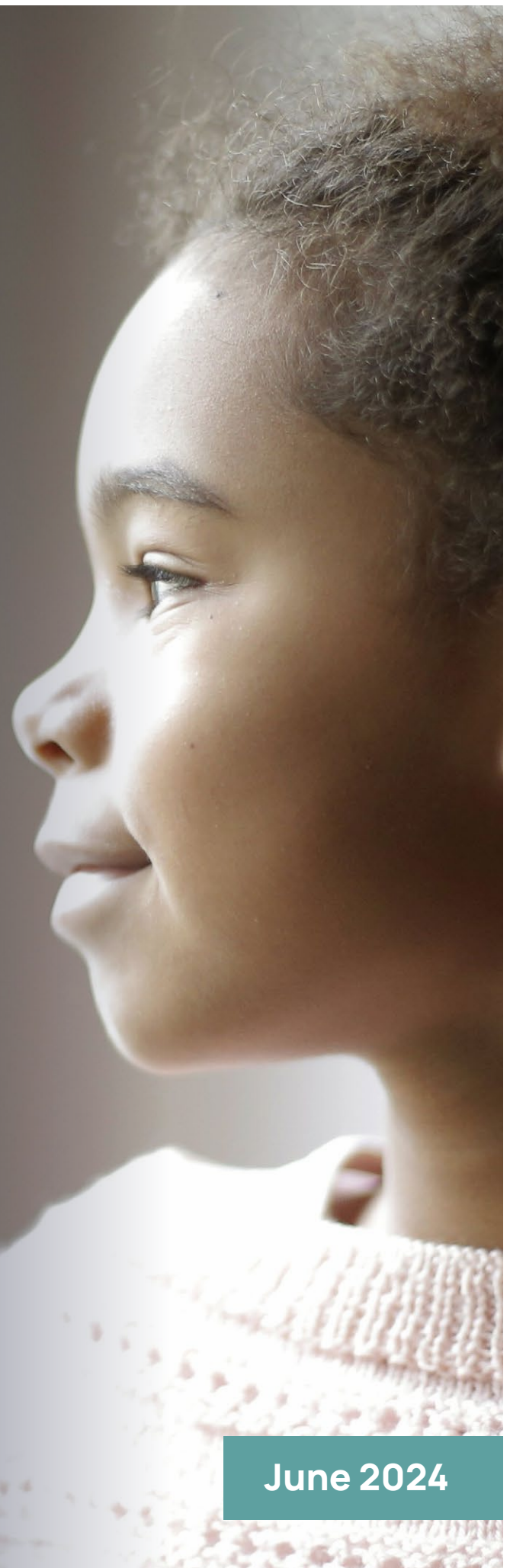# Child Poverty Across the UK

A briefing on the Local Child Poverty Statistics produced by Loughborough University for the End Child Poverty Coalition

June 2024

Summary and Recommendations

- 4.3 million children were in relative poverty, after housing costs – representing **30% of all children in 2022/23.**

- 2/3 of parliamentary constituencies have a child **poverty rate of 25% or more.**

- Rates of child poverty at or above 25% are **particularly prevalent in the North East, North West, West Midlands and Wales.** In the North West, the worst impacted region, 90% of all parliamentary constituencies have a child poverty rate of 25% or more.

- There is a **strong positive correlation between child poverty and the two-child limit** to benefit payments.

- There is **widespread inequality in the rate of child poverty** within the countries and regions of the UK, and this has widened over time.

These findings show that the government must create a comprehensive roadmap for ending child poverty by focusing on the systemic causes of child poverty, via cross-departmental action and at all levels of government. This must include the monitoring of child poverty levels and setting targets for reduction.

The government must immediately scrap the two-child limit to benefit payments, which would lift 300,000 children out of poverty.[1]

[1] Child Poverty Action Group (2024). **https://cpag.org.uk/sites/default/files/2024-02/CPAG_pre-Budget_MP_briefing_0.pdf**

Local Child Poverty statistics 2022/2023

Loughborough University produces Local Child Poverty Statistics for the End Child Poverty Coalition on a yearly basis. This research provides a figure and percentage of children living in relative poverty, after housing costs, for each Local Authority and Parliamentary Constituency. This year the analysis was completed using the new boundaries for parliamentary constituencies that will come into place after the General Election in 2024.

Across the UK the figure for child poverty is at an all-time high – 4.3 million children are living in relative poverty (after housing costs). But there is wide variation between the UK nations and regions. **Figure 1** shows the percentage of children living in poverty in each region. **Figure 2** shows how many parliamentary constituencies within each region have a child poverty rate of 25% or more. The North West has the highest rate, with 90% of all constituencies seeing at least a quarter of all children living in poverty.

Figure 1
Percentage of children in relative poverty, AHC in 2022/23, by country and region
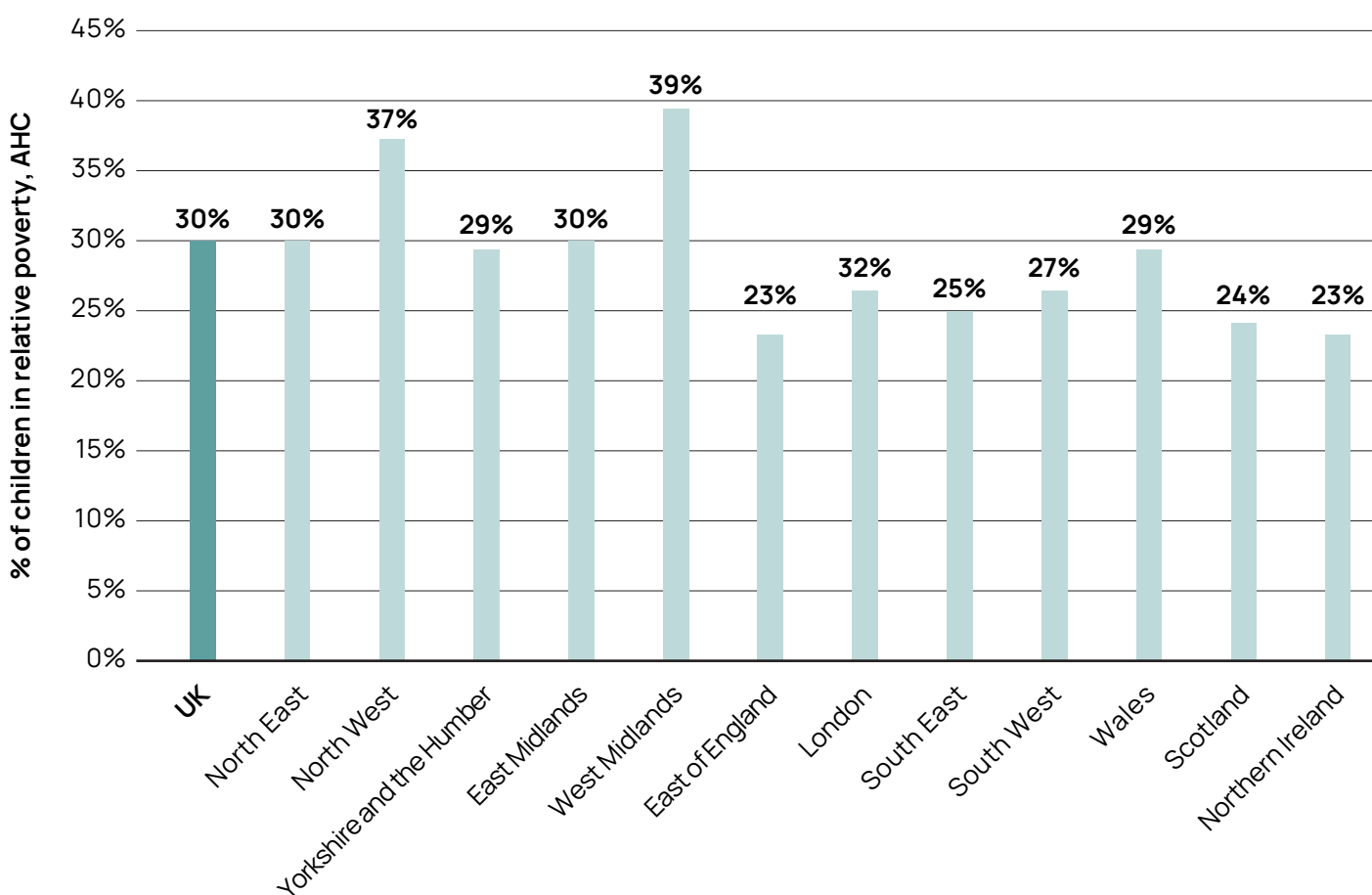
Source: Households Below Average Income (DWP), 2021/22 and 2022/23)

Figure 2
Percentage of constituencies where at least 25% of children are in poverty, by country/region: 2022/23
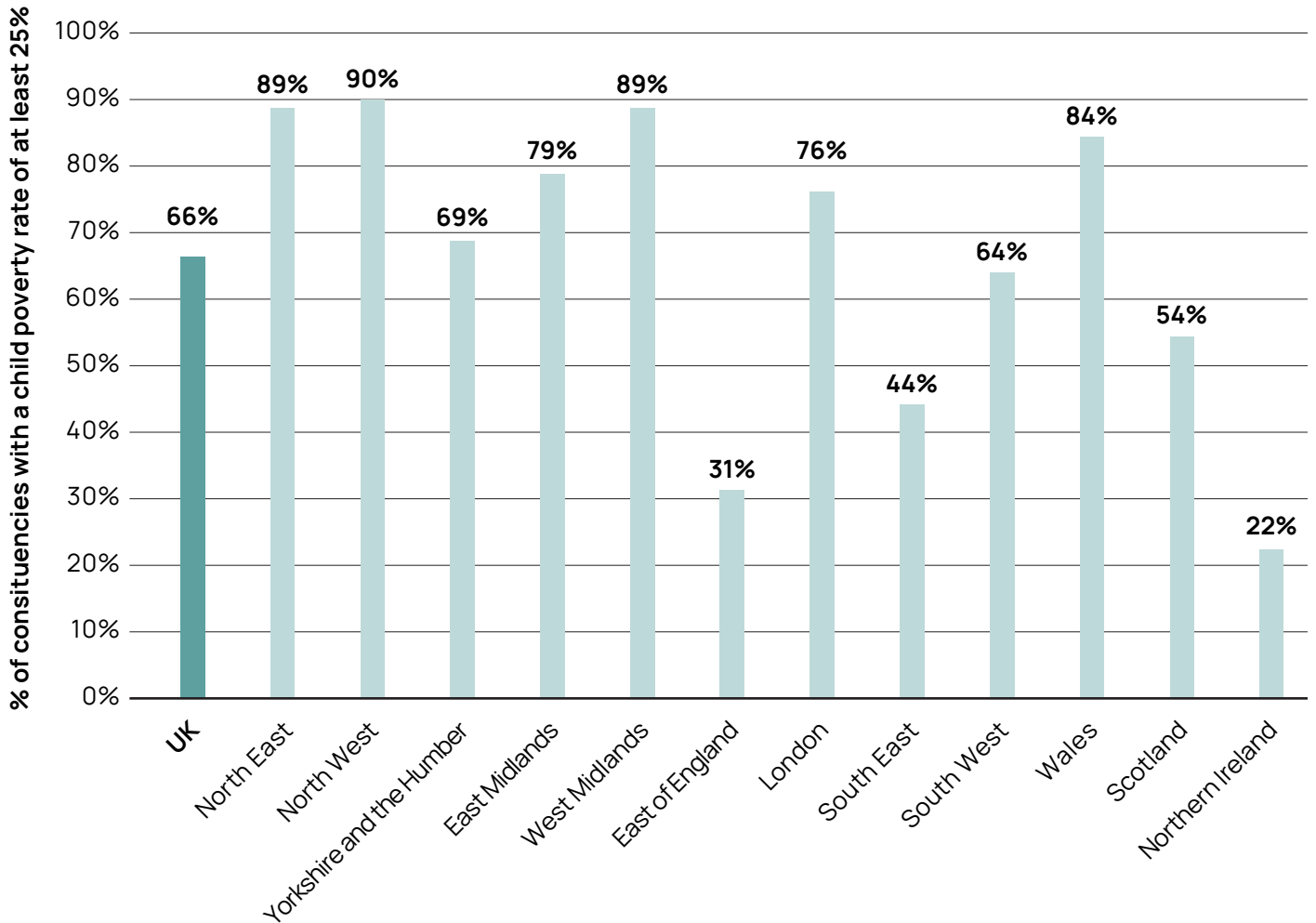
Source: End Child Poverty estimates of local child poverty rates, AHC (2024)

The Two-Child Limit

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. 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.[2]

Figure 3 demonstrates the strength of the relationship between the two-child limit and child poverty, at constituency level. 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 of the new constituency areas. 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, thereby allowing them to be matched to the corresponding child poverty estimates. 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 3
Correlation between child poverty rate and % of children affected by the two-child limit, by constituency: 2022/23
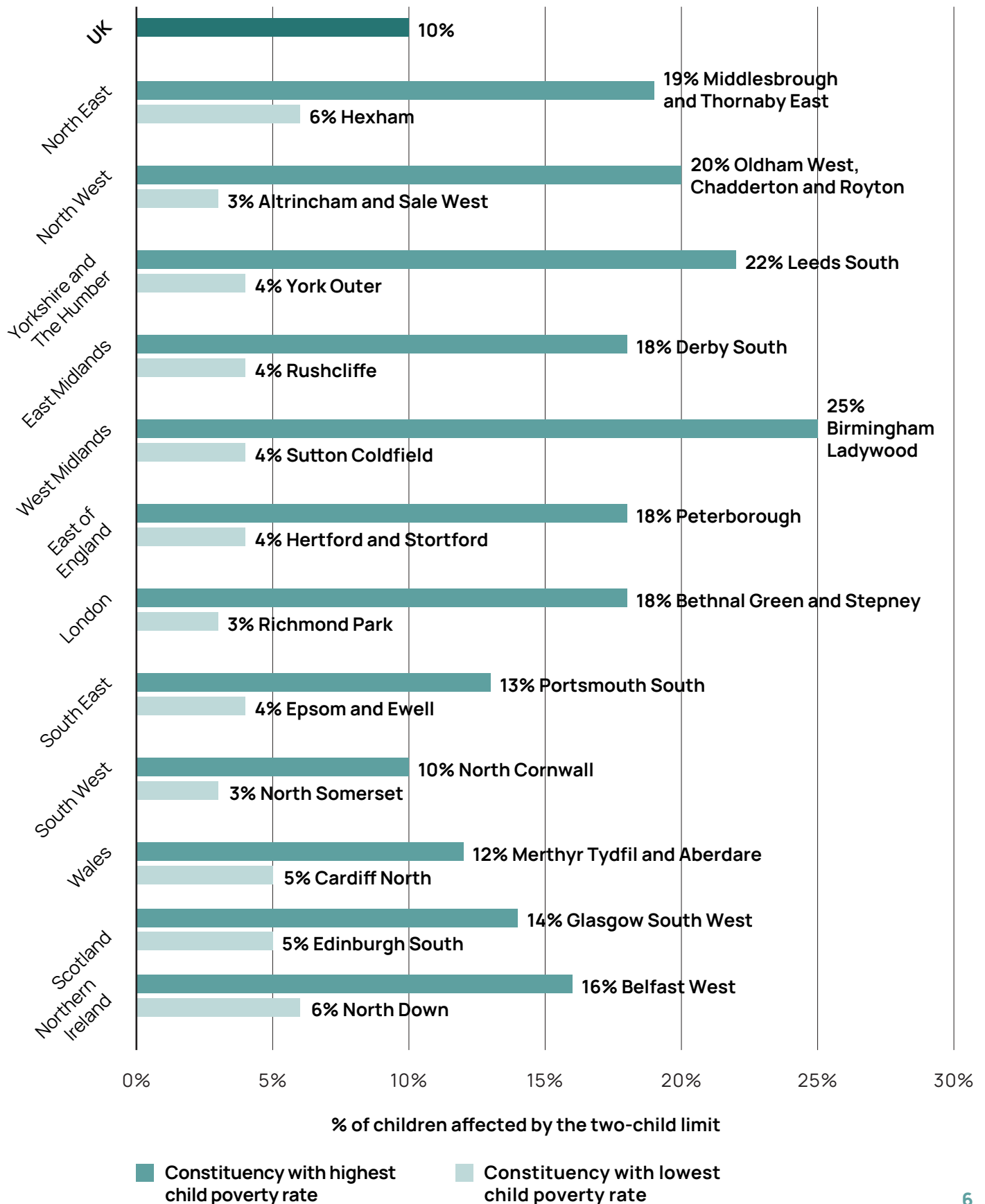

$R^2 = 0.7829$
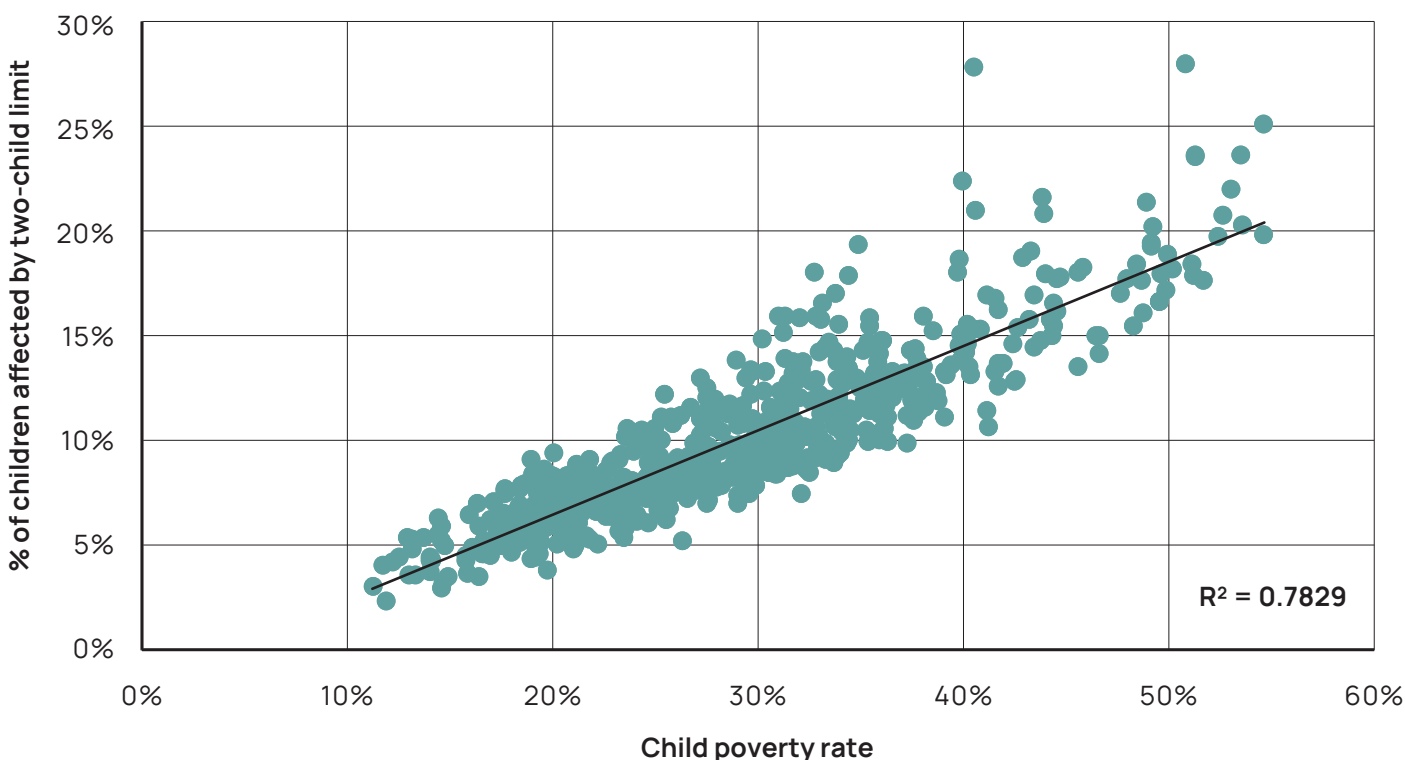
Figure 4 looks in more detail at this association in the countries and regions of the UK. The chart shows, for each region, the percentage of children affected by the two-child limit in the constituencies with the highest and lowest within-region child poverty rates. With the exception of the South West, 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 4
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
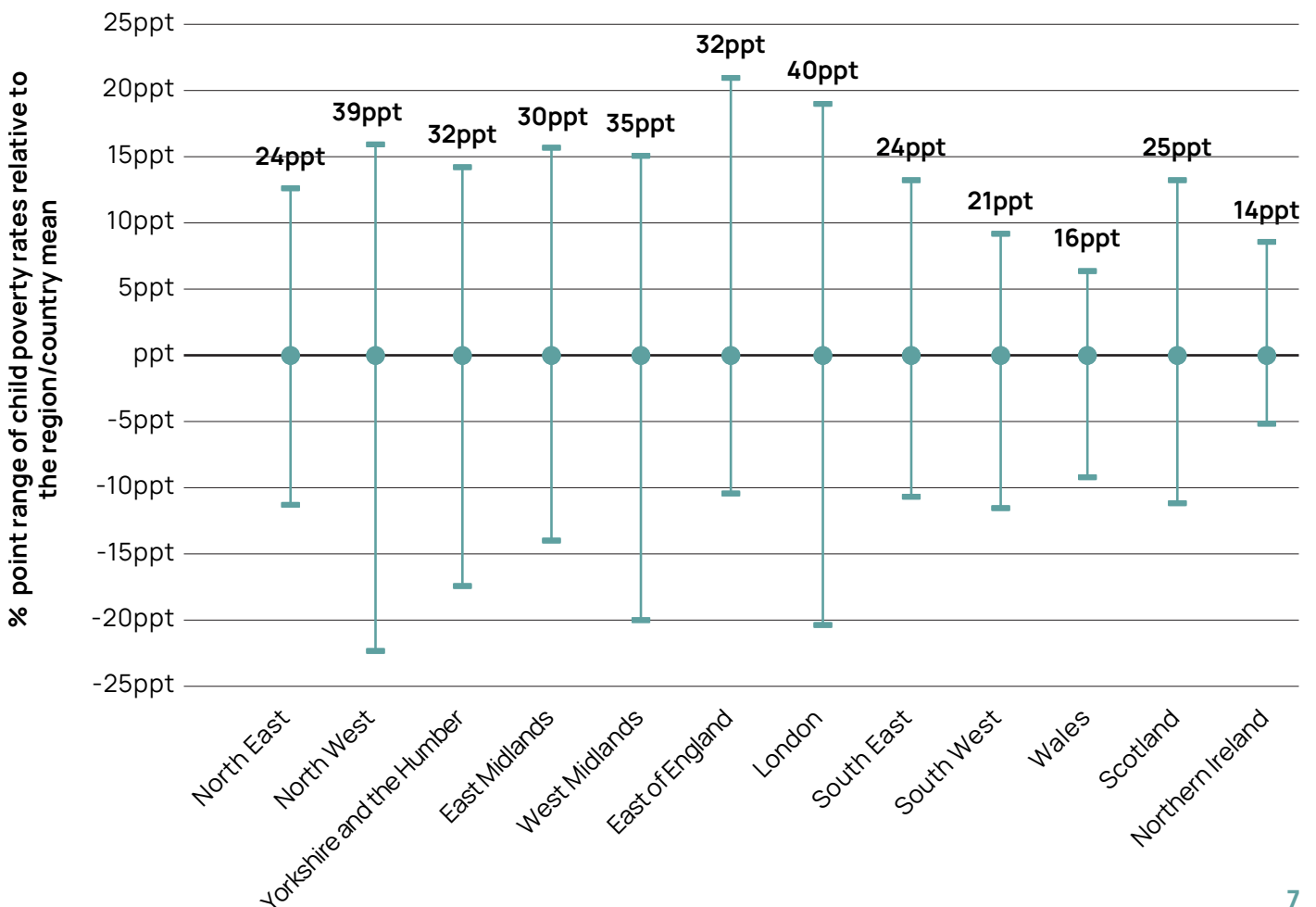
Region	Highest	Lowest
UK	10%	
North East	19% Middlesbrough and Thornaby East	6% Hexham
North West	20% Oldham West, Chadderton and Royton	3% Altrincham and Sale West
Yorkshire and The Humber	22% Leeds South	4% York Outer
East Midlands	18% Derby South	4% Rushcliffe
West Midlands	25% Birmingham Ladywood	4% Sutton Coldfield
East of England	18% Peterborough	4% Hertford and Stortford
London	18% Bethnal Green and Stepney	3% Richmond Park
South East	13% Portsmouth South	4% Epsom and Ewell
South West	10% North Cornwall	3% North Somerset
Wales	12% Merthyr Tydfil and Aberdare	5% Cardiff North
Scotland	14% Glasgow South West	5% Edinburgh South
Northern Ireland	16% Belfast West	6% North Down

% of children affected by the two-child limit

▮ Constituency with highest child poverty rate   ▮ Constituency with lowest child poverty rate

Inequality

While examining the overall prevalence of child poverty within regions is a useful starting point, 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.

Figure 5 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. For example 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 5
Range of child poverty rates after housing costs among constituencies relative to the country/region mean: 2022/23

Figure 6 shows how the magnitude of inequality within regions and countries of the UK has changed over time. The difference in 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.
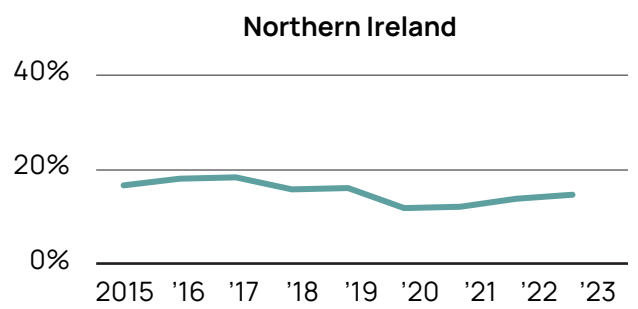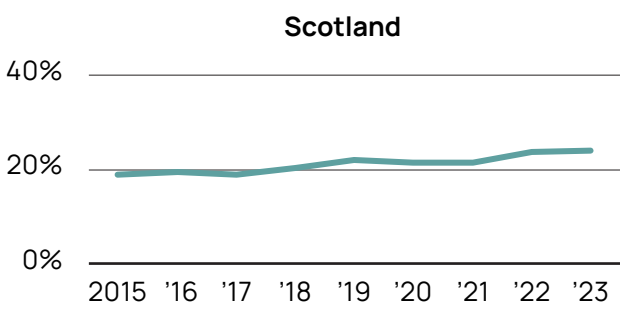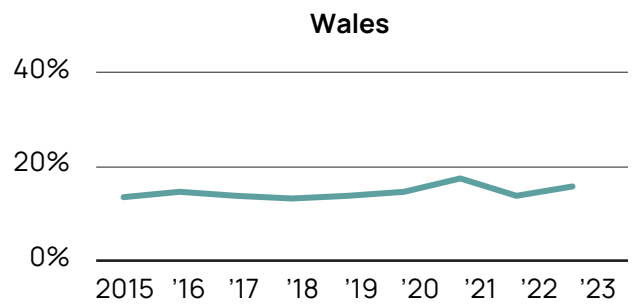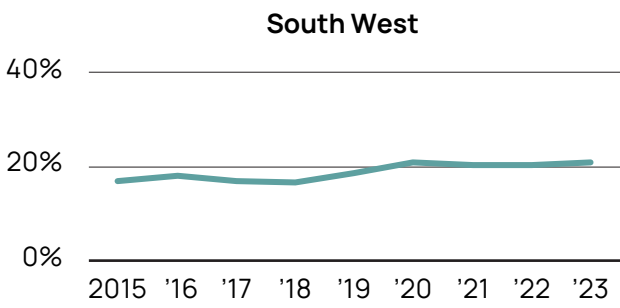
Figure 6
Percentage point difference between constituencies with highest and lowest child poverty rates by country/region, 2015-2023

Figure 6 Cont...

South West

40%	
20%	
0%	

2015 '16 '17 '18 '19 '20 '21 '22 '23

Wales

40%	
20%	
0%	

2015 '16 '17 '18 '19 '20 '21 '22 '23

Scotland

40%	
20%	
0%	

2015 '16 '17 '18 '19 '20 '21 '22 '23

Northern Ireland

40%	
20%	
0%	

2015 '16 '17 '18 '19 '20 '21 '22 '23

FAQs

How are these figures calculated?

The Department for Work and Pensions 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.[3] 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.

To address this issue, researchers at Loughborough University developed a method for adjusting the BHC statistics to estimate the effect of varying housing costs on child poverty in local areas. Administrative data on rents for local authorities, combined with household-level data from the *Understanding Society* longitudinal survey[4] is used to estimate the relationship between housing costs and the relative risk of being in poverty before and after housing costs. This information is then used to adjust the BHC statistics for local authorities. For constituencies, for which local rent data are not available, information on median house prices is used.[5]

Why is this data for 2022/23?

The Local Child Poverty Statistics are calculated using government data. This data is published yearly, and covers the previous year – as a result these statistics also have a year delay.

What definition of a child are you using?

A child is defined as aged 0-15, or aged 16-19 and in full-time education. Because the original data produced by the Department for Work and Pensions 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).

What is the difference between relative and absolute measures of child poverty?

Absolute measures are 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.

Relative poverty, which calculates whether households are below 60% of the *contemporary* median, is a more useful indicator of current living standards.

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[3] **https://www.gov.uk/government/collections/children-in-low-income-families-local-area-statistics**

[4] 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**.

[5] 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.

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.