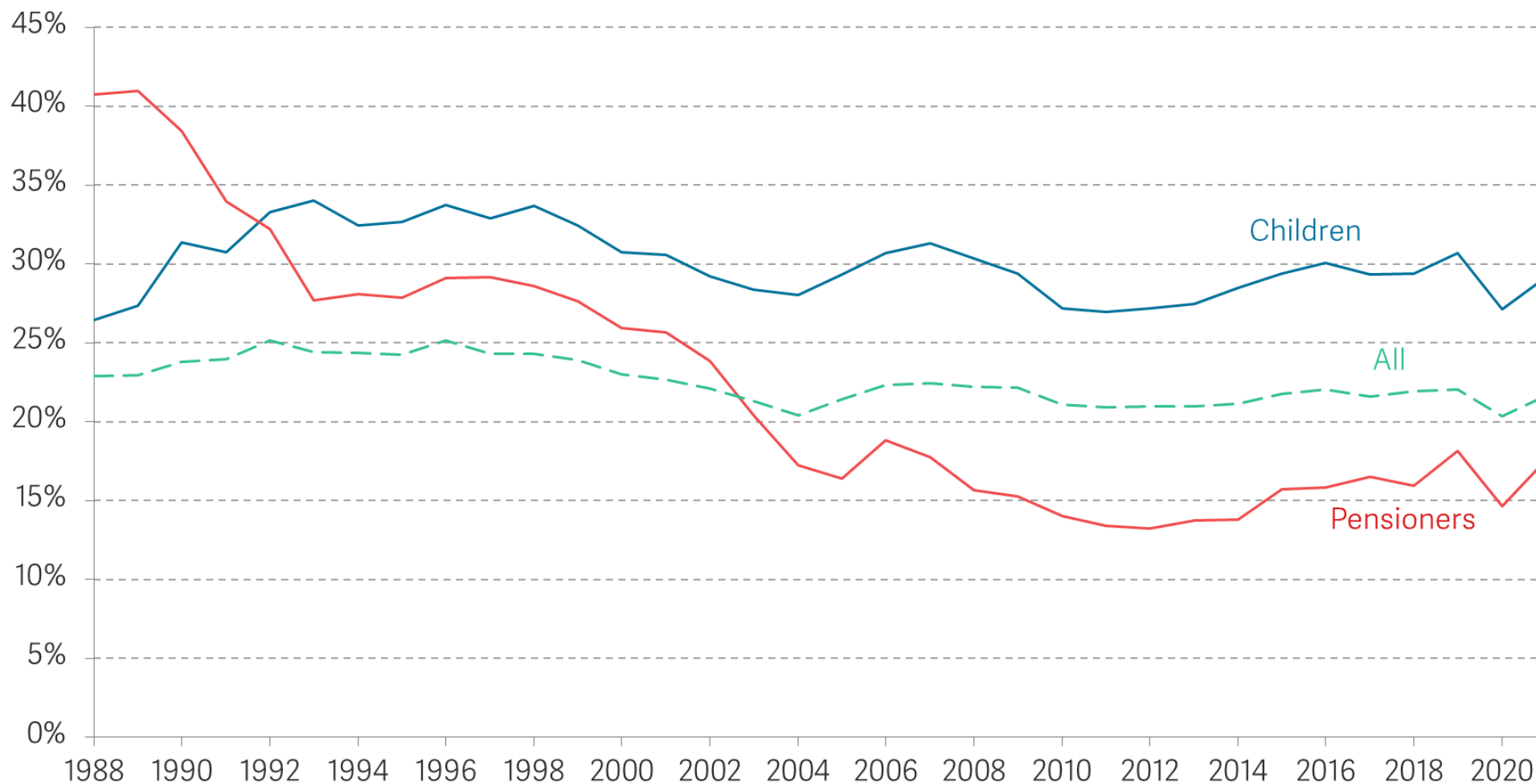


*Demanding better:  
What next for social security in a  
critical election year?*

**Gavin Kelly**, Executive Chair, Resolution Foundation

# Context 1: progress on pensioners but not children

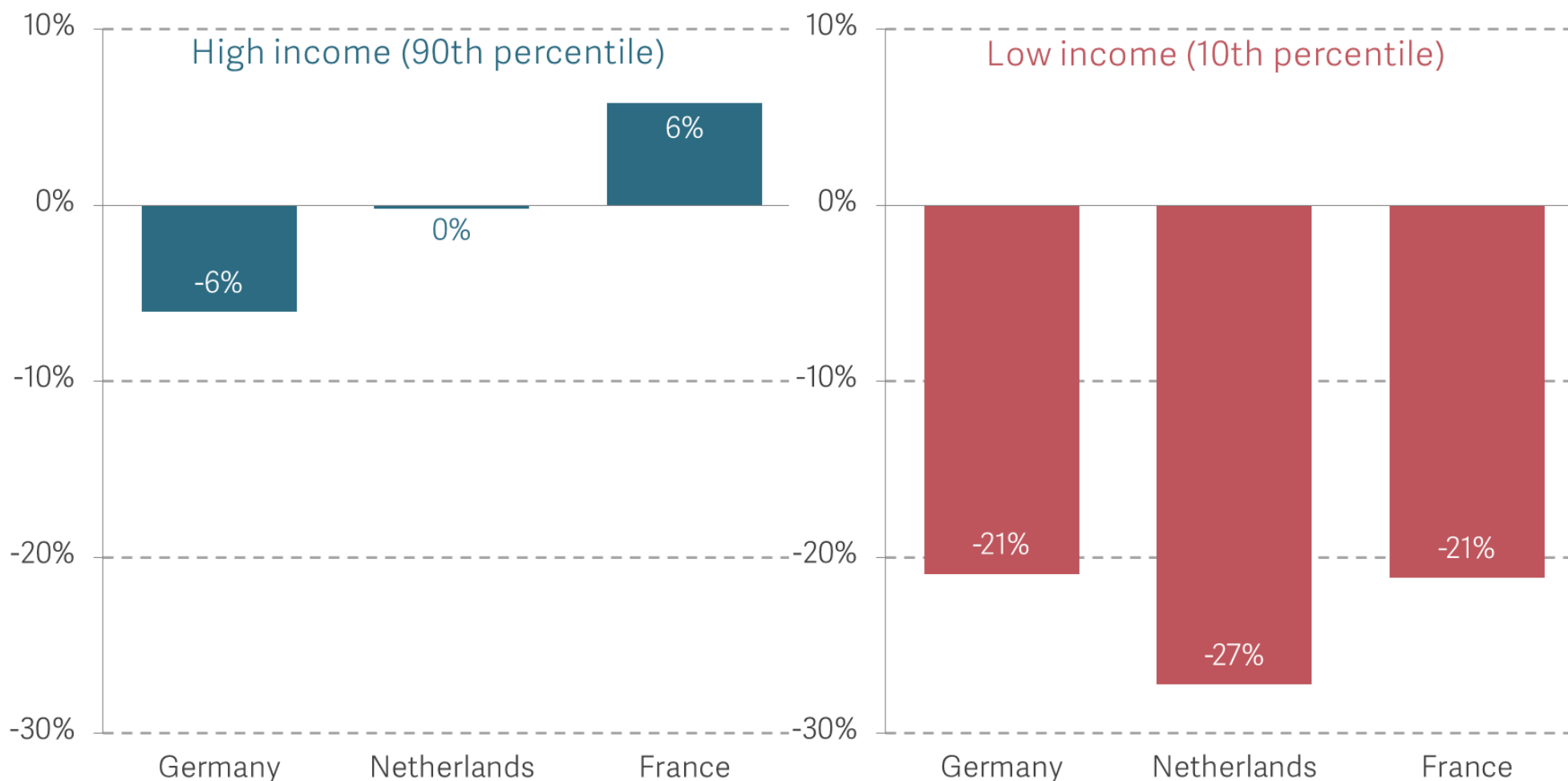
Proportion of people in relative poverty: UK



Source: IFS, Households below average income

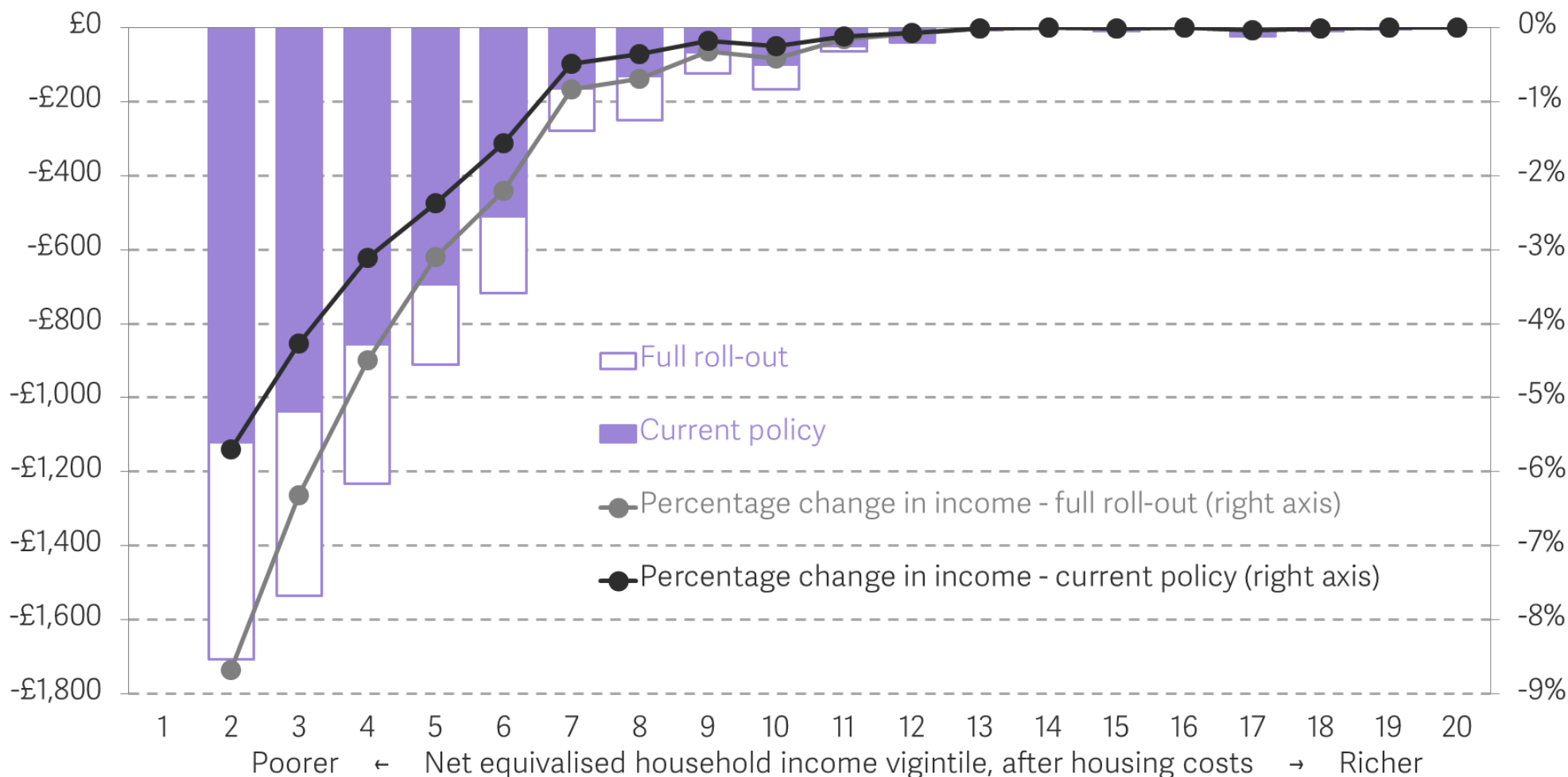
## Context 2: UK is a *really* bad place to be poor

Incomes in the UK compared to Germany, Netherlands and France, at bottom and top of income distribution: 2018



# The two-child limit is making poor children far poorer

Impact of the current and a fully rolled out two-child limit on non-pensioner annual household incomes, by income vigintile: UK, 2024-25



Those affected by 2CL lose up to £3.2k per child

c. 60% affected = working families

c. 60% of roll out

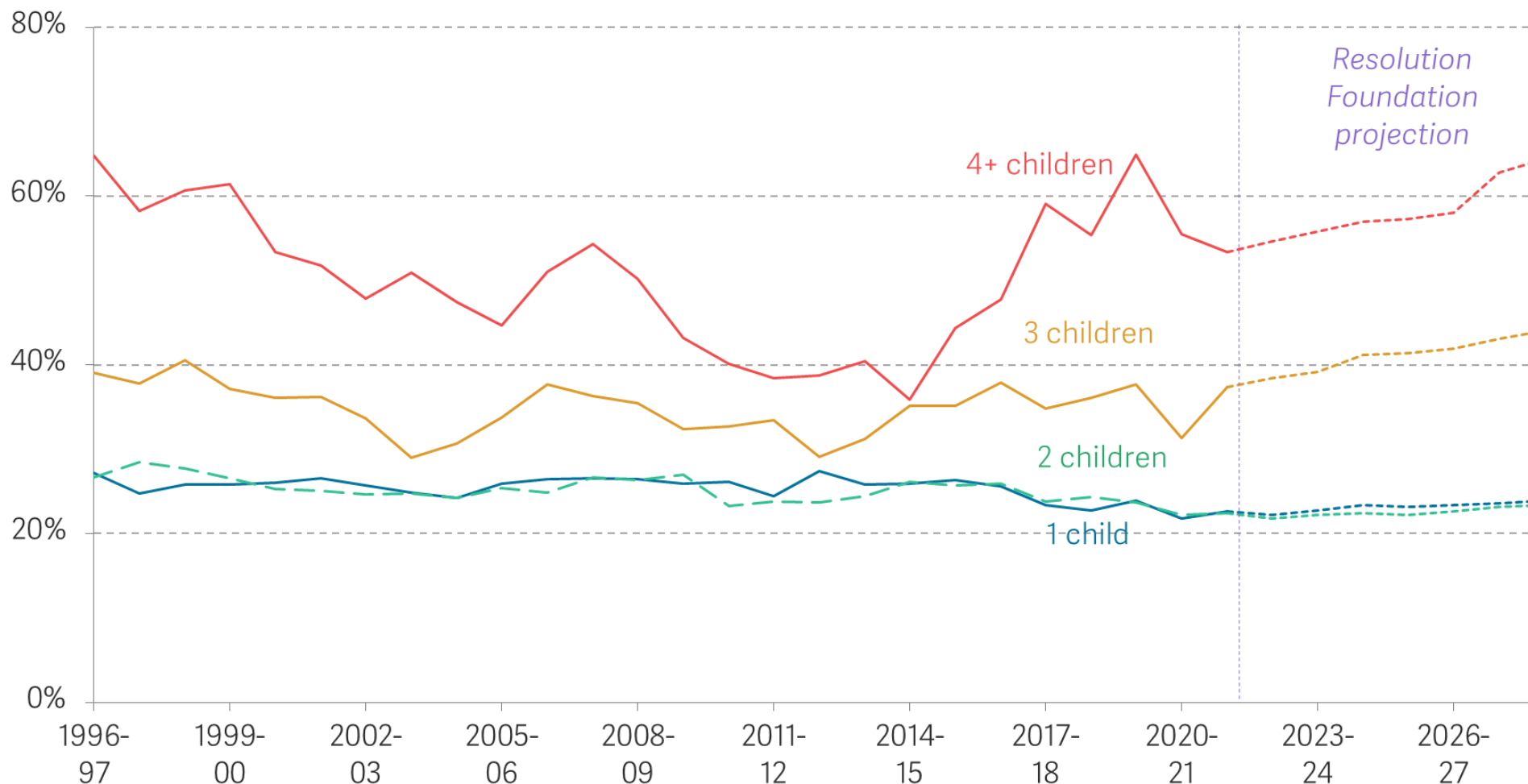
Benefit cap worth £14k less in 2013

Abolishing both = c. £3bn

Notes: Counterfactual is if the two-child limit did not exist. The bottom vigintile is excluded from our analysis due to concerns about the reliability of data. Source: Analysis of DWP, Family Resources Survey using the IPPR tax-benefit model.

# Outlook: projected poverty rates for larger families are shocking

Proportion of children living in relative poverty, after housing costs, by number of children in the household: UK



Over 50% of children in larger families (3+) expected to be in poverty by 2028/29

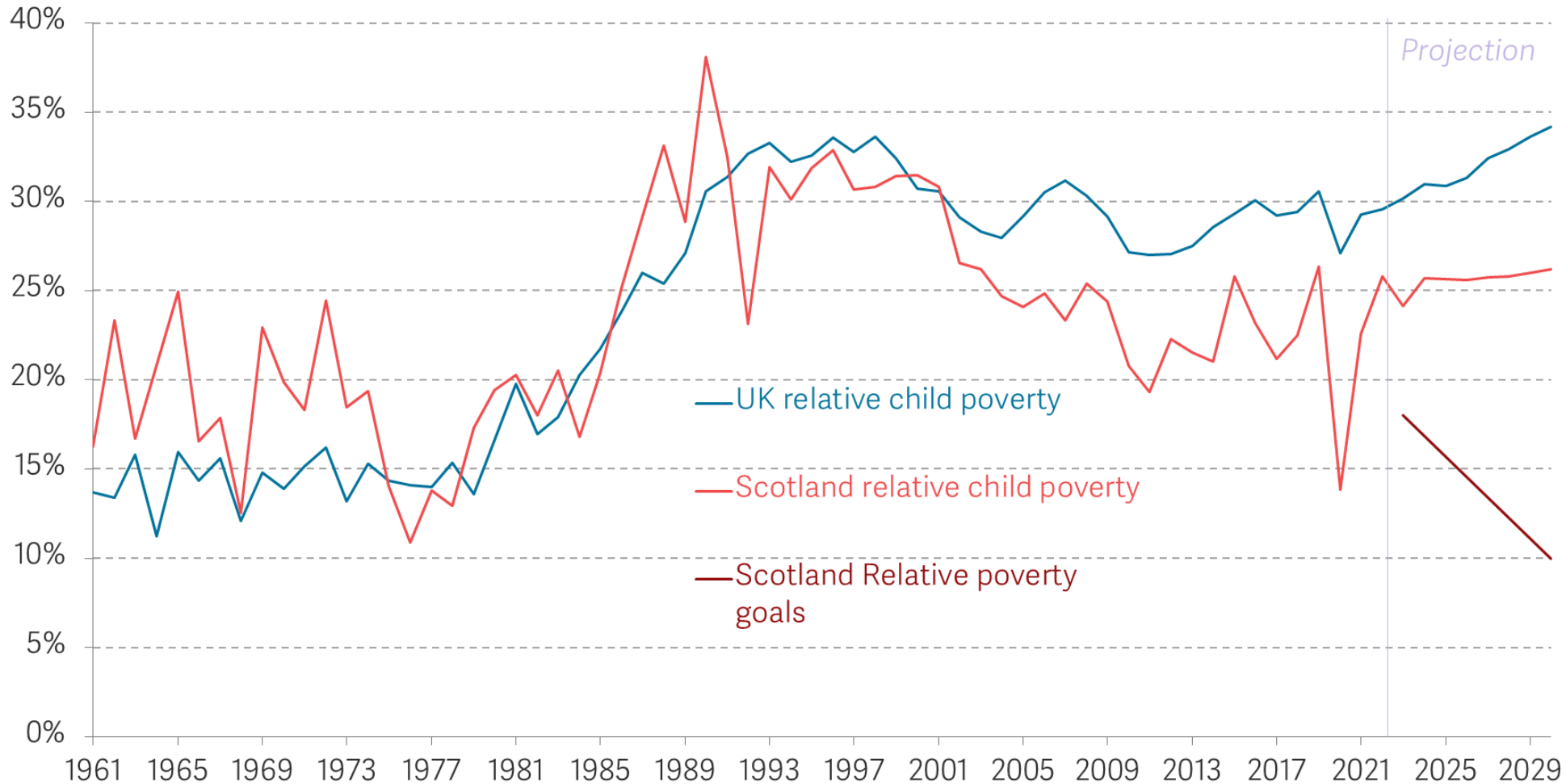
Little change in poverty rates for families with 1-2 kids

Notes: GB before 2002-03.

Source: RF analysis of DWP & IFS, Households Below Average Income; and RF projection including use of the IPPR Tax Benefit Model, ONS data, and OBR forecasts.

# Scotland has lower levels of child poverty - but is running uphill & not on track to reach its key goals

Proportion of children living in relative poverty, after housing costs: 1961-2030



Notes: RF projections based on The Living Standards Outlook – Summer 2023 Update, September 2023. This does not include the impact of Best Start Grants nor the future extension of universal free school meals to P6 and P7 pupils.

Source: RF projections and analysis of DWP, Households Below Average Income; Scottish Government, Tackling child poverty delivery plan - annual progress report, June 2023.

A plausible RF agenda for  
transforming poverty & living  
standards?

# Need 'pre' + 're'-distribution – but can be done

Real change in net equivalised working-age household income (after housing costs) by income quintile: UK, 2039-40



Pre-distribution:

- NMW at same pace
- Employment rate+
- Working hours+
- YP skills+
- Social housing+

Benefit measures:

- Uprate benefits with earnings
- End 2CL/ben cap
- Universal CB

Notes: We exclude the bottom 5 per cent due to concerns about the reliability of data for this group.  
Source: Analysis of DWP, Family Resources Survey, using the IPPR Tax Benefit Model.



# CPAG in Scotland

**Gavin Kelly**, Chair, Resolution Foundation