



Child poverty stats explainer

March 2026

Summary

- Three key changes to this year's poverty statistics:
 1. Poverty statistics will be based on the household incomes people have reported as usual, but additional information on what benefits people are receiving (admin data) will be added. This is because benefit income has been under-reported in the past.
 2. Absolute poverty statistics, where the poverty line stays the same over time, are being re-based. Until now they have shown poverty levels based on the 2010/11 poverty line, but will now use the 2024/25 poverty line (and therefore relative and absolute poverty rates will be the same this year).
 3. The government will produce local after housing cost poverty rates.
- Addressing benefit under-reporting is sensible to capture more accurate household incomes.
- In practice, this will mean some lower-income families will have a higher income in the data than previously reported, meaning fewer families in poverty and some families in less deep poverty. However, it is impossible to say how large this fall will be as we do not have access to the admin data.
- The trends in poverty should remain the same. Child poverty is likely to be higher in 2023/24 than in 2022/23 and 2021/22, even if there were not 4.5 million children in poverty that year.
- Periodically re-basing absolute poverty is necessary, but will mean that little can be said about absolute poverty this year.
- The government producing local after housing cost poverty rates is welcome. The government has access to high quality admin data and it is important for local poverty analysis.

Introduction

The changes to poverty data released in 2026 will improve the quality of UK poverty statistics, which is beneficial for future poverty analysis. However, these changes may create teething issues from a public understanding perspective. It is therefore important to understand what is happening, why it is happening and what the ramifications are.

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The majority of this briefing will focus on the adjusting of household incomes in survey data as this is the biggest change and will affect the number of children in relative poverty after housing costs (AHC), the key figure for poverty analysis.

Benefit under-reporting

Poverty statistics are calculated from Households Below Average Income (HBAI), a dataset created from the Family Resources Survey (FRS) dataset. It is known that there has been under-reporting of benefits in these datasets. For instance,¹ the government spent £214 billion on social security in 2016-17 (in Britain), but only £170 billion is accounted for in 2016/17 survey data. This means that around £40 billion a year was missing from our key income and poverty statistics. Given the complexity of the social security system, it is not surprising that reported survey incomes do not capture all benefit income. Government is able to adjust for income under-reporting by using administrative data they privately hold on all individuals/households who claim social security.² Until now, the UK has not supplemented its survey data with administrative data to correct for under-reporting, but will from this year.

What does this mean in practice?

In practice, this means total household income included in HBAI calculations will increase by an estimated £40 billion (the exact figure is unknown and will change from year to year). The important consideration for poverty statistics is where the households with higher adjusted income sit in relation to the poverty line. Without having sight of the admin data, it is difficult to know exactly where the additional £40 billion will sit, but there are two important considerations.

First, there is under-reporting of all benefits. Of the estimated £40 billion, only a third was estimated as under-reporting of working-age means-tested benefits.³ This means that only a proportion of the £40 billion will go to low-income households with children.

Second, it seems likely that the larger effect will be on poverty depth rather than the extent of poverty. There is a non-negligible group of households in survey data who report having no or very little non-benefit income and zero benefit income. There may well be some families for whom that is true. But it seems likely that a sizable share of this group does in fact have benefit income. But with such low (or no) earnings, when this benefit income is added to their household income they are unlikely to have a high enough income to be out of poverty. The inadequate social security system does not allow for that.

Public understanding of the statistics

Poverty statistics are important because they hold the government to account and inform policy decisions. It is important for them to be as accurate as possible and we support the changes that have been made this year. This does not mean that previous analysis on the extent, trends or solutions to child poverty are invalid.

Firstly, there is no acceptable number of children in poverty. When we say child poverty rose from 3.6 million in 2010/11 to 4.5 million in 2024/25, this is not accepting that 3.6 million children in poverty is

¹ A Corlett, *Improving our understanding of UK poverty will require better data*, Resolution Foundation, 2021

² Administrative data is more accurate than survey data, but survey data is still required to get a nationally representative sample with detailed information on different sources of income and other wider areas. It would be basically impossible to use administrative data alone to get a representative sample of all household incomes.

³ CPAG's calculations from A Corlett, *Improving our understanding of UK poverty will require better data*, Resolution Foundation, 2021

fine. If the numbers are lower across the board (as is likely with the adjusted data), it is still unacceptable there are any children growing up in poverty.

Secondly, trends in the number of children in poverty are particularly important for policy analysis. This shows whether the government is making things better or worse. There is no reason why the trends will change with these new statistics. With the March 2026 release we will have the adjusted data for 2021/22 to 2024/25. Unfortunately, that is the extent of the time series (there are plans for an ad-hoc summer 2026 release that goes back to 2018-19). Ideally, this time series would go back further, however this seems unlikely for administrative data reasons.⁴

Thirdly, previous analyses of the impacts of policies on child poverty are still valid. If anything, they were underestimating the poverty impact. With the benefit under-reported data, a sizable fraction of any policies would not be accounted for in reported household income data and therefore poverty reduction estimates. With the inclusion of benefit admin data in the poverty statistics, government will more easily be able to see the full impact of its policies. It is important to re-iterate that the actual impact of policies remains the same, but in a world of competing interests, being able to show the full extent of your poverty-reducing policies in the data is important. Analysis has shown that investment in social security in the early 2000s by New Labour led to even greater poverty reduction than previously thought, once benefit under-reporting is accounted for.⁵

Re-basing of absolute poverty statistics

Another change to HBAI in the March 2026 release will be the re-basing of absolute poverty statistics. Absolute poverty is defined by having an income below 60 per cent of the median income in 2010/11 adjusted by inflation. The absolute poverty line will no longer be the 2010/11 poverty line (adjusted for inflation) but the 2024/25 poverty line. CPAG has always believed that relative poverty is a more informative measure and will continue to focus on relative AHC poverty. Absolute poverty measures are more problematic (not least because they need to be re-based every so often), but can still be informative in certain contexts. However, this year's release will not be informative for absolute poverty as the absolute and relative poverty statistics will be the same. Under-reporting of benefit income existed in previous years' absolute poverty statistics, but this will now be resolved for future years.

Scotland has a statutory child poverty target (less than 5 per cent of children in absolute poverty by 2030/31) based on the 2010/11 inflation-adjusted poverty line. Scottish government officials have informed us that they will continue to calculate the share of children who are in poverty by this definition, even if the official UK poverty statistics now use 2024/25 as the base year. This is a reasonable approach as the (very low) absolute poverty target was based on improving low-income families' living standards sufficiently from 2010/11 not 2024/25.

Government release of local AHC poverty rates

For years, government did not produce local AHC poverty rates, meaning the End Child Poverty coalition, working with Loughborough University, produced them to inform analysis on child poverty at local level. However, this year government is releasing local AHC poverty rates based on their Children in Low Income Families (CiLIF) dataset that was already combining survey data with administrative data to produce before housing costs estimates.

These estimates come from the overall HBAI poverty rate, so if the overall rate is lower due to adjusting for benefit under-reporting, we would expect local rates to be, on average, lower. There may also be

⁴ It may be possible to compare adjusted and unadjusted data for years where both data exists, and use this information to estimate benefit under-reported poverty rates going back further, however this data would be lower quality than more recent years, where admin data can be used directly.

⁵ See Note 1

some differences in the ranking of local areas from previously produced End Child Poverty data, as the government has access to administrative data, with more information on housing costs.

Conclusion

The changes to poverty data released in 2026 will improve the quality of UK poverty statistics, which is beneficial for future poverty analysis. Although these changes will mean new statistics, which do not completely match up with currently used statistics, the importance of reducing child poverty and the government's role in doing so have not changed. The government, through investment in social security, has the ability to improve the living standard of millions of families and children.

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).

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