of my income goes on rent and then I have to think about my children's food, my children's clothing."*

### ***Constrained employment options***

An ongoing theme of the panellists' discussions was how the cost and availability of childcare and limited access to flexible working made it harder for them to pursue employment opportunities. For some panellists, racialised discrimination was limiting their options even further. These constraints were felt more strongly by female panellists.

*"£200 for childcare a week – I had to cut down my hours because I couldn't afford it... so my income dropped by £500 a month."*

*"My background is in finance, but I've chosen not to follow it because then I'd need childcare and... childcare is ridiculously expensive."*

*"It feels that women have to make that sacrifice, to make that choice between a really high up position or being there for their child. It feels that women end up making that ultimate sacrifice."*

*"I hate to say this but at my work, it's the white people who get the flexible working."*

### ***The impact on children***

While the panellists aimed to protect their children from the impact of financial difficulties, the stress was felt across the household.

*"It's hard. It creates tension within the family, within the home. Kids see it, kids feel it. When you're down, when you're stressed, when you're worried."*

### Austerity and cuts to social security

Due to the scarcity of childcare services and workplace discrimination, Black and minority ethnic families are more likely to rely on social security to top-up their income and are therefore more exposed to the impacts of austerity policies.

Between 2010 and 2020, successive governments implemented over 50 cuts to social security benefits affecting families.<sup>15</sup> Analysis by the Women’s Budget Group and The Runnymede Trust<sup>16</sup> shows that the impact of austerity on Black and minority ethnic families has been severe. On average, white families now receive £454 less a year in cash benefits than they did a decade ago. But this rises to £806 less a year for Black and minority ethnic families and to £1,635 for Black families specifically. Black and minority ethnic women have been some of the worst affected and currently receive £1,040 less a year in cash benefits.<sup>17</sup>

Figure 3: Real terms change in average (mean) cash benefits received between 2011 and 2020 by ethnicity<sup>18</sup>



Note: Breakdowns are at the family (benefit unit) level in 2020/21 prices

<sup>15</sup> CPAG, *The Austerity Generation: The impact of a decade of cuts on family incomes and child poverty*, November 2017

<sup>16</sup> See note 7

<sup>17</sup> D Edmiston, S Begum and M Kataria, *Falling Faster amidst a Cost-of-Living Crisis: Poverty, Inequality and Ethnicity in the UK*, 2022

<sup>18</sup> Figure 8 in D Edmiston, S Begum and M Kataria, *Falling Faster amidst a Cost-of-Living Crisis: Poverty, Inequality and Ethnicity in the UK*, 2022

### The perspectives of Black and minority ethnic parents in London

*“If you’re trying to raise a family on UC then you can barely afford to pay your bills. You certainly can’t build up savings to dip into if you need to. I would love to start saving but it’s physically impossible for me so what would I do if I had a sudden expense?”*

Certain policies have been particularly harmful, namely the two-child limit, the benefit cap and freezes to housing benefit.

The **two-child limit** is the main driver of rising levels of child poverty.<sup>19</sup> Introduced in 2017, it stops parents from receiving any extra support through universal credit or child tax credit towards their third or subsequent child (born after 6 April 2017). Affected families lose out on up to £3,235 a year, putting families’ budgets under enormous strain. As the policy exclusively affects families with three or more children, its disproportionately affects Black and minority ethnic families, particularly Bangladeshi, Pakistani and Black children (see Figure 2).

The **benefit cap**, introduced in 2013, also disproportionately affects Black and minority ethnic families. The policy places a cap on the total amount of benefits certain households, who are deemed to not earn enough from paid work, can receive. It is particularly punitive for those families who face barriers to paid employment, such as significant childcare responsibilities, or labour market barriers discussed above. The cap doesn’t account for family size or housing costs so larger families and those who rent their home, who are more likely to be Black and minority ethnic families (see Figure 2), are most harshly affected. The vast majority of capped households are living in deep poverty. Recent analysis by CPAG<sup>20</sup> shows that the benefit cap can leave a lone parent with three children with as little as £44 a week to live on after housing costs.

Soaring rents have added to the financial pressure on families. Black and minority ethnic children, particularly Black and Bangladeshi children, are more likely to be growing up in private rented housing.<sup>21</sup> 960,000 families with children live in the private rented sector and rely on **housing benefit** to avoid arrears and homelessness<sup>22</sup> and 62 per cent of them face a housing benefit shortfall.<sup>23</sup> This inadequacy of support is the main reason over 131,000 children are now living in temporary accommodation, the highest number on record.<sup>24</sup>

<sup>19</sup> CPAG, [Official statistics reveal 1 in 10 children hit by two-child limit](#), July 2023

<sup>20</sup> CPAG, [The benefit cap: an unhappy anniversary](#), July 2023

<sup>21</sup> 30 per cent of Bangladeshi and Black children live in privately rented housing compared to a national average of 22 per cent. CPAG analysis of Department for Work and Pensions, *Households Below Average Income dataset for the years 2018/19, 2019/20 and 2021/22*, accessed via Stat Xplore

<sup>22</sup> DWP Stat-xplore ‘Households on Universal Credit’ and ‘Housing Benefit’ tables. The data is for May 2023.

<sup>23</sup> DWP Stat-xplore ‘Households on Universal Credit’. The data is for May 2023.

<sup>24</sup> Table TA1 - Number of households in temporary accommodation at the end of quarter by type of TA provided England, 1998 Q1 to 2023 Q1 [gov.uk/government/statistical-data-sets/live-tables-on-homelessness](https://gov.uk/government/statistical-data-sets/live-tables-on-homelessness)

### Kalima's experiences of the two-child limit and the benefit cap<sup>25</sup>

Kalima lives in London and was a participant in the Benefit Changes & Larger Families research study. She is a single mum with five children aged 2, 7, 11, 13 and 17.

Kalima is subject to both the benefit cap (£439/month) and the two-child limit (applied to her youngest child). Kalima became affected by the benefit cap when she separated from her abusive husband when pregnant with her fifth child. She became subject to the two-child limit when the fifth child was born. She does not receive any child maintenance, and her ex-husband is not allowed any contact with the children.

Kalima explained the range of impacts that the benefit cap and the two-child limit had on her ability to afford goods and food:

*"Oh it is very difficult; as the kids are growing up they need more like laptops and other technology things, which is hard to get; they have to wait a very long time before I could get them what they need to help with their education and every other thing. We can't really eat out, it has to be a very tight budget for everything. Shopping, can't get them treats very often and, yeah, if you do, you go behind on something. If you want to pay for something else, you fall behind on other things like bills ... It's not nice for the kids. It's all right for me to go without things that I could do with as long as they've got it, but it's when it affects them it's quite hard."*

She explained that she used the food bank every other week, couldn't afford family days out and couldn't save.

Not all families are able to access social security support. Some people who need a visa to live in the UK have a condition attached to their immigration status called **no recourse to public funds** (NRPF). This prevents these households from accessing most benefits paid by the government, including assistance with housing. An estimated 225,000 children are living in families with NRPF (this includes children who were born in the UK).

The Work and Pensions Committee's inquiry on NRPF and child poverty<sup>26</sup> found that children in families with an NRPF condition face a higher risk of homelessness and are more likely to be living in insecure, overcrowded or inappropriate housing because they cannot access social security in times of need. Without support, many parents with NRPF struggle to feed their families and they have few places to turn beyond foodbanks or community organisations.

Research by the Women's Budget Group<sup>27</sup> shows that the risk of living in poverty for migrant women with dependent children is particularly high. Migrant women are also more likely to be dependent on their partner, both for their right to be in the UK (via a family or dependant visa), and financially, as their ability to work is often restricted by labour market barriers, access to childcare, and NRPF conditions.

<sup>25</sup> R Patrick, K Andersen, M Reader, A Reeves and K Stewart, *Needs and entitlements Welfare reform and larger families*, July 2023

<sup>26</sup> MPs on the Work and Pensions Committee, *Children in poverty with no recourse to public funds: How does NRPF policy impact children in poverty and how can the Government support them?*, April 2022

<sup>27</sup> S Reis, *Migrant Women and the Economy*, Women's Budget Group, May 2020



## Vulnerability to economic shocks

The existence of structural socio-economic inequalities has meant that Black and minority ethnic people have been more vulnerable to economic shocks like the Covid-19 pandemic and the cost-of-living crisis.

Research by the Runnymede Trust highlights how the Covid-19 pandemic had a devastating impact on Black and minority ethnic communities. They were more likely to have experienced negative financial impacts as a result of the pandemic; more likely to be working outside their home; more likely to be using public transport; more likely to be working in key worker roles; less likely to be protected with PPE; and more likely to live in multigenerational, overcrowded housing. During the early stages of the pandemic, Black and minority ethnic people were dying of Covid at a higher rate than white people.

The Women's Budget Group<sup>28</sup> found that the financial impact of the pandemic for Black and minority ethnic women was particularly acute. They are more likely to be low paid and in insecure employment, which meant their ability to weather the financial shock many families experienced during the pandemic was reduced even further. This was particularly the case in single parent families, the vast majority of whom are headed by women.

### The perspectives of Black and minority ethnic parents in London

*"I have lost 75 per cent of my income. Things started to pick up again in the summer. By October, things were better, but everything has gone to sh\*t since December."*

*"I am never, ever alone. I can't pee on my own, I can't shower on my own, I can't have a cup of tea on my own but there are no adults to talk to. It's like I'm on my own but I'm never on my own if you see what I mean?"*

As Covid restrictions were lifted, the UK entered a cost-of-living crisis. Analysis by the Women's Budget Group<sup>29</sup> demonstrates that Black and minority ethnic women, and particularly women in single parent families, have also been disproportionately affected by the cost-of-living crisis. In times of financial strain, women are the 'shock absorbers' as they tend to have the main responsibility for the purchase and preparation of food for their children and families, and for the management of budgets in poor households.

Research by the Runnymede Trust<sup>30</sup> shows that Black and minority ethnic people are falling faster and further below the poverty line as a result of the cost-of-living crisis. Despite only making up around 15 per cent of the population of the UK, more than a quarter (26 per cent) of those in deep poverty are Black and minority ethnic people. As a result, Black and minority ethnic people are currently 2.2 times more likely to be in deep poverty than white people, with Bangladeshi people more than three times more likely. The Runnymede Trust<sup>31</sup> also found that Black and minority ethnic women are 2.3 times more likely to be living in poverty compared to white people.

<sup>28</sup> Women's Budget Group, [BAME women and Covid-19](#), June 2020

<sup>29</sup> Women's Budget Group, [The gendered impact of the cost-of-living crisis](#), March 2022

<sup>30</sup> See note 18

<sup>31</sup> See note 18

### The perspectives of Black and minority ethnic parents in London

*“Turn the lights off! Close the doors! Don't open the windows when the heat is on! Don't boil the kettle fully! And I'm trying to cut in every aspect, everywhere. I'm trying to cut this, cut that.”*

*“Don't eat so much! Don't waste the food if you don't want it! The kids feel I've gone mad with them.”*

*“We barely got through Covid, then it was such a shaky start to the recovery and now this. There are only so many cuts we can make, only so many ways we can stretch our budget before it breaks and so do we.”*

## Conclusions

This briefing has shown that racial inequalities in child poverty are particularly stark, with over half of children from Black, Pakistani and Bangladeshi backgrounds likely to grow up in poverty. Economic structures that reinforce gender inequality and entrench systemic racism mean that certain groups, including women, children and Black and minority ethnic families are much more likely to be living in poverty.

In a counterfactual world where low-income families are supported with sufficient financial resources to care for their children regardless of family size; where Black and minority ethnic women and girls are enabled to progress in education and in the labour market; where everyone can access secure, affordable housing; and where families are provided with good quality free at the point of access childcare, the risk of poverty for Black and minority ethnic children would be much lower than we see today.

This counterfactual world illustrates that we have a choice. Child poverty is policy responsive, and the government can commit to ending child poverty and be successful in this mission, if there is the political will to do so.

The evidence laid out in this briefing makes a strong case for political leaders to prioritise tackling child poverty to ensure a bright future for all children. And it shows why action to tackle child poverty cannot ignore wider inequalities. Below we set out some key recommendations for the government, which will address child poverty while taking into account the particular experiences of Black and minority ethnic people.

## Recommendations

The government needs to put in place a strategy to deliver long-term reductions in child poverty and inequality. In doing so it must also create infrastructure to monitor progress, for example by increasing the number of Black and minority ethnic families sampled as part of the Family Resources Survey to improve our data on poverty by ethnicity, and by publishing equality impact assessments of all spending and revenue-raising policies that account for their combined impact on marginalised groups.

But the need to improve our monitoring mechanisms should not stop the government from making changes that will immediately reduce child poverty and inequality, namely:

1. **Abolish the two-child limit and the benefit cap.** This would help 1 million children in poverty and disproportionately help Black and minority ethnic children.<sup>32</sup>
2. The forthcoming increase to local housing allowance (LHA) will help bring down the record levels of homelessness. But, to stop homelessness rising again, **LHA must be *permanently* pegged to the 30<sup>th</sup> percentile of local rents and tenant rights need to be strengthened** to protect families from soaring rents and the threat of eviction.
3. **Suspend the no recourse to public funds condition** with immediate effect.
4. **Ensure greater employment security** for workers on casual and precarious contracts by legislating to ban zero-hour contracts.
5. Radically and sustainably expand the provision and **access to affordable and high-quality childcare** through adequate public investment that creates an infrastructure that works for all involved – children, parents, providers and the workforce.

### About CPAG, the Runnymede Trust and the Women’s Budget Group

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn’t have to be like this. Our vision is of a society free of child poverty, where all children can enjoy a childhood free of financial hardship and have a fair chance in life to reach their full potential. 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 end poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. [cpag.org.uk](http://cpag.org.uk)

The Runnymede Trust is the UK’s leading race equality think tank. We were founded in 1968, to provide evidence on racial inequalities, to inform policymakers and public opinion about the reality of those inequalities, and to work with local communities and policymakers to tackle them. Our authoritative research-based interventions equip decision makers, practitioners and citizens with the knowledge and tools to deliver genuine progress towards racial equality in Britain. [runnymedetrust.org](http://runnymedetrust.org)

The UK Women’s Budget Group is the UK’s leading feminist economics think tank that provides evidence and capacity building on women’s economic position and that proposes policy alternatives for a gender-equal economy. We act as a link between academia, the women’s voluntary sector and progressive economics think tanks. [wbg.org.uk](http://wbg.org.uk)

We are grateful to Trust for London for funding the CPAG’s London Calling project, which has enabled this work, and to Oxfam GB for informing and supporting this report.

<sup>32</sup> Abolishing the two-child limit would lift 250,000 children out of poverty and 850,000 children would be living in less deep poverty. The benefit cap would reduce the depth of poverty for 220,000 children. CPAG, [Pre-Autumn Statement briefing for MPs](#), November 2023