

Child poverty after housing costs – briefing

Local indicators for 2019/20

Background

This latest report provides an updated picture of local child poverty indicators after housing costs. As the available data covers the period of 2019/20, figures don't account for the effect of Covid-19 and reflect baseline child poverty rates before the impact of the pandemic on jobs and incomes.

Even the baseline child poverty rate has risen significantly in recent years. Across the UK, according to the Department of Work and Pensions, **4.3 million children lived in families with incomes below 60% of the median after housing costs** in 2019/20, an increase of 200,000 from the previous year, and up 500,000 over five years.

Recommendations

We urge the Government to recognise the scale of the problem and impact on children's lives, and to set out **a credible plan to end child poverty**. This must include:

- Supporting children by boosting child-focussed support, such as Child Benefit.
- Revoking the planned £20/week cut to Universal Credit to help struggling families.
- Extending the £20/week uplift in Universal Credit to those in receipt of legacy benefits.

Local child poverty rates in 2019/20

By identifying those parliamentary constituencies and local authority areas with the highest rates of child poverty in 2019/20, it is clear that **the greatest concentrations of child poverty after housing costs exist in London**. This is significantly different from the picture before housing costs are accounted for, which sees areas in the Midlands and North of England feature more prominently.

Nevertheless, some of these areas – particularly in Birmingham – are also evident in the constituency level data. Thus, **it is in Britain's two biggest cities that the greatest concentrations of child poverty can be seen**, shaped in part by high housing costs in London which leave many families with very low levels of disposable income.

Worryingly, there were **nine parliamentary constituencies where at least half of children fell below the poverty line** in 2019/20 once housing costs had been factored in – all in London or Birmingham. The data shows an alarmingly high rate of child poverty, even before large numbers of people started losing their jobs and other financial pressures began to grow as a result of the pandemic.

Nations

England – 30%
 Scotland – 24%
 Wales – 31%
 Northern Ireland – 24%

United Kingdom – 31%



Regions

North East – 37%
 North West – 31%
 Yorkshire and the Humber – 33%
 East Midlands – 27%
 West Midlands – 35%
 East of England – 26%
 South East – 24%
 London – 38%
 South West – 26%

Changes in local child poverty rates between 2014/15 and 2019/20

When looking at both regional and local figures, it is clear that **the largest increases in child poverty rates have come in the Midlands and Northern conurbations**. It is particularly striking that the latest set of figures indicate a further significant increase in child poverty in the North East – a region that has already experienced substantial increases in the past five years.

Breaking the figures down by council areas, **each of the ten local authorities with at least a ten percentage point rise in child poverty over the past five years are in the North East**. However, when parliamentary constituency boundaries are used, the areas with the highest increases are spread more evenly across conurbations in both the North and the Midlands.

This pattern indicates that child poverty is growing at an alarming rate across urban areas of the North East, while the greatest changes elsewhere in the UK are more localised. This is likely to be influenced by the **large proportion of low-paid workers who had only been just above the poverty line**, many of whom were pushed below the poverty line by the freeze in their in-work benefits.

In Focus: North East

The child poverty rate in the North East has risen by over a third in the past five years – increasing from 26% to 37%. This growth has been particularly marked in the last year for which data is available, responsible for a third of the overall increase. This means the region has shifted from being slightly below the UK average to having the second highest rate of child poverty of any region in 2019/20.

Looking at the country as a whole, the significance of working poverty continued to increase over this period. **Three-quarters (75%) of the children in poverty after housing costs had at least one working adult in their household** in 2019/20, up from two-thirds (67%) in 2014/15.

An important feature is that **families in many large urban areas of the Midlands and the North have seen greater increases in their risk of poverty than elsewhere**. When comparing the two regions with the highest child poverty rates, the effects of particularly high housing costs in London and particularly low incomes in the North East balance out to produce similar child poverty rates in 2019/20.

However, these two factors have not had an equal impact in driving up child poverty since 2015, with the greater housing costs paid by Londoners not increasing over this period. The extent to which high rents increase child poverty in the capital has not therefore risen further, with **stagnating incomes in other metropolitan areas instead driving the greatest increases in child poverty** in the late-2010s.

The effect of housing costs

Looking at incomes before housing costs masks high poverty rates in London after housing costs are considered. But, importantly, **high rates of poverty after housing costs do not only occur in areas with the highest housing costs**. Rather, high rates of poverty after housing costs are found both in areas with high housing costs *and* in areas with the lowest housing costs, with many areas that have low housing costs also experiencing low incomes.

Indeed, five local authorities with the highest child poverty rates before housing costs are also among the 20 local authorities with the smallest difference between poverty rates before and after housing costs, indicating they are low-rent areas. These five councils are all in the North of England, with around four in ten children living in households in poverty after housing costs – not as high as in the worst-hit boroughs of London, but considerably higher than the national average.

For further information, please contact End Child Poverty's co-ordinator, Judith Cavanagh, at judith@endchildpoverty.org.uk or 07918 567577.