

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

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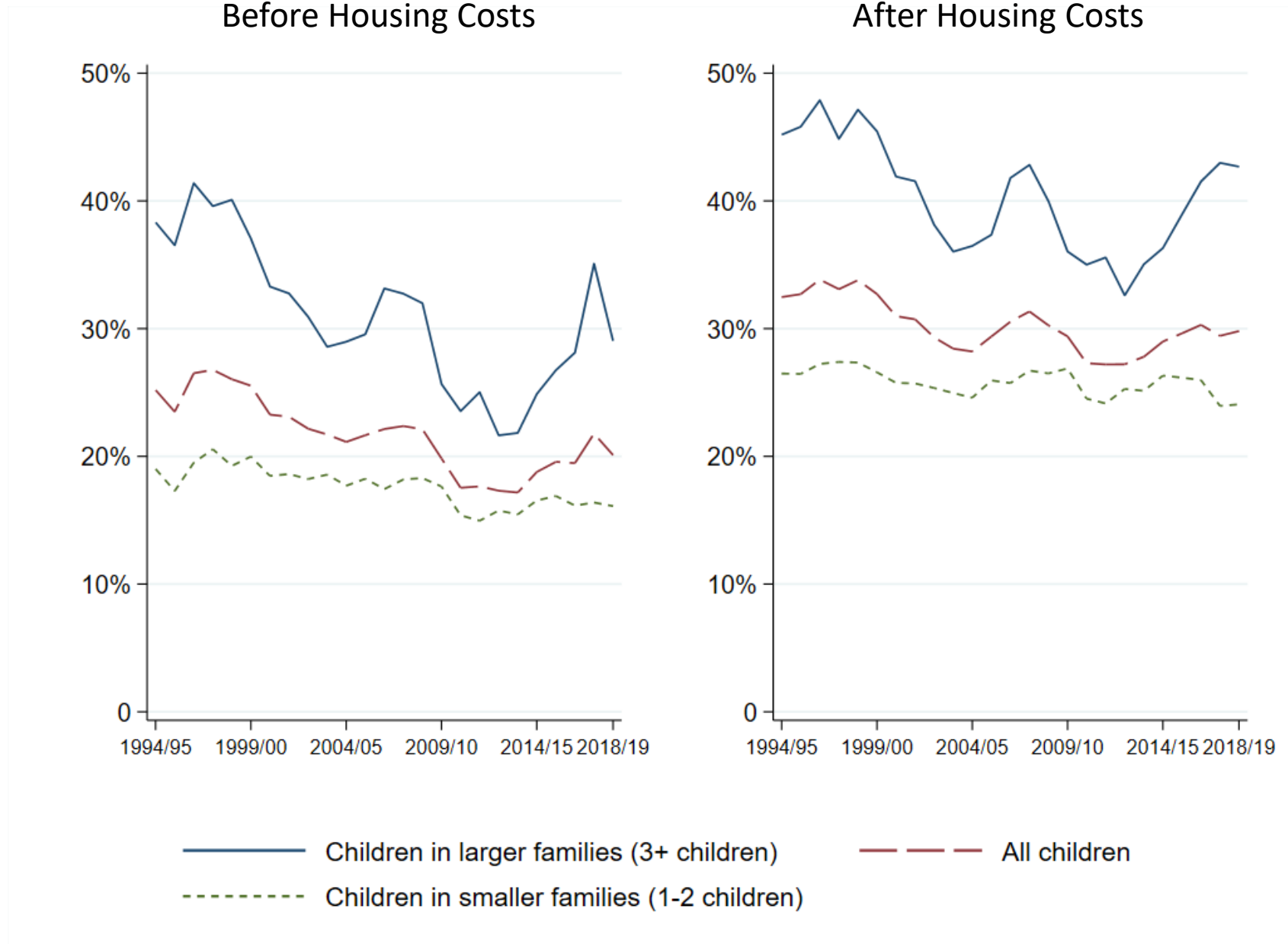
Welfare Reform and Larger Families research project

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Child poverty by family size (60% median income) 1994/95 – 2018/19



Policy background: changing generosity of social security for families

- 1997-2010: Doubling of spending on financial support for households with children under Labour Government
 - New Child Tax Credit system – means-tested but eligibility stretching up the distribution
 - 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.
- 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
 - Cuts to housing support
 - Below inflation (1%) benefit uprating 2013-2015, followed by cash freeze 2015-2020
- Two more recent policies that have particularly targeted larger families
 - ‘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.

Brief overview

What explains larger families' changing poverty risk?

- **Changing demographic profile?**

(e.g. changes in family size 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

- Main source Households Below Average Income 1994/95-2018/19 14th edition. (DWP 2020, UK Data Service SN: 5828)
- Supplemented by additional variables from the full Family Resources Survey on parental education and hours worked. (DWP 2020, UK Data Service SN: 8633 and previous editions)

The changing profile of larger families

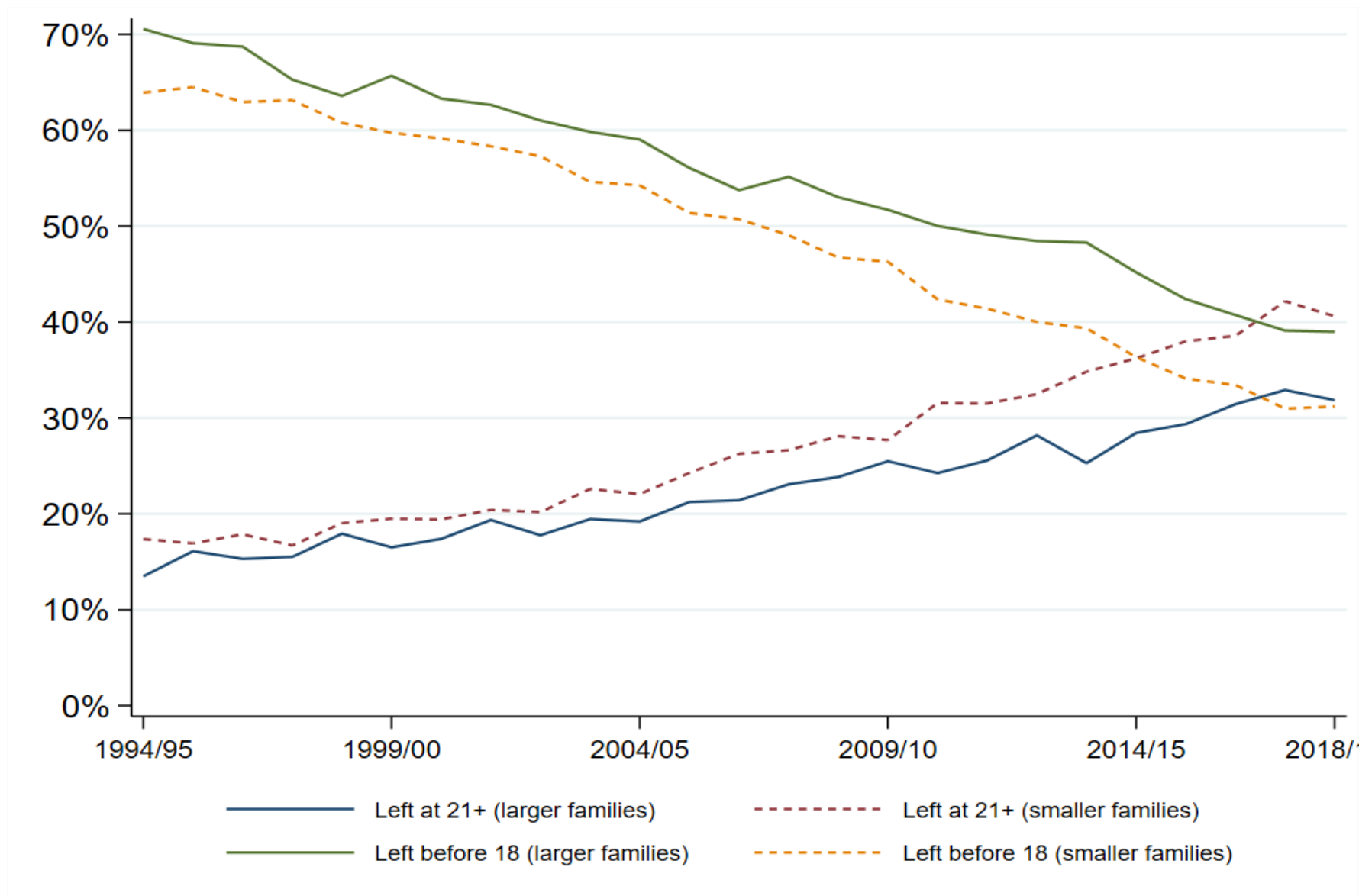
Not changing

- **Family size:** Around one-third of children live in larger families in the UK, and most are one of three children
 - 69% - three; 22% - four; 9% - five plus
- **Lone parenthood:** Larger families are as common among lone parent and couple families

Changing

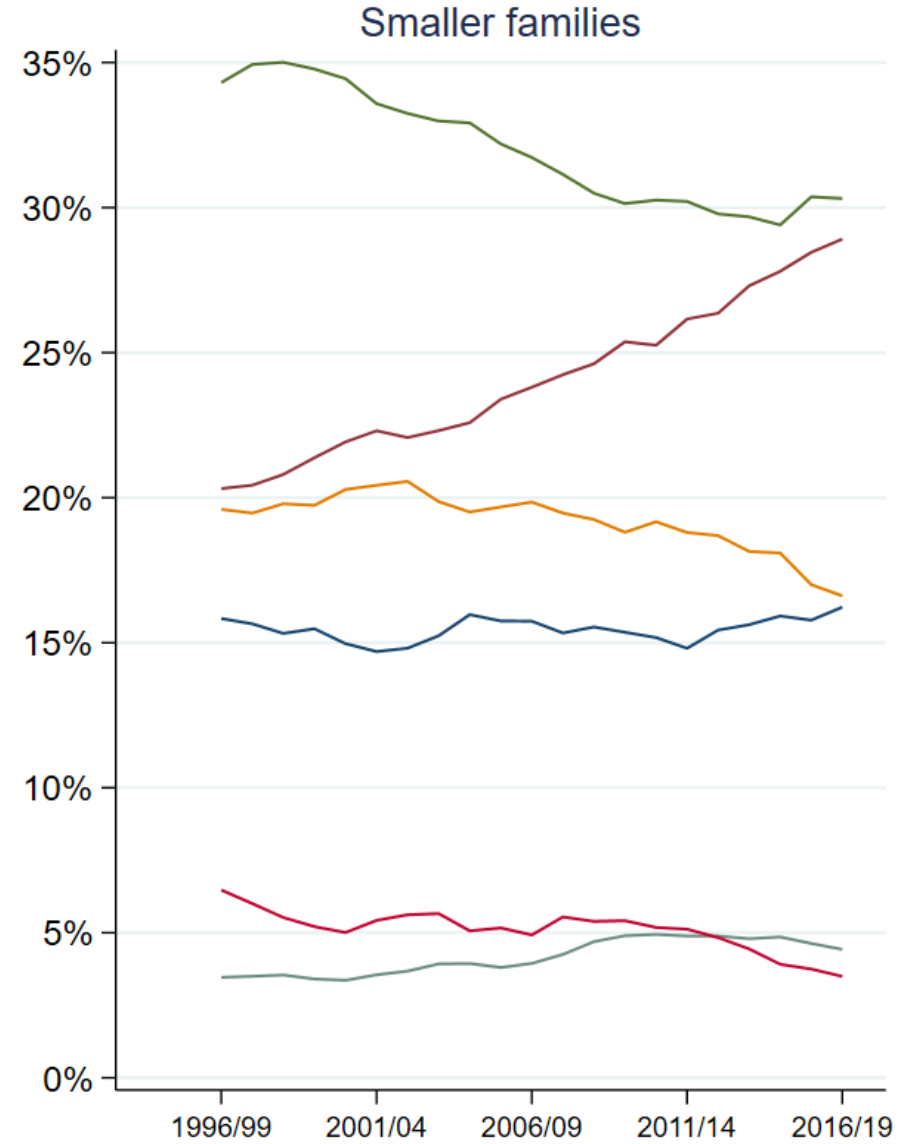
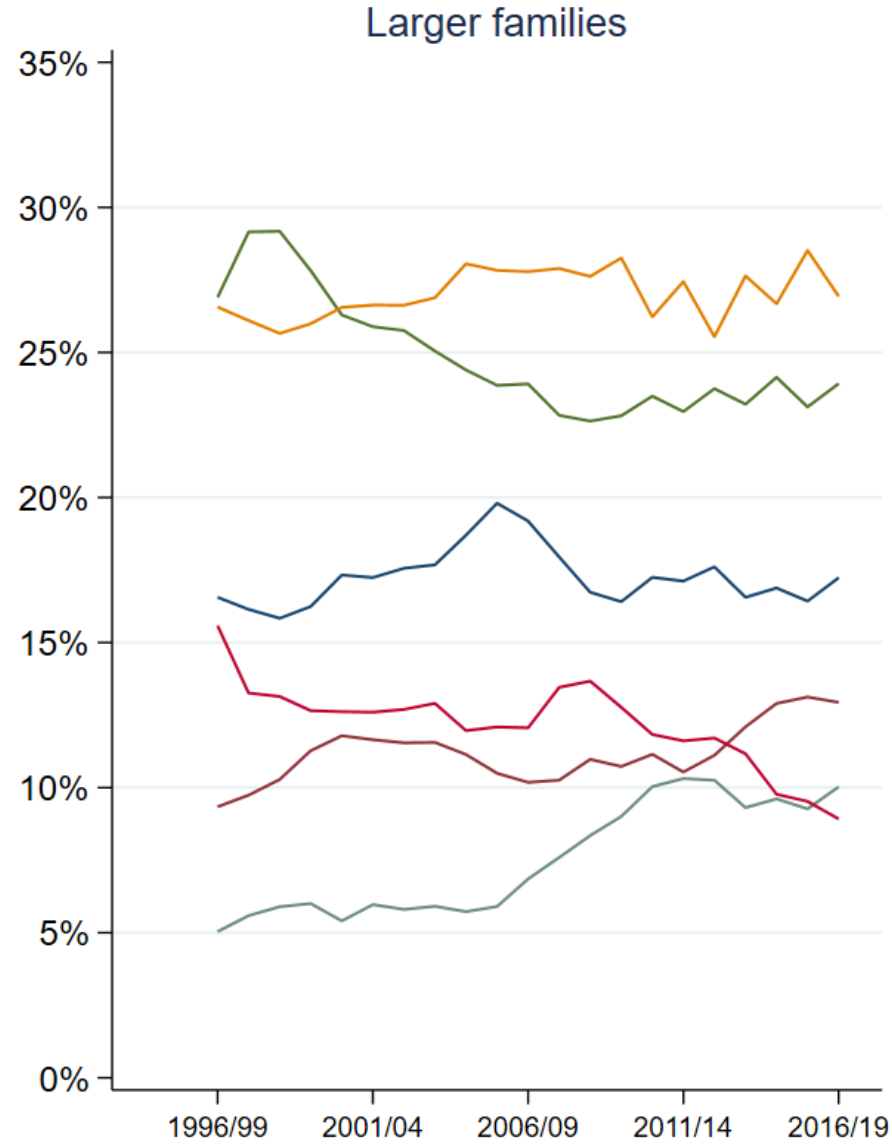
- **Ethnicity:** A growing share of children in larger families are from minority ethnic groups – though 74% are still from White British backgrounds
- **Education:** Increasing education levels among parents (though parents in smaller families improving faster)
- **Employment:** Increasing employment rates (though parents in smaller families increasing faster)

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



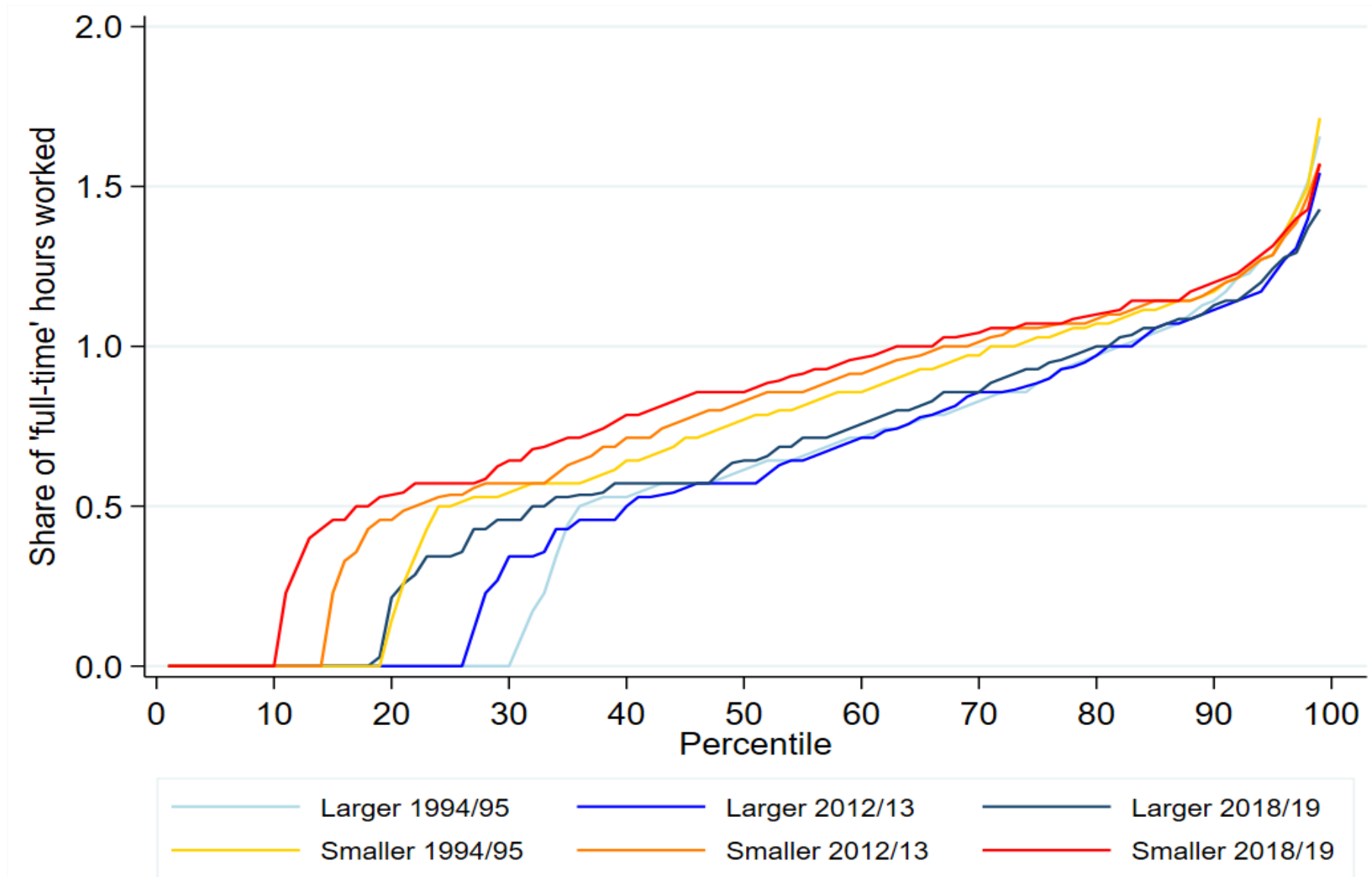
Changing employment patterns

Couple families

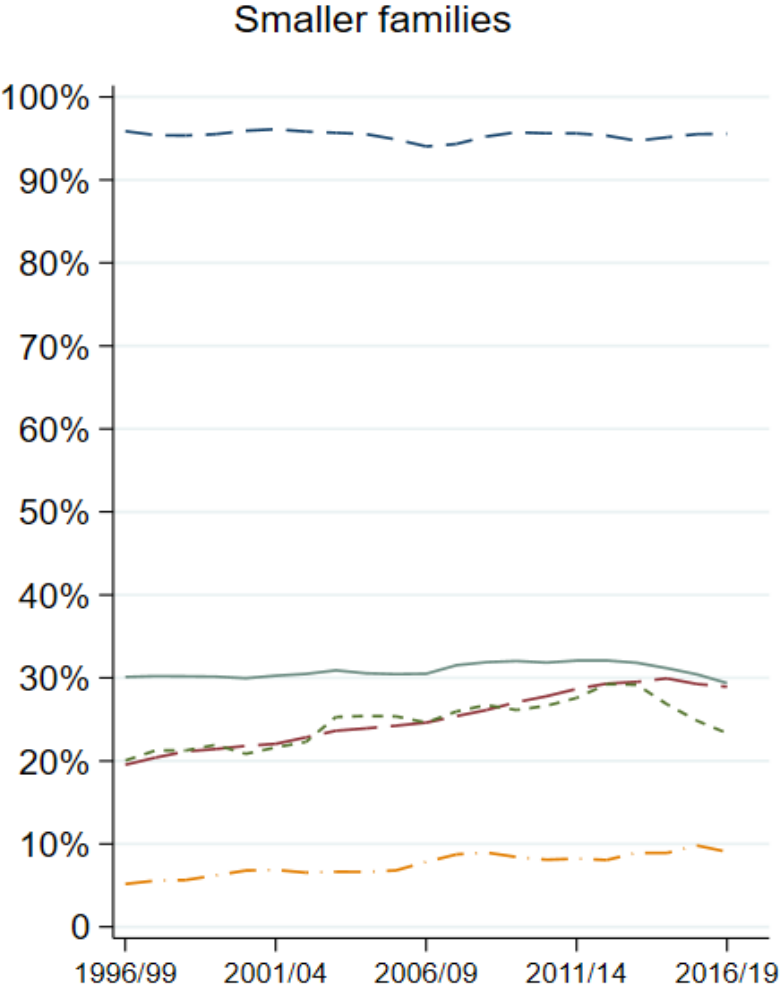
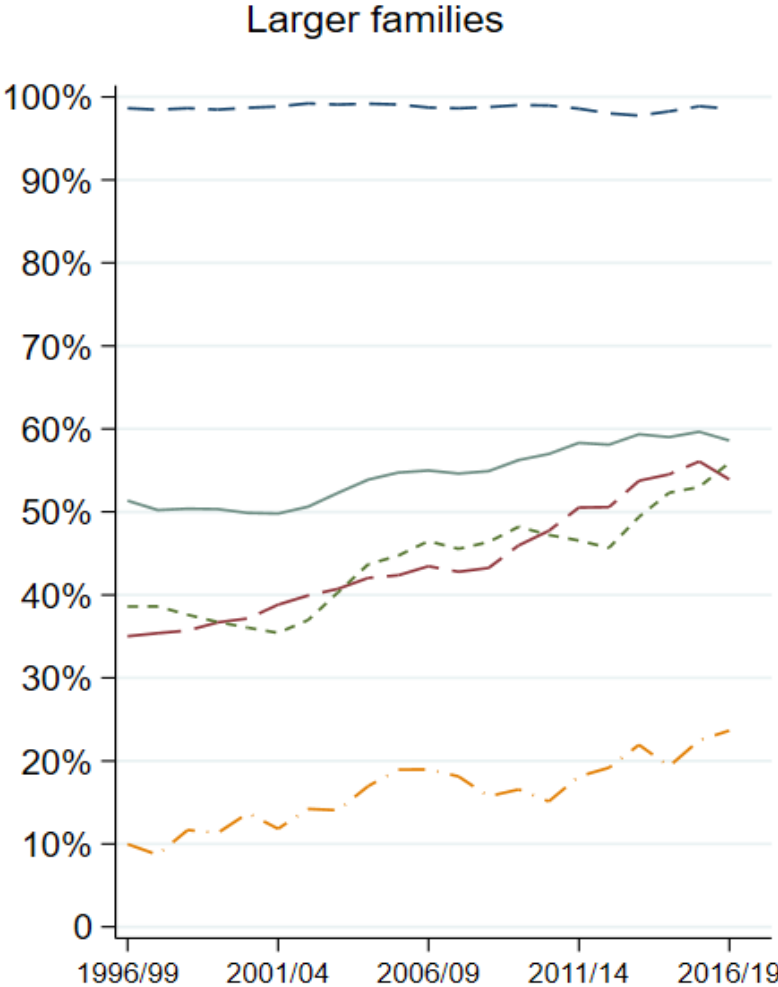


— One FT one Home — One FT one PT — At least one Self-Empl — Both FT — Both PT — No paid work

Work intensity as a share of 'maximum FT hours' (35 per adult)

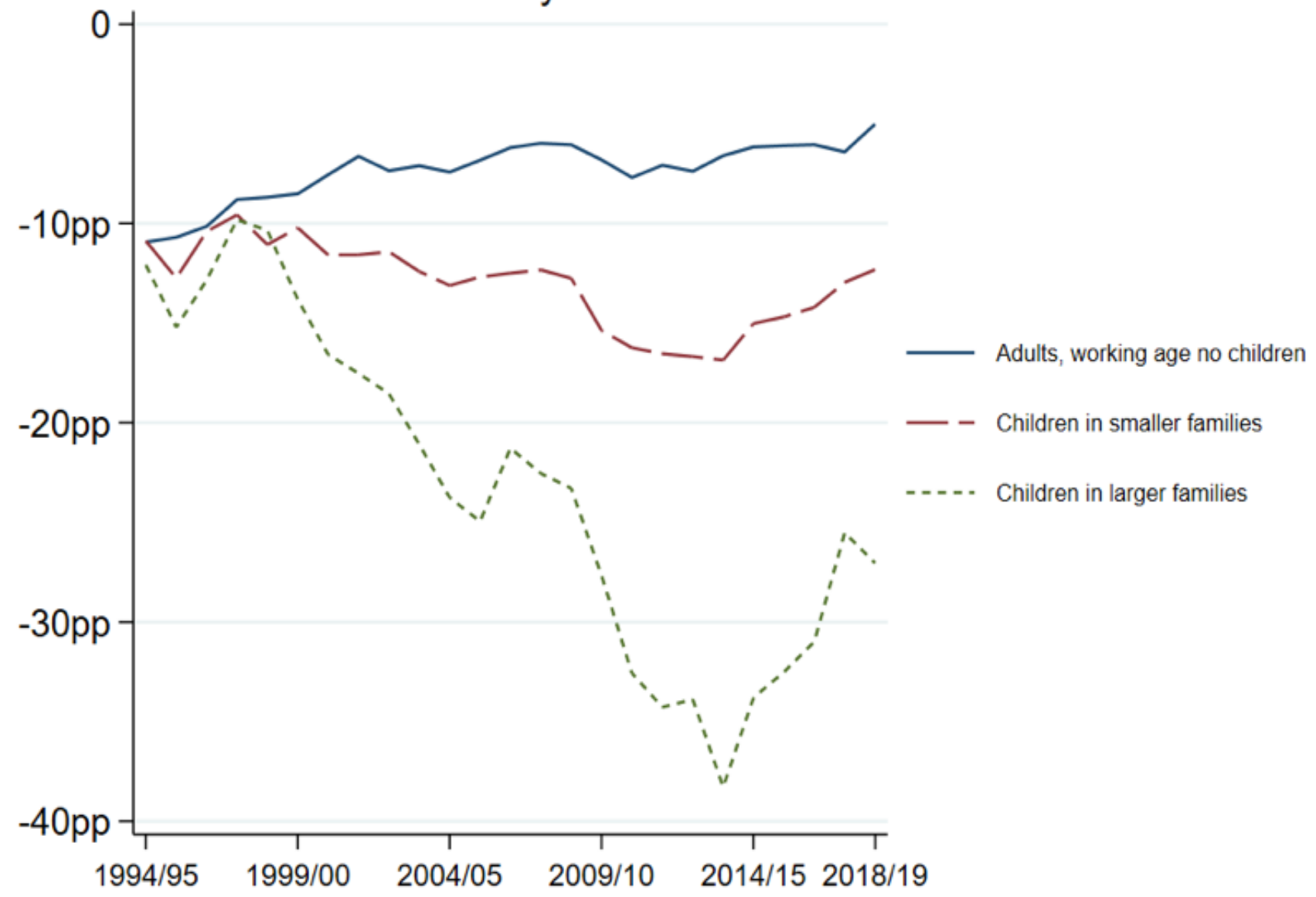


Changes in the (relative) returns to work: Poverty rates pre-tax and transfers (BHC)

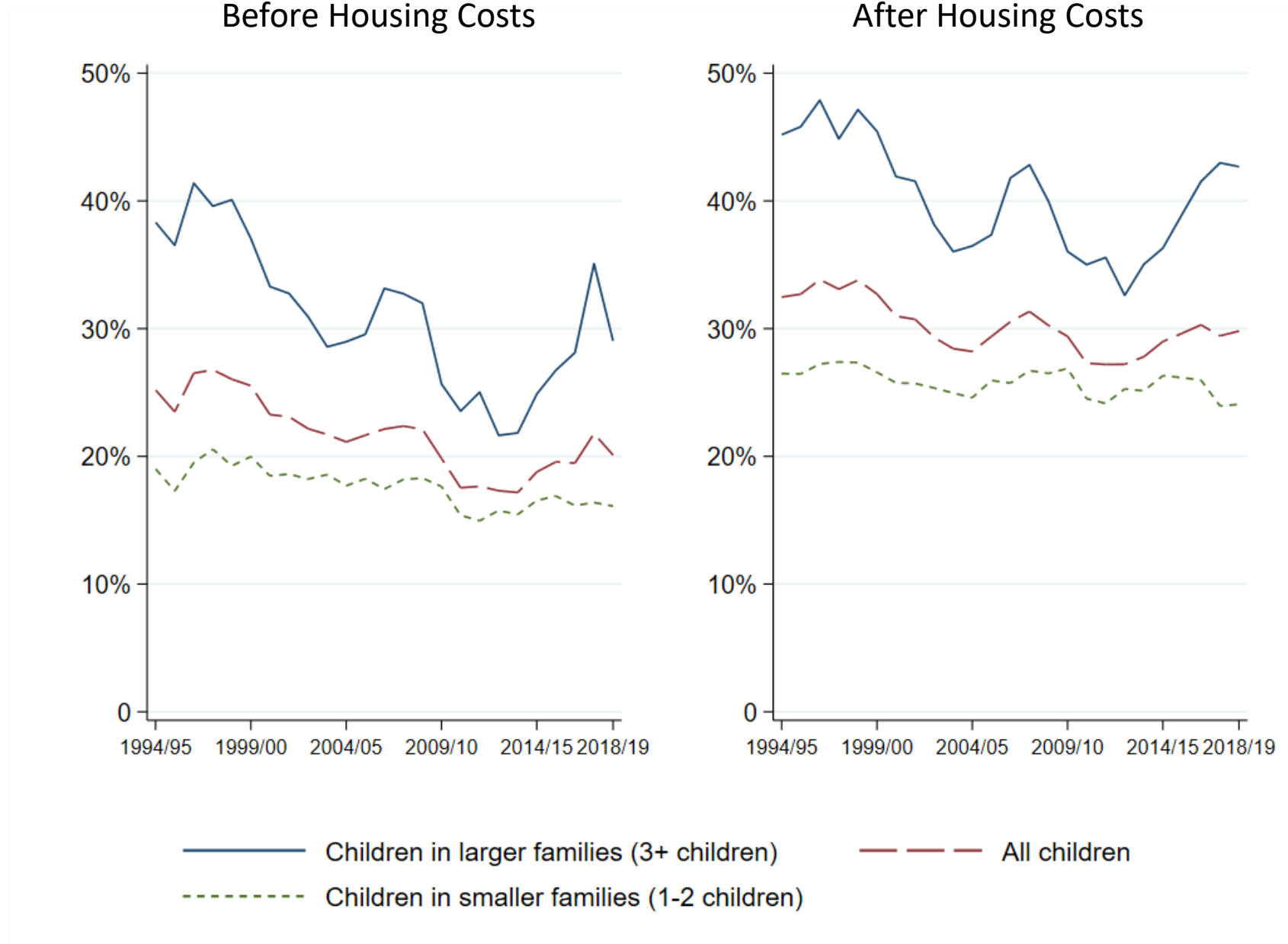


— All families - - No paid work - - Mix FT/PT/Home or all PT - - At least one self-employed - . All adults work FT

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



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Conclusions

- Changes in child poverty in the UK have been concentrated heavily in larger families, and social security changes are the central cause – despite the fact that until recently there have been no benefit policies explicitly targeting larger families, for better or worse.
- This is because households with more children need more support – and therefore are more sensitive to changes in benefit generosity for families with children
 - Higher consumption needs
 - Higher care needs – meaning lower work intensity
- Ever increasing work intensity does not appear to offer a realistic answer to poverty in larger families - even were it desirable to have all parents working FT
- More focus needed on quality and stability of employment options
- **But also** need to recognize the absolute necessity of social security support during this phase of life. Many larger families *are* financially dependent on state support. But this dependence does not mean they are not making a contribution – now and during the rest of life course.

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

