Next steps on child poverty

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Introduction

The UK has been blighted for too long with high levels of child poverty. Since 2010, child poverty has been rising and there are now a staggering 4 million children living below the poverty line. Austerity measures during the 2010s stripped out support for families, particularly those with children, and this has never been fully restored, driving up child poverty, stunting opportunity and leaving families exposed. The country has been crying out for investment, not only in our high streets and transport networks, but also in people. Children represent Britain's future, investing in them is beneficial for economic growth, but successive governments have at best overlooked them and at worst pursued policies that plunge them into poverty, squandering potential.

Current cost of living increases are also being felt most sharply by lower-income families as a greater proportion of their incomes are spent on items that are most susceptible to price shocks, such as food and energy bills. Other costs have also risen including housing and childcare, two of the biggest costs families with children face. For more information about how cost of living support can be delivered with children and families in poverty in mind, please read our separate briefing.

With government's baseline monitoring and evaluation framework report on the implementation of its child poverty strategy due to be published shortly, this briefing offers an update on the child poverty strategy, how it links to other government agendas, and key next steps.

Setting out the problem

The government's recent child poverty strategy clearly outlines the problem. It identifies that structural changes and cuts to social security over recent years have worsened child poverty. Despite the narrative around increasing social security spend, the value of support for children through the social security system has been significantly eroded over time.

> *'By 2023/24, the mean value of social security for children in the bottom income quintile had decreased by £64 per week, from £220 per week in 2010/11, to £156 per week in 2023/24.'*
> The child poverty strategy, Our Children, Our Future

The link between what children and families need and entitlement has been severed. Scrapping the two-child limit policy was the necessary first step, a downpayment for families. This combined with the expansion of free school meals will protect around half a million children from poverty.

The strategy also rightly highlights the structures and systems that are making life worse for families with children, and where action is needed. Insecure, low-paid work, rising housing costs and worsening living conditions, unaffordable utility bills and food, transport costs and access to childcare – policy areas that are deeply entwined and affect how people feel about their day-to-day lives.

The country is feeling and paying for the consequences of child poverty. Childhoods, education and career prospects are being harmed – stifling young people's futures and our economic growth. At the same time, more children are growing up in worse health and with more complex needs as a result of their families' low incomes. This comes at extraordinary financial cost, over £40bn due to the lower earnings potential of adults who grew up in poverty, and the additional amount spent on public services to help address the damage.

Reducing child poverty and improving family life

The evidence has been set out by government and the first signs of progress made. But this alone won't turn the tide for children and families. Bold action is needed and this must be targeted in the areas where the biggest difference can be made. Doing so will then turbo-charge other interventions that government makes. Increased social security boosts short-term living standards, reduces inequalities, while at the same time provides investment in the future and leads to long-term economic growth. It improves childhoods and results in healthier, better developed children who achieve more at school and earn more as adults. Investment in the social security system for families with children amplifies other policies, making them work better.

CPAG would prioritise investing in children's benefits first and foremost by increasing the value of child benefit and/or the child element of universal credit. Increasing child benefit would not only pull hundreds of thousands of children out of poverty and less deep poverty, but it would also support middle-income families who are struggling with living costs.

Table 1: Impact of different child poverty reduction policies

Policy	Cost (£ billions)	Number of children who would benefit	Child poverty reduction
Increase child benefit by £5 a week	2.5	11,000,000	200,000
Increase child benefit by £10 a week	5.0	11,000,000	400,000
Increase UC child element by £10 a week	2.5	5,500,000	350,000
Increase UC child element by £20 a week	5.0	5,500,000	700,000

Note: CPAG's calculations using UKMOD version B1.13 UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. Results and their interpretation are the author's sole responsibility. The poverty measure: relative after housing cost poverty.

As well as bold policies, the mechanisms must be in place to drive this forward. Long-term child poverty reduction targets must be set, helping to drive cross-government action over a sustained period and indicate government ambition. There must be ongoing leadership at the very heart of government and delivery of policies and leading the national conversation about why and how to reduce child poverty must be a whole-government effort with all the most senior figures playing a vital role.

Given the central role of the social security system in bringing down child poverty, the Department for Work and Pension's high-level involvement is key, alongside the involvement of other departments. Ongoing engagement with children and families living in low income households will also ensure government deeply understands their needs and can gain evidence on the impact of policies and changes that make a difference.

Child poverty sits squarely behind other government agendas too. Alan Milburn's report on young people and work found that over half of the instances of a person not being in employment, education or training at 17-years of age are attributable to poverty and family adversity. This presents an opportunity for a joined-up narrative and a clear plan that demonstrates how tackling poverty and inequality can support young people into work. Any cuts to the already inadequate social security system for young people risk making life and working harder.

Similarly, efforts to support more disabled people to work are laudable but reform must be carried out carefully to prevent the risk of disabled claimants being harmed and to prevent the government's progress on child poverty being undermined. Some claimants will never be able to work and many children in poverty have a disabled family member.

The government's target to halve the attainment gap between poorer pupils and their peers for this generation is also important, but with family income the single strongest predictor of how well a child will achieve at school, school-level action alone is not the solution. Action inside the school gates must be matched with a clear ambition to further reduce the levels of poverty that is holding too many pupils back.

Conclusion

Tackling child poverty and investing in children requires sustained leadership from the top of government. Although the primary levers sit within DWP, the causes and effects of poverty are cross cutting and require action across government. The long-term vision also needs to be continuously communicated by the heart of government to maintain focus and build public consensus. Language matters, how political leaders talk about child poverty, and our social security system is important. The current focus on NEETs and those unable to work due to ill health risks creating a partial and sometimes inaccurate view of the social security system and its impact, in a way that plays into divisive stereotypes. Social security needs to be seen as a force for good that supports parents, many of whom are working, to give their children a better future.

Our future is our young people. Achieving long-term growth requires investing in them as children and unlocking their potential. Supporting families to meet their needs now is vital to our future, and it cannot wait. Children are being left behind, their potential stunted and the consequences for them and our society are stark. The government must lay out a clear vision and plan on how it will continue to tackle child poverty at pace and improve living standards.

About CPAG

Child Poverty Action Group (CPAG) 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