

# A time of need: Exploring the changing poverty risk facing children in larger families in the UK

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[CASEpaper 224](#), part of the Benefit Changes and Larger Families research project

<https://largerfamilies.study/>

Funded by the Nuffield Foundation

CASE 25<sup>th</sup> Birthday, September 2022



# Part of a wider project

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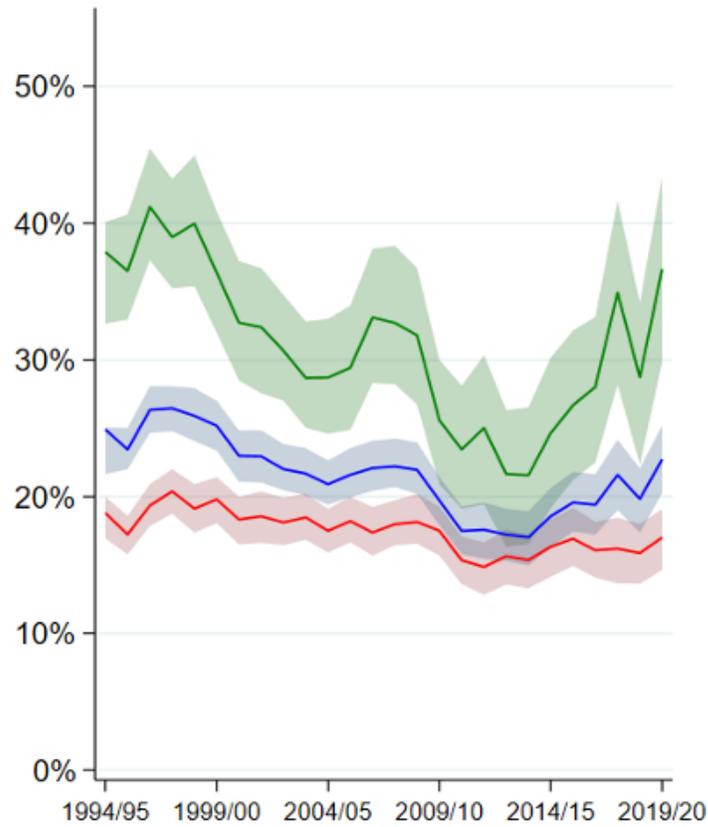
- Nuffield funded research on benefit changes and larger families (3+ children) in the UK running 2020 – 2023  
<https://largerfamilies.study/>
- Particularly focused on the **benefit cap** and the **two-child limit**
- Mixed methods:
  - **Quantitative analysis** of large scale datasets using quasi-experimental techniques
  - **Qualitative interviews** with 45 affected families in London and Yorkshire about their experiences (three interviews over 18 months)



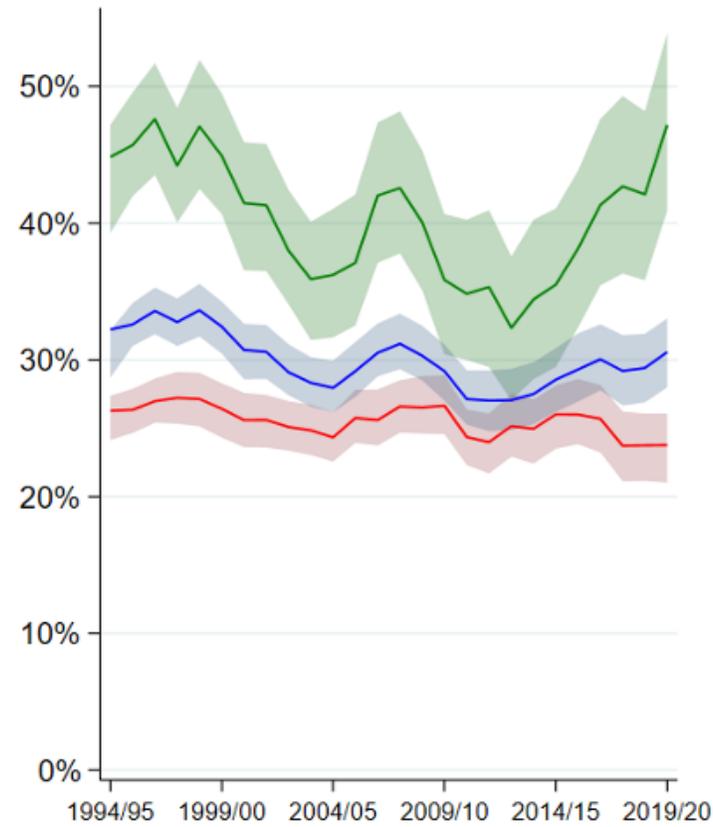


# Child poverty in the UK by family size (60% median income) 1994/95 – 2019/20

## Before Housing Costs



## After Housing Costs



— Children in larger families (3+ children) — Children in smaller families (1-2 children)  
— All children

Source: FRS

# Understanding these trends

What explains larger families' changing poverty risk over the last 25 years?

- **Changing demographic profile?**

(e.g. changes in family size, ethnicity or relative education level among larger families)

- **Changing employment patterns?**

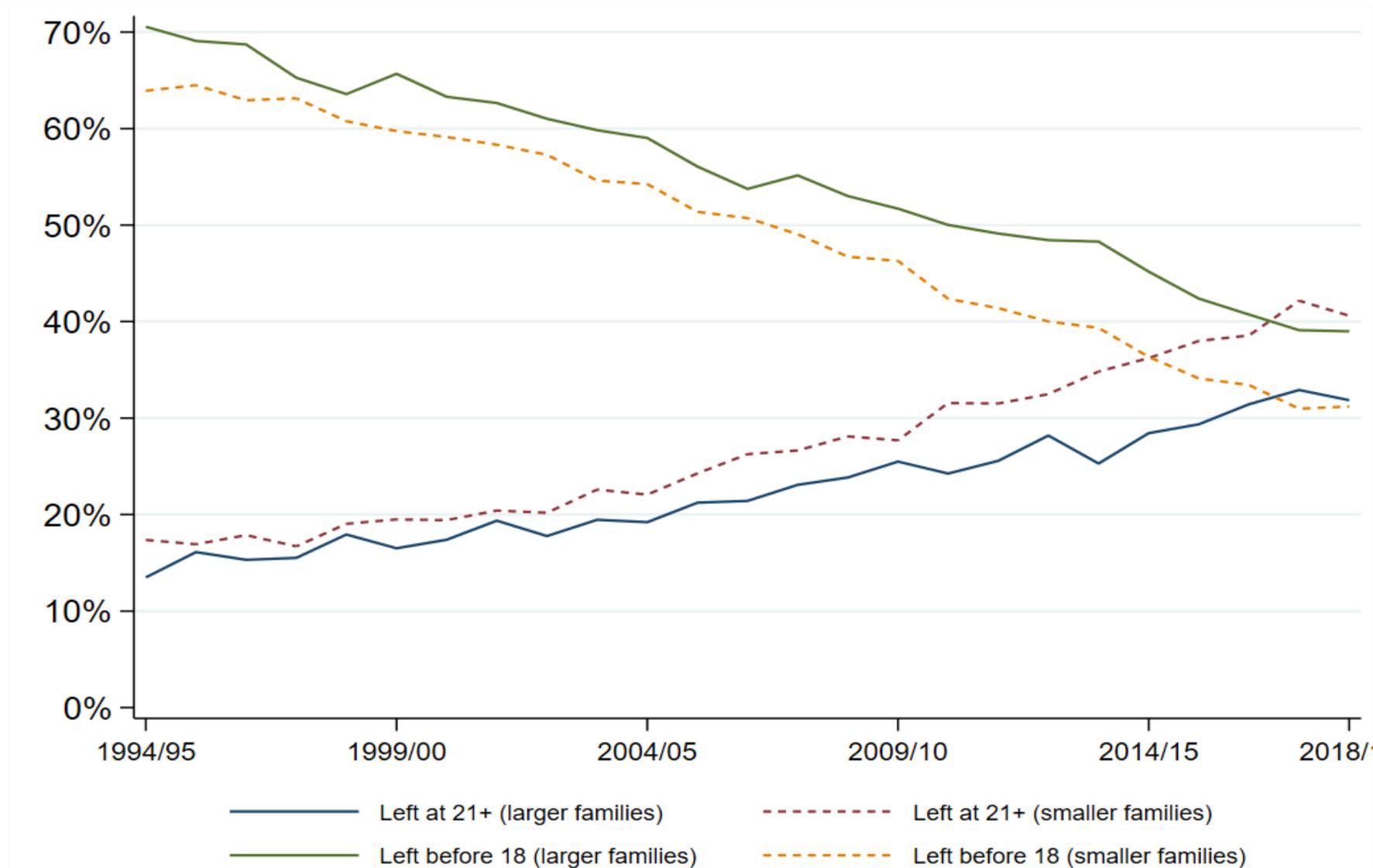
(e.g. are larger families being left behind by policies increasingly incentivizing work)

- **Changes in social security support/redistribution?**

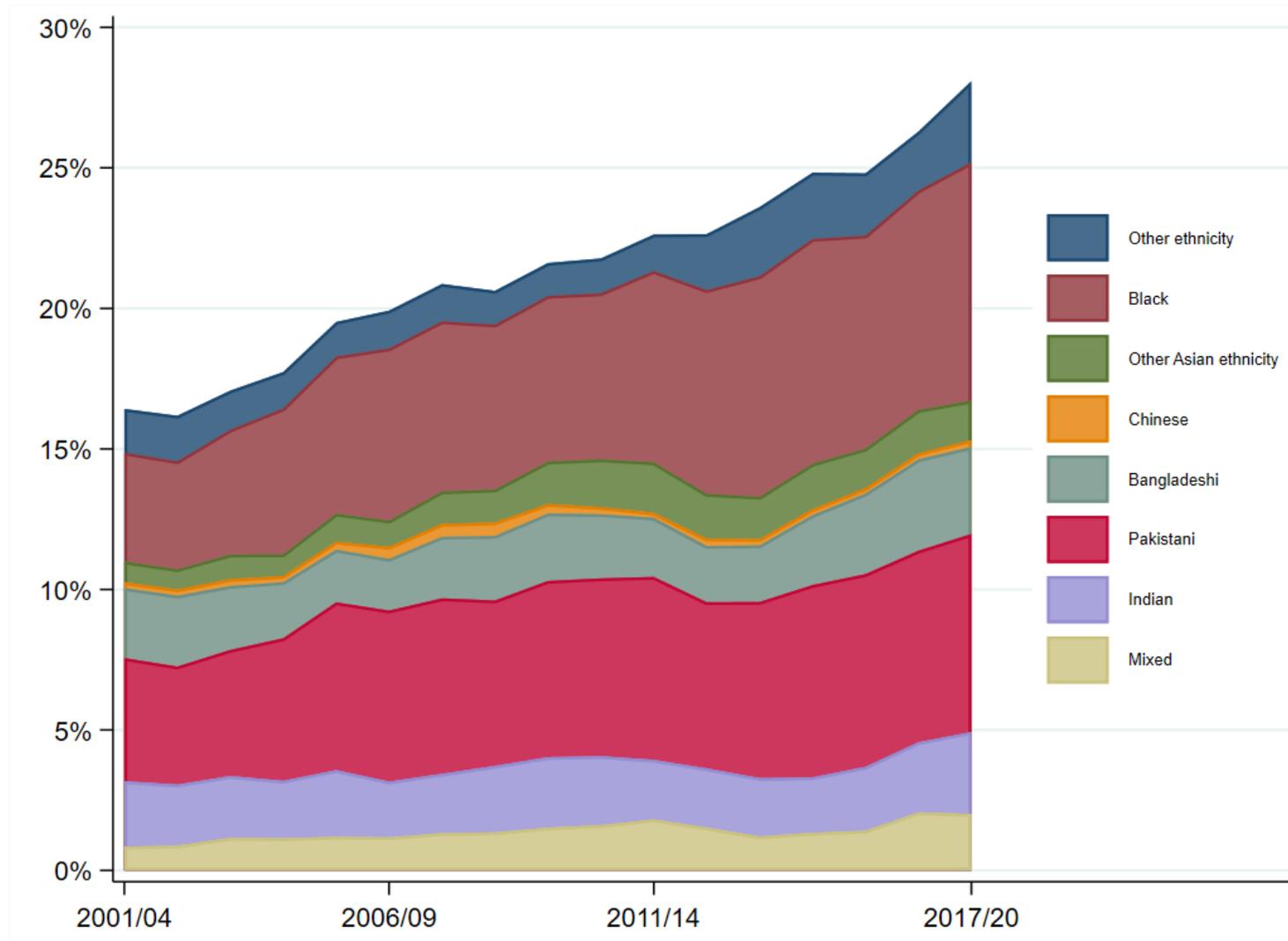
(have larger families been more exposed to changes in social security generosity – even before the introduction of benefit cap and two-child limit?)

Data from the Family Resources Survey and Households Below Average Income 1994/95-2019/20 15<sup>th</sup> edition. (DWP 2021)

# Age at which longest educated parent left full-time education (% children in larger and smaller families)

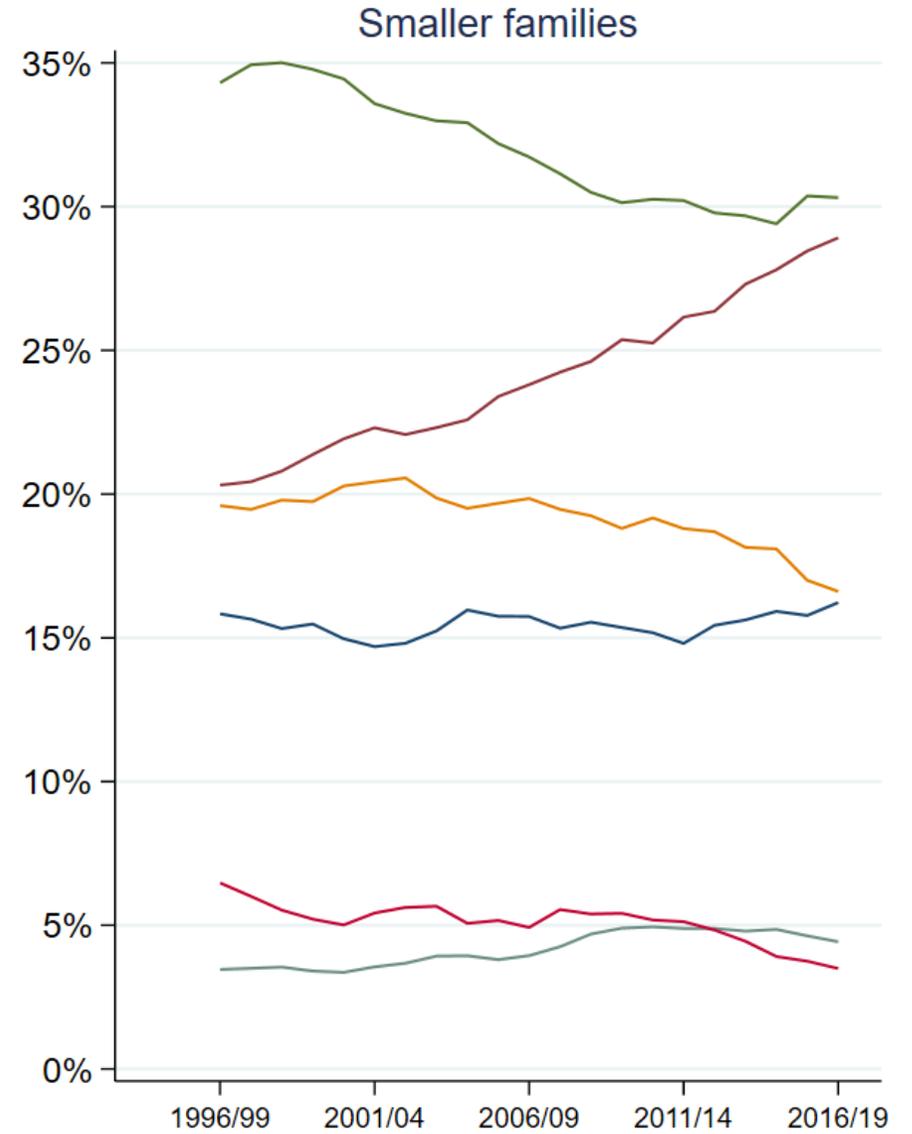
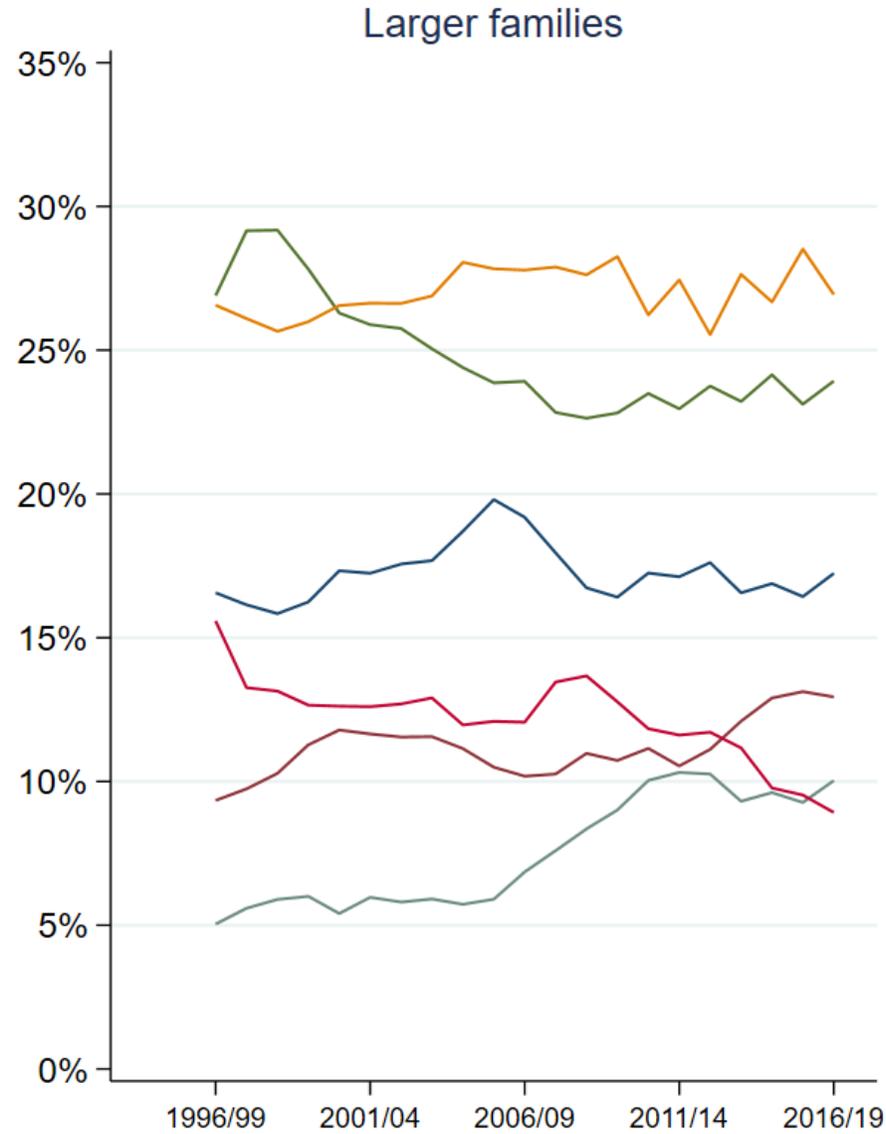


The percentage of children in larger families coming from different ethnic groups (three-year moving average)



# Changing employment patterns

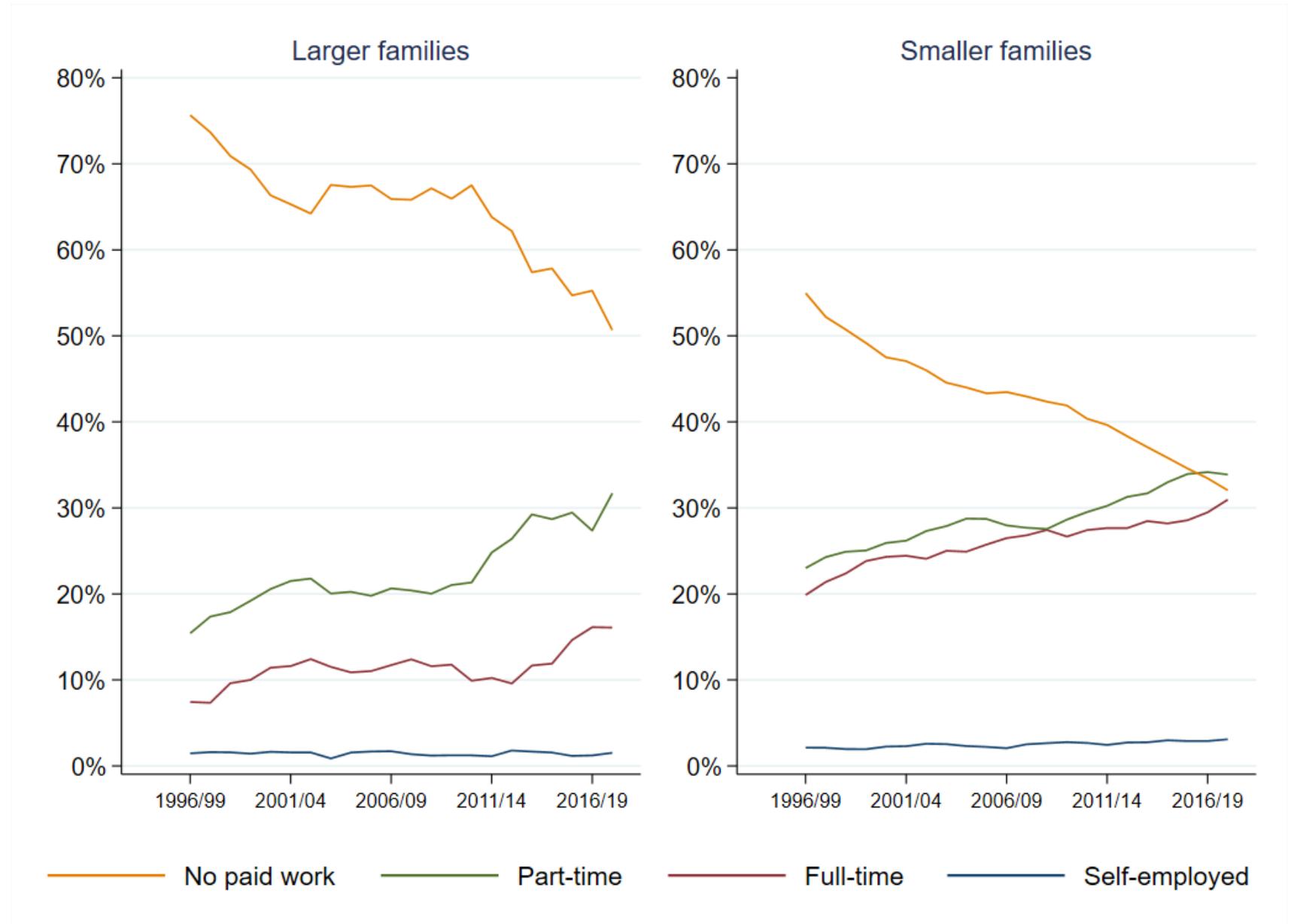
## Couple families



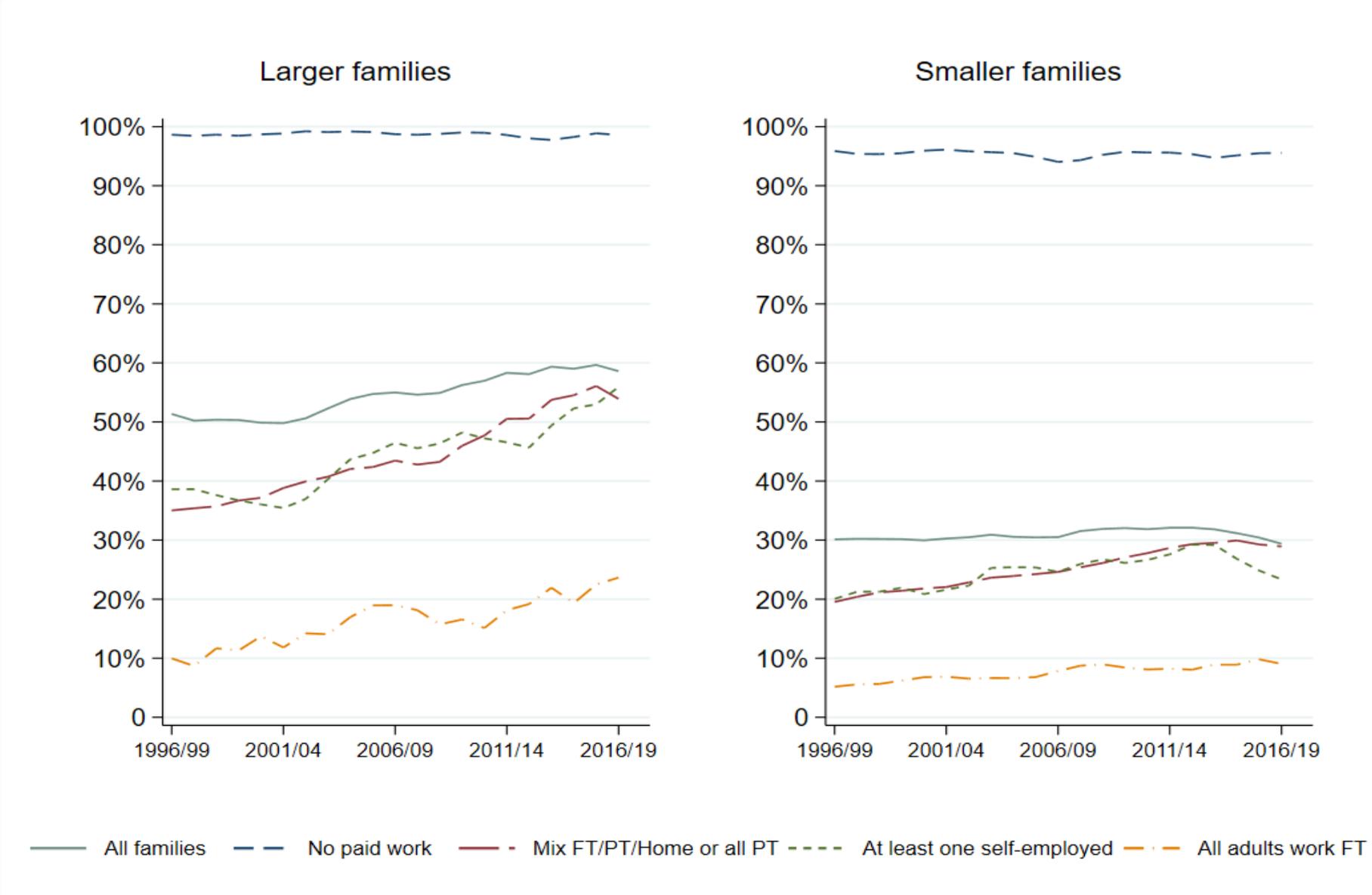
— One FT one Home — One FT one PT — At least one Self-Empl — Both FT — Both PT — No paid work

# Changing employment patterns

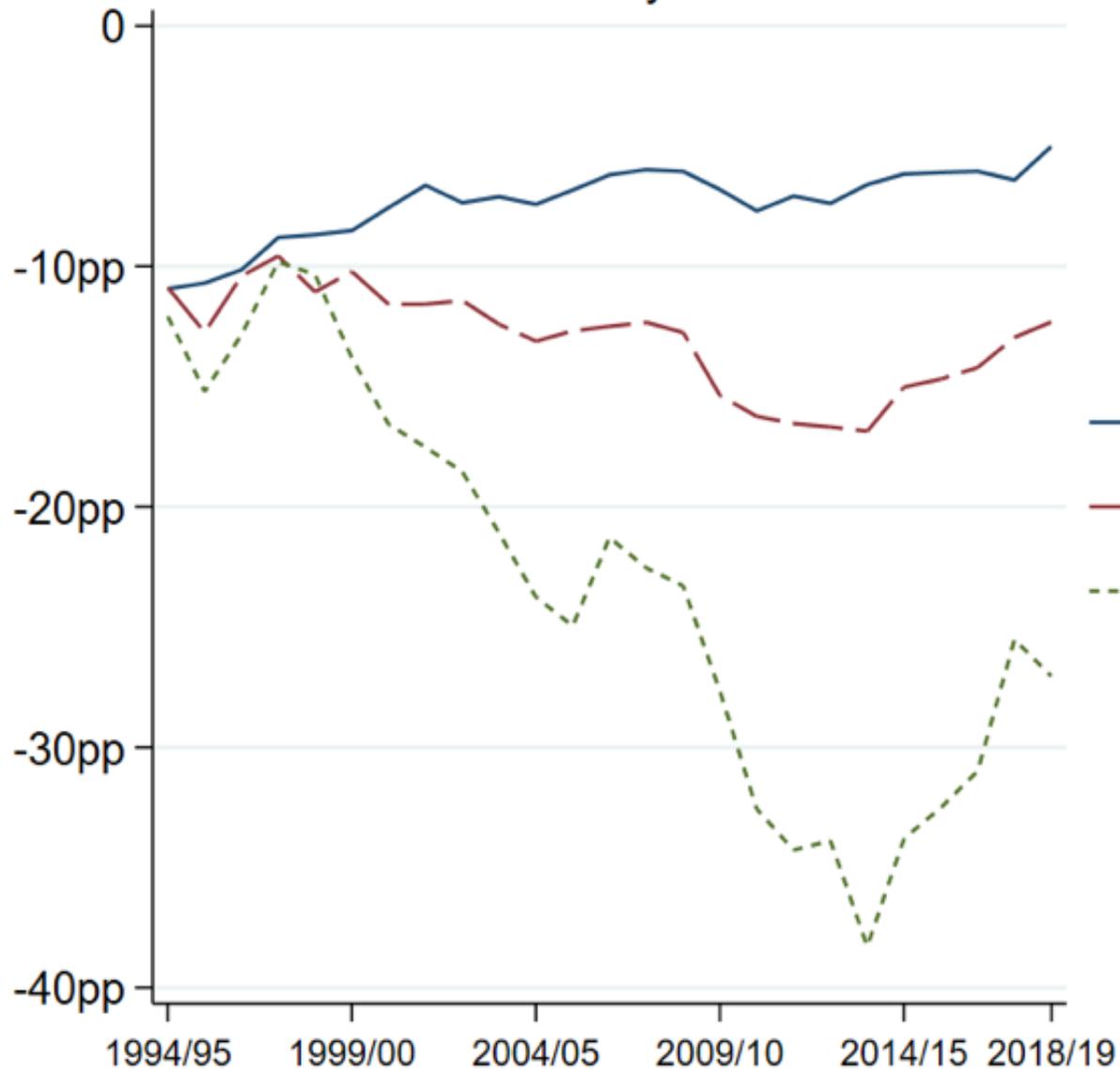
## Lone parent families



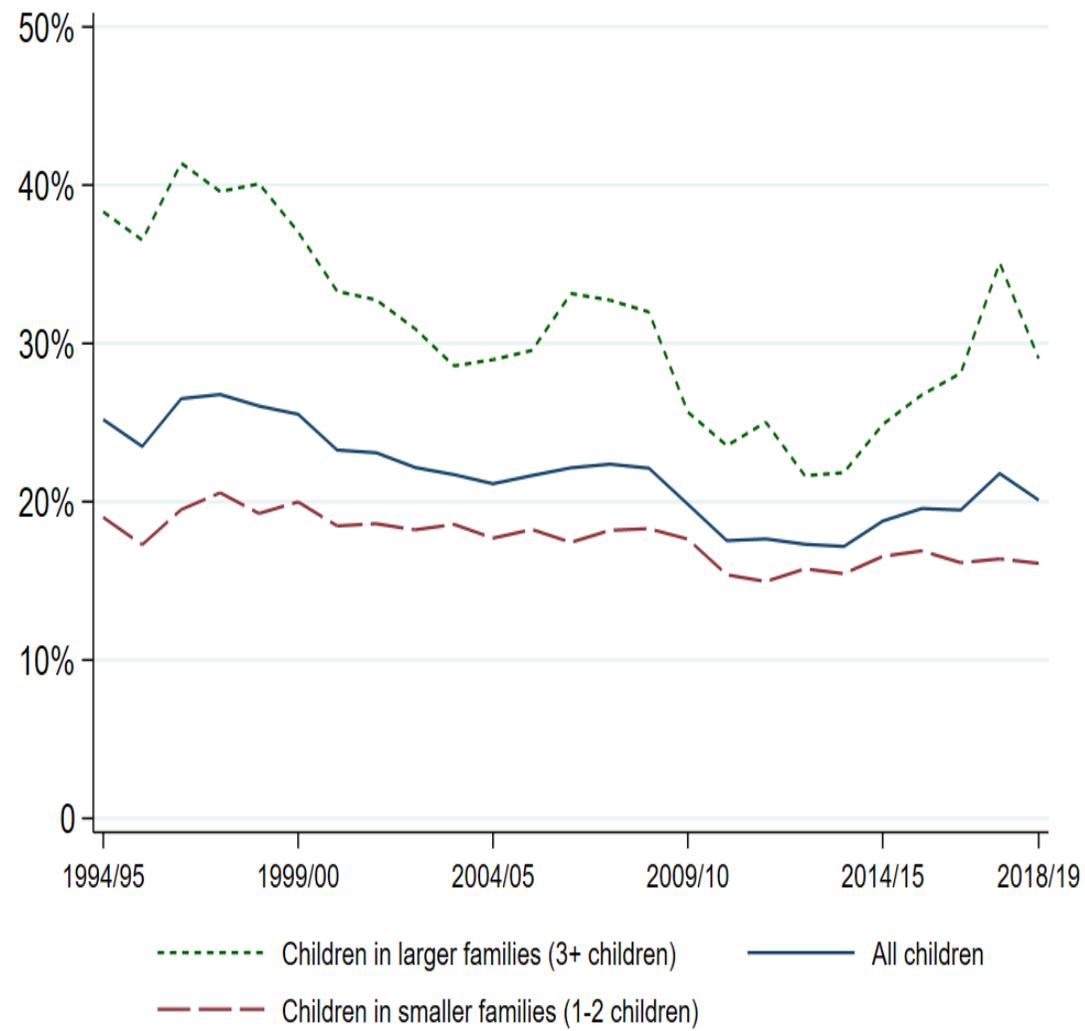
# Changes in the (relative) returns to work: Poverty rates **pre-tax and transfers** (BHC)



Percentage point difference in relative poverty rates made by taxes and transfers



BHC poverty rates by family size



NB social security policies have not explicitly **favoured larger families** – rather they have been **neutral on family size** or **favoured smaller families**

- **INCREASES** 1997-2010: Doubling of spending on financial support for households with children under Labour Government
  - Child Tax Credit system – means-tested but eligibility stretching up the distribution. **Family element** but **per child amount same for all children**.
  - **Increase in value of means-tested support for under 11s, to same rate as older children**
  - Real increase in universal Child Benefit **for first born children**.
  - **Sure Start Maternity Grant and Health in Pregnancy Grant**.
  - Childcare subsidies through tax credit system, **up to £180/one child, £300 2+**. **Free part-day place for 3s and 4s**.
- **CUTS** 2010 onwards (and especially 2013 onwards): Cuts to working-age benefits as part of austerity reforms under Coalition and Conservative Governments, notably:
  - **Tighter targeting of tax credits**
  - **Below inflation (1%) benefit uprating 2013-2015, followed by cash freeze 2015-2020**
  - **Sure Start Maternity Grant restricted to first child only, Health in Pregnancy Grant scrapped**
  - Cuts to housing support – **some elements of this affected subsidy for larger housing**.
  - **Child Benefit 'affluence tested'**
  - **'Benefit cap'** – total amount a non-working household can receive restricted to £20,000 (£23,000 in London). Cap first introduced 2013 and lowered 2016.
  - **'Two child limit'** – means-tested support through tax credits (and now Universal Credit) limited to two children only, affecting new births from April 2017.

# Summary

- Changes in child poverty in the UK over the last 25 years have been concentrated heavily in larger families – both the fall and the rise
- Rise since 2013 is not explained (barely at all) by demographic compositional change (e.g. ethnicity) – but does have important implications for ethnic inequalities.
- Poverty in larger families has been rising since 2013 *despite* increasing education levels *and* rising employment among parents
- Partly because of relative employment rates – parents in smaller families working *even more* (but poverty also rising where all adults full-time)
- Changes in the generosity of social security for children are key to understanding trends in poverty for larger families – despite few policies explicitly targeting family size until two-child limit and benefit cap

# Concluding thoughts

- Larger families have been most affected by social security changes *because households with more children need more support* – and therefore are more sensitive to changes in benefit generosity
  - Higher consumption needs (highlighted by Seebohm Rowntree a century+ ago)
  - Higher care needs – meaning lower work intensity
- One can read this as greater ‘welfare dependency’ among larger families. But a) this is a temporary period in a family’s lifecycle. And b) they are making a contribution!
- Education and employment rather than cash transfers have been increasingly emphasized as the solution to poverty YET evidence suggests neither offers a solution to poverty at macro level – even were it desirable to have all parents working FT
- More focus is undoubtedly needed on quality and stability of employment options, on childcare etc
- **But also** need to recognize the necessity of social security support during this phase of life (especially for those with more limited employment options and opportunities)

“Most of us get back something at least close to what we pay in over our lives towards the welfare state. When we pay in more than we get out, we are helping our parents, our children, ourselves at another time – and ourselves as we might have been, if life had turned out not quite so well for us.”

John Hills

*Good Times, Bad Times* p.270