



Local indicators of child poverty after housing costs, 2022/23

Estimates of child poverty after housing costs in parliamentary constituencies and local authorities

Juliet Stone

Centre for Research in Social Policy, Loughborough University

June 2024



**Loughborough
University**

Centre for Research
in Social Policy

Contents

Executive summary	1
Key findings	1
Introduction	2
Analysis of local child poverty rates	4
Prevalence of high rates of child poverty	4
Inequality within countries and regions of the UK	4
The two-child limit and child poverty in local areas	8
Conclusions	12
Appendix	13
Definitions	13
Additional statistics	13
Local authority analysis	15

CAUTIONARY NOTE ON THIS YEAR'S DATA

The statistics on local child poverty rates after housing costs presented in this report are calibrated to regional two-year average rates from Households Below Average Income (HBAI). Due to sampling issues during 2021/22 related to the Covid-19 pandemic, additional caution may be required in interpreting these statistics. More information on the technical issues with HBAI is available [here](#).

DWP advise that while the data for FYE 2021 and FYE 2022, and FYE 2023 has undergone extensive quality assurance prior to publication, users exercise additional caution when using the data for FYE 2021, FYE 2022, and FYE2023 particularly when making comparisons with previous years and for local areas across countries. We further recommend particular caution in interpreting year-on-year changes in local areas, and advise focussing on longer-term trends when looking at change over time.

Executive summary

This report summarises findings for the latest update to the *Local Indicators of Child Poverty After Housing Costs* statistics produced by the Centre for Research in Social Policy, Loughborough University, for the End Child Poverty Coalition. The data build upon the *Children in Low Income Families* data produced by the Department for Work and Pensions, which show the rate of child poverty before housing costs in local areas. Using local administrative data and analysis of the household survey *Understanding Society*, we produced modelled estimates that account for housing costs, thereby providing a more accurate picture of how *disposable* incomes vary in different geographical areas.

We present findings for the new parliamentary constituencies that will come into effect following the general election in July 2024, providing a valuable source of information for the incoming government in developing targeted strategies to reduce child poverty across the UK.

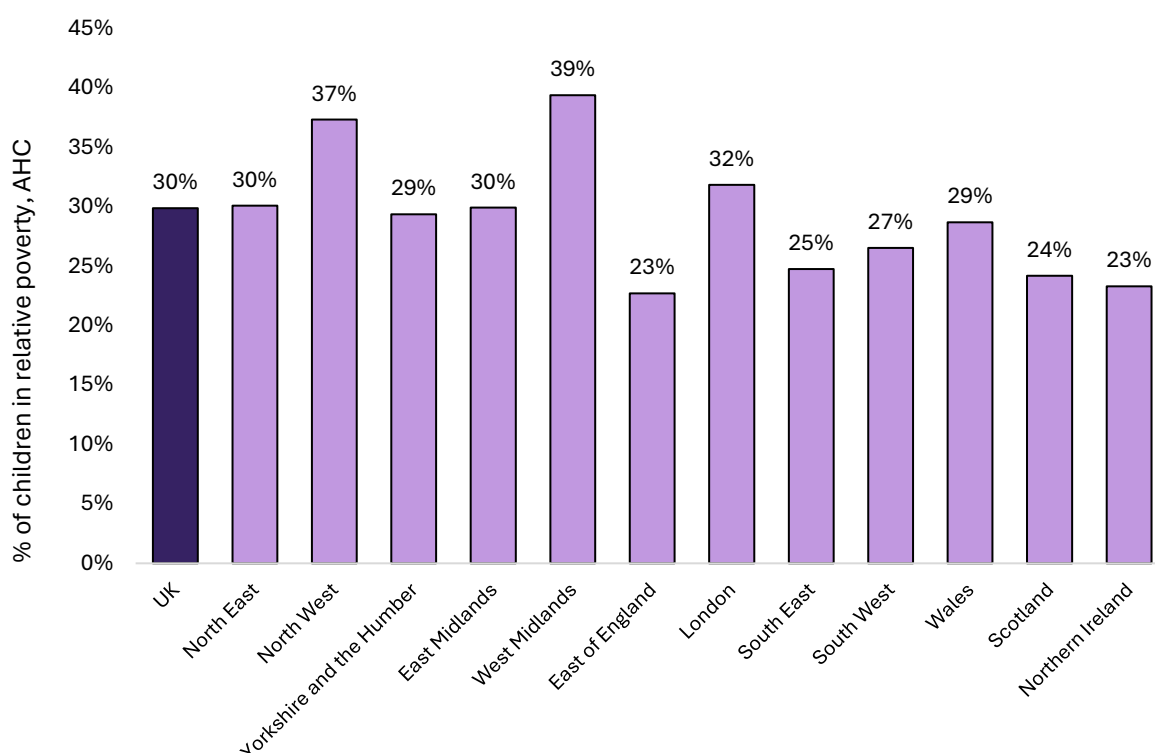
Key findings

- In 2022/23, national estimates indicate that **4.3 million** children (**30%** of all children) were in relative poverty, and the poverty rate also remains high across the nations and regions.
- In **two-thirds** of constituencies, at least **one in four children** are in relative poverty after housing costs.
- Rates of child poverty at or above 25% are particularly prevalent in the **North East, North West and Wales**.
- There is widespread **inequality** in the rate of child poverty within the countries and regions of the UK, and this has widened over time.
- Constituency-level child poverty rates are directly and strongly correlated with the percentage of children affected by the **two-child limit** in that local area, providing further evidence that the policy is a key driver of child poverty.
- Reducing child poverty in local areas will rely not only on targeted action within these communities, but will require changes at a national level such as **removing the two-child limit** and **increasing the value of working age benefits**.

Introduction

This report summarises the latest data on local child poverty after housing costs, produced for the End Child Poverty Coalition by the Centre for Research in Social Policy at Loughborough University. The analysis is presented in the context of a rising rate of child poverty in the UK as a whole. The most recent official statistics from the Department for Work and Pensions (DWP) indicate that in 2022/23, **4.3 million** children were in relative poverty, after housing costs – representing **30%** of all children. Figure 1 shows that the estimated poverty rate also remains high across the nations and regions.¹

Figure 1 Percentage of children in poverty, AHC in 2021/23, by country and region



Source: Households Below Average Income (DWP), 2021/22 and 2022/23)

While these headline statistics provide a valuable picture of how child poverty looks overall, they can mask substantial variation and inequality in the risk of child poverty in smaller geographical areas within regions. Recognising this, the DWP also releases data on child poverty rates in the form of *Children in low income families: local area statistics*, which estimates the percentage of children living in households with below 60% median income in local areas based on tax and benefit records.² However, because administrative data on housing costs are not routinely collected, the statistics are only reported on a ‘before housing costs’ (BHC) basis. Therefore, they do not provide a complete picture of how the *disposable* income of households with children varies geographically, and underestimate poverty rates in regions like London where housing costs are very high.

¹ Region/country estimates are based on two-year averages.

² <https://www.gov.uk/government/collections/children-in-low-income-families-local-area-statistics>

To address this issue, we developed a method for adjusting the BHC statistics to estimate the effect of varying housing costs on child poverty in local areas. The method is outlined in detail in our [original 2020 paper](#). Briefly, we use administrative data on rents for local authorities, combined with household-level data from the *Understanding Society* longitudinal survey³ to estimate the relationship between housing costs and the relative risk of being in poverty before and after housing costs. We then use this information to adjust the BHC statistics for local authorities. For constituencies, for which local rent data are not available, we also include information on median house prices.⁴

The *Children in Low Income Families* data provide estimates of levels of both relative and absolute child poverty, but we use relative poverty as our preferred indicator. In this context, the definition of absolute poverty is not intuitive; it is based on calculating whether household income is below 60% of (inflation-adjusted) household income in 2010. This essentially arbitrary benchmark is ostensibly tracking how living standards have improved overall over time. However, it assumes that *needs* remain unchanged over time, and does not consider how households might require different goods and services than they did more than a decade ago in order to have an adequate standard of living. For example, since 2010, the development of digital technologies has meant that access to broadband is effectively an essential need if people are to function and participate successfully in society.⁵ Applying for benefits (whether in work or otherwise) and jobs now relies strongly on being able to navigate online services, and accessing the best value goods and services is also often dependent on being online. Poverty is often characterised by *exclusion*; and in the words of British sociologist Peter Townsend, this means being unable to access “those diets, amenities, standards, services and activities which are common or customary in society.”⁶ We therefore believe that relative poverty, which calculates whether households are below 60% of the *contemporary* median, is a more useful indicator of current living standards.

This report demonstrates how local data can increase our understanding of inequality in child poverty rates within regions, and provides evidence on how policy interacts with the risk of child poverty, particularly focusing on the two-child limit. We conclude by outlining some recommendations to DWP and the UK government in relation to reducing child poverty going forward.

³ University of Essex, Institute for Social and Economic Research. (2022). *Understanding Society: Waves 1-13, 2009-2022 and Harmonised BHPS: Waves 1-18, 1991-2009*. [data collection]. UK Data Service. SN: 6614, <http://doi.org/10.5255/UKDA-SN-6614-16>.

⁴ The AHC local area statistics are, like the BHC data, calibrated to 2-year regional averages from HBAI and are therefore subject to the same caveats regarding interpretation due to the sampling issues.

⁵ Yates, S., Hill, K., Blackwell, C., Davis, A., Padley, M., Stone, E., Polizzi, G., D’Arcy, J., Harris, R., Sheppard, P., Singleton, A., Ye, Z., Carmi, E. and Garikipati, S. (2024) *A Minimum Digital Living Standard for Households with Children: Overall Findings Report*. Liverpool: University of Liverpool. <https://mdls.org.uk/wp-content/uploads/2024/03/MDLS-final-report-v1.11-1.pdf>

⁶ Townsend, P. (1979), *Poverty in the United Kingdom*, Harmondsworth: Penguin.

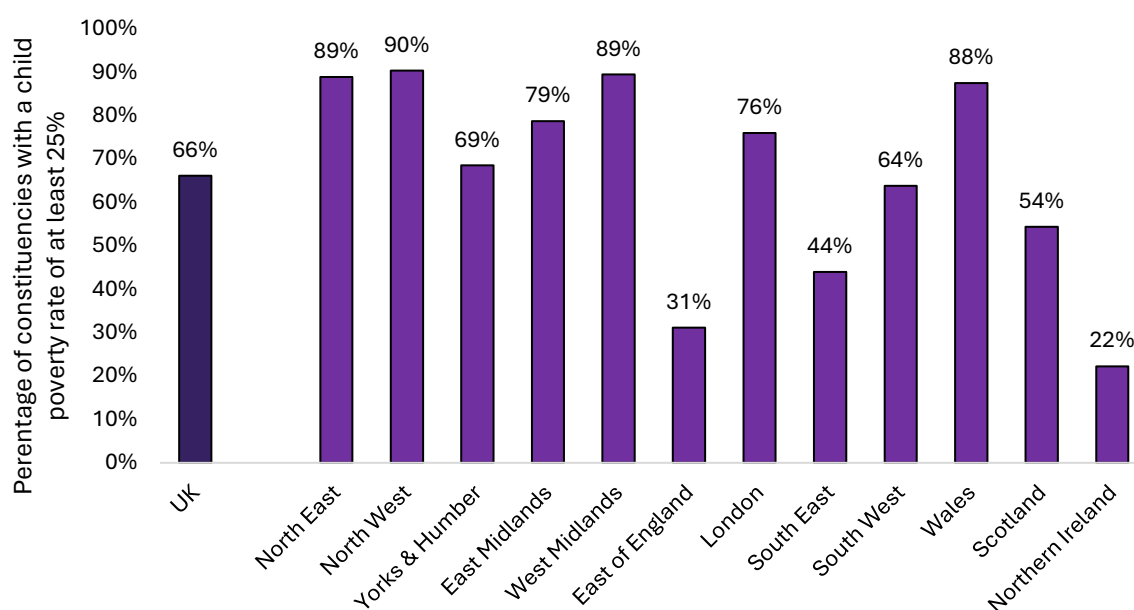
Analysis of local child poverty rates

We first examine the overall scale of child poverty within each region. This year's data are adjusted to reflect the new constituency boundaries that will come into effect following the general election in July 2024, and we use these as the basis for the main analysis. Selected statistics for local authorities are included in the appendices at the end of the document.

Prevalence of high rates of child poverty

Figure 2 shows the percentage of constituencies in each country or region where the child poverty rate is 25% or higher. The estimate for the UK as a whole indicates that in two-thirds of constituencies, at least one in four children are in relative poverty after housing costs. The percentages are especially high in the North East, North West and Wales, with around 9 out of ten constituencies having a child poverty rate higher than 25%.

Figure 2 Percentage of constituencies where at least 25% of children are in poverty, by country/region: 2022/23



Source: End Child Poverty estimates of local child poverty rates, AHC (2024)

Inequality within countries and regions of the UK

While examining the overall prevalence of child poverty within regions is a useful starting point from which to understand how the risk of child poverty varies geographically, it can mask substantial variation *within* countries and regions; if a region contains areas with both very high and very low rates of poverty, the average rate for that region will not reflect this variation, potentially concealing vulnerable areas. This is where statistics at lower levels of geography can provide us with valuable additional insights. It is important to consider the extent of inequality within regions not only because it allows us to identify areas where there are high levels of poverty, which may have missed out on targeted support if only

looking at the region as a whole. There is also evidence that income inequality, in and of itself, can have detrimental effects on wellbeing and health, independently of actual levels of income.⁷

Figure 3 shows, for constituencies, the extent to which child poverty rates vary within each country/region of the UK, relative to the mean child poverty rate for that country/region in 2022/23. There is substantial variation within every region, but inequality is more pronounced in London, in particular. The constituency with the highest child poverty rate in London (Bethnal Green and Stepney) has a rate 19 percentage points higher than the average for the region, while the constituency with the lowest rate (Richmond Park) has a rate 21 percentage points lower than average. The variation is less extreme in other regions of England, such as the North East, as well as in the devolved nations outside England. However, while this suggests that income inequality is less of a problem for these areas than for others, it must also be considered in combination with the results in the previous section that looked at the overall prevalence of child poverty. For example, the analysis showed that in the North East, 89% of constituencies had a child poverty rate of 25% or higher, compared with 66% in the UK as a whole. This suggests that although inequality is lower in the North East than in some other parts of the UK, this is partly because child poverty rates are high across the region.

Figure 4 shows how the magnitude of inequality within regions and countries of the UK has changed over time. The difference in AHC child poverty rate between the constituencies with the highest and lowest rates has increased over time in the majority of regions, with an especially sharp rise since 2020 in the North East, West Midlands, and Yorkshire and the Humber. The North West has also seen a particularly marked rise in inequality since 2015. London again stands out as having the widest inequality in child poverty rates, and this has remained consistent over time.

⁷ Wilkinson, R., & Pickett, K. (2010). *The spirit level: Why equality is better for everyone*. Penguin UK.

Figure 3 Range of child poverty rates after housing costs among constituencies relative to the country/region mean: 2022/23

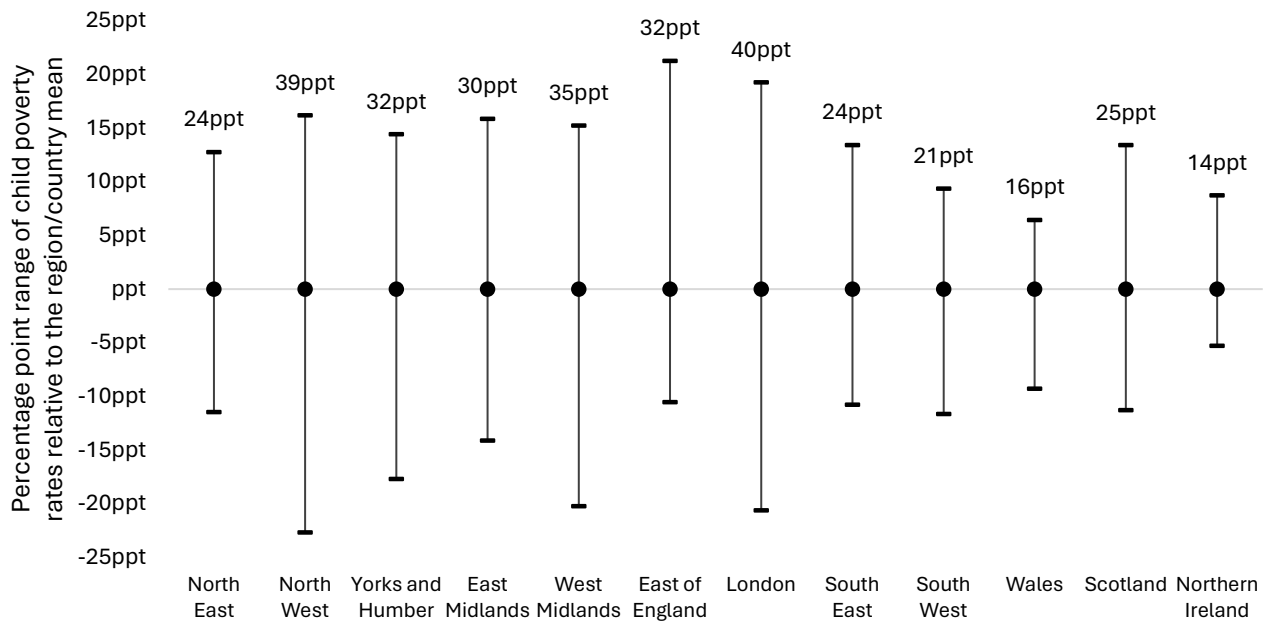
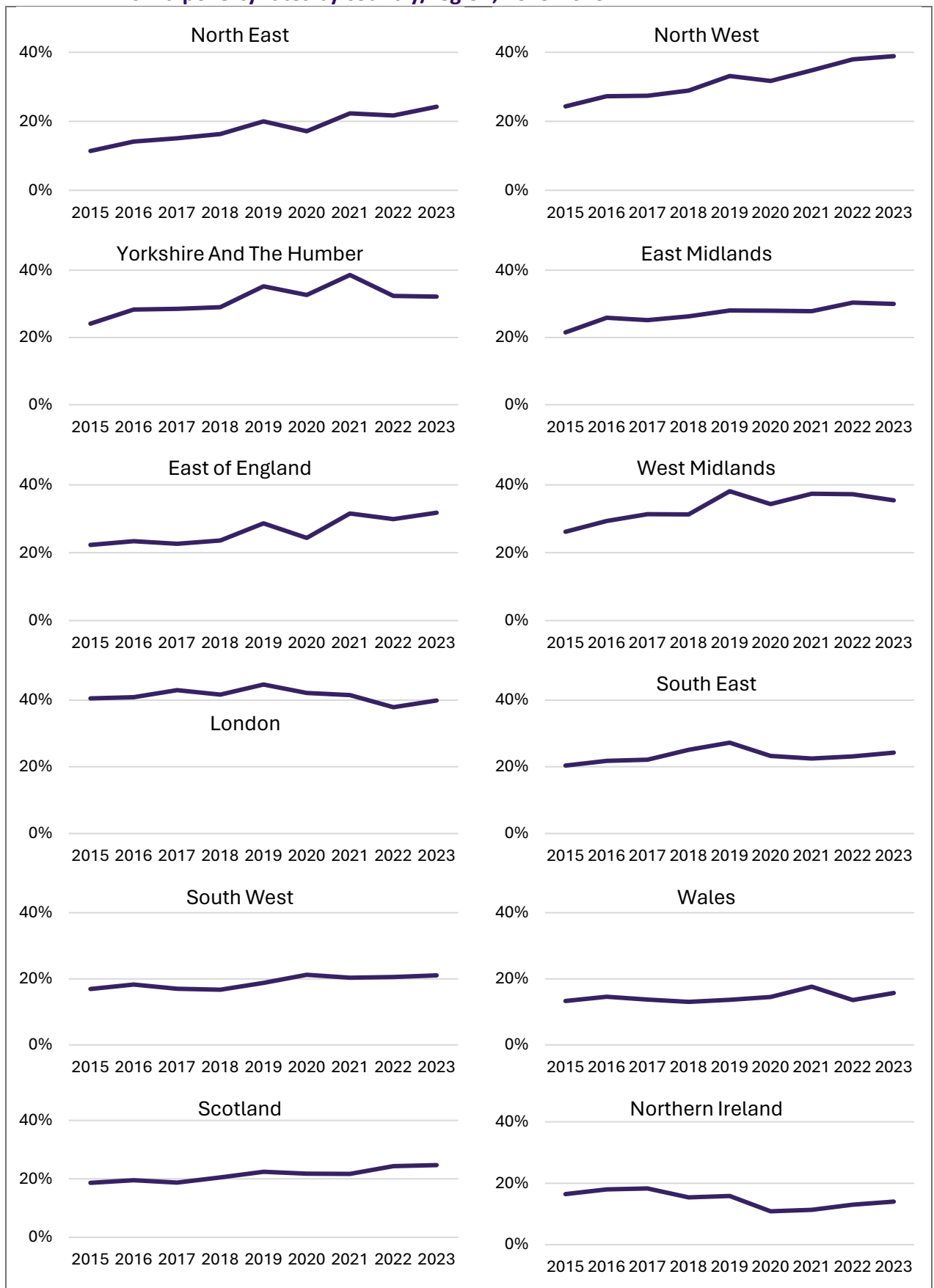


Figure 4 Percentage point difference between constituencies with highest and lowest child poverty rates by country/region, 2015-2023

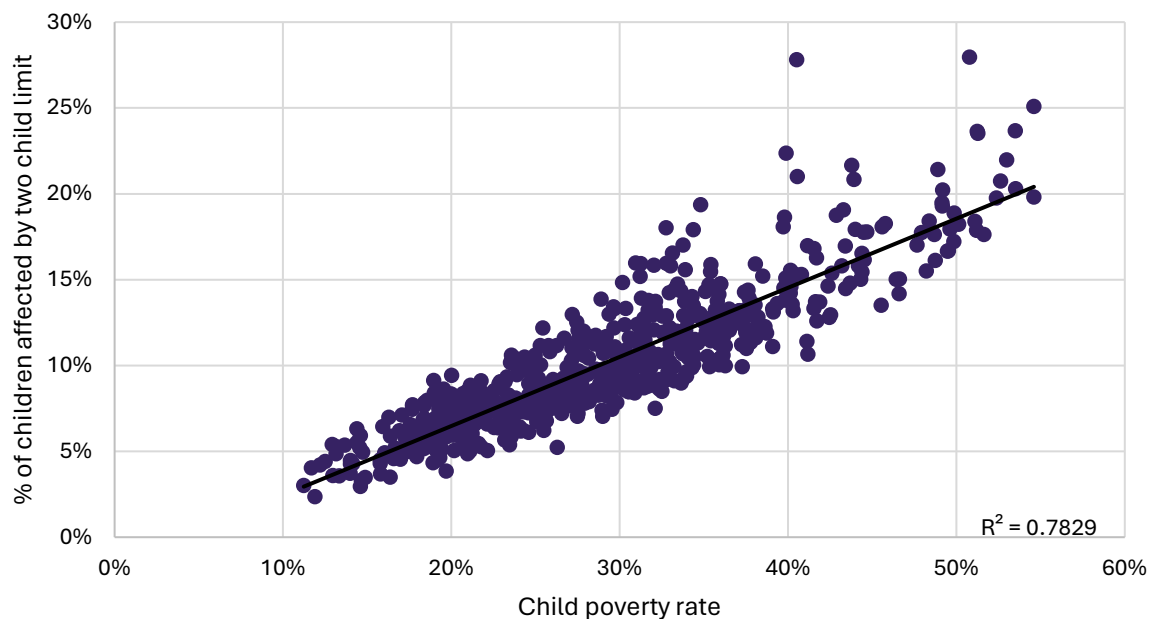


The two-child limit and child poverty in local areas

The two-child benefit cap, often referred to as the two-child limit, is a policy that restricts eligibility for means-tested benefits to the first two children in a family, for children born after April 2017. The policy has been widely criticised as a driver of child poverty, causing extreme hardship for many larger families, with little impact on fertility rates.⁸ Research by Child Poverty Action Group indicates that removing the policy would lift 300,000 children out of poverty, while reducing the depth of poverty for a further 800,000 children, at a cost of just £1.8 billion.⁹

Figure 5 demonstrates the strength of the relationship between the two-child limit and child poverty, at constituency level.¹⁰ The data on the two-child limit have been adjusted to reflect the new constituency boundaries that will come into effect after the general election in July 2024, thereby allowing them to be matched to the corresponding child poverty estimates that form the basis of this report. The chart looks at the correlation between the 2022/23 child poverty rate and the proportion of children affected by the two-child limit in each constituency. The two are extremely highly correlated, and while it is not possible to directly evaluate the causal effect of the two-child limit on poverty, this is clearly implied by the strength of the association.

Figure 5 Correlation between child poverty rate and % of children affected by the two-child limit, by constituency: 2022/23



⁸ Patrick, R., Andersen, K., Reader, M., Reeves, A., & Stewart, K. (2023). *Needs and Entitlements: Welfare reform and larger families*. [Available at <https://largerfamilies.study/publications/needs-and-entitlements/>]

⁹ CPAG (2024) *Pre-Budget briefing for MPs* [Available at https://cpag.org.uk/sites/default/files/2024-02/CPAG_pre-Budget_MP_briefing_0.pdf]

¹⁰ The original data on the number of children subject to two-child limit was obtained by End Child Poverty Coalition via Freedom of Information requests to the Department of Work and Pensions, HMRC and the Department for Communities Northern Ireland. https://endchildpoverty.org.uk/two_child_limit/

Figure 6 shows the correlation at country/region level, clearly demonstrating that the strong relationship between the number of children affected by the two-child limit and the risk of child poverty, holds throughout the UK.

Figure 7 looks in more detail at this association in the countries and regions of the UK. The chart shows, for each region, the percentage of children affected by the two-child limit in the constituencies with the highest and lowest within-region child poverty rates. With the exception of the South West, the percentage of children affected by the two-child limit in the constituencies with the worse child poverty rates is markedly higher than the UK average of 10%. Conversely, the percentage affected in those constituencies with the lowest child poverty rates is much lower than the UK average, ranging from 3% to 6%.

Figure 6 Correlation between constituency-level child poverty rate and % of children affected by the two-child limit, by country/region: 2022/23

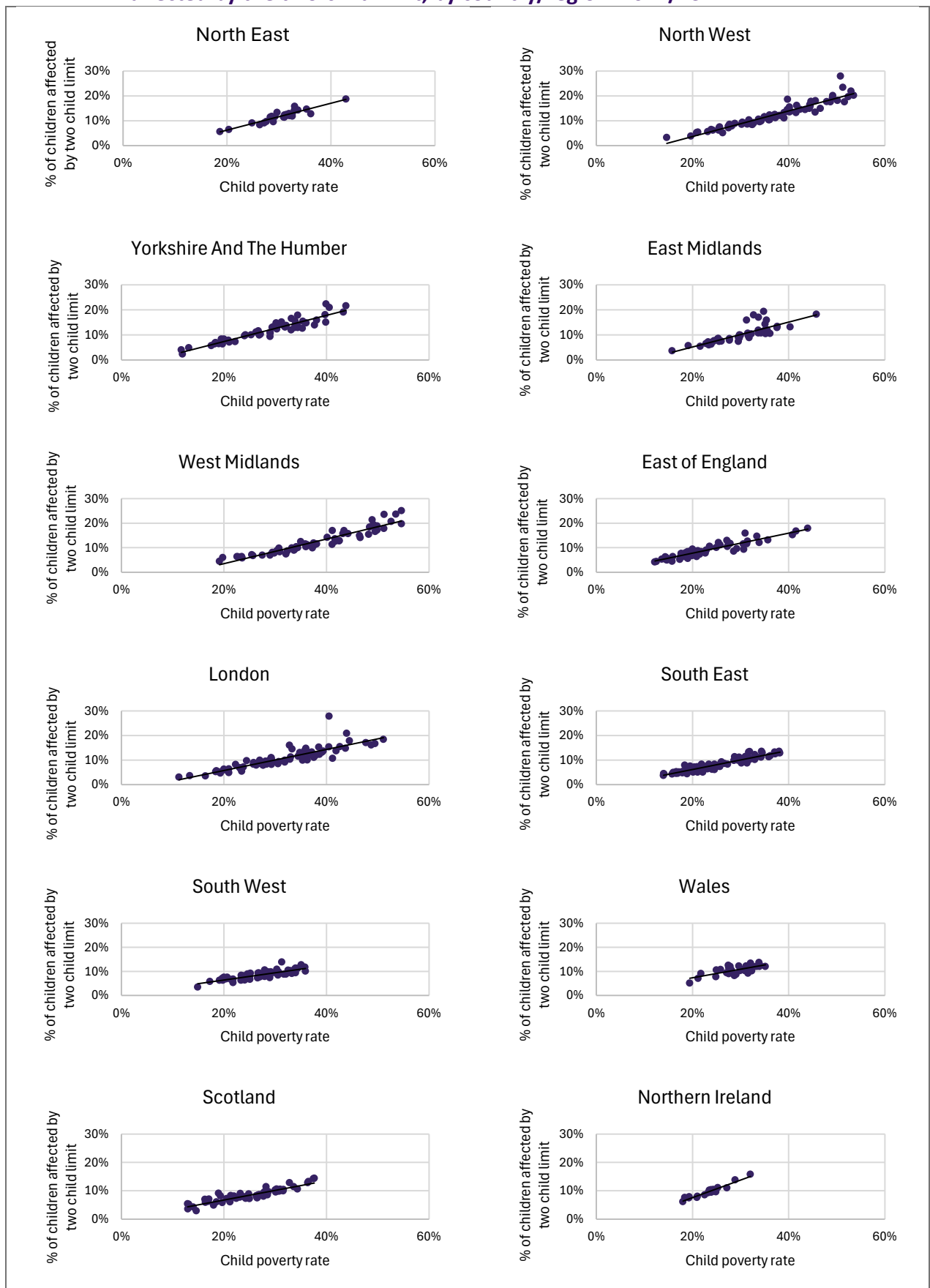
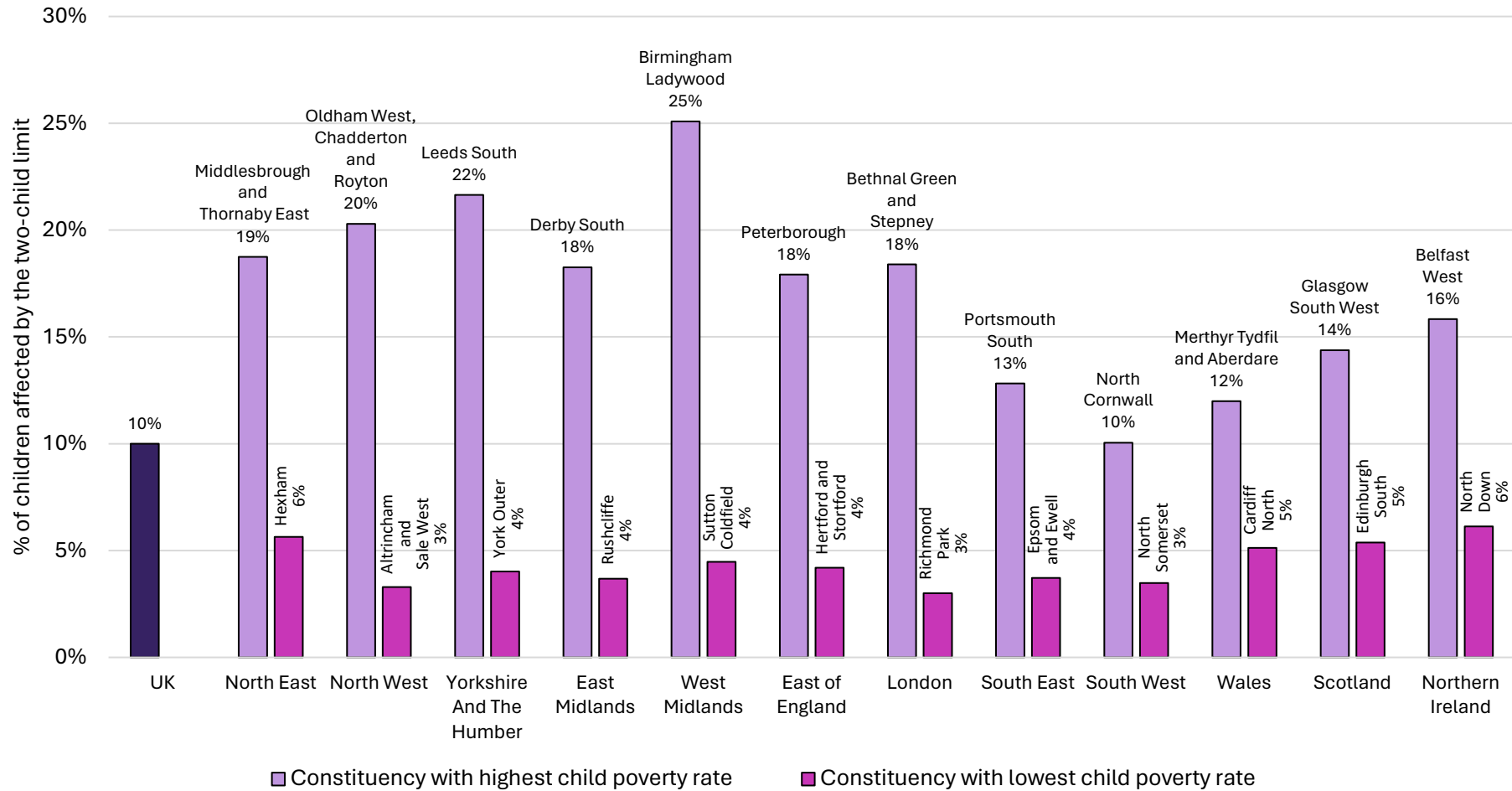


Figure 7 Percentage of children affected by the two-child limit in April 2023, in the constituencies with the highest and lowest child poverty rates, by country/region



Conclusions

Tackling child poverty remains a major challenge across the UK, with an estimated 4.3 million children living below the poverty line. Regardless of limitations with currently available data, we can be certain that there are still a large number of children in the UK who are living in households where they do not have an income that allows them to have an acceptable living standard. Our analysis has also highlighted that inequality *within* the regions and countries of the UK is a key issue. It is also important to acknowledge that even within local authorities and constituencies, there can be substantial variation in the risk of a child being in poverty. Additional work therefore needs to be done to produce a more nuanced picture of the patterns of child poverty in these local areas, to aid effective allocation of resources and to target those families who are most in need.

The analysis presented also provides further evidence that policies, such as the two-child limit, are having a devastating impact on the living standards of low-income families. Many families affected are in work, with no straightforward way to increase their income, and children in lone parent families are especially vulnerable.¹¹

Removing the two-child limit, and other punitive policies such as the benefit cap, is crucial in ensuring that all children are able to live in households with enough income to allow a decent standard of living. Moreover, it is clear that certain types of household (such as lone parent families) are especially vulnerable to poverty, and **targeting support** to these households should also be a key aim of any child poverty strategy. More generally, **increasing the value of working age benefits** for those in and out of work (in particular Universal Credit) to better reflect the actual costs that families face in their everyday lives would also help reduce the risk of children growing up in poverty. During the Covid-19 pandemic, it was clear that the £20 uplift to Universal Credit helped temporarily lift families out of poverty – the rate fell from 31% in 2019/20 to 27% in 2020/21, before rising to 29% in the subsequent year following removal of the uplift, reaching 30% in 2022/23.¹² It therefore remains evident that without policy reform at a national level, it will be impossible to adequately improve child poverty in local areas. With a general election imminent in July 2024, the incoming government will need to tackle these issues head on if they are to be in any way effective in reducing child poverty in the UK.

¹¹ Stone, J. 2023. *Local indicators of child poverty after housing costs, 2021/22*. [Available at <https://endchildpoverty.org.uk/wp-content/uploads/2023/06/Local-indicators-of-child-poverty-after-housing-costs-Final-Report-3.pdf>]

¹² DWP (2024) *Households below average income: for financial years ending 1995 to 2023*. [Available at <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2023/households-below-average-income-an-analysis-of-the-uk-income-distribution-fye-1995-to-fye-2023#children-in-low-income-households>]

Appendix

Definitions

- A **child** is defined as aged 0-15, or aged 16-19 and in full-time education. Note that because the original data produced by DWP are based on administrative data from tax and benefit records, certain sub-groups of children will not be included in the statistics. These include children in families with no recourse to public funds, and children who are not living in private households (e.g. are in a residential care setting).
- **Poverty** is defined as being in a household with an income below 60% of the contemporary median income, after housing costs.
- **Parliamentary constituencies** are based on the revised boundaries agreed in the 2023 Review of Parliamentary Constituency Boundaries in England,¹³ which will come into effect in July 2024.

Additional statistics

The appendix includes a summary of the top ten constituencies with the highest rates of child poverty in each country and region of the UK in 2022/23.

Also included are selected results by local authority. Detailed statistics on the ranking of local authorities and constituencies based on their rates of child poverty can be found here:

<https://endchildpoverty.org.uk/child-poverty/>

¹³ <https://boundarycommissionforengland.independent.gov.uk/2023-review/>

Table A1 Top ten constituencies with the highest child poverty rates by country/region of the UK: 2022/23

	North East	North West	Yorks & Humber	East Midlands
1	Middlesbrough & Thornaby East	Oldham West, Chadderton & Royton	Leeds South	Derby South
2	South Shields	Manchester Rusholme	Sheffield Brightside & Hillsborough	Boston & Skegness
3	Newcastle upon Tyne Central & West	Blackburn	Bradford West	Ashfield
4	Redcar	Oldham East & Saddleworth	Bradford East	Lincoln
5	Gateshead Central & Whickham	Manchester Central	Rotherham	Bassetlaw
6	Hartlepool	Blackley & Middleton South	Leeds East	Louth & Horncastle
7	Darlington	Bolton North East	Kingston upon Hull East	Bolsover
8	Easington	Bolton South & Walkden	Sheffield South East	Leicester South
9	Bishop Auckland	Rochdale	Kingston upon Hull North & Cottingham	Gainsborough
10	Middlesbrough South & East Cleveland	Hyndburn	Great Grimsby & Cleethorpes	Northampton North
	West Midlands	East of England	London	South East
1	Birmingham Ladywood	Peterborough	Bethnal Green & Stepney	Portsmouth South
2	Birmingham Hall Green & Moseley	Luton North	Stratford & Bow	Southampton Test
3	Birmingham Yardley	Luton South & South Bedfordshire	West Ham & Beckton	Hastings & Rye
4	Birmingham Perry Barr	Ipswich	East Ham	Southampton Itchen
5	Birmingham Hodge Hill & Solihull North	Norwich South	Poplar & Limehouse	Dover & Deal
6	Smethwick	Great Yarmouth	Tottenham	Slough
7	Stoke-on-Trent North	Lowestoft	Hackney South & Shoreditch	East Thanet
8	Stoke-on-Trent Central	Bedford	Barking	Isle of Wight East
9	Wolverhampton South East	Clacton	Feltham & Heston	Isle of Wight West
10	Tipton & Wednesbury	Norwich North	Mitcham & Morden	Havant
	South West	Wales	Scotland	Northern Ireland
1	North Cornwall	Merthyr Tydfil & Aberdare	Glasgow South West	Belfast West
2	Plymouth Sutton & Devonport	Newport East	Glasgow East	Belfast North
3	Plymouth Moor View	Rhondda & Ogmore	Glasgow North East	Newry & Armagh
4	Camborne & Redruth	Cardiff South & Penarth	Glasgow North	Foyle
5	St Ives	Blaenau Gwent & Rhymney	Glasgow South	South Down
6	Gloucester	Cardiff East	Glasgow West	West Tyrone
7	Bristol Central	Ceredigion Preseli	Glenrothes & Mid Fife	East Londonderry
8	Torrige & Tavistock	Mid & South Pembrokeshire	Ayr, Carrick & Cumnock	Fermanagh & South Tyrone
9	Torbay	Clwyd North	North Ayrshire & Arran	Upper Bann
10	St Austell & Newquay	Caerfyrddin	Airdrie & Shotts	Mid Ulster

Local authority analysis

Figure A2 Percentage of constituencies where at least 25% of children are in poverty, by country/region: 2022/23

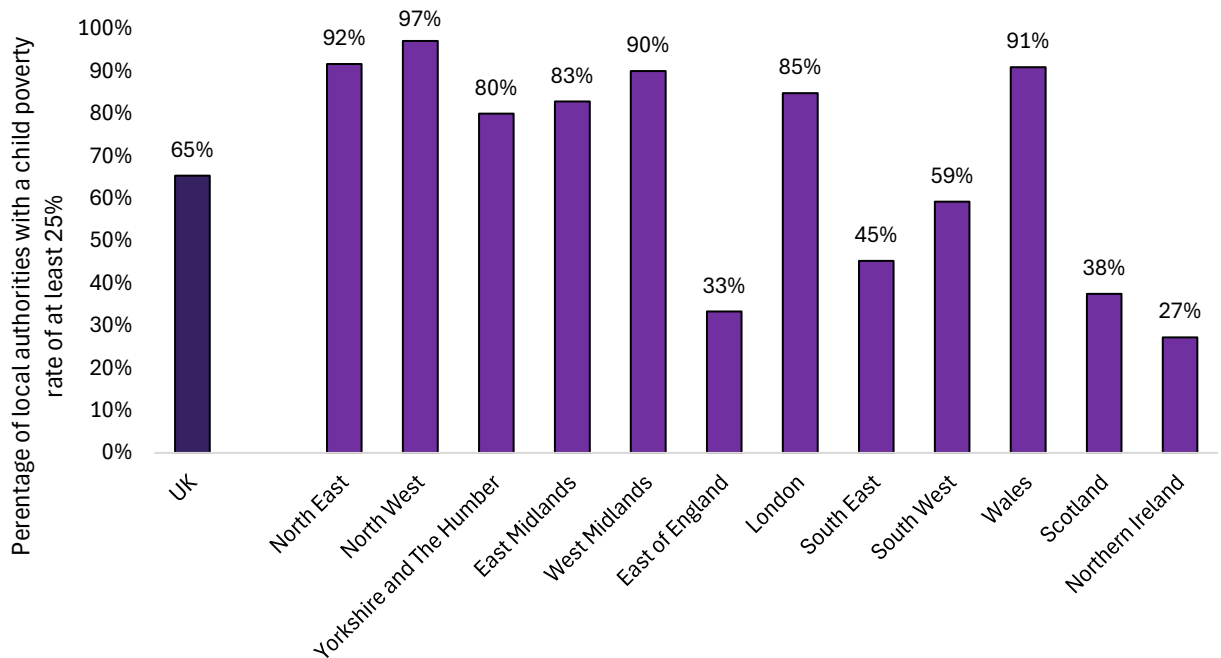


Figure A3 Range of child poverty rates after housing costs among local authorities relative to the country/region mean: 2022/23

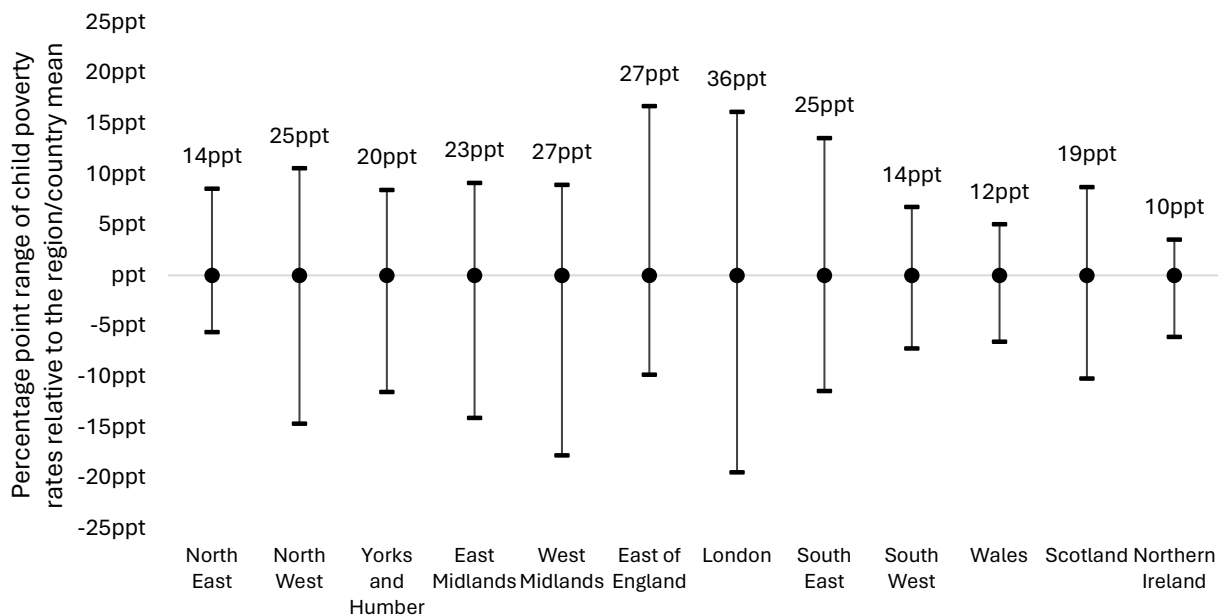


Figure A4 Percentage point difference between local authorities with highest and lowest child poverty rates by country/region, 2015-2023

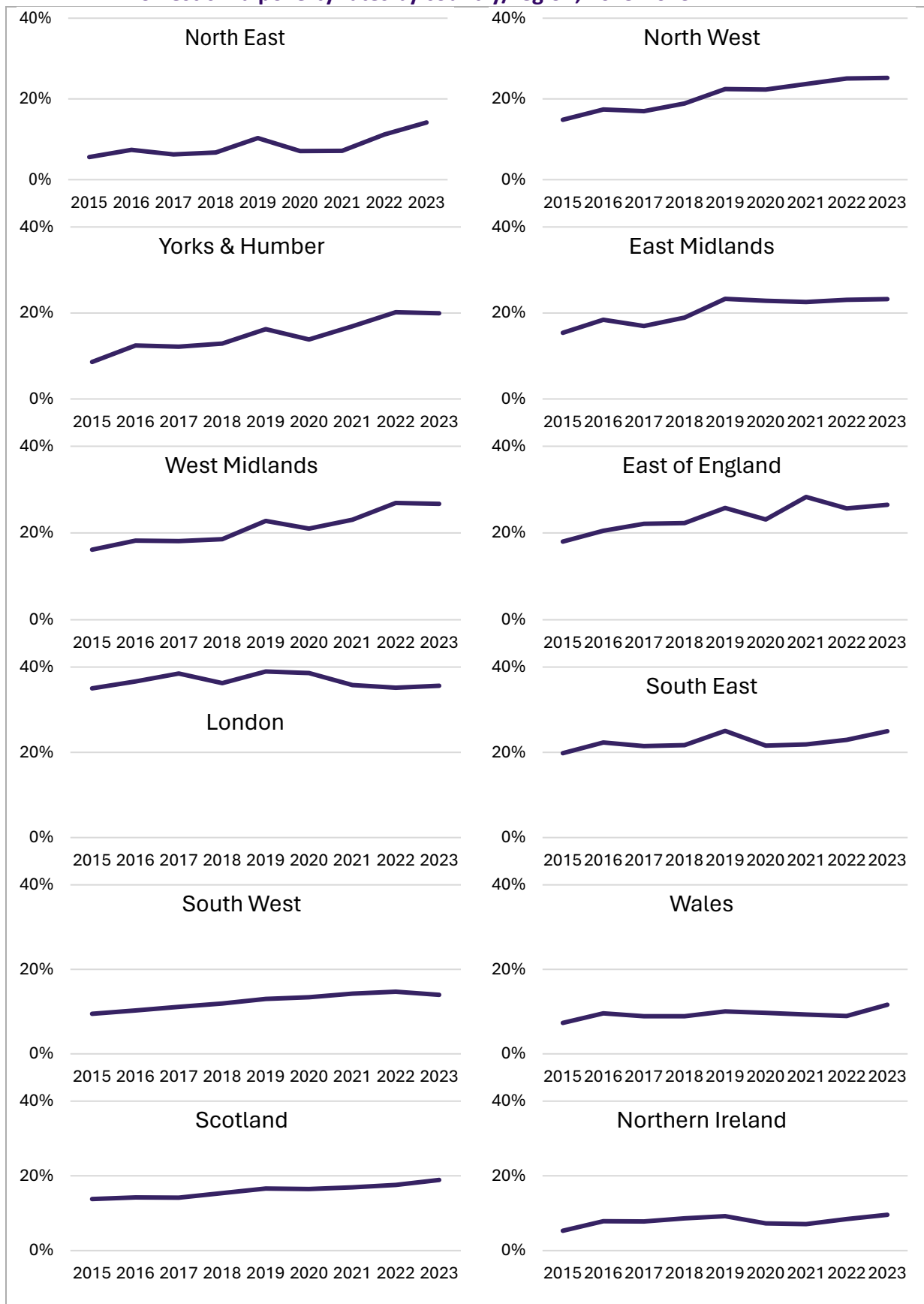


Table A5 Top ten local authorities with the highest child poverty rates by country/region of the UK: 2022/23

	North East	North West	Yorks & Humber	East Midlands
1	Middlesbrough	Manchester	Bradford	Nottingham
2	Newcastle upon Tyne	Oldham	Kingston upon Hull, City of	Leicester
3	Hartlepool	Blackburn with Darwen	Kirklees	Derby
4	South Tyneside	Pendle	Doncaster	Boston
5	Redcar and Cleveland	Hyndburn	North East Lincolnshire	Lincoln
6	Sunderland	Bolton	Sheffield	East Lindsey
7	County Durham	Burnley	Rotherham	Ashfield
8	Darlington	Rochdale	Calderdale	Mansfield
9	Gateshead	Blackpool	Leeds	Bolsover
10	Stockton-on-Tees	Liverpool	Barnsley	Bassetlaw
	West Midlands	East of England	London	South East
1	Birmingham	Luton	Tower Hamlets	Hastings
2	Sandwell	Peterborough	Newham	Southampton
3	Stoke-on-Trent	Norwich	Hackney	Thanet
4	Wolverhampton	Ipswich	Barking and Dagenham	Slough
5	Walsall	Great Yarmouth	Camden	Portsmouth
6	Dudley	Fenland	Islington	Isle of Wight
7	Coventry	North Norfolk	Waltham Forest	Dover
8	East Staffordshire	King's Lynn and West Norfolk	Southwark	Crawley
9	Telford and Wrekin	Harlow	Greenwich	Havant
10	Wyre Forest	Tendring	Lambeth	Folkestone and Hythe
	South West	Wales	Scotland	Northern Ireland
1	Torridge	Blaenau Gwent	Glasgow City	Belfast
2	Bristol, City of	Merthyr Tydfil	North Ayrshire	Newry, Mourne and Down
3	Plymouth	Ceredigion	Clackmannanshire	Derry City and Strabane
4	Cornwall	Newport	Dundee City	Causeway Coast and Glens
5	Gloucester	Isle of Anglesey	West Dunbartonshire	Fermanagh and Omagh
6	Torbay	Pembrokeshire	East Ayrshire	Armagh City, Banbridge and Craigavon
7	North Devon	Rhondda Cynon Taf	North Lanarkshire	Mid Ulster
8	Forest of Dean	Gwynedd	Dumfries and Galloway	Mid and East Antrim
9	West Devon	Denbighshire	Fife	Antrim and Newtownabbey
10	Somerset	Torfaen	Falkirk	Ards and North Down