

A group of four diverse children are running joyfully across a lush green field. The scene is captured during the 'golden hour' of sunset, with warm, low-angle light creating a soft glow and long shadows. The children, of various ethnicities, are dressed in casual, everyday clothing. The girl on the left is wearing a pink and white striped shirt and blue jeans, laughing with her mouth wide open. The boy in the center is wearing a white button-down shirt and brown shorts, looking towards the camera with a slight smile. The boy behind him is wearing a red and blue striped shirt and dark pants, also running with energy. The girl on the right is wearing a black and white striped shirt and dark pants, looking off to the side. The background is filled with dense green trees, and the overall atmosphere is one of carefree childhood happiness.

# Running on empty: COVID-19, deep poverty and BAME children

**DANIEL EDMISTON AND SIDDHARTH THAKKAR**

**How have changes to the benefits system affected low-income families over the last decade and what does this mean for their exposure to the economic fallout of COVID-19? What has happened to depth of poverty, particularly for the poorest BAME children? And what reform agenda does this set for social security beyond the pandemic?**

Despite the devastating effects of the COVID-19 pandemic on livelihoods, government reporting on poverty is unlikely to capture the full extent and severity of hardship experienced by families and children in the years to come. In part, this is due to a lag time in the publication of the *Households Below Average Income* (HBAI) statistics, drawn from the Family Resources Survey. However, it is principally because the measures in HBAI statistics used by the government tend to focus on rates as opposed to degrees of poverty. Such reporting tells us little about the changing socio-demographics or concentrations of poverty. When we look below the poverty line, we find an increasing depth of poverty that is hitting the poorest children hardest, especially those from a Black, Asian or other Minority Ethnic (BAME) background. Deep poverty can be measured in a number of different ways, and there are clear benefits to using a combination of indicators. Here, we principally focus on households in the bottom 10 per cent of the income distribution and those falling more than 50 per cent below the relative poverty line.



**When we look below the poverty line, however, we find an increasing depth of poverty that is hitting the poorest children hardest, especially those from a Black, Asian or other Minority Ethnic (BAME) background.**

Read about Households Below Average Income (HBAI) statistics and reports at [gov.uk/government/collections/households-below-average-income-hbai-2](http://gov.uk/government/collections/households-below-average-income-hbai-2)

**Long-term cuts for low-income families**

Since 2010, a series of changes to the tax-benefit system have undermined the quality and coverage of social security for low-income families and children. The child trust fund and elements of child tax credit have been scrapped. A benefit cap was introduced in 2013 in an attempt to ensure households could not receive benefit payments that exceed average wages. This cap was lowered further in 2016. In 2017, a two-child limit was introduced, so that child tax credit and universal credit (UC) now only provide support for a maximum of two children for certain families. Finally, benefit levels for children and the working-age population were either reduced or frozen for four years in the run up to the pandemic. The result is that benefit levels have fallen further away from the cost of living and average earnings over the last decade.

Since 2010, the value of child benefit has fallen by more than a fifth (21 per cent) and is currently worth the same amount it was in 1998. UC is worth around 12 per cent less than it was when it was first introduced.<sup>1</sup> The poorest households in the UK (those in the bottom 10 per cent of the income distribution) have seen the average amount they receive in cash benefits fall from 60 per cent to 43 per cent of gross incomes since 2010 (figure 1). Taking a longer view, children have been de-prioritised in social security spending over the last 40 years: 17 per cent of all benefit expenditure was directed towards children in 1979/80 compared to just 1.2 per cent in 2019/20.<sup>2</sup> Heading into the pandemic, these changes meant low-income families were facing a weakened social safety net but also greater exposure to the risks of labour market disruption and income shocks.

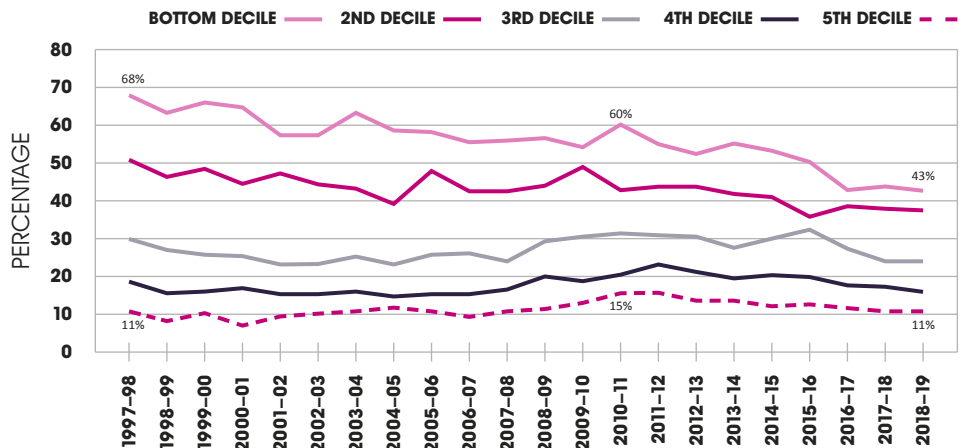


**Taking a longer view, children have been de-prioritised in social security spending over the last 40 years: 17 per cent of all benefit expenditure was directed towards children in 1979/80 compared to just 1.2 per cent in 2019/20.**

**Deep poverty and BAME children**

So what does this mean for the economic security of children, and BAME children in particular? Well, the depth of poverty has increased substantially in the UK, with children and larger families among the worst affected.<sup>4</sup> Drawing on the latest HBAI data release based on the Family Resources Survey 2018/19, there have been significant changes in the profile of child poverty. Since 2010, the proportion of children in relative poverty (below 60 per cent of median incomes) has grown by 8 per cent, with more than 4.2 million children in poverty, according to the latest available data. The poverty rate for children in larger families has also jumped considerably, from 27 per cent to 32 per cent for those in households with two or more children, and from 35 per cent to 43 per cent for those in households with three or more children. Rates of deep poverty (in the bottom 10 per cent of the income distribution) among children in larger

Figure 1: Average cash benefits as a proportion of gross income by income deciles, 1997–2019<sup>3</sup>



Source: Office for National Statistics, *Effects of taxes and benefits on UK household income: financial year end 2019*, table 3a, 2020.

# RUNNING ON EMPTY: COVID-19, DEEP POVERTY AND BAME CHILDREN

families have also increased significantly – jumping by 19 per cent for those in households with two or more children and by 26 per cent for those in households with three or more children since 2010 (table 1). The result is that, heading into the pandemic, more than a quarter (26 per cent) of those in deep poverty were children.

Against this backdrop, BAME children are most at risk of an increasing depth and severity of poverty (see figure 4 on p13). Prior to the COVID-19 outbreak, a quarter (25 per cent) of all white children were in poverty, compared to almost half (48 per cent) of all BAME children. Poverty rates have grown faster for BAME children than they have overall since 2010 (figure 2). This underlines the discriminatory basis of regressive welfare reforms and cuts to the social security system that disproportionately affect BAME families and children. For most minority ethnic groups, family size is above average.<sup>5</sup> As a result, measures such as the benefit cap and two-child limit tend to disadvantage low-income BAME children the most. With an increasing number of households affected by such measures during COVID-19,<sup>6</sup> we can anticipate a growing gap in poverty rates between white and BAME children in the coming years.

## Deep poverty and work

Since 2010, the proportion of households with children falling more than 25 per cent below the relative poverty line has increased from 48 per cent to 55 per cent. The proportion falling more than 50 per cent below the relative poverty line has increased from 22 per cent to 25 per cent, and the proportion falling more than 75 per cent below the poverty line has increased from 11 per cent to 13 per cent (table 2). These changes have occurred alongside increased labour market engagement, particularly among BAME households overall and Indian, Pakistani and Bangladeshi households specifically.<sup>7</sup> This has resulted in a changing exposure to the risk and depth of poverty over time.

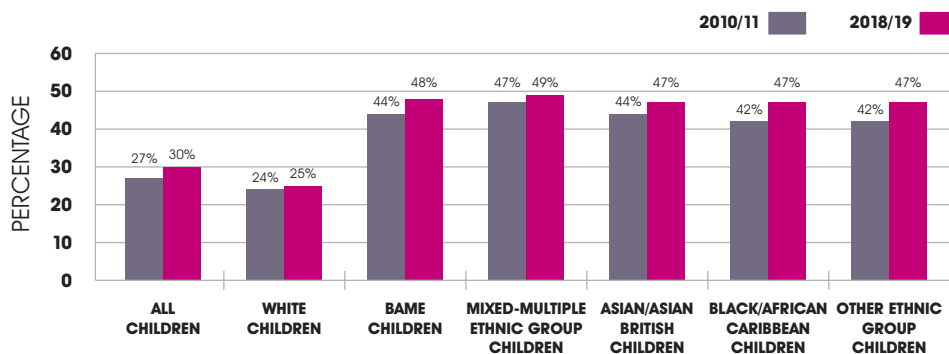
Figure 3 shows poverty rates after housing costs for children depending on their household composition and the differing degrees of labour market

Table 1: Rates of relative poverty and deep poverty (AHC), 2010/11 and 2018/19

	'Relative poverty' (below 60 per cent median income)			Deep poverty – defined as in the bottom 10 per cent of the income distribution		
	2010/11	2018/19	% Change	2010/11	2018/19	% Change
All children	27%	30%	+8%	11%	12%	+11%
In families with 2+ children	27%	32%	+17%	11%	13%	+19%
In families with 3+ children	35%	43%	+21%	13%	17%	+26%

Source: authors' analysis of Department for Work and Pensions, *Households Below Average Income, 1994/95–2018/19*, 2020, and figures calculated based on complete figures but presented here as rounded percentages.

Figure 2: Rates of relative poverty amongst children (AHC), 2010/11 and 2018/19



Source: authors' analysis of Department for Work and Pensions, *Households Below Average Income, 1994/95–2018/19*, 2020

Table 2: Distribution of households with children below the relative poverty line (AHC)

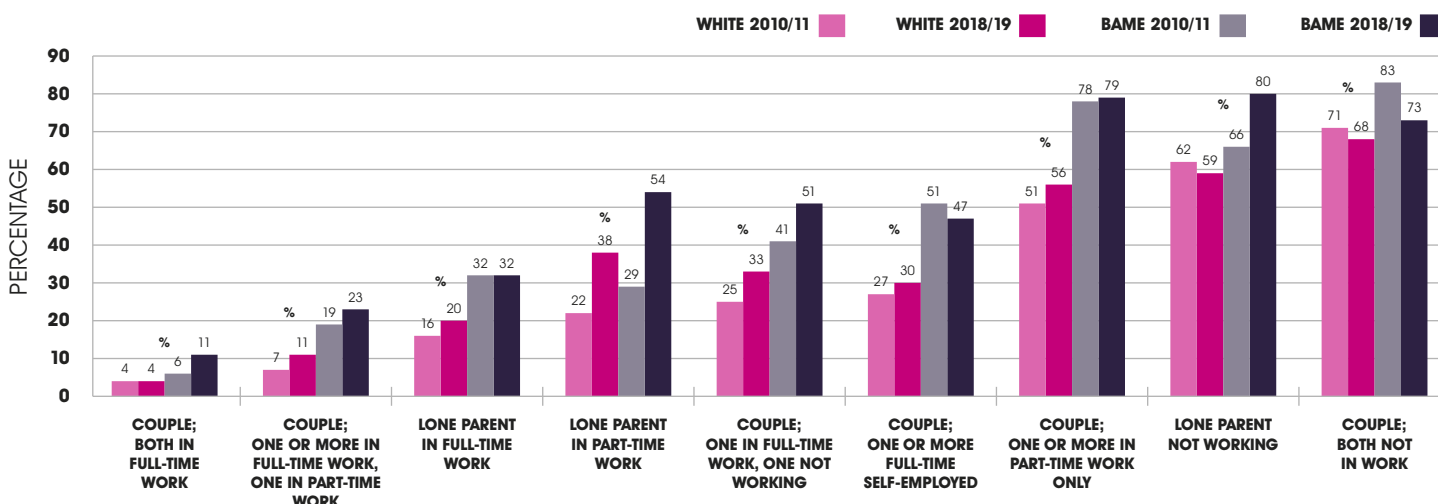
	0.1%–10% below line	10.1%–25% below line	25.1%–50% below line	50%+ below line	50.1%–75% below line	75%+ below line
2010/11	19.6%	32.1%	26.5%	21.8%	11.1%	10.6%
2018/19	19.7%	25.3%	29.8%	25.3%	12.8%	12.5%

Source: authors' analysis of Department for Work and Pensions, *Households Below Average Income, 1994/95–2018/19*, 2020

engagement observed in their household. Comparing poverty rates of white and BAME children, we observe four developments leading up to the pandemic. First, unemployment or low work intensity in a household remained the biggest poverty risk factor for all children over time. Second, BAME children in households with no or partial connections to paid work are considerably more likely to be in poverty than white children in the same situation. For example, 80 per cent of BAME children in lone parent, unemployed households were below the relative poverty line, compared to 59 per cent of white children in the same household situation in 2018/19.

Third, increased conditionality in the social security system has made it harder to access adequate financial support independently of the labour market, even for parents with considerable caring responsibilities. This has pushed a significant portion of lone parents into paid work, irrespective of the adequacy of their earnings or their ongoing caring commitments. Once again, it appears BAME children are worst affected by this. For example, the proportion of children living with a lone parent in part-time work in poverty has grown by 25 percentage points for BAME children, compared to 16 percentage points for white children (see figure 3).

Figure 3: Rates of relative poverty among children (AHC) by household type and economic status, 2010/11 and 2018/19



Source: authors' analysis of Department for Work and Pensions, *Households Below Average Income, 1994/95–2018/19*, 2020

Fourth, full-time work has become less effective at reducing the risk of poverty over the last decade. Children in dual earner households, or households in which one parent works full-time and another part-time, are more likely to be in poverty than they were 10 years ago. For those in this household situation, the difference in poverty rates between white and BAME children has also grown considerably. This difference highlights a growing problem of income uncertainty and inadequacy, both from labour market earnings and in-work social security, that is disproportionately disadvantaging BAME families and children.

Looking below the poverty line, there is growing evidence to suggest that children are falling further away from the poverty line across a range of family types, including those with substantive engagement in the paid labour market.<sup>8</sup> Increased labour market engagement among Pakistani and Bangladeshi families has tempered the depth of poverty among individuals from these minority ethnic backgrounds.<sup>9</sup> However, the risk of falling towards the very bottom of the income distribution remains much greater for BAME children and has actually increased for certain minority ethnic groups over the last ten years. The result is that more than one in five (22 per cent) of Black children were living in deep poverty (defined as being in the bottom 10 per cent of the income distribution) prior to the pandemic, as were a quarter (25 per cent) of children from Other minority ethnic backgrounds (See figure 4).



A courier delivers a package to someone's front door. BAME workers are over-represented in such low-income work and also at greater risk of labour market disruption, income shocks and possible exposure to COVID-19 due to frontline nature of a great deal of low-income work.

same people will lose the most as these temporary provisions in the social security system are withdrawn. That is particularly concerning given that those furthest from the poverty line are some of the most affected by COVID-19 in terms of pay and employment.<sup>11</sup> It also presents specific risks for low-income BAME households that currently make up an increasing proportion of benefit claimants during the pandemic. Compared to white claimants, BAME claimants are more likely to have made a new claim because they have been made redundant, lost their job or had their hours and/or pay reduced.<sup>12</sup> Within the present context, this leaves a growing number of low-income BAME families and children without an adequate social safety net to weather the current storm. Despite crisis social security measures intended to protect low-income livelihoods, many are running on empty without appropriate support during this period of intense economic volatility.

To 'build back better', we need to fully understand who stands to lose and gain as the pandemic recedes. We can only do that if government reporting on low incomes captures changes in the living standards of those falling, to varying degrees, below the poverty line. Looking below the poverty line shows that those with the least are losing most with an increasing depth of poverty in the UK over the last decade. Larger families, children and particularly BAME children are some of the worst affected. Reflecting on this should highlight a clear agenda to address the discriminatory basis of social security entitlement, as well as ensure effective targeting of resources where they are most urgently needed.

## Running on empty during COVID-19

In sum, there have been a series of highly regressive reforms to the social security system over the last decade and a corresponding change in the socio-demographic composition of poverty. This has left low-income, BAME families and children especially vulnerable to the unprecedented labour market shocks associated with COVID-19. In 2020, crisis measures temporarily sought to improve access to the social security system but pre-pandemic restrictions and elements of conditionality have since been reintroduced. This is in spite of the considerable job, childcare and income uncertainty that remains widespread, and to some extent, inevitable during the pandemic. Temporary increases in the standard allowance of UC and working tax credit have sought to improve the capacity of social security to protect livelihoods

after long-term reductions in the value of working-age benefits since 2010. However, such measures need to be understood as less of an 'uplift' and more as a temporary and partial reversal in cuts to low-income families over the last decade. Crucially, many families have also been left out of an uplift altogether either due to the two-child limit, the benefit cap or by virtue of being on legacy benefits prior to the pandemic. As outlined above, such restrictions have and continue to disproportionately disadvantage low-income BAME families and children.

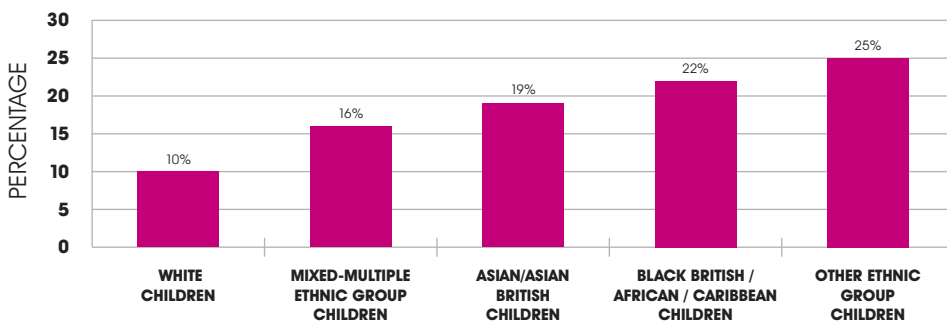
Distributional analysis suggests changes to the tax-benefit system since COVID-19 have benefited those towards the very bottom of the income distribution the most.<sup>10</sup> It stands to reason, though, that the

Daniel Edmiston is a lecturer in sociology and social policy at the University of Leeds. SIDDHARTH THAKKAR is a Laidlaw Scholar at Leeds University Business School.

### Footnotes

1. Department for Work and Pensions, *Abstract of DWP benefit rate statistics*, HMSO, 2020 (own analysis)
2. Department for Work and Pensions, *Benefit expenditure and caseload tables*, HMSO, 2020 (own analysis)
3. Office for National Statistics, *Effects of taxes and benefits on UK household income: financial year end 2019*, table 3a, 2020
4. D Edmiston, 'Plumbing the Depths: the changing (socio-demographic) profile of UK poverty', *Journal of Social Policy*, 2021
5. S Hall and others, *Intersecting inequalities: the impact of austerity on Black and Minority Ethnic women in the UK*, Women's Budget Group and Runnymede Trust with RECLAIM and Coventry Women's Voices, 2017
6. Department for Work and Pensions, *Benefit cap statistics*. HMSO, 2020
7. UK Government, 'Ethnicity facts and figures', 2020, available at ethnicity-facts-figures.service.gov.uk
8. T Lee, *Dragged Deeper: how families are falling further and further below the poverty line*, Child Poverty Action Group, 2020, and J Bradshaw and A Keung, 'UK child poverty gaps are still increasing', *Poverty*, 162, Child Poverty Action Group, 2019
9. D Edmiston, 'Plumbing the Depths: the changing (socio-demographic) profile of UK poverty', *Journal of Social Policy*, 2021
10. K Handscomb, *Safe Harbour? Six key welfare policy decisions to navigate this winter*, Resolution Foundation, 2020
11. Social Metrics Commission, *Poverty and COVID-19*, 2020
12. D Edmiston and others, *Who are the new COVID-19 cohort of benefit claimants? Welfare at a (Social) Distance Rapid Report #2*, 2020, available at hub.salford.ac.uk/welfare-at-a-social-distance/wp-content/uploads/sites/120/2020/09/WaSD-Rapid-Report-2-New-COVI-D-19-claimants.pdf

Figure 4: Rates of deep poverty, defined as being in the bottom 10 per cent of the income distribution, among children by ethnic group (AHC), 2018/19



Source: authors' analysis of Department for Work and Pensions, *Households Below Average Income, 1994/95–2018/19*, 2020