



Ending child poverty: how it can be done

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Families need guaranteed adequate financial support through the social security system as well as policies that make it easier for parents to find high-quality paid work and to balance this with caring responsibilities.

CPAG's new report shows that the average British class of 30 pupils now has nine children living in poverty; the harder-hit areas have 11. They add up to 4.2 million British children whose parents have too little income to support them properly. Many are in deep poverty. Decades of research have shown the damage poverty does to family life and to children's growth and development. But why is the risk of poverty high in childhood? What steps should be taken to prevent and end child poverty? What should a long-term cross-government child poverty strategy look like? And what are the immediate priorities for action?

At root, poverty means that a family does not have the resources to meet its day-to-day needs. This equation has two sides: needs and resources. While a family has dependent children at home, the household's needs are greater. Most obviously, and urgently, the family has more mouths to feed, so food costs are higher. Other expenditure also rises, including spending on clothes and shoes, books, fuel, public transport and childcare. A family outing, such as to a museum or the cinema, costs more. Housing costs and bills are also likely to be higher as the family has greater demands for space, and increased needs to use technology and the internet. Housing costs and childcare costs can take up the lion's share of the family budget. Some core public services are free to all in the UK, such as the NHS and school education. But there are still many associated costs, such as school uniforms, trips and equipment, which parents need to meet.¹

The risks of poverty in childhood

While family needs increase when children are young and dependent, this is also likely to be in a period in which family income takes a hit because of the need to balance paid work with caring responsibilities.

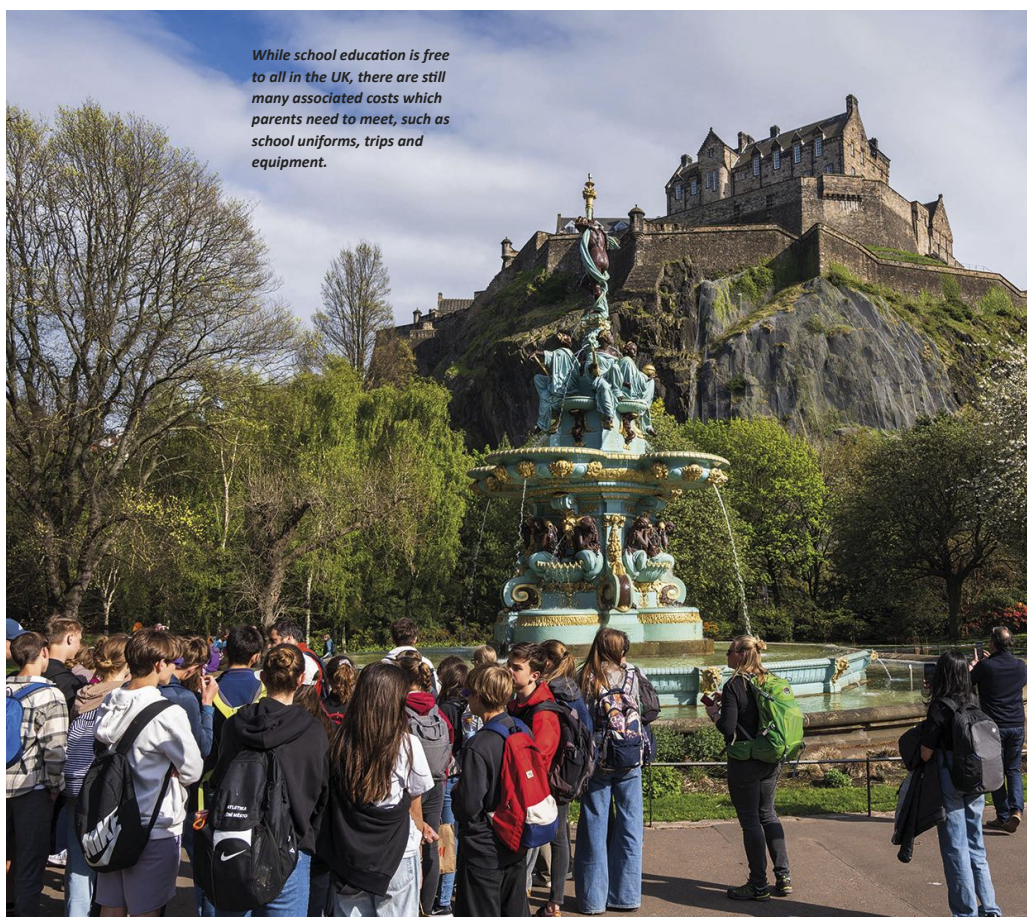
For some families, the reduction in paid working time might be short term, perhaps limited to a child's first year of life. Beyond the first year, parents' ability to bring in money from the labour market varies vastly depending on family circumstances. Many families cope with care demands by having one parent – almost always the mother, who also faces a gender pay gap – reduce their working hours or leave employment altogether. The number of families in the UK with two adults working full time is slowly increasing: just over one in five children now live in such households.² But this leaves a large majority of children in a range of different situations.

Around a quarter of children live with a lone parent.³ Working full time while meeting children's wider needs can be particularly hard for these parents. Nine out of 10 lone parents are women.⁴ Further, one full-time wage is still just that – a single wage.

Parents in larger families (those with three or more children) also face considerable challenges balancing paid work and care. Among two-adult families with three or more children, the most common working patterns are to have one adult working full time and one at home, or one working full time and one part time, and this has remained fairly stable in recent years.⁵ Among all children with one parent in full-time work and one at home, 44 per cent live below the poverty line. This is an extraordinary figure. In post-war Britain, it was the norm for one parent (almost always the father) to work full time, while the other looked after the home and children. The 'family wage' was considered the key to family stability, even prosperity. Now, nearly half of these classical 1950s-style families live in poverty.

Decisions about work are usually strongly gendered. Research talking to larger families sheds light on why parents do not spend longer hours in paid work.⁶ The cost of childcare is one key factor, as are childcare logistics when children have different drop-off and pick-up times, and schools and nurseries are rarely co-located. In larger families, there is also a higher likelihood that one child will be ill and need care at home, meaning parents must either have family or friends ready to help out or need to find work that is reasonably flexible. In addition to these practical considerations, some parents emphasise that children are young for a relatively short time and they want to spend time with their children during this phase, engaging more intensively in paid employment at a later stage. It is mostly mothers who make the 'choice' to leave the paid labour market for unpaid caring roles.

Parents with a child with a disability or health needs can find it much more difficult to work, especially full time. Organising childcare for disabled children is more complicated and there are other extra, time consuming, requirements such as managing additional needs and therapies, and attending appointments.



In addition, there are other reasons not directly related to the presence of children that prevent adults from working or mean earnings are low, which nonetheless impact children. Disability or sickness among adults is a significant risk factor for child poverty. Adults who are disabled or experiencing temporary or long-term sickness are less likely to be in paid work themselves, and may also need care from other adults, further reducing the possibilities of paid work for the household.

Finally, even where parents are in employment, work does not always pay. Enduring weaknesses in the UK labour market, especially associated with earlier industrial disinvestment, have placed greater numbers of workers into insecure low-wage service sector jobs offering fewer prospects. Since 2006, there has been a 60 per cent rise in the number of people moving repeatedly between work and unemployment, while the proportion at or below the minimum wage has risen sharply. The minimum wage has become a maximum wage for more and more workers. Wage growth slowed and then almost flatlined in the wake of the 2008 financial crisis, but the losses were not shared equally.⁷ In the three years between 2017 and 2020, wages in the bottom fifth of the income distribution fell by 3.8 per cent per year, incomes in the middle stagnated, while incomes in the top fifth saw steady increases. Trade union membership has fallen partly because of deindustrialisation, and trade union bargaining power has been further weakened by legislation. Public sector wages, in particular, have been held below inflation.



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What can be done to reduce poverty risks for children?

The most urgent priority is to guarantee adequate financial support for families through the social security system. Evidence tells us that this is how to make a real difference to children’s welfare. In addition, we need policies that make it easier for parents to find high-quality paid work and to balance this with caring responsibilities. We also need policies addressing housing costs and keeping core public services free.

First, social security. This is crucial for the increased needs all families have when children are at home, and the greater constraints to paid work. Many countries with low child poverty rates pay universal child benefit for all children, recognising that this is a time in the lifecycle when all families could use extra support. The social security system can also be used to provide help with costs such as housing, if wages are low and high housing costs have not been tackled directly. Even families in which both parents are working often need help from the social security system. For example, in two-parent families working full time and with three or more children, more than one in 10 children in the UK live below the poverty line, and this figure has increased in recent years.⁸



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For families where parents are working few or no hours for one of the many reasons discussed above, state financial support becomes particularly important. In principle, the social security system in the UK is designed to fill the gaps when income from employment is not enough. But in recent years, while real wages have fallen and costs are rising, cuts to social security support have meant the system is doing less just when it needs to do more. Since 2010, about £40 billion has been taken from the annual social security budget through freezes on uprating, the two-child limit, the ‘bedroom tax’ and the overall benefit cap. A decade ago, out-of-work support for families with children was worth 80–90 per cent of the poverty line (after housing costs) for most family types. By 2019/20, the maximum amount available had fallen to 60–70 per cent, with further common deductions bringing the level of support down to 50 per cent or even less.⁹ These deductions include the repayment of universal credit (UC) advances after the introduction of a five-week wait for support, and the need to make up the shortfall in rent due to cuts in housing benefit. These last cuts mean it is now arithmetically impossible for the benefit system to lift out of poverty any family who is paying a market rent.

Second, alongside adequate social security, we need policies that enable parents to choose the right balance of work and care for their family. This includes adequately paid maternity, paternity and reformed parental leave, rights to flexible and part-time working, and affordable and accessible childcare that parents trust, not only during the preschool years but also after-school and holiday clubs.

Policies that improve the quality and pay of work are also essential: in addition to minimum wages and policies that provide workers with guaranteed hours and employment security, this includes pathways that allow progression in work. Access to education, training and employment support can help ensure that adults can improve their skills and command better jobs with higher wages.

Finally, pressure on family budgets can be reduced by reducing cost pressures. An example is public transport policies that provide free travel for young people, such as London’s Zip Oyster scheme and free bus travel for under-22s in Scotland. Policies

ensuring access to healthcare and education is fully inclusive, such as expanding free school meals (FSM), have the potential to make a real difference. Policies to address the costs of housing and utilities should also be given high priority. Government investment in home insulation can protect household income and reduce carbon emissions.

In sum, investment in services and infrastructure can help to improve families’ experiences, make it easier to balance work and care, and provide a buffer from the effects of poverty. But there is no substitute for policies that support income directly.

Priorities for tackling child poverty

Our current system is riddled with policies that have increased the risk, level and depth of child poverty. We must rid the system of the most damaging as soon as possible:

- **Abolish the benefit cap**, which restricts the total amount of support working-age households can receive from our social security system. This would mean that about 250,000 children would live in less deep poverty.¹⁰
- **Abolish the two-child limit**, which means that some children get less support than others, simply by virtue of birth order and birth date. Removing it would lift 250,000 children out of poverty and mean 850,000 children are in less deep poverty.¹¹
- **Reduce deductions from UC**, which contribute to financial hardship and make it even more difficult for families to make ends meet.
- **Remove the five-week wait in UC** by making advances non-repayable, which would ensure no one has to struggle without any income or with a reduced income when they are repaying these advances.
- **Review the support for housing costs in UC** so that the local housing allowance is increased annually in line with local rents. This would help families meet their actual housing costs and reduce the number of children who are homeless and growing up in temporary accommodation.
- **Review support for children in migrant families** by removing the ‘no recourse to public funds’ condition for families with children. Additional funding should also be provided to councils for discretionary welfare payments and councils should be reimbursed for the support that they provide through Section 17 of the Children Act.

We must also expand measures that will prevent or reduce child poverty:

- **Increase child benefit and make it universal again.** Child benefit is a secure income source for families which they typically spend on children’s needs, but it has lost 20 per cent of its value since 2010. Child benefit should be increased by £20 per child a week, which would lift around 500,000 children out of poverty.

- **Expand FSM to all children at all stages of schooling.** There has been some progress with the rollout of universal provision in primary schools in Wales and Scotland, and for infants in England, but FSM should be available to all. They support children in their learning, health and wellbeing, and a universal system reduces stigma. This investment is good for all children but has the greatest impact on those facing hardship.
- **Ensure benefits for children are regularly uprated to provide timely support.** The value of working-age benefits and children's benefits should be substantially increased to provide an adequate standard of living and reflect the needs of children and families today. In addition, the government should introduce a statutory duty to uprate all benefits, and related thresholds, by prices or earnings, whichever is higher.
- **Support childcare costs to help parents manage work and care, and give children high-quality early education.** The government should reform childcare to reduce the high costs and improve the quality of childcare for all families by moving towards a universal, publicly funded system.
- **Increase the flow of child maintenance payments to lone parents.** It is estimated that if all maintenance due was paid in full, 60 per cent of UK children currently entitled to but not benefiting from maintenance would be lifted out of poverty.¹²
- **Raise the minimum wage.** Low wages and job insecurity are important factors driving family poverty. Single-earner families, whether lone parents or couples, are often unable to escape poverty through their own earnings. The TUC has proposed that the minimum wage should be set at £15 per hour with a target to reach 75 per cent of median hourly pay, in the context of a more general strategy to raise wages across the economy.¹³ The Resolution Foundation likewise calls for a higher minimum wage alongside improvements in employment rights and standards.¹⁴ Higher wages would increase family

income and reduce reliance on means-tested benefits. The Low Pay Commission should be authorised to set a new higher target for raising the minimum wage relative to median hourly pay.

A comprehensive child poverty strategy

Action to tackle child poverty should be co-ordinated across government at the highest level. We can learn from other countries where this has been effective (for example New Zealand) and from the UK itself. In Scotland, a strategy which includes policies such as the Scottish child payment is having an effect on poverty rates, although room for manoeuvre is limited by national UK policies and provisions. And across the UK we have made progress where there has been political will and a strategy. Between 1997/98 and 2013/14, child poverty fell from 33 per cent to 27 per cent. Poverty for children living with lone parents fell from 63 per cent to 40 per cent, and for children in families with three or more children from 45 per cent to 34 per cent.

We must commit once again to an all-embracing child poverty strategy across a broad range of policy areas, with key targets, timelines and regular reporting.

A child poverty strategy should take a wide, co-ordinated and long-term approach based on the best interests of the child, to take into account children's rights, to focus on children at risk, and to balance universal and targeted support.¹⁵ It should have seven key components:

1. Clear leadership, infrastructure and targets to work towards.
2. Social security that supports us all.
3. Decent work, pay and progression.
4. Quality, affordable childcare when families need it.
5. Inclusive education.
6. Secure homes for families.
7. Services and support.¹⁶

Families and children should be involved in developing the strategy. All the political parties should make a commitment to a strategy as a real driver for change.

You can read our full report on *Ending child poverty* at cpag.org.uk/ending-child-poverty

All poverty figures are after housing costs.

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Footnotes

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10. The results presented here are based on UKMOD version B1.03. UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis at the University of Essex. The process of extending and updating UKMOD is financially supported by the Nuffield Foundation (2018–2021). The results and their interpretation are the author's sole responsibility.
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Family friendly policies enable parents to choose the right balance of work and care for their family, including adequately paid maternity, paternity and reformed parental leave.

