The Cost of a Child in 2024

December 2024

Summary

CPAG's annual Cost of a Child report looks at how much it costs families to provide a minimum socially acceptable standard of living for their children. It is calculated using the Minimum Income Standard (MIS) research, carried out by the Centre for Research in Social Policy at Loughborough University for the Joseph Rowntree Foundation.

- The cost of raising a child to age 18 is £260,000 for a couple and £290,000 for a lone parent.
- In-work families are struggling. A lone parent with two children working full time on the minimum wage can only cover 69 per cent of the cost of a child, while a similar couple can only cover 84 per cent.
- Out-of-work families are struggling even more. An out-of-work family with two children has less than half the income required to meet the cost of a minimum acceptable standard of living (39 per cent in a couple family, 44 per cent in a lone parent family).
- Families are further away from reaching a decent standard of living than at any point since this research began. All family types have the lowest share of costs covered since this series started in 2008.
- For families in work, the shortfall is particularly stark for larger families. For a lone parent on the minimum wage with three children, the share covered falls to 45 per cent (63 per cent for a couple on the minimum wage with three children).
- The key driver of these alarming figures is that costs have risen much faster than income via social security for all family types (ie, there have been real-terms cuts to social security).
- The shortfalls for in-work families outlined above highlight how work, on its own, is not sufficient to enable families to reach a basic standard of living and social security plays a crucial role.

Recommendations

1. Scrap the two-child limit immediately – this debilitating policy means larger families are at much greater risk of living in poverty, and particularly far away from reaching a minimum standard of living.

2. **Abolish the benefit cap** – the benefit cap limits the amount of benefits an out-of-work family (or a family working a low number of hours) can receive, pushing families into deep poverty. Abolishing the cap would ensure families unable to work are closer to meeting a minimum standard of living.
3. **Invest in children's benefits** – this will help families cover more of the costs of raising children, and is the best way to tackle child poverty. Increasing child benefit by £20 a week would support a wide range of families, including those just above the threshold for means-tested benefits, to have a higher standard of living.

The policy recommendations above must be included in the forthcoming child poverty strategy, as investment in social security is essential to effectively prevent and reduce child poverty.

Introduction

CPAG's annual Cost of a Child report looks at how much it costs families to provide a minimum socially acceptable standard of living for their children. Since 2012, this report series has systematically monitored the minimum cost of a child. This summary provides the latest calculations for 2024 and outlines the factors affecting the figures.

To estimate the overall cost of bringing up a child in the UK today, the report draws upon the Minimum Income Standard (MIS) research, carried out by the Centre for Research in Social Policy at Loughborough University for the Joseph Rowntree Foundation.[1] MIS is based on public consensus about what is needed for a minimum socially acceptable standard of living in urban UK, outside London. This minimum living standard is one that provides for material needs and enables participation in society.

The cost of an individual child is calculated not just by considering the cost of all the goods and services that a child needs, but as the difference that the presence of that child makes to the whole family's budget. These calculations are made for different children according to their birth order, in each year of their childhood, and are added up to produce a total cost from birth to age 18.

There are some important things to note about these calculations. Firstly, the costs are what the public deems a minimum acceptable standard of living. This is far higher than destitution, is higher than the current relative poverty line, but is still just a minimum. A family that can just cover 100 per cent of costs should not be seen as well-off: they have just enough for a minimum acceptable standard of living.

Secondly, in order to measure the change over time, a particular family type has been chosen. This family lives in social housing in the East Midlands (which has average social housing costs) and, when working, works full time with formal wrap-around childcare. Costs will be even higher in many parts of the UK such as the South East and London, and higher still if families are in private rented housing.

Thirdly, for many in-work families the share of costs covered will be even lower as parents face substantial barriers to work (availability of jobs, availability of childcare, transport costs, childcare costs, inflexible hours) meaning they are more likely to work part time than other groups. There are also other factors (eg, disabilities) that will impact on the ability of the family to work and the income they receive. There is not enough space in this report to precisely measure every single family situation, although the broad trends will apply to all family types.

[1] A Davis and others, *A Minimum Income Standard for the United Kingdom in 2024*, Joseph Rowntree Foundation, 2024

The cost of a child in 2024

The scorecard below shows the total cost of raising a child to age 18, and how that compares to the income received by families with two children and different work circumstances. It shows that the cost of child is nearly £260,000 for a couple and more than £290,000 for a lone parent.

Scorecard: The Cost of a Child in 2024

A. The additional cost of bringing up a child in 2024	(Minimum cost, averaged for first and second child)	
	Couple	Lone parent
1. Basic cost over 18 years	£165,872	£186,822
2. Full cost over 18 years	£259,028	£290,807
B. The extent to which families have enough to cover the minimum cost of living	Net income* as a percentage of minimum family costs – family with two children aged 3 and 7	
	Couple	Lone parent
3. Not working	39%	44%
4. Working full time on the minimum wage	82%	69%
5. Working full time on the median wage	99%	80%

Note: 'Basic cost' does not include rent, childcare or council tax. 'Net income' refers to disposable income, after subtracting rent, childcare and council tax. These calculations assume eligibility for universal credit, with entitlements updated to April 2024.

The scorecard also shows that out-of-work households can cover less than half their costs (39 per cent for a couple family, 44 per cent for a lone-parent family). In-work families can cover more of their costs, but even they struggle to meet the cost of the minimum acceptable standard of living. A couple working full time on the minimum wage can cover 82 per cent of their costs, while a lone parent working full time on the minimum wage can only cover 69 per cent. A lone parent working full time on the median wage can only cover 80 per cent of their family costs, while even a couple both working full time on the median wage can only cover 99 per cent of their family costs.

There are so many expenses to be paid out that just can't be covered by what families are given to cover essential living costs, heating, electricity, water. Phone, internet, school uniform and school meals are just some of the things that you just can't avoid. All of this is affecting children's mental health and wellbeing, not to mention the social impact of not being able to have the same experiences as other children when it comes to the cost of school trips, books, uniforms and holiday activities. This will all have a huge impact on their future lives and make it harder for them to reach their full potential for a better future. (Erik, September 2024)[2]

There are some basic things to note from the scorecard. Firstly, the cost of a child is higher for a lone parent than a couple. This is primarily due to economies of scale within household budgets, which benefit

[2] All quotes come from Changing Realities, a participatory online project working with nearly 200 parents and carers living on a low income across the UK, in partnership with the University of York and Child Poverty Action Group.

couple families more than single parent families. For example, the public agrees that people without children can rely on public transport as a minimum, but households with children should be able to have a car. For couple parents, the cost of a car is in part offset by saving the public transport costs of two adults; for a lone parent, the car costs the same, but they only save the public transport costs of one adult. Secondly, the share of costs covered by an out-of-work family is very low. It is higher for lone parents than couples as the additional amount received through social security for being in a couple compared to a single adult is less than the additional costs of a second adult. Thirdly, as earnings increase, the share of costs covered increases. The increase in costs covered is greater for a couple as they have two pay cheques coming in, while a lone parent only has one.

All I can see for the holidays this year is having to choose between eating myself and the kids having the basics. This is not living it's simply surviving. (Gracie E, June 2024)

But in order to properly examine the share of costs covered, it is best to look at how the share of MIS costs covered has evolved since 2008 (when the series started).

Trends over time

Figure 1 shows how the share of MIS requirements covered by an out-of-work family has evolved since 2008. In 2008, an out-of-work lone parent with two children could cover 68 per cent of their minimum costs, considerably higher than the 49 per cent they can cover in 2024. A lone parent with two children, working full time on the minimum wage, could cover nearly all their costs (97 per cent) in 2008 and now can only cover 69 per cent. The median wage calculations only started in 2018, but we can see that since 2020, when 94 per cent of costs were covered, it has fallen over time, so now only 80 per cent of costs are covered.

Figure 1: Share of MIS costs covered for a lone parent with two children over time

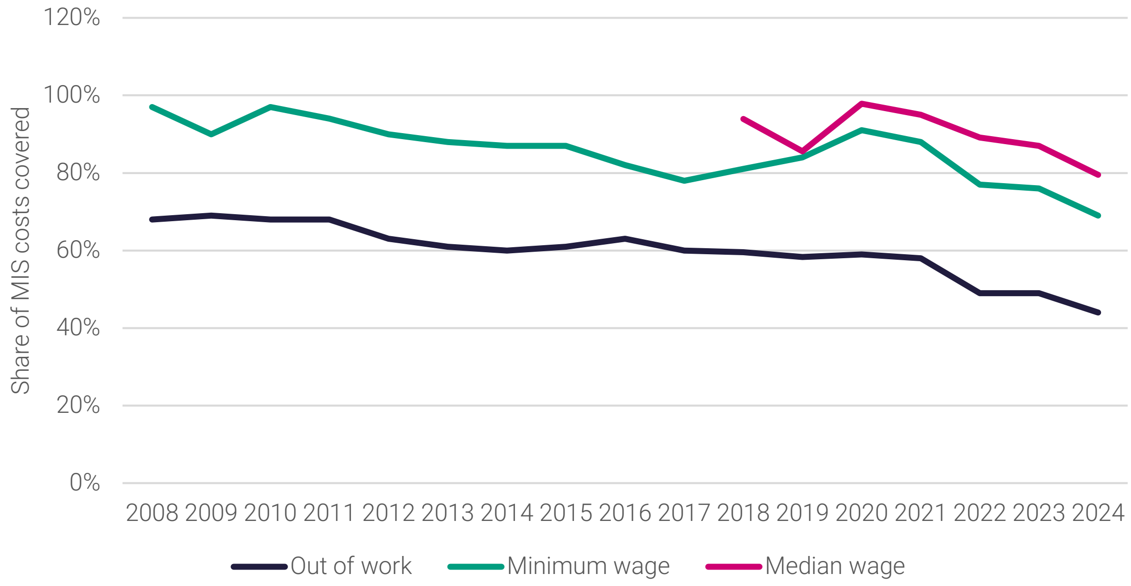


Figure 2: Share of MIS costs covered for a couple with two children over time

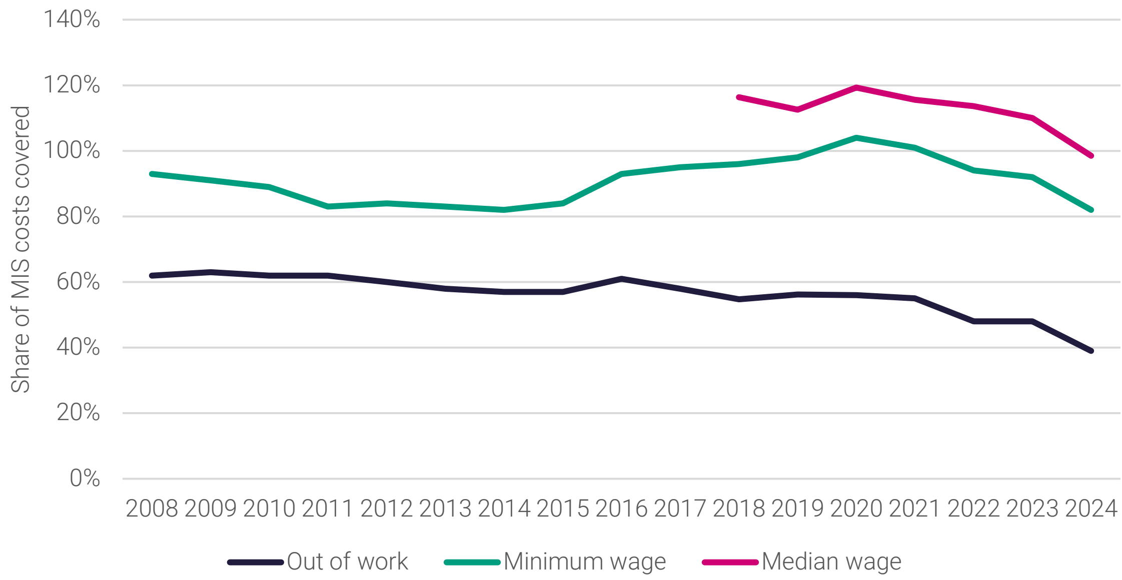


Figure 2 shows the same graph but for a couple with two children instead of a lone parent. In 2008, an out-of-work couple with two children could cover 62 per cent of their minimum costs, considerably higher than the 48 per cent they can cover in 2024. A couple working full time on the minimum wage could also nearly cover minimum costs (93 per cent) in 2008. They were then actually able to cover minimum costs in 2020 (104 per cent), but there has been a sharp fall since 2020. In 2024, only 82 per cent of costs are covered. For a couple both working full time on median wage, 2024 is the first year where not all the minimum costs are covered (99 per cent), a considerable fall from 2018 (when calculations for this series started), where 116 per cent of costs were covered.

What explains these findings?

In order to explain these findings, we need to look at what has happened to costs and what has happened to income. The two key sources of income are social security and earnings.

For most of the time period (2008 to 2021) costs rose fairly steadily, across all areas, as headline inflation was around 2 per cent and there were no particular inflationary pressures on low-income families. However, from 2021 to 2024, headline inflation was much higher, and there were particular pressures on low-income families as areas where they spend a greater share of their income (food, energy), saw sharp price rises higher than overall inflation.

> *I am so tired of being paid my full-time wage paying bills and childcare with not enough to scrape through to my universal credit payment to then again pay out on the remaining bills/ missed bills and the rest of the childcare, I have had enough, just to go through the same cycle next month but worse off as every month you just get a little bit further into debt… where does it end? (Roxy N, April 2024)*

The 2010s can be characterised by cuts to social security, which affected both out-of-work and in-work families. Benefits have been consistently frozen or uprated by less than inflation, and other policies that particularly affect families such as the two-child limit (see next section for impact on larger families)[3] and

[3] From 2013 to 2016, benefits were uprated by less than inflation. From 2016 to 2020 they were frozen in cash terms.

benefit cap were introduced. Even without the benefit cap, out-of-work households are only able to cover a very low share of their costs. The benefit cap means that some out-of-work households can cover even less. In addition, the benefit cap threshold has only been uprated once since its introduction. This means that over time more and more households are becoming affected, and those already affected fall further behind as they do not gain from benefits being uprated by headline inflation, while costs continue to rise.

Since 2020, there have been fewer cuts to social security, but the damage of the 2010s remains, as policies like the two-child limit continue to be rolled out, and the benefit cap fails to keep track with the rising cost of living.

The minimum wage was only increased by inflation until 2014. Since 2014, it has mostly risen by more than inflation. Pre-Covid the median wage rose by slightly more than inflation, on average. Since then, median wage growth has not kept up with inflation. It is also important to note that families with children have reduced working capacity because of their caring responsibilities (although we can see even those families with two adults in full-time work are unable to meet MIS). And wages don't adjust for family size, which is why social security will always play a critical role in supporting low-income families.

These trends in costs and incomes explain the trends apparent in Figure 1 and Figure 2. Cuts to social security since 2010 have placed downward pressure on all family types. There was some respite for families on the minimum wage from 2014 to 2020 as that was increased above inflation.[4] In 2020, there was also the temporary £20 uplift to the universal credit standard allowance that boosted household incomes. However, since 2020 all families have seen a big hit to their ability to cover minimum costs as costs have risen by much more than incomes.

Larger families

So far, this report has focused on families with two children, but it is important to look at how family size affects the share of costs families can cover, particularly in the context of regressive policies like the two-child limit. Figures 3 and 4 show the share of MIS costs covered by number of children and work status for lone parents and couples.

[4] Although families working full time on the minimum wage did see a rise in the share of their costs covered, this may not be representative of working families in poverty in general. As previously mentioned, many parents are unable to work full time. In addition, many parents' hourly wage would have already been above the minimum wage so they would not have benefited from the increase in it.

Figure 3: Share of MIS costs covered by number of children and work status for lone parents

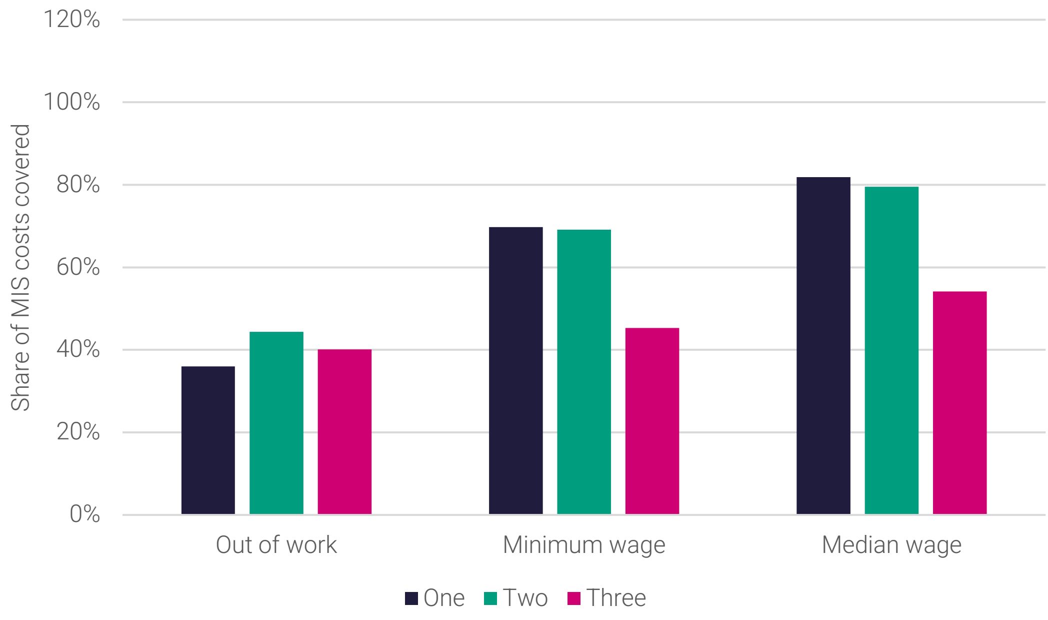
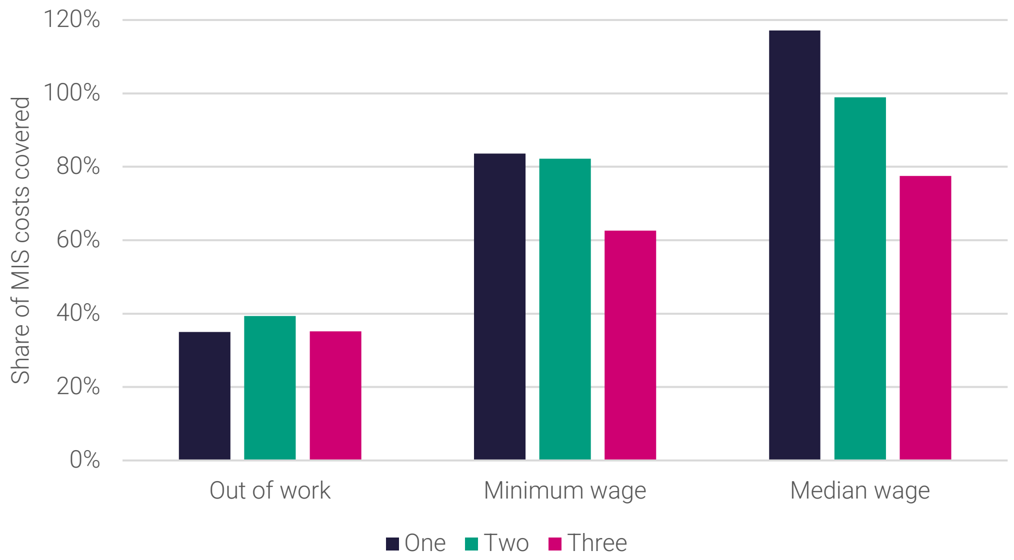


Figure 4: Share of MIS costs covered by number of children and work status for couples



We can see that for one and two children the share of costs covered by work status is similar. The big difference is the share of costs covered for three children compared to two children for in-work families. The two key drivers of this difference are the two-child limit and higher childcare costs for a pre-school child.[5]

[5] These figures were calculated in April 2024 – pre-dating the rollout of free childcare to children aged 9-24 months. The introduction of this scheme, if properly funded, will mitigate some of the difference, but still the share of MIS costs covered is going to be considerably lower for families with three children.

Conclusion

For the first time since the series began in 2008, none of our six family types are able to cover all the costs of a minimum standard of living. The government must take action to reverse this alarming trend or more and more children are going to be held back by the debilitating effects of poverty. It is clear that work by itself is not the answer to child poverty – the in-work households in these calculations are working full time and are still unable to cover the costs associated with a minimum standard of living. There needs to be investment in social security.

Our first step would be to scrap the two-child limit as it is larger families who are particularly far away from reaching a minimum standard of living. The next step would be to abolish the benefit cap, as that pushes families, who even in the absence of the cap would be far below a minimum standard of living, even further away.

After that, children's benefits need to be invested in. This will help families cover more of the costs of raising children, and this investment is the best way to tackle child poverty. Increasing child benefit by £20 a week would support a wide range of families, including those just above the threshold for means-tested benefits, to have a higher standard of living.

About the calculations

All calculations in this report were carried out by Dr Juliet Stone at the Centre for Research in Social Policy (CRSP), an independent research centre based in the School of Social Sciences at Loughborough University. Over the past 40 years, it has built a national and international reputation for high quality applied policy research. The Centre's biggest role at present is the researching and analysis of A Minimum Income Standard for the United Kingdom. Funded by the Joseph Rowntree Foundation, this is the leading standard of its kind in the UK, where it is being used to set the living wage, and is being replicated in other countries seeking to establish benchmarks for acceptable household income levels rooted in social consensus. lboro.ac.uk/research/crsp

About CPAG

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. 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. Child Poverty Action Group is a registered charity in England and Wales (294841) and Scotland (SC039339).
cpag.org.uk