



Stemming the rising tide of child poverty

Emma Lewell-Buck MP, Honor Miller, and Andrew Forsey

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The Government will shortly decide whether to keep in place the £20-a-week increase in the Universal Credit standard allowance, and the Working Tax Credit basic element, that was introduced at the beginning of the Covid-19 pandemic. This has offered some protection against poverty and hunger for millions of people. With the social and economic consequences of the pandemic likely to persist beyond March 2021, when this increase is due to cease, more people will be plunged into significant financial difficulties.

We set out in this briefing a series of estimates from the House of Commons Library on the impact of different policies on child and pensioner poverty, in the hope that the Government will incorporate them into its response to recent calls for a renewed UK-wide anti-poverty strategy, and that the Work and Pensions Select Committee will examine them throughout its current inquiry into child poverty:

- Maintaining the £20-a-week increase beyond March uplift would mean 420,000 fewer children in the United Kingdom would be in relative poverty on an after-housing-costs (AHC) basis, at a cost to the taxpayer of just under £6 billion
- Maintaining the increase and extending it to legacy benefits would mean 460,000 fewer children in relative poverty AHC, at a cost of just under £8 billion
- Maintaining the increase and increasing child benefit by £5 per week would mean 680,000 fewer children in relative poverty AHC, at a cost of just under £9 billion
- Meanwhile, increasing Pension Credit take-up to 100%, from its most recently recorded rates (caseload take-up of 70% for the Guarantee Credit and 42% for the Savings Credit), would result in 270,000 fewer pensioners living in relative poverty, at a cost of £3.4 billion extra expenditure on Pension Credit and related benefits

We also recommend that, in addition to these policies, the Government considers publishing annual calculations of the minimum rates of benefit that are required to prevent poverty and hunger in our country; and providing an official explanation of any difference that exists between these calculations and the rates people receive.

Moreover, an effective strategy for addressing both poverty and the unequal life chances resulting from it will need to encompass both incomes and the services upon which families rely. We therefore recommend a root-and-branch review of school food policies – covering the adequacy and coverage of, as well as eligibility for, the National School Breakfast Programme, free school meals, and the Holiday Activities and Food programme – to ensure the system as a whole is fit for purpose and safeguards every child's year-round access to nutritious food and enriching activities.

Child poverty effect of policy proposals, UK, 2021/22					
Relative low income after housing costs (AHC)					
	Estimated cost of package (£ billion)	Estimated number of children in poverty AHC (thousands)	as % of all children	Difference vs baseline	
				Number of children (thousands)	% of children
Baseline: current policy	-	4,310	30.1%	-	-
Alternative policy packages:					
(a): maintain £20pw uplift to Universal Credit and Working Tax Credit	5.8	3,880	27.2%	-420	-3.0 pp
(b): as package (a), plus £20pw uplift to legacy benefits (ESA, JSA, Income Support)	7.9	3,850	26.9%	-460	-3.2 pp
(c): as package (a), plus £5pw uplift to Child Benefit	8.9	3,630	25.4%	-680	-4.7 pp

Source: House of Commons Library analysis commissioned by Emma Lewell-Buck MP