



CPAG's response to the latest poverty statistics

27 March 2025

Summary

- The latest poverty statistics show that in 2023/24 there were a record 4.5 million children in relative poverty (after housing costs), a rise from 4.3 million in 2022/23. This is 31 per cent of children.
- Analysis from CPAG indicates that child poverty is set to rise even higher – reaching 4.8 million by the end of this parliament (2029/30), in the absence of any poverty-reducing reforms.
- The key reason for this increase is the continued roll-out of the two-child limit, while the recently announced cuts to disability benefits also contribute to the projected rise.
- Child poverty fell in Scotland (the one-year poverty rate fell from 26 per cent to 22 per cent), due to the introduction of the Scottish child payment, while it rose in England, Wales and Northern Ireland. This shows the impact investment in social security has on child poverty.
- The government has made a commitment to tackling child poverty and is due to publish a cross-government child poverty strategy later this year. CPAG is calling on the government to scrap the two-child limit and the benefit cap as part of the forthcoming strategy, as a vital first step.
- Reducing child poverty over the course of this parliament is essential if the government is to deliver on its wider objectives of improving school readiness, increasing living standards, and breaking down barriers to opportunity.

Headline poverty figures

The latest poverty statistics show that in 2023/24 relative child poverty after housing costs (AHC) was at a record 4.5 million, a rise from 4.3 million in 2022/23.¹ This is the latest chapter in a worrying long-term trend of rising child poverty. In 2010/11 there were 3.6 million children in poverty.

This 2023/24 figure is backward-looking (there is a one-year lag as it takes time to collect and analyse representative household income data) and covers the last year of the previous UK government rather than the current one. But we can use this figure as the basis for economic modelling on what will happen to child poverty through the course of this parliament.

Economic modelling from CPAG forecasts that child poverty will rise from 4.5 million to 4.8 million over the course of this parliament, in the absence of any poverty-reducing policies from the government.² The main driver of this rise is the continued roll-out of the two-child limit, while the recently announced cuts to disability benefits also contribute to the projected rise.

¹ DWP, [Households Below Average Income 2023/24](#), 2025

² In order to calculate the 4.8 million in 2029/30 figure, it is necessary to use the latest 2023/24 poverty figure as the baseline, and then add onto this the impact of six years of wider economic trends and policy changes on child poverty, using UKMOD. UKMOD is tax-benefit microsimulation software maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. The results and their interpretation are the author's sole responsibility. Version B1.11 was used, with the wider economic parameters updated, based on the OBR's Economic and Fiscal outlook March 2025.

Breakdown of the poverty statistics

Today's statistics also show:

- The three-year average poverty rate has fallen in Scotland from 24 per cent to 23 per cent (the latest one-year data shows a fall from 26 per cent to 22 per cent). It has risen in England from 30 per cent to 31 per cent, in Northern Ireland from 23 per cent to 24 per cent, and in Wales from 29 per cent to 31 per cent. The key reason for this divergence is the introduction of the Scottish child payment.
- 72 per cent of poor children live in working families, a rise from 60 per cent in 2010/11.
- 44 per cent of children in families with three or more children are living in poverty, up from 35 per cent in 2010/11. This is far higher than the rate for families with one child (21 per cent) or two children (25 per cent).
- Poor families have fallen deeper into poverty. There are 3.1 million children in deep poverty (defined as below 50 per cent of median relative AHC income (adjusted for household size) compared to 2.9 million children last year, and 2.3 million in 2010/11.
- 49 per cent of children in Asian and British Asian families, 49 per cent of children in Black/ African/ Caribbean and Black British families, and 24 per cent of children in white families are in poverty.

Understanding the poverty measure

The relative after housing costs poverty measure sets the poverty line at 60 per cent of median income, after adjusting for household size. 'Income' is important as poverty is about financial resources, 'relative' is important as poverty should be understood in the context of the society in which we live, and 'after housing costs' is important as housing costs are unavoidable and this better captures regional variation.

Policy recommendations

In order to reverse this damaging trend, the government has to invest in social security. The first step must be scrapping the two-child limit, which is the key driver of this alarming rise. Removing the benefit cap is also necessary, to reduce the depth of poverty for some of the poorest families across the country. Another key policy recommendation is the introduction of universal free school meals (FSMs) so that all children have access to a free lunch, including the 900,000 children in poverty across England who are currently missing out on any form of FSM. These policies would help reverse the trend, but to substantially reduce child poverty, there needs to be further investment, such as increasing child benefit by £20 a week. For more policy asks as well as design recommendations for the child poverty strategy see [Building Blocks](#).

Conclusion

The government must take urgent action on child poverty, or the number of children in poverty will continue to rise steadily, reaching 4.8 million by the end of this parliament. Behind these numbers are individual children and their families who are living with the consequences of poverty now; without a warm secure home to sleep in, food on the table, and missing out on opportunities all children should have access to.

This is damaging to the short- and long-term prosperity of the country, and undermines the government's wider objectives of improving school readiness, increasing living standards, and breaking down barriers to opportunity. The forthcoming child poverty strategy represents a chance to reverse this damaging trend, where the starting point must be scrapping the two-child limit and the benefit cap.

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. CPAG is a registered charity in England and Wales (294841) and Scotland (SC039339). cpag.org.uk