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# 3 Changing patterns of poverty in early childhood

## The changing face of early childhood in the UK



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## ***The changing face of early childhood series***

*The changing face of early childhood*, is a series of short reviews, events and engagement that seeks to generate an informed debate on early childhood based on what the collective evidence tells us. The series draws on over 80 studies funded by the Nuffield Foundation and undertaken by multidisciplinary researchers working in universities, research institutes, think tanks and other organisations, as well as other key studies. The research is wide-ranging, reflecting the interests of the research community, as well as the Foundation's priorities.

Our approach is designed to be holistic, bringing together perspectives from different disciplines and vantage points. We want to involve researchers, policy makers, and practitioners to help us explore the issues, develop evidenced-informed recommendations and identify gaps in the evidence. The final report will draw on the insights provided by our readers and contributors over the course of the series.

This review, the third in the series, explores changing patterns of poverty in early childhood.

- **Review 1** – How are the lives of families with young children changing?
- **Review 2** – Protecting children at risk of abuse and neglect
- **Review 3 – Changing patterns of poverty in early childhood**
- **Review 4** – The role of early education and childcare provision in shaping life chances
- **Review 5** – Are young children healthier than they were two decades ago?
- **Review 6** – Parents and the home
- **Conclusion** – Bringing up the next generation: priorities and next steps

**Points for discussion** are included throughout the series; these include insights, thorny issues and dilemmas, and research gaps. We value your input on these points, and on the series as it progresses, and the responses we receive will inform the concluding review. You can provide feedback on this review via our website: [www.nuffieldfoundation.org/contact/feedback-changing-face-of-early-childhood-series](http://www.nuffieldfoundation.org/contact/feedback-changing-face-of-early-childhood-series)

# Changing patterns of poverty in early childhood

## Overview and summary

### About this review

*The changing face of early childhood* series explores how young children's lives have been changing over the last two decades. Two key themes run through the series: the implications of the changing nature of family life and family structures for the economic security, development and well-being of young children; and inequalities between children. This review sets out to explore a key aspect of inequality—the **changing patterns of poverty, in particular for young children under five, over the**

**last two decades.** In 2019/20 4.3 million children were living in **relative poverty**<sup>1</sup>—a barometer of social injustice in the UK today (Department for Work and Pensions (DWP) 2021). Addressing

poverty is particularly urgent in the context of the COVID-19 pandemic, which in many areas has intensified pre-existing inequalities as well as generating new ones.

Poverty and its changing nature are an essential lens through which to understand early childhood today for three reasons.

- 1 At 36%, the rate<sup>2</sup> of poverty among families where the youngest child is under five is high—and increasing (DWP 2021). In this review, we undertake original data analysis to illuminate patterns of poverty in families with a young child.

**Note to the reader:** Inline references that are underlined are those funded by the Nuffield Foundation.

1 All terms in ***bold italic*** (at first mention in each section) are defined in the Key terms on page 8.  
2 We use rate and risk of poverty interchangeably to denote the proportion of the specified population who are in poverty.

- 2 Experiencing poverty at the start of life and in early childhood can be highly damaging, with potentially profound effects on children’s long-term well-being and opportunities.
- 3 The causes, patterns, and solutions to poverty have become more complex and interlinked over the last two decades. Disruptive forces, such as a rapidly changing economy and labour market, increasing levels of in-work poverty, more complex family structures, structural inequalities between ethnic groups, and differences by place have changed the contexts in which young children are growing up, as well as their life chances.

Poverty is about both economic disadvantage and the tangled pressures that can influence the responses and behaviours of those caught within it.

Family life has become more complex—economically, socially, culturally—and more unequal. Policy responses, if they are to be durable, need to reflect the combined effects of these different factors on young children’s lives.

In this review, we highlight key insights from work the Nuffield Foundation has funded and explore the implications of current changes, including the impact of COVID-19, on young children’s lives. We set these new insights in the context of existing evidence by synthesising and critically appraising a large body of evidence, and highlighting connections and tensions, as well as gaps and uncertainties.

Where the word ‘poverty’ is used in the text, this refers to relative poverty defined as those living below 60% of contemporary median income, after housing costs, unless stated otherwise (see Key terms).

## Key learning

### Children are at greater risk of poverty than the population as a whole

In the UK in 2019/20, 31% of all children<sup>3</sup> (4.3 million) were living in poverty compared to 22% of the whole population. Poverty among families where the youngest child is under five is even higher—in 2019/20, 36% fell into this group affecting some 2.2 million children (DWP 2021).

### Gaps between children emerge early

The harm that poverty can inflict begins at conception and is shaped by the

health and well-being of parents and their socioeconomic status. These early disadvantages can go on to affect children’s cognitive skills and their physical, social, and emotional development throughout childhood and adulthood. Being ready to start school is one clear illustration of this—the gap between advantaged and disadvantaged children achieving a *‘good level of development’* as measured by the *Early Years Foundation Stage Profile (EYFSP)* at the age of five stood

3 HBAI (DWP) defines ‘children’ as an individual aged under 16 or aged 16–19 and dependent.

at 17.8 percentage points in 2019. Following some improvements between 2013 and 2017, progress in narrowing the gap has now stalled.

### Poverty can be highly detrimental if it is persistent and experienced in the first three years of life

Poverty influences young children's lives directly through parents or carers not having enough money to meet their children's material and social needs, as well as indirectly by generating psychological stress and other pressures. These shape the relationships and interactions within the family, including parenting, which in turn influence children's development and well-being.

For children growing up in poverty the experience can be pervasive, affecting what and how much they eat, what they wear, the space and warmth of their homes, places and opportunities to play, access to the internet, holidays and educational opportunities. Children are also affected by the stresses and strains in family relationships, generated by poverty and debt, as parent(s)/carers try to manage on very limited funds.

The experience of poverty can also limit young children's later opportunities and life chances. This is not to say that parental economic disadvantage inevitably leads to poor long-term outcomes for children; other factors such as family circumstances, capabilities, histories, ethnic background, parental education, wider kinship and social support networks, and local contexts all play a role. For example, a study by Kiernan and Mensah (2011) found that 58% of children who experienced *persistent poverty* and strong parenting skills had good child outcomes at age five. This is not necessarily a causal relationship; there may be other factors at play, such as parental mental health. Recent research on the impact of the pandemic shines a light on

the resilience, strength and skills employed by families that live in poverty to give their children the best life possible ([Brewer and Patrick 2021](#)).

### There have been major shifts in how public policy has addressed early childhood poverty

Policy responses to child poverty since 1996/97, shaped by socioeconomic circumstances and changing political priorities, have tried to grapple with the complex new pressures facing families with young children with varying degrees of success. These changing priorities, in combination with the complex shifts in policy, are reflections of why the core solutions to child poverty are difficult to fully realise and maintain.

Public policy responses have tended to fall into two broad approaches: reducing pressures on families, and increasing their capabilities (Eisenstadt and Oppenheim 2019). Policies range from tackling income poverty at source through financial transfers, parental employment and education, and/or addressing the mediating factors such as mental health support for parents, parenting interventions, and quality early years provision and services. This review identifies approaches that have worked in the past and provide a guide to what may work in the future.

There is however limited evidence that enables a systematic approach to understanding the effectiveness of different policy options over the medium and longer term and the optimal use of public resources to address early childhood poverty in the round.

### Child poverty has been on the rise since 2013/14—and patterns are changing

Over the past 20 years, relative child poverty rates have fluctuated significantly, falling overall between 1999/00 and 2019/20, but with a notable increase since

2013/14 (DWP 2021). This rise in poverty has been steeper for families where the youngest child is under five, rising from 30% in 2013/14 to 36% in 2019/20 (Stewart and Reader 2021; DWP 2021).

A growing proportion of parents—both **lone parents** and couples—remain in poverty even though they are in paid employment, and despite increases in the minimum wage (Vizard and Hills 2021). This reflects both reductions in in-work benefits/tax credits for this group (Hick and Lanau 2017; Cooper and Hills 2021) and the changing nature of the labour market, including the growth of precarious and atypical work. Over the past 20 years, the rate of poverty for families with the youngest child aged under five and at least one adult in work has increased by 16% (DWP 2021).

Changes in family structure also have implications for patterns of poverty. The proportion of lone parent families in poverty has reduced over the last two decades, but remains much higher than for couple families with children. The risk of poverty for children in cohabiting couples is also higher than those living with parents who are married or in civil partnerships. The risk of poverty for families with three or more children has been growing since 2013/14, but has decreased for families with one or two children. (DWP 2021).

Comparing regions in England, over a three-year average between 2017 and 2020, the North East had the highest rates of child poverty in households with the youngest child under five, followed by London, and the South West the lowest. Moreover, over the last 20 years, families with a young child in the North and Midlands—the focus of the government’s policy on ‘left-behind’ areas—have seen considerably less improvement in poverty rates (DWP 2021).

Some groups of children face extremely high rates of poverty. Over

a three-year average between 2017 and 2020, 71% of children in families of Bangladeshi origin with a young child were living in poverty. In many other minority ethnic groups, over 50% of families were living in poverty. 44% of children growing up in families with the youngest child under five, where an adult or child has a disability, were in poverty in 2019/20. (DWP 2021).

There is limited analysis of the intersection of these different risks of poverty, though we know that some groups of children experience multiple disadvantage, which is more detrimental to their life chances. It is the combination of poverty and wider forms of **deprivation** that poses the greatest risk to young children’s development (Schoon et al. 2013).

### There are signs of an intensification of poverty over the last two decades

Analysis by the **Social Metrics Commission (SMC)** shows there has been a small increase in the proportion of all children living in **deep poverty** (that is, below 50% of the SMC poverty line) than in earlier years (2020). Families with children are also more likely to be living in persistent poverty than other groups and 20% of families with children are living in deep and persistent poverty (SMC 2020). There has been a significant rise in **destitution** (not having or being able to afford the absolute essentials) in the UK since 2017, affecting 550,000 children in 2019 (Fitzpatrick et al. 2020).

### COVID-19

The outbreak of COVID-19 and its health, economic and social consequences have had profound implications for all young children, but especially those growing up in low-income families and those whose parents have lost their jobs or had their earnings reduced or faced rising costs during the lockdown (Brewer and Patrick 2021). The Legatum Institute (2020)

estimated that by the winter of 2020, COVID-19 had drawn an additional 690,000 people into poverty, including 120,000 children. The same analysis also showed that the government's benefit/tax credit measures had protected a further 690,000 people from falling into poverty. COVID-19 has profoundly disrupted the contexts in which young children develop, learn and play. The partial

closure and disruption to childcare, early years settings and reception classes, combined with home-learning, has had a detrimental impact on disadvantaged children, and particularly language development, which has widened existing gaps in educational and social development ([Andrew et al. 2020](#); [Ofsted 2020](#); [Bowyer-Crane et al. 2021](#)).

## Addressing poverty in early childhood

Based on the evidence considered in this review, we believe addressing early childhood poverty requires six key elements.

- A multi-dimensional approach that reflects the range of socioeconomic risks and intersecting needs faced by families with young children.
- A financial bedrock for families with young children living on a low income, through improved social security benefits and access to employment, which takes account of the care needs of the under fives.
- Greater attention and investment in policies to support parental mental health and parenting from the earliest stage of a child's life.
- Harnessing effective national and local approaches to address concentrations of poverty and deprivation.
- A better understanding of the relative effectiveness (and costs) of different policies in improving children's outcomes over the medium and longer terms.
- Developing a greater consensus, not only across political divides, but also at a societal level, on the measures and investment required to address child poverty now and in the future.

# Scope and methodology

This review focuses on changing patterns of poverty, in particular for young children, who we define as those under the age of five. Socioeconomic circumstances— income, social class and educational background—each affect children’s outcomes. This review has a particular emphasis on income poverty, but also addresses related issues of **deprivation** and disadvantage.

We draw principally on the DWP’s **Households below average income (HBAI)** statistics, as it is the main source used in research funded by the Nuffield Foundation. It is supplemented by analysis drawn from the **Social Metrics Commission (SMC)**, which has developed an improved measure of poverty, as well as other studies. Drawing on HBAI, we primarily focus on measures of relative poverty, but we also include data on **absolute** child poverty. In both cases we use ‘after housing costs’ measures as housing is both an inescapable cost and constitutes a large component of expenditure for low-income families.

- **Relative** child poverty tells us about how children are faring in relation to the living standards of society as a whole— what is seen as an adequate standard of living in 2020/21 is different from that in previous decades. Reducing relative

child poverty is a demanding target as incomes for those in poverty have to rise faster than median incomes.

- **Absolute** child poverty is a lower threshold, which is fixed in real terms—it is a minimum benchmark. Public policy, at the very least, should be aiming to reduce absolute levels of poverty. However, during periods of slow economic growth or major economic disruption, reducing absolute levels of poverty is more challenging.

Our focus is primarily on the UK as a whole, though we touch briefly on differences in the extent of child poverty between nations and regions. There is not sufficient space within this review to do justice to the different approaches within the devolved administrations. Similarly, there is only brief discussion of the voices and views of families who are living in poverty themselves. While the Nuffield Foundation has begun to fund research in this area, it is fairly limited. In both cases we refer readers to other sources.<sup>4</sup>

This review is designed to be an informative, rather than all encompassing, review of the literature on poverty in early childhood. We focused on studies published in the UK from 2010 onwards and included both peer-reviewed and grey literature.

4 In relation to voice, see Lister (2016) for in-depth discussion of experiences of poverty and their implications for the policy and politics of poverty. Examples of current initiatives include: <https://covidrealities.org>, <https://atd-uk.org>, [www.citizensuk.org](http://www.citizensuk.org), and [www.povertyproofing.co.uk](http://www.povertyproofing.co.uk) [Accessed 19 July 2021].

## Key terms

- **Absolute child poverty** is the number and proportion of children living in households where household income is below 60% of the 2010/11 median income, which is held constant in real terms after housing costs (adjusted for family size). This definition comes from the Department for Work and Pension (DWP)'s **Households below average income (HBAI)** statistics, which are based on the Family Resources Survey.
- The **benefit cap** is the limit on the total amount of social security benefit that can be received by unemployed households or those working less than 16 hours a week. Currently £20,000 (£23,000 in Greater London).
- **Deep poverty**, as defined by the **Social Metrics Commission (SMC)**, refers to people living below 50% of the poverty line. The SMC's measure of poverty takes into account a wider set of available material resources beyond income and includes 'inescapable' costs: housing (rental and mortgage), childcare, and disability. It looks at poverty depth, persistence and the lived experience of poverty, and uses a stabilised poverty line (averaging over three years).
- **Deprivation** is the inability of an individual or household to afford goods and services typical to a society at a given point in time. HBAI includes measures that combine low income and material deprivation.
- **Destitution** is defined as either lacking two or more basic necessities such as food, shelter and clothing, or having insufficient money to buy those essentials.
- The **Early Years Foundation Stage Profile (EYFSP)** is a teacher-based assessment at the age of five. Achieving a '**good level of development**' is defined as a child reaching their expected level of development in personal, social and emotional development, physical development, communication and language, literacy and mathematics.
- We use the term '**lone parent**' to describe a parent who is not married and does not have a partner. The term does not distinguish between situations where a child has regular contact and/or partly resides with their other parent and a child who solely resides with and is cared for by one parent.
- **Low and severe low income** are defined as below 70% and 50% of contemporary median income before housing costs respectively. Material deprivation is calculated by analysing both the number of items or activities that a child/family lacks. A child/family counts as being deprived if they reach a score of 25.
- **Minimum safety net** is the financial support available from the state to help mitigate poverty.
- **Persistent poverty** is defined as being in poverty in this year and for two of three previous years, using the SMC measure.
- **Relative child poverty**, as defined by HBAI statistics, is the number and proportion of children living in households where household income is below 60% of median contemporary income after housing costs (adjusted for family size).

# 1 The scale of child poverty and deprivation today—a snapshot

In this review, we use a widely accepted definition of poverty as not having sufficient material resources such as money, housing or food, to meet the minimum needs—both material and social—in today’s society.<sup>5</sup> In this section we look at what child

poverty and **deprivation** mean in concrete terms, and the headline figures in 2019/20 prior to the outbreak of COVID-19. We explore how and why child poverty has changed over the last two decades in Section 4.

**Table 1:** Weekly disposable income, after housing costs, adjusted for family size for different family types in 2019/20. *Source: Households below average income (HBAI) (DWP 2021); Fitzpatrick et al. 2020.*

Household type	UK relative poverty line—60% of median	UK mean income	UK bottom fifth income	Destitution
Single, working age	£166	£340	<£158	£70
Couple, working age	£285	£587	<£272	£105
Lone parent with one child (under 14)	£248	£510	<£237	£95
Lone parent with two children (under 14)	£305	£628	<£291	Not provided
Couple with one child (under 14)	£342	£704	<£326	Not provided
Couple with two children (under 14)	£399	£821	<£381	£145

5 SMC (2018), Joseph Rowntree Foundation (JRF) (n.d.).

## 1.1 Child poverty

Table 1 shows what *relative* poverty means in cash terms per week for different family types and how this compares to average incomes. A *lone parent* with a child under the age of five is considered as being in relative poverty if they live on an income after housing costs of less than £248 per week in 2019/20. A couple with a young child are considered as being in relative poverty if they live on less than £342 per week.

Box 1 shows that children face a much higher risk of living in relative poverty than the population as a whole.

### 1.2 How do UK child poverty rates compare to other countries?

Measuring poverty across countries is difficult and data can be unreliable. However, the Organisation for Economic Co-operation and Development (OECD) has compiled data for some of its 37 member nations since the early 2000s, including child poverty. The OECD defines poverty as half the median household income of the total population *before* housing costs—which is a lower poverty line than the one that is used in the UK and this review.

Figure 1 shows the latest poverty rates for 33 OECD member states as well as their average. The UK sits just above this average.

### 1.3 Childhood deprivation

Living on a low income also brings deprivation. Looking at the combination of low income and material deprivation provides a window on the living standards of families with children who are in or close to poverty. The *HBAI* measure of material deprivation is based on asking parents whether they have access/can afford a range of goods and services, including child, adult and household items. *Low and severe low income* are defined as below 70% and 50% of contemporary median income before housing costs, respectively.

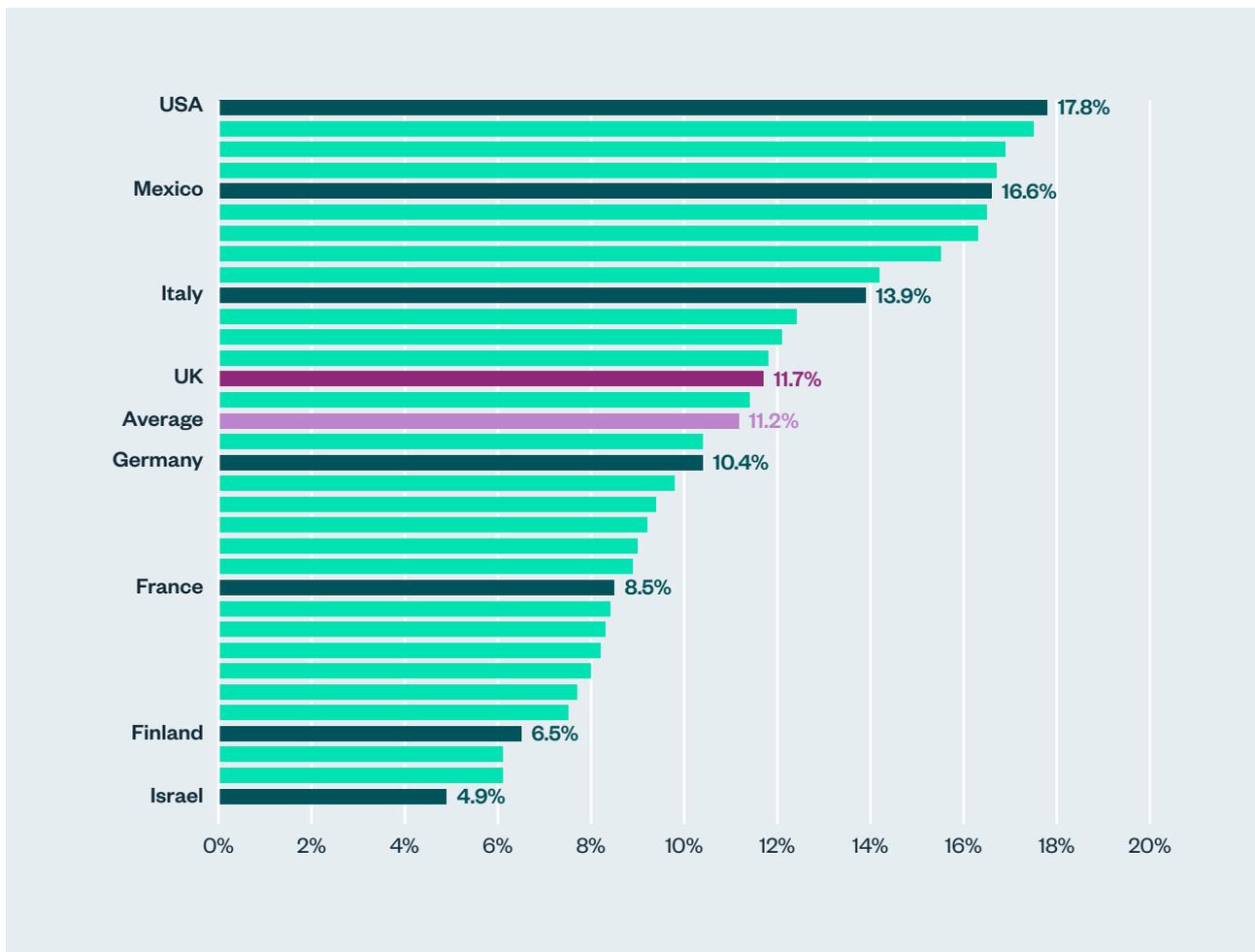
Box 2 shows the extent of low and severe low income combined with material deprivation among families with children today. Again, children in households where the youngest child is under five are at a slightly higher risk of material deprivation than their counterparts. A family/child may not reach the threshold for being counted as deprived, but still experience some degree of deprivation (DWP 2021).

#### Box 1: Relative child poverty in the UK, 2019/20.

- 14.5 million people in the UK (22% of the total population) live in relative poverty.
- 4.3 million children (31% of all children) live in relative poverty.
- 2.2 million children (36%) in families where the youngest child is aged under five are living in poverty.

Source: HBAI (DWP 2021).

**Figure 1:** Children in poverty in OECD member states, 2016–2018 (before housing costs). *Source: OECD 2021. Latest dates vary in each country between 2016 and 2018. The term ‘children’ applies to those aged 0–17 years old.*



### Box 2: Children living in families on low incomes and in material deprivation in the UK, 2019/20.

- 1.7 million children (12% of the total child population) are living in families on both low incomes and in material deprivation.
- 663,000 children (5% of the total child population) are living in families on severe low income and in material deprivation.
- Of those living in families on both severe low income and material deprivation 389,858 (6%) are in families where the youngest child is under five.

Source: HBAI (DWP 2021).

There are marked inequalities in material deprivation between the top and bottom fifth of the income distribution (see Annex for detail). Box 3 gives a sense of the pressures and constraints that families who are living on low incomes face in terms of health, debt, basic repairs and not being able to put money aside for a rainy day or things

going wrong and the impact this has on children's experiences. Strikingly, access to the internet and digital devices, now considered a necessity, is not included in the questions about material deprivation in 2019/20. There is also no measure of deprivation that is specific to the under-fives rather than children as a whole.

### **Box 3: Material deprivation for bottom and top fifths of the income distribution for children and parents.**

#### **Percentage of children in the bottom and top fifths of the income distribution who cannot afford or access essential items/services in 2019/20**

- 10% of children in the bottom fifth do not have access to outdoor space or facilities to play safely compared to 1% in the top fifth.
- 14% of children in the bottom fifth cannot afford sports equipment or a bicycle compared to 0% in the top fifth.
- 11% of children in the bottom fifth cannot afford to go on a school trip once a term compared to 0% in the top fifth.
- 4% of children in the bottom fifth cannot afford fresh fruit and/or vegetables daily compared to 0% in the top fifth.

#### **Percentage of parents in the bottom and top fifths of the income distribution who cannot afford or access essential items/services in 2019/20**

- 13% of parents in the bottom fifth cannot afford to keep their house warm compared to 1% in the top fifth.
- 17% of parents in the bottom fifth cannot keep up to date with their bills compared to 2% of parents in the top fifth.
- 40% of parents in the bottom fifth cannot replace broken electrical goods compared to 1% in the top fifth.
- 52% of parents in the bottom fifth cannot make savings of £10 a month or more compared to 7% in the top fifth.

Source: HBAI (DWP 2021).

## 2 Why is poverty an essential lens to understand early childhood today?

Poverty affects children's immediate experiences and well-being, and for some it also shapes long-term life chances. There is a large body of research that shows a strong association between family income and children's early development. This is both because poverty has a direct impact on the amount of money a family has to spend on essentials, and also the stress and strains associated with managing on very limited budgets, which can affect parents' sense of agency, psychological well-being and relationships within the family. However, this does not mean that this relationship is determined, but that children growing up in poverty on average are more likely to have poorer outcomes (Dartington Service Design Lab and Family Nurse Partnership 2018; Marmot et al. 2020). Parents who live in poverty have a range of coping and budgeting strategies to give their children the best possible opportunities given their circumstances (Lister 2016; [Brewer and Patrick 2021](#)).

### 2.1 Gaps emerge early

Gaps between how children develop emerge at the start of a child's life. Differences in infant mortality in the

UK show marked inequalities. For example, infant mortality rates in deprived areas of England were almost twice the rate of those living in the least deprived areas in 2018 (ONS 2020). Family income and socioeconomic status influence how young children develop (Feinstein 2015 a. b.; Jerrim and Vignoles 2015; Law, Charlton, and Asmussen 2017). Asmussen et al. (2018) show how income-related gaps in a range of cognitive skills are evident well before a child reaches three years old. Drawing on a range of research based on the UK Millennium Cohort Study (MCS) they find that **family poverty is strongly associated at the age of three with both poor vocabulary and understanding of objects**—that is, their physical properties, understanding how to categorise them and relationships between objects. **Experience of hardship in the first year of life strengthened this association.**

Asmussen et al. find a stronger association between income and cognitive skills (thinking, reading, learning, memory, reasoning) than between social and emotional ones. **They also identify protective factors that mitigate the detrimental impact of poverty: a higher maternal age, maternal education, breastfeeding and a stimulating learning environment.**

Work by [Schoon et al. \(2013\)](#), using the MCS, explores the role of poverty and other factors (such as parental education, family stability and parenting) on early child outcomes at nine months, three years and five years. [Schoon et al.](#) find poverty is associated both with poorer academic attainment *and* social and emotional adjustment in early childhood (2013). Income has an ‘independent association’ with children’s cognitive development and behaviour, over and above other factors: maternal age, parental education, social class, worklessness, housing tenure and conditions, the number of siblings, area deprivation, and instability in the family. Family structure and instability also have an independent risk, especially in relation to young children’s social and emotional adjustment. **But it is the combination of different risk factors that has the strongest impact.** A review of the latest data on early childhood inequalities and their impact on later child and adult outcomes is being conducted as part of the Institute for Fiscal Studies (IFS) Deaton Review of Inequalities ([Cattan, Goodman, and Fitzimmons forthcoming](#)).

The link between poverty and children’s outcomes can be seen in the gap in school readiness, with long-term consequences for children’s later educational achievement. On average, 40% of the overall development gap between disadvantaged 16-year-olds and their peers has already emerged by the age of five (Children’s Commissioner 2020a).

***The Early Years Foundation Stage Profile (EYFSP)***, a teacher-based assessment at the age of five, captures cognitive, social and emotional and physical measures of child development. [Stewart and Reader \(2021\)](#) show how the gap between those children receiving free school meals (a proxy for poverty) and other children achieving a **‘good level of development’**

remains wide—standing at 17.8 percentage points in 2019. While there was some narrowing of the gap between 2007 and 2012, and between 2013 and 2017, progress has since stalled with a slight widening of the gap over the last two years. We will explore this in more detail in our forthcoming review on early years education and childcare.

## 2.2 How does poverty influence childhood outcomes?

Most of the research on poverty and early childhood development shows an association between income and outcomes rather than a causal relationship. **However, work by Cooper and Stewart (2013; 2017a) found a causal relationship between income and a number of key child outcomes.** Their review of 61 studies that used randomised control trials, quasi-experimental designs and analysis of longitudinal data found that ‘money in itself does matter’ (Cooper and Stewart 2017a, p.1). Income has a particularly marked impact on children’s cognitive development, followed by social, emotional, and behavioural development and physical development.

Explaining how poverty influences children’s outcomes is important in order to understand what policies are likely to make the most difference. Cooper and Stewart (2017a) draw on two theories—the investment model and the family stress model.

## 2.3 The direct impact of poverty (investment model)

In the investment model, poverty has a **direct** impact on children’s everyday experiences and their development—for example, a lack of money or other

material resources means pressure on household budgets and not being able to buy essentials.

As identified in Section 1, families with children in the poorest fifth of the income distribution are much more likely to experience material *deprivation* than those in the top fifth. The experience can be pervasive—hunger and food insecurity, limited space and poorer housing conditions, less access to safe places and fewer opportunities to play (DWP 2021), fewer school trips and limited access to the internet (Judge and Rahman 2020). Not having enough to eat or being able to eat nutritious food is the starkest aspect of child poverty and has been thrown into sharp relief by COVID-19 (see Section 5). For the first time *HBAI* has included data on food insecurity and finds children significantly more likely to be food insecure, particularly if they are in poverty (see Box 4). Maternal nutrition and the quality of babies and young children's diets affects later health outcomes and obesity (World Health Organization (WHO) 2016). The Food Foundation's *Children's Future Food Inquiry* found that policies designed to address food insecurity, such as Healthy

Start food vouchers, only reach a minority of young children living in poverty (Food Foundation 2019).

## 2.4 The indirect impact of poverty (family stress model)

**The family stress model highlights how poverty is not only experienced materially and socially, but also emotionally.** Financial stress, not having an adequate income or work, reverberates through family life. It affects the way in which love and care are both expressed and undertaken.<sup>6</sup> Poverty influences child outcomes *indirectly* where lack of income and economic pressure can lead to psychological distress, lack of control and choice (Mohamed 2020), and the experience of stigma (Lister 2020), all of which can in turn affect relationships within the family both between parents and parenting practices. This is illustrated in Figure 2 (Acquah et al. 2017; Eisenstadt and Oppenheim 2019). **The research also identifies protective factors such as maternal social support, neighbourhood factors,**

### Box 4: Food insecurity for households with children of all ages.

- 1.7 million children (13%) are living in households with low or very low food security.
- 1.1 million children (26%) living in *relative* poverty are in food insecure households.

Source: HBAI (DWP 2021). Food insecurity is defined as the disruption of food intake or eating patterns because of a lack of monetary or other resources.

6 See Professor Ann Phoenix's response at a Nuffield Foundation webinar on 26 November 2020 [online]. Available from: [www.nuffieldfoundation.org/events/well-being-in-early-childhood-how-are-the-lives-of-families-with-young-children-changing](http://www.nuffieldfoundation.org/events/well-being-in-early-childhood-how-are-the-lives-of-families-with-young-children-changing) [Accessed 21 July 2021].

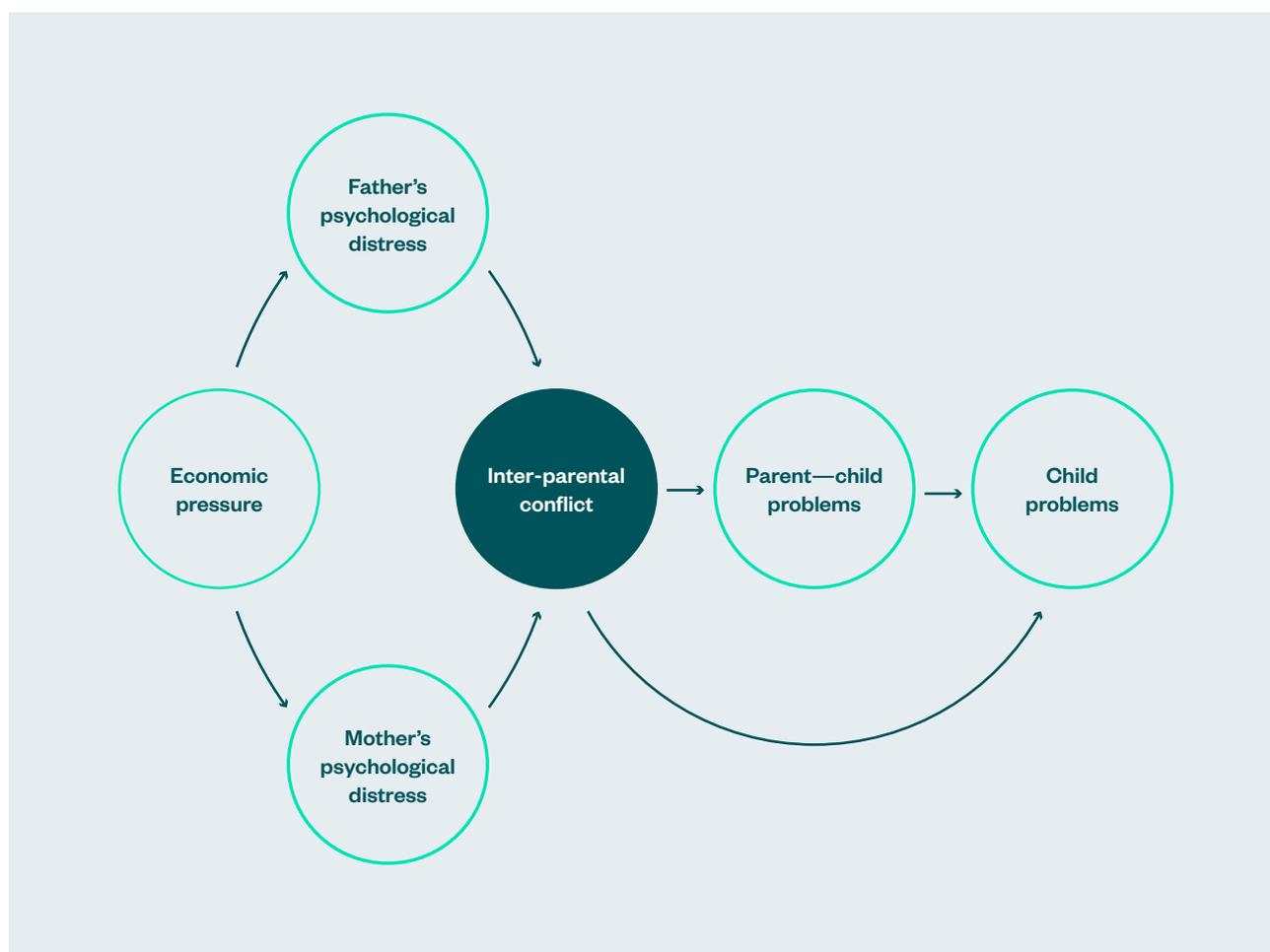
**effective coping strategies and communication skills.** The economic pressure in Figure 2 encompasses being on a low income and facing debt. Financial pressure and stress can also affect parents’ ‘cognitive bandwidth’—the mental space and effort involved in being an attentive and responsive parent (Cobb-Clark, Salamanca, and Zhu 2016)—as well as affecting decision-making (Gandy et al. 2016).

Poor families experience greater stress as part of their everyday lives than more advantaged families, with a range of psychological consequences (Duncan et al. 2014, cited in Dartington

Service Design Lab and FNP 2018). The latest SMC report (2020) shows that in 2018/19, 34% of people in poverty had one or more adults in the family with poor self-reported mental health compared to 24% of those who were not in poverty. The report also finds that 27% of people in poverty were behind in paying bills compared to 7% of those who were not in poverty.

In a key study on poverty and parenting, Cooper (2017) finds that hardship—debt, deprivation and ‘feeling poor’—is linked to poorer maternal mental health and lower life satisfaction and this negatively relates to or

**Figure 2:** Family stress model. *Adapted from Acquah et al. 2017.*  
*Note this figure assumes a two-parent heterosexual relationship, though it does not assume that the parents are necessarily living together.*



undermines parenting. This is particularly the case in relation to bonding with the child, harsher and permissive discipline and play. Mothers' mental health is a much less important factor in shaping parents' educational activities and meeting children's physical needs and routines. **The impact of the pandemic on parents' economic security and mental health (see Section 5) is particularly worrying in relation to its potential impact on children's well-being and outcomes.**

Research undertaken by Kiernan and Mensah (2011) examines the relationship between poverty, family resources<sup>7</sup> and young children's attainment, with a particular focus on the role of parenting. Using the MCS, they found that children growing up in families in poverty or with low family resources had poorer outcomes at the age of five, particularly for those in *persistent poverty*. Kiernan and Mensah also found that children in families who had moved out of poverty still experienced a detriment to how well they were doing—a reminder of the need for policy responses to encompass families above as well as below the poverty line. They devise a composite index of parenting comprising four elements: reading and learning, relationships and interaction, physical care and nutrition, and positive and negative discipline. Using this index, they found that 'positive parenting' is lower among families living in poverty or with fewer family resources. The experience of disadvantage can 'disrupt' how parents engage with their children—whether that is parent-child interaction, cognitive stimulation, disciplinary practices or

organisation of family life. **However, some children in families with low income or fewer family resources but with high parenting scores were doing well. Kiernan and Mensah estimate that half of the effects of poverty on early child outcomes are associated with the quality of parenting.** However, the authors point out that this is not a causal effect; poverty may be mediated by other factors such as maternal mental health.

The association between socioeconomic status (income and parental education) and children's cognitive and social, emotional and behavioural outcomes is also evident when children reach middle childhood aged 7–9 (Washbrook, Gregg and Proper 2014). They find that mothers' poorer psychological health is an important mediator between family income and children's outcomes.

Poverty is also associated with children being at risk of greater vulnerability or harm. We explore this in depth in the second review of this series, *Protecting young children at risk of abuse and neglect*, which shows that socioeconomic circumstances, local area deprivation and ethnicity influence the likelihood of children coming into care (Bywaters and Featherstone 2020). That risk is even higher for younger children. Importantly, this does not mean that all children in poverty are vulnerable or vice versa. **However, families with young children who are in or close to poverty are more at risk of experiencing a range of other difficulties such as debt, a change in employment or housing, poor physical and mental health and domestic violence**

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7 This includes income, maternal education, employment, quality of local area, family structure, maternal age at birth and number of children.

(Skafida, Morrison, and Devaney 2020).

This layering of difficulties on top of each other, combined with having fewer financial, educational, emotional and social resources to act as a buffer, can tip families and their children into being vulnerable.

The Office of the Children's Commissioner for England (2020b) estimates that in 2019, some 17% (557,512) of children under five lived in a household with domestic abuse, parental mental health problems or parental alcohol/drug abuse. However, there is no data available

that links household poverty with different aspects of childhood vulnerability.<sup>8</sup>

### Point for discussion

- What balance should public policy strike between measures to address poverty at source and those which support parents' mental health, family relationships and parenting to mitigate the impact of poverty on young children's lives?

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8 This is because of limitations in the Family Resources Survey, which is the source for HBAI, and limited linkage between different administrative data sets in England.

# 3 How has public policy addressed early childhood poverty?

Over the last 25 years, successive governments have attempted to address the changing causes and impacts of child poverty. Before we go on to identify those changing patterns in the next section, we set out briefly the UK policy context in which they have occurred.

Policy responses to child poverty since 1996/97, shaped by political differences and socioeconomic circumstances, have tried to grapple with the new pressures facing families with young children with varying degrees of success. **Core solutions to the pressures faced by families and children have proven difficult to maintain in a climate of increasingly complex drivers, economic shocks and shifting political priorities.**

Public policy responses to child poverty have tended to fall into two broad approaches: reducing pressures on families, and increasing their capabilities (Eisenstadt and Oppenheim 2019). As shown in Figure 3, this includes: tackling income poverty at source through financial transfers, parental employment and education; addressing mediating factors such as mental health support for parents; parenting interventions; and enhancing children's capabilities through quality early years and childcare provision.

The state is not always the key actor. For example, employers, the community and social investment can also play a role. Governments of different political persuasions have emphasised different levers to address child poverty.

The London School of Economics (LSE) Centre for the Analysis for Social Exclusion (CASE) has undertaken a substantial assessment of the changes in social policy over this period and their impact on early childhood outcomes (Hills and Stewart 2005; Hills, Sefton, and Stewart 2009; Lupton et al. 2015; Cooper and Hills 2021; Stewart and Reader 2021; Vizard and Hills 2021). See Annex for further detail.

## 3.1 Labour governments 1997–2010

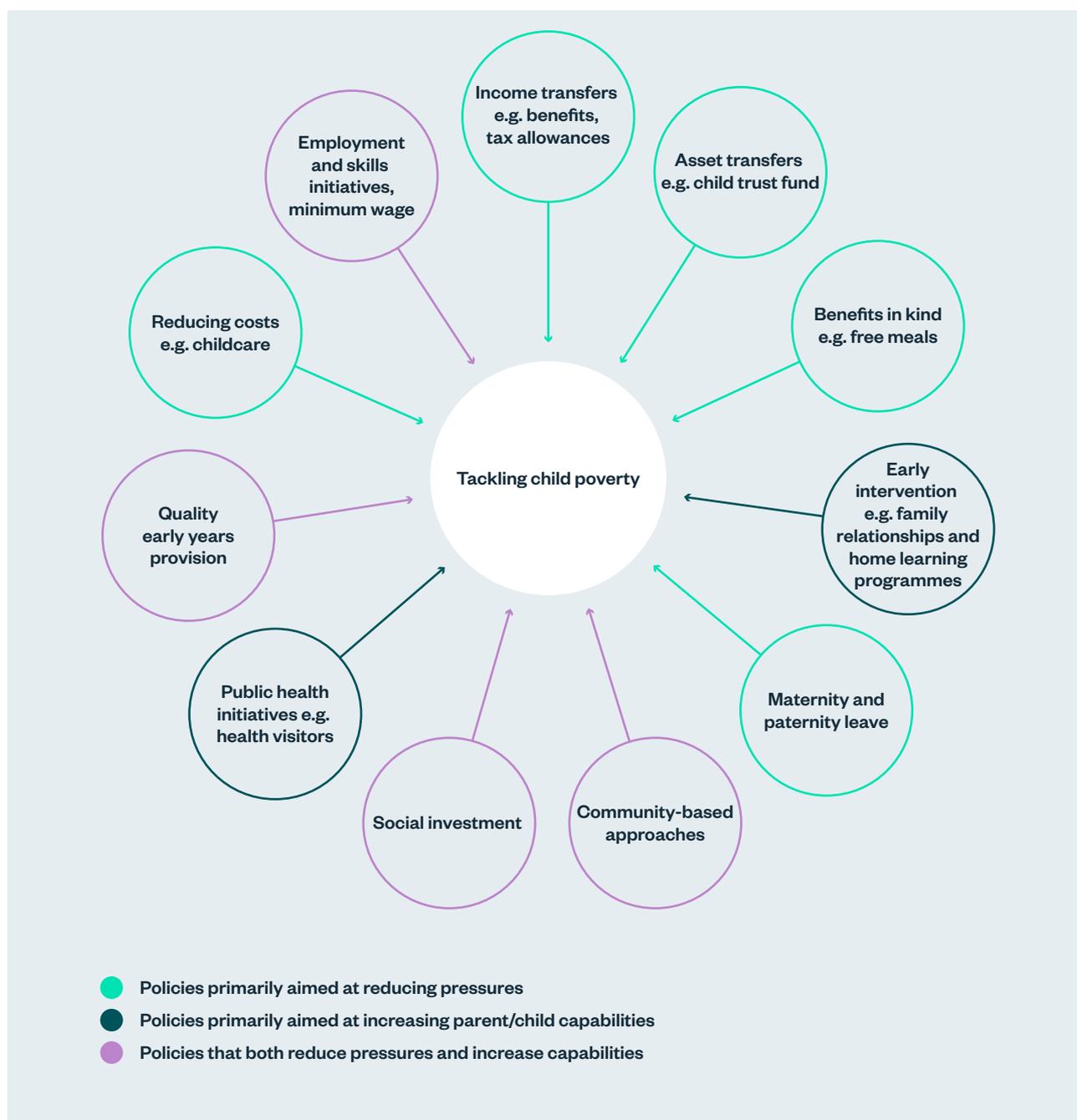
There are distinct differences between each political administration in relation to goals, approach and funding of measures to address child poverty (Eisenstadt and Oppenheim 2019).

There are also points of continuity. Under successive Labour governments, the ambitious goal to eradicate child poverty in a generation (later embodied in legislation) catalysed a multifaceted strategy. It encompassed the creation

of new services such as: Sure Start centres integrating services for the under-fives; the expansion of nursery provision and childcare; and major investment in tax credits for families with children. Buoyed by a growing economy until the financial crash, by the end of their term in office, the policy landscape had changed, with

the creation of universal early years and childcare services, a doubling of spending on cash benefits for families with children, and a fourfold increase in spending on services for the under-fives (Stewart 2013). This contributed to a reduction in *relative* child poverty of seven percentage points (Hills 2013) and very sharp decreases in

**Figure 3:** Types of public policy to address early childhood poverty and its consequences.



*absolute* child poverty. However, there was concern in some quarters that child poverty targets incentivised short-term income measures to tackle child poverty, the tax credit/benefit system was growing in cost and complexity and family policy sat alongside rather than being integrated into the child poverty strategy.

### 3.2 Coalition government 2010–2015

The coalition government was committed, in principle, to the goal of ending child poverty, but at the same time implemented a sharp reduction in public spending on welfare in the wake of the financial crash. It signalled a marked change in approach, with a shift from income measures to improving services for low-income families, emphasising parenting and early years provision as key policy levers to reduce poverty and increase social mobility (Field 2010). Universal credit, a radical reform that aimed to simplify the major means-tested benefits and improve incentives, was introduced (Brien 2009). Over this period health visitor numbers grew, family nurse partnership (FNP) programmes (helping vulnerable teenage parents) expanded, an early intervention grant was introduced (though later reduced), and free part-time early education was introduced for disadvantaged two-year-olds, as well as the early years pupil premium. At the same time there was a reduction in measures to improve childcare quality and workforce qualifications. These measures were overshadowed by major public spending reductions, focused on welfare benefits/tax credits for those of working age and children, as well as local government, which disproportionately affected deprived areas. Analysis by [De Agostini, Hills, and Sutherland \(2014\)](#) shows that families with young children under five

were worst affected by the tax/benefit changes. The local government reductions led to a 40% reduction in Sure Start and very limited provision for early intervention and prevention (National Audit Office (NAO) 2019).

### 3.3 Conservative governments 2015–present

The Conservative government aimed to reduce child poverty by tackling ‘the root causes: entrenched worklessness, family breakdown, problem debt and drug and alcohol dependency’ (Conservative Manifesto 2015, p. 28). The statutory child poverty targets were replaced by two life-chances indicators: workless households and educational attainment at age 16. The 2015 budget signalled a further reduction in welfare spending (£12 billion) and the ‘two-child benefit limit’ to discourage the growth of large families (see forthcoming evaluation of the impact of this policy on fertility by [Portes et al](#)). Universal credit was rolled out, but with a greatly reduced budget as well as design and implementation difficulties. The 2018 budget signalled a change of direction with a major injection of cash to universal credit. However, substantial reductions to welfare spending were still in the pipeline. Alongside these changes to welfare there was a continued fall in investment in Sure Start centres. In contrast, childcare for working parents has continued to grow, with the implementation of 30 hours of free childcare for working parents, social mobility measures to narrow the early childhood language gap, including the roll-out of the [Nuffield Early Language Intervention](#) to support young children’s oral language, and measures to address parental conflict. Latterly, the focus on ‘left-behind’ parts of the country signals a new emphasis on addressing regional

**Figure 4:** UK governments and examples of major child-poverty related policies/legislation, 1997–2020.



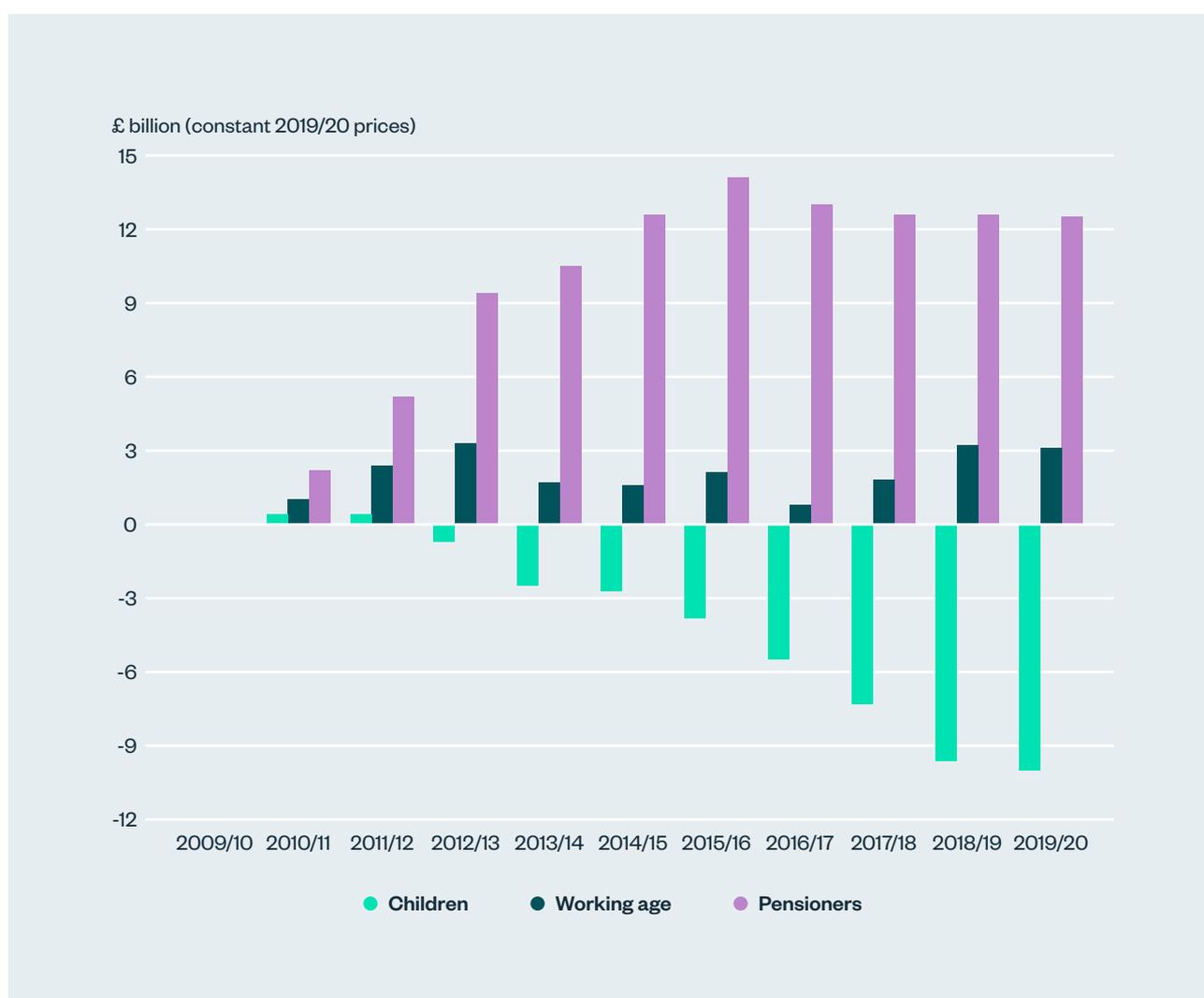
See Annex for further detail on flagship policies and sources. It is important to note that there is a time-lag between policies being introduced and their impact on poverty rates and that policies interact with wider economic circumstances (see p. 25-6).

inequalities, with a primary focus on infrastructure measures to address longstanding disadvantage. Child poverty rates have been rising since 2013/14, with particularly sharp rises in poverty for families where the youngest child is under five (see Section 4).

In the devolved nations there has been a different approach, with a sustained emphasis on prevention and early

intervention, particularly the early years. While targets based on reducing child poverty in the UK were abolished in 2015, Scotland, Wales and Northern Ireland retained measures of poverty based around the UK Child Poverty Act 2010.<sup>9</sup> Scotland has now legislated for new measures and targets, including a new means-tested child payment for children under six.

**Figure 5:** Cumulative change in social security and tax credit spending since 2009/10. *Source: Vizard and Hills 2021.*



9 For analysis of the devolved nations' approaches to poverty, see: McCormick 2013; Rogers 2019; and Round and Longlands 2020.

COVID-19 has brought unprecedented challenges. The government responded with a very substantial package of measures to protect living standards in the wake of the pandemic, which has protected many families. However, despite its scale, many have experienced financial difficulties (see Section 5).

The combination of differing political goals in relation to child poverty and the sharply fluctuating economic context has translated into marked changes in public spending on social security/tax credit spending over the last two decades. Under Labour, overall spending on benefits/tax credits per child increased in real terms by 61% between 2000/01 and 2009/10; under the coalition and the Conservatives, it fell by 17% in the following decade (Kelly et al. 2018). Figure 5 shows the marked cumulative fall in public spending on social security/tax credits for children since 2010 in contrast to the growth in spending on pensioners (Vizard and Hills 2021). **This fall in spending on children and families, in combination with other factors, has driven the rise in child poverty since 2013/14. Progress has also stalled on some indicators of child welfare such as infant mortality, birthweight, early childhood obesity and early learning inequalities (Stewart and Reader 2021).**

**What is also apparent is the complexity of the policy responses as each government layers its own policies on top of what has gone before, with little political consensus about the**

**most effective way to address child poverty and disadvantage in changing contexts.** There has been extensive analysis of the impacts of public policy on poverty and wider child outcomes undertaken by CASE and others.<sup>10</sup> However, since 2010, there has been no consistent policy framework and limited modelling of the relative effectiveness of medium and long-term benefits and costs of different kinds of policy that encompass the range of levers highlighted in Figure 3. There has been little attention paid to how to develop wider public support for the kind of measures that are needed to get to grips with the scale and nature of child poverty that we face today and in future.

### Points for discussion

- Given the evidence of the impact of the deep reductions in social security on child poverty and longer-term child development, what are the priorities for redressing this? Should public policy prioritise families with young children who are in deep and *persistent poverty* or take a wider preventative approach?
- Core solutions to addressing early child poverty have been difficult to realise and maintain over the last two decades. What scope is there for developing a cross-party approach to prioritising this issue and developing sustainable solutions that meet the challenges of the 21st century?

10 See, for example: [www.nuffieldfoundation.org/project/social-policies-and-distributional-outcomes-in-a-changing-britain](http://www.nuffieldfoundation.org/project/social-policies-and-distributional-outcomes-in-a-changing-britain) [Accessed 23 July 2021].

# 4 The patterns and causes of poverty have become more complex

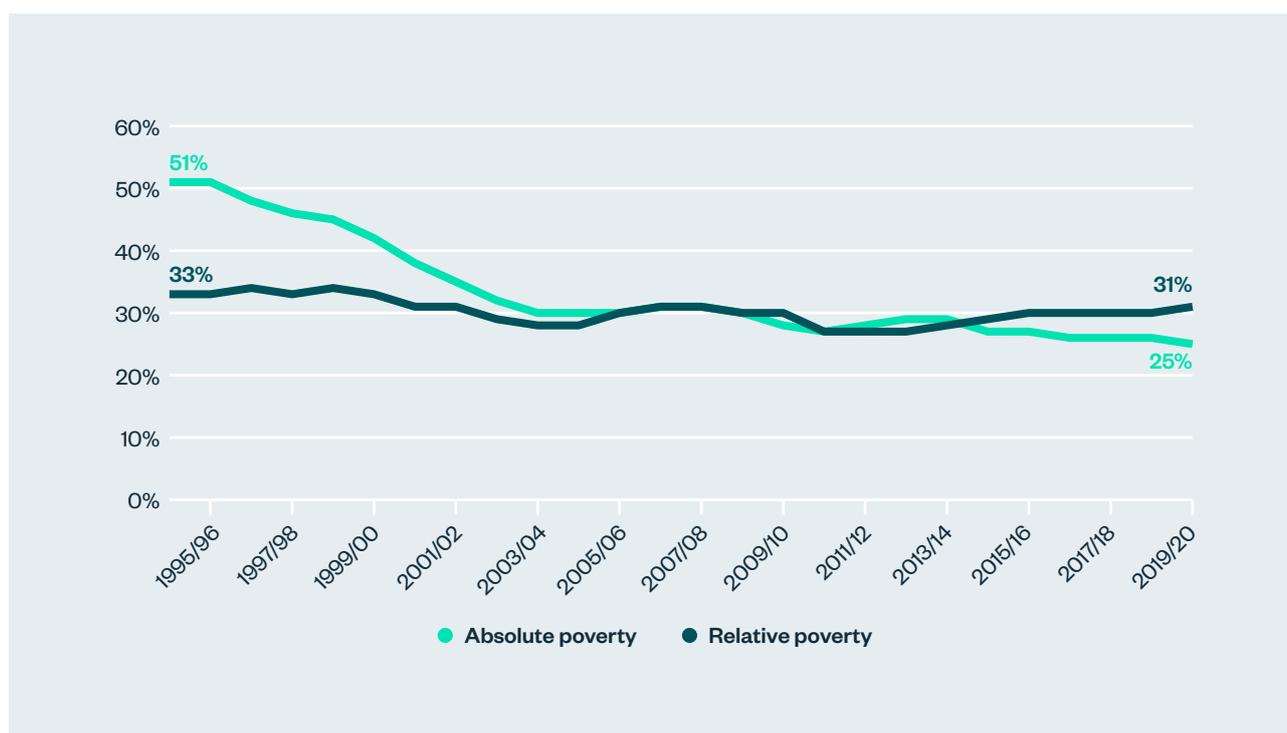
## 4.1 How and why are patterns of child poverty changing?

In this section we look at how both public policy and socioeconomic factors fed into changing patterns of child poverty prior

to the COVID-19 pandemic. As Figure 6 shows, the rate of child poverty, using both *relative* and *absolute* measures, has decreased over the past 20 years. Despite significant reductions in absolute child poverty—at an all-time low in 2019/20—

**Figure 6:** Child poverty rates over time. *Source: HBAI (DWP 2021).*

*Note: Figures for Northern Ireland are only included in the Family Resources Survey (the source of HBAI) from 2002/03.*



relative child poverty has continued to fluctuate and is now nearing 1994/95 levels.

The period between 1997/98 and 2004/05 saw the most significant decrease in child poverty before plateauing in the run up to the financial crash of 2008. In particular, absolute poverty rates decreased significantly during this period reflecting rising real rates of benefits/tax credits. Relative poverty rates also fell immediately after the financial crash due in part to the decline in the median incomes but also a very substantial rise in child tax credits in the 2008 budget aimed at mitigating the effects of recession (Stewart and Obolenskaya 2016).

Child poverty remained at these lower levels until 2012/13, helped by the coalition government raising benefits/tax credits in line with inflation in their first two years of office, while earnings were in decline. Since 2013/14, however, relative child poverty rates have risen, standing at 31% of all children in 2019/20, while absolute rates have remained stagnant. Key drivers of these fluctuations include changing employment patterns and labour markets, benefit and tax credit policy, and housing tenure patterns and costs.

## 4.2 Changing patterns of poverty among families where the youngest child is under five

Child poverty rates for families where the youngest child is under five are higher than for those with older children over the whole period (see Figure 7), reflecting the fact that they tend to be larger families with higher needs and lower levels of employment. Stewart and Reader (2021) show that:

- Since 2013/14, families with a child under five have experienced particularly sharp rises in relative poverty until 2017/18 when the rate fell;

this is especially the case for those with a child under one. There was a considerably smaller increase for families with older children aged 5–11 over the same period, and a fall in relative poverty for those with children aged 11–15.

- Since 2010/11, absolute poverty rates for children under one year old are stagnating or rising slightly and there has been little progress for those aged 2–4.

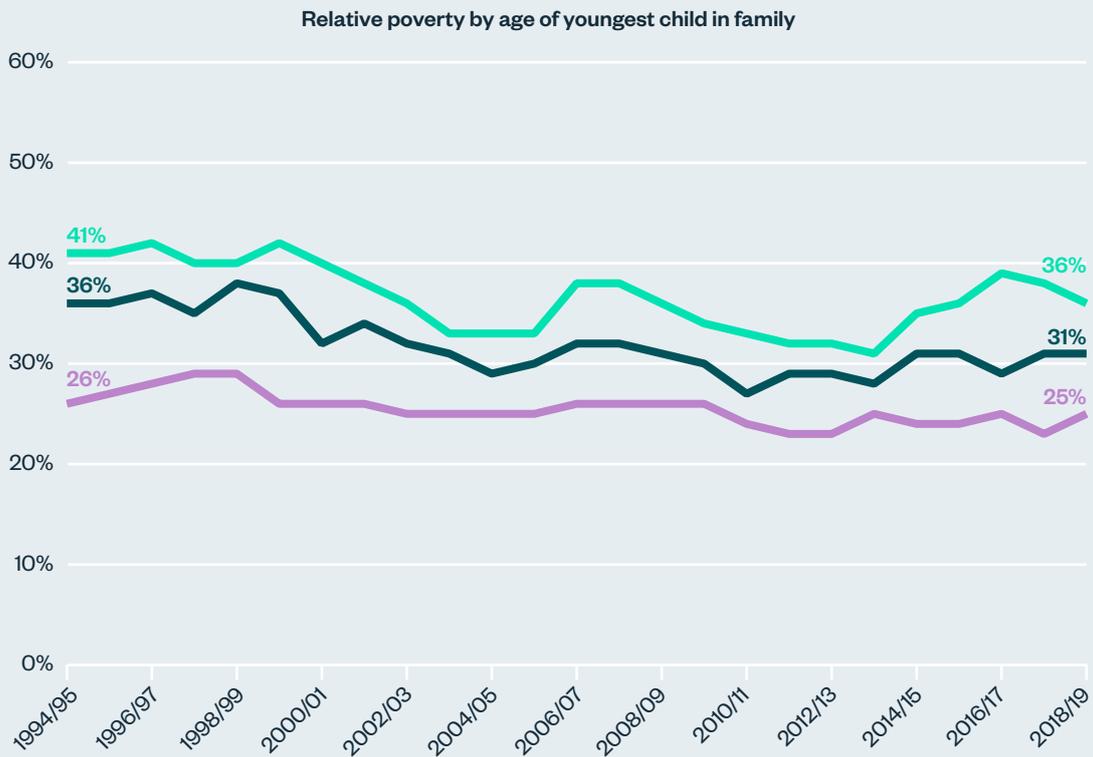
These differences in poverty risk depending on the age of the child under five are also important as they signal potential gaps in policy for specific age groups. Limited early years and childcare provision for the under threes and paid parental leave for parents with children aged over one, make this period particularly challenging. We will explore this in more detail in forthcoming reviews in this series.

The recent rise in early childhood poverty is largely the result of changes to benefit policy, both direct and indirect, including the recent ‘two-child limit’ that restricts the child element of benefits to the first two children for children born in or after 2017, and the abolition of the family element of child tax credits (Stewart and Reader 2021). While the policy will eventually include all families with three children or more on universal credit/tax credits, large families, which are more likely to include young children, are disproportionately affected (JRF 2020; Patrick, forthcoming). This policy is having a particularly negative impact on poverty rates among families of Bangladeshi and Pakistani origin, who tend to have larger families (see p 33).

In 2019/20, of all families with young children in poverty, over 54% had three or more children compared to less than 14% for single child families (see Figure 8).

**Figure 7:** Child poverty rates by age of youngest child in the household.

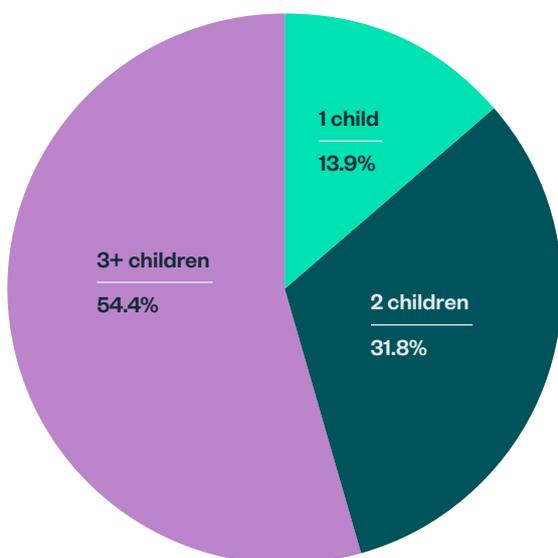
Source: *Stewart and Reader 2021*.



Over the past 20 years, the risk of poverty for young children in households with three or more children has fluctuated significantly, rising 19 percentage points since 2013/14 (see Figure 9). Meanwhile, risk for households with one or two children has declined steadily by seven and four percentage points respectively since 1999/00.

Cooper and Hills (2021) and Stewart and Reader (2021) show how the *minimum safety net* for families out of work has fallen in value, in particular for families with young children since 2013/14. For example, a couple with a child under two saw the value of the safety net fall from 67% of the poverty threshold in 1997/98 to 57% in 2019/20. Some families are living below the safety net because of benefit deductions to pay for rent, council tax, universal credit advance payments or because they are subject to the *benefit cap*; the average reduction as a result of the benefit cap was £51 per week—a very substantial sum.

**Figure 8:** Total households with the youngest child aged 0–4 in relative poverty by number of children in the family, 2019/20. *Source: HBAI (DWP 2021).*



**This is contributing to the increasing depth of poverty for some families with children who are living well below the poverty threshold** (see p. 38).

### 4.3 Risks of early childhood poverty by group and place

Some children are more likely to be living in poverty, depending on household employment status, family type, housing tenure, ethnicity, disability and where they live. There has been limited analysis of how these different factors combine to put some groups at multiple disadvantage (Mohamed 2020). In some cases, the most vulnerable groups—young carers, Roma, Gypsy and Traveller children, recent migrant families and those at risk of abuse and neglect—are missing from or invisible within data and key monitoring exercises (Vizard et al. 2018). **This siloed approach to understanding structural disadvantage limits our understanding and ability to develop effective policy responses to the way inequalities intersect** (Rahman and Whittaker 2019). The data used here, largely drawn from *HBAI*, focuses on children in households where the youngest child is under five, unless otherwise stated.

#### Employment and family status

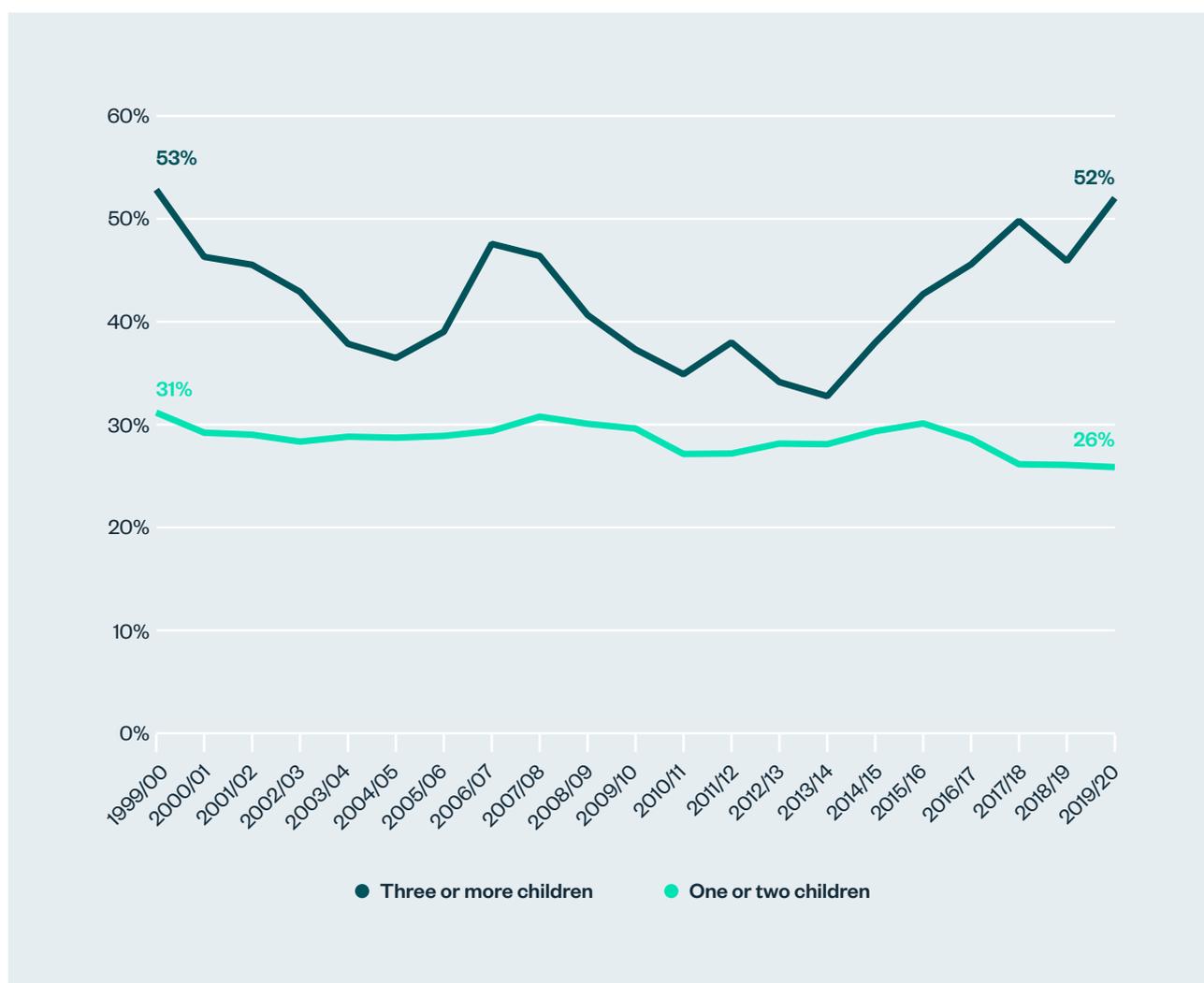
Unsurprisingly, children growing up in families where both adults are in paid work are much less likely to be in poverty than those in families where no adult is in work. But as Figures 10 and 11 show, this is not a binary picture. There are still high rates of relative poverty where only one adult is in paid work or where one or more are in part-time work. **Over the last two decades, children in working families account for an increasing share of all children in poverty, due both to**

**population changes and the decline in unemployment** (Francis-Devine 2021). Since 1999/2000, the risk of poverty for families with the youngest child under five and at least one adult in full-time work has increased by 16%. **Likewise, since 2013/14, the risk of poverty for part-time working families has increased 26 percentage points to a level matching unemployed families.**

The growth of atypical jobs raises questions for how best to ensure families with children have a secure platform of work, income and childcare that lifts

them out of poverty (Cook, forthcoming; Lawson, forthcoming). There may be particular stresses and strains associated with juggling low paid, insecure and shift work around the needs of young children with implications for their welfare. Recent research from the US shows that children living with parents with non-standard hours of work are less likely to access nursery provision (Perez et al. 2019). There is relatively little research about how in-work poverty affects young children’s experiences. Patterns of in-work poverty will vary, for example by ethnic

**Figure 9:** Risk of relative poverty for households with youngest child aged 0–4 by number of children in the family. *Source: HBAI (DWP 2021).*

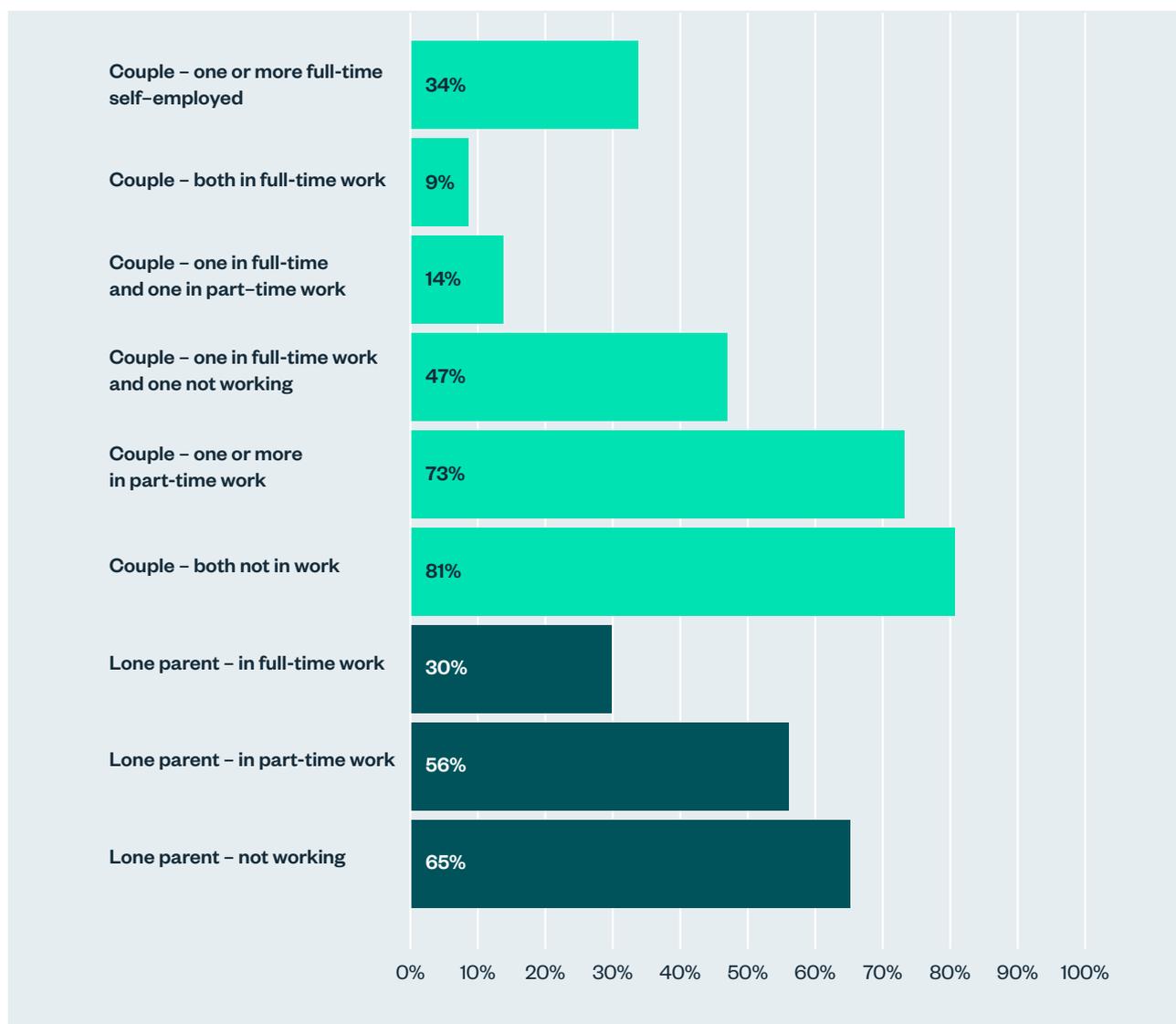


group, and may in turn affect children's access to early years and childcare places.

**Economic insecurity is a growing feature of working life and we need a better understanding of the way insecure working impacts parenting, access to childcare provision and children's experiences and outcomes.**

Figure 12 shows the much higher risk of poverty for children living in *lone parent* families where the youngest child is under five, standing at 57% compared to 28% in parents who are married or in civil partnerships and 38% with cohabiting parents in 2019/20. While the risk of poverty for children in lone parent families has declined substantially over time from a high of 75% in 2000/01, reflecting an increase in the proportion moving into

**Figure 10:** Risk of relative poverty for households with youngest child aged 0–4 by family and economic status 2019/20. *Source: HBAI (DWP 2021).*



paid work, rates have risen again in recent years. Furthermore, nine out of ten lone parents are women. Susan Harkness<sup>11</sup> has argued that this higher risk of poverty for lone parents reflects mothers' labour market penalties rather than being primarily an issue of family form. She estimates that if women were to maintain the earnings they had prior to having

a child, they would largely replace the earnings lost through separation or divorce on average. Figure 12 also shows the higher rate of poverty among cohabiting couples compared to those who are married or in civil partnerships. There is a considerable body of research that looks at the relationship between family form and child outcomes; for

**Figure 11:** Risk of relative poverty for households with youngest child aged 0–4 by economic status. *Source: HBAI (DWP 2021).*



11 See Professor Harkness's response at a Nuffield Foundation webinar on 26 November 2020 [online]. Available at: [www.nuffieldfoundation.org/events/well-being-in-early-childhood-how-are-the-lives-of-families-with-young-children-changing](http://www.nuffieldfoundation.org/events/well-being-in-early-childhood-how-are-the-lives-of-families-with-young-children-changing) [Accessed 21 July 2021].

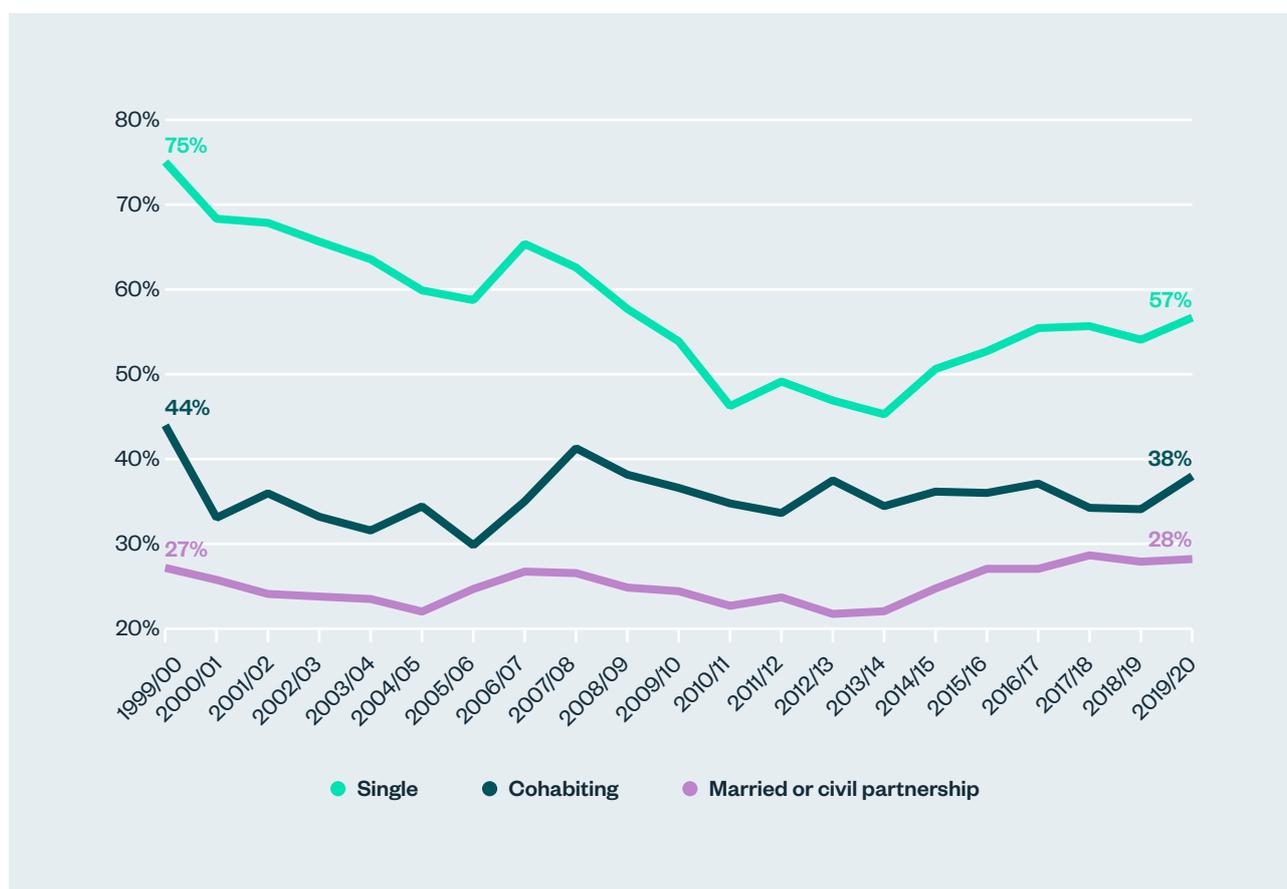
a full discussion see the first review in this series, *How are the lives of families with young children changing?*

### Ethnicity

Children growing up in families where the head of the household is from an ethnic minority background face a higher risk of relative poverty. Figure 13 shows a three-year average of risk of child poverty for different ethnic groups between 2017 and 2020. There is a distinct gap between children growing up in White British families, which stood at 30%, and higher risk among most other ethnic groups, often exceeding 50%. These higher rates of child poverty partly reflect the younger age profile of ethnic minority groups, but also structural inequalities

and discrimination, including higher rates of unemployment, lower earnings, part-time working, and larger household size for some ethnic minority groups leading to greater exposure to some of the recent benefit/tax credit changes such as the 'two child-limit' and the **benefit cap** (Khan 2020). There are, however, noticeably different poverty rates among ethnic minority groups, with relative child poverty rates ranging from 29% among young children living in families of Indian origin to 71% in families of Bangladeshi origin. **The fact that nearly three in four children from Bangladeshi backgrounds face poverty, and more than one in two in some other ethnic minority groups, is an urgent issue for policy makers to address.** Furthermore, the interplay

**Figure 12:** Risk of relative poverty for households with youngest child aged 0–4 by marital status. *Source: HBAI (DWP 2021).*



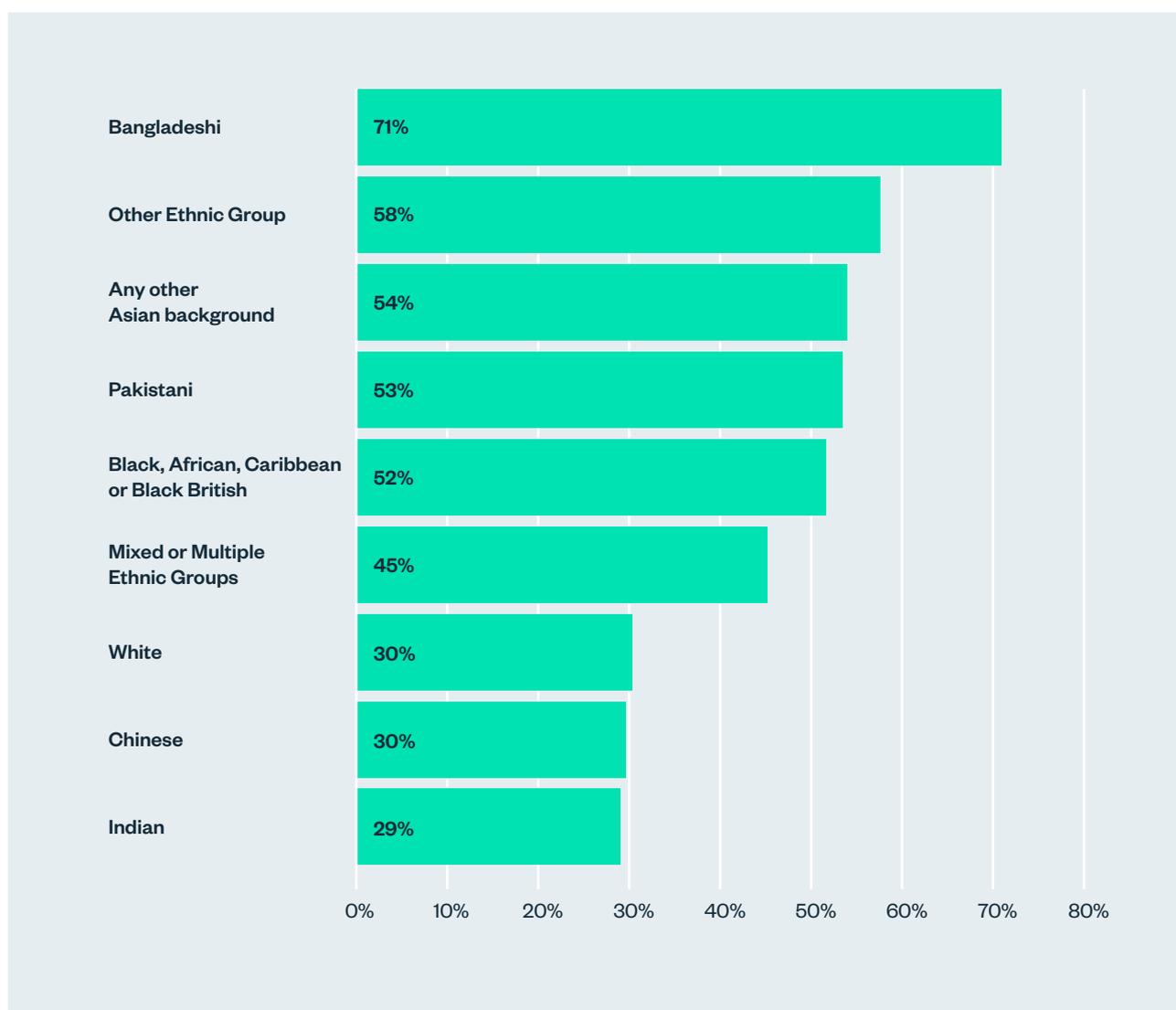
between ethnicity, socioeconomic status, place, and education, and its impact on young children throughout the UK, should continue to be explored more thoroughly.

### Housing tenure

Housing costs account for a significant proportion of household income, particularly for low- and middle-income families who are increasingly reliant on private rentals. This is especially true in areas with high house prices, such as London.

A report by [Hick and Lanau \(2017\)](#) shows that people living in social housing and the private rented sector were at very high risk of experiencing in-work poverty, accounting for 60% of those in in-work poverty. The Resolution Foundation’s Intergenerational Audit ([Bangham et al. 2019](#)) also shows that in 2017/18 there were 1.6 million families with children in the private rental sector, with one in four children beginning school in this type of housing. This represents an increase from 600,000 and one in

**Figure 13:** Risk of relative poverty for households with youngest child aged 0–4 by ethnicity 2017/18–2019/20 (three-year average). *Source: HBAI (DWP 2021). Note: Ethnicity categories and groupings are as defined by DWP.*



ten children in 2003. This increases the likelihood of potentially needing to move school and move away from family and social networks.

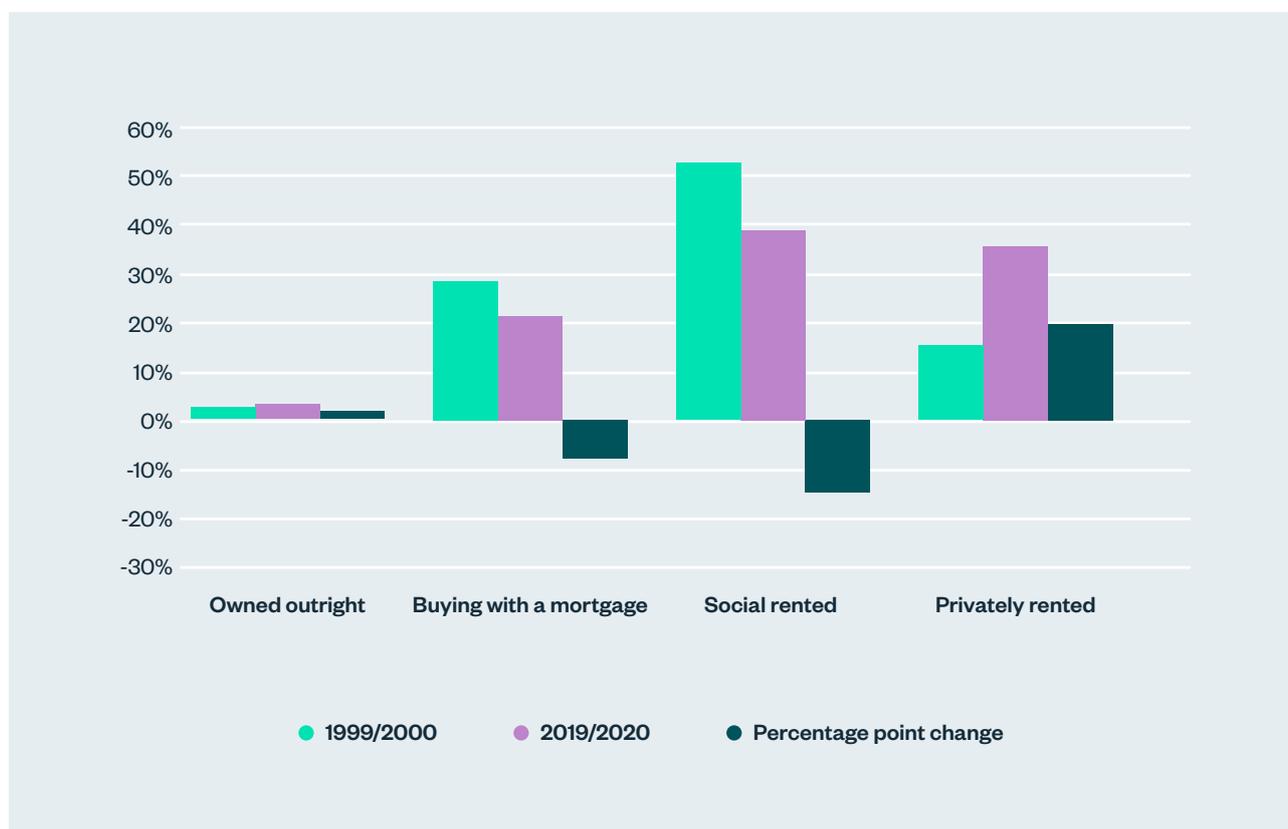
In terms of wealth, housing has traditionally been a family’s most valuable asset. Nonetheless, over the past 20 years, home ownership among low-income families has dropped significantly. Figure 14 shows the shift in housing tenure for families with young children in relative poverty between 1999/00 and 2019/20.

**Although outside the scope of this review, the diminishing wealth of UK families on low- and middle-incomes may have significant impacts on a child’s potential life outcomes and should be explored more fully.**

### Disability

Children growing up in families with either an adult or child with a disability also face a higher risk of poverty. Since 1999/00, the number of children living in families with a disability and in poverty has increased from 1.3 million to 1.7 million. Looking specifically at households with young children, in 2019/20, the risk of relative poverty for households with a disabled family member(s) was 44%, compared to 33% in households where no-one is disabled. However, these figures underestimate the extent of poverty among families with an adult or child living with a disability because they take no account of additional living costs that some families face (Francis-Devine 2021).

**Figure 14:** Proportion of children in households with youngest child aged 0–4 in poverty by tenure type. *Source: HBAI (DWP 2021).*



**Place**

The UK is one of the most geographically unequal countries in the developed world (Davenport and Zaranko 2020), so it is not surprising that the risk and experience of child poverty varies by country, region and local authority. In this section we look at the data, which gives a broad sense of differences between parts of the country and how they have changed, noting that the figures can mask pockets of deep poverty and deprivation within regions and local authorities.<sup>12</sup>

Figure 15 shows that for the most recent three-year average, 2017 to 2020, England had the highest rate of relative child poverty for families where the youngest child was under five, and Northern Ireland the lowest. **Within England, the North East had the highest rate, followed by London, and the South West the lowest.** While child poverty rates have decreased overall in the last 20 years, the rate of decrease has not been equal throughout England—and in some cases there have been increases—illustrating the ‘left-behind’ areas that are the focus

**Figure 15:** Change in the percentage of children in relative poverty, in households with youngest child aged 0–4. *Source: HBAI (DWP 2021).*  
*Note: Three-year average.*

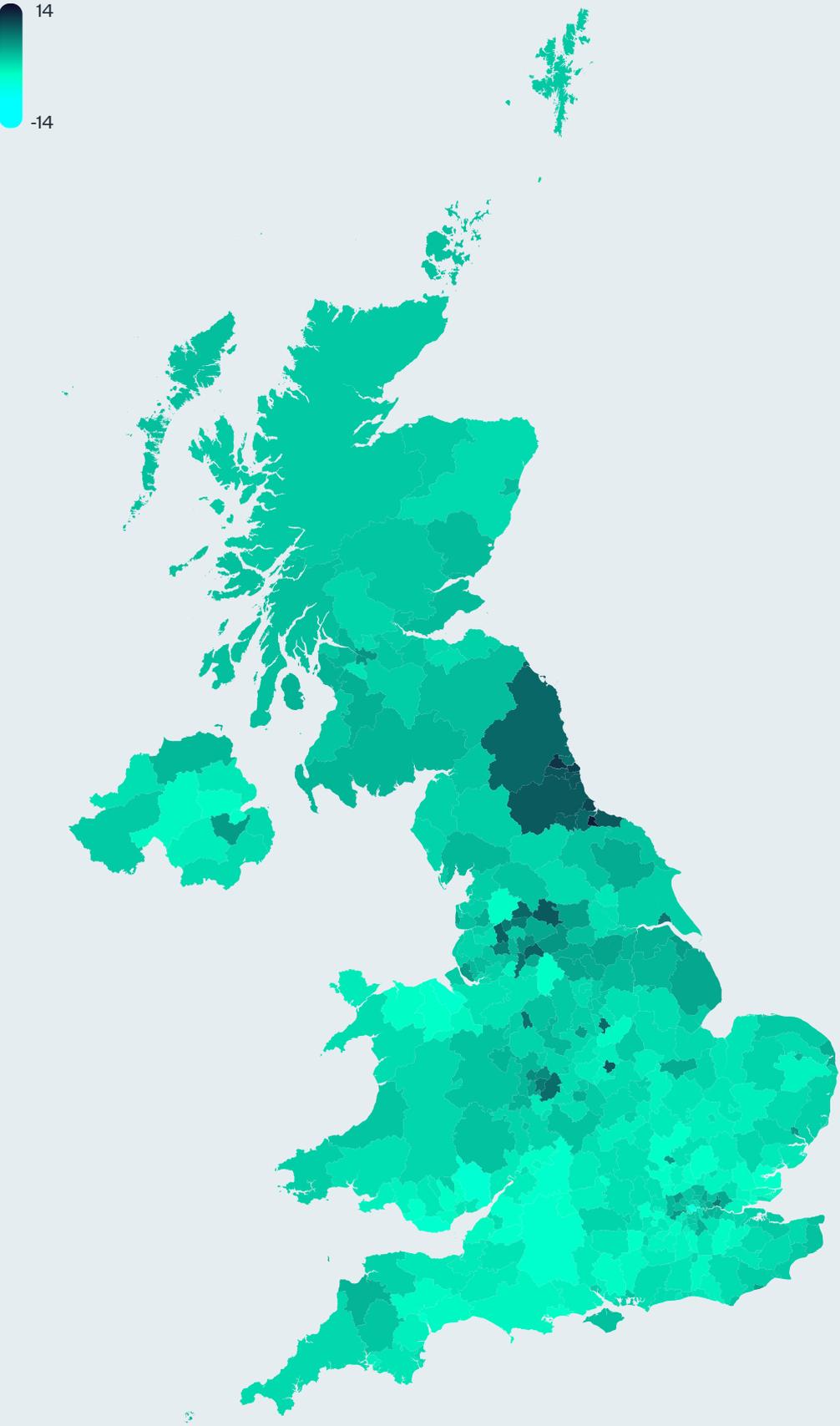


12 For discussion of how teenage pregnancy rates vary substantially between areas of England see Oppenheim and Rehill (2020).

**Table 2:** The 20 local authorities with the highest increase in child poverty rates (all children), 2014/15 to 2018/19. *Source: Hirsch and Stone 2020.*

Local authority	% of children below 60% median income		
	2014/15	2018/19	Percentage point increase
<b>UK</b>	<b>28%</b>	<b>30%</b>	<b>2%</b>
Middlesbrough	28.6%	41.1%	12.5%
Newcastle upon Tyne	28.2%	39.2%	11.0%
South Tyneside	27.0%	37.3%	10.3%
Hartlepool	27.5%	37.3%	9.8%
Sunderland	27.2%	36.0%	8.8%
Gateshead	24.7%	33.5%	8.8%
Bradford	29.5%	38.3%	8.7%
Redcar and Cleveland	26.4%	35.1%	8.7%
County Durham	25.4%	34.0%	8.6%
Leicester	29.4%	37.8%	8.5%
Blackburn with Darwen	30.9%	39.1%	8.2%
Darlington	25.7%	33.9%	8.2%
Oldham	31.8%	39.9%	8.1%
Pendle	31.0%	38.8%	7.8%
Northumberland	24.3%	32.0%	7.7%
Stockton-on-Tees	25.3%	33.0%	7.7%
Nottingham	29.4%	37.0%	7.6%
Birmingham	34.2%	41.6%	7.4%
North Tyneside	23.7%	31.0%	7.2%
Manchester	33.6%	40.6%	7.0%

**Figure 16:** Local authorities by percentage point increase in child poverty rates (all children), 2014/15 to 2018/19. *Source: Hirsch and Stone 2020.*



of current government policy. Since 2013/14, child poverty rates have been on the rise in some parts of the country. This is reflected in Table 2, which shows the 20 local authorities with the steepest rises in child poverty between 2014/15 and 2018/19. Middlesbrough tops the list with a 12.5 percentage point increase compared to the two-percentage point increase for the UK as a whole. Child poverty rates in Middlesbrough, Birmingham and Manchester now stand at over 40% of all children, compared to 30% across the UK as a whole.

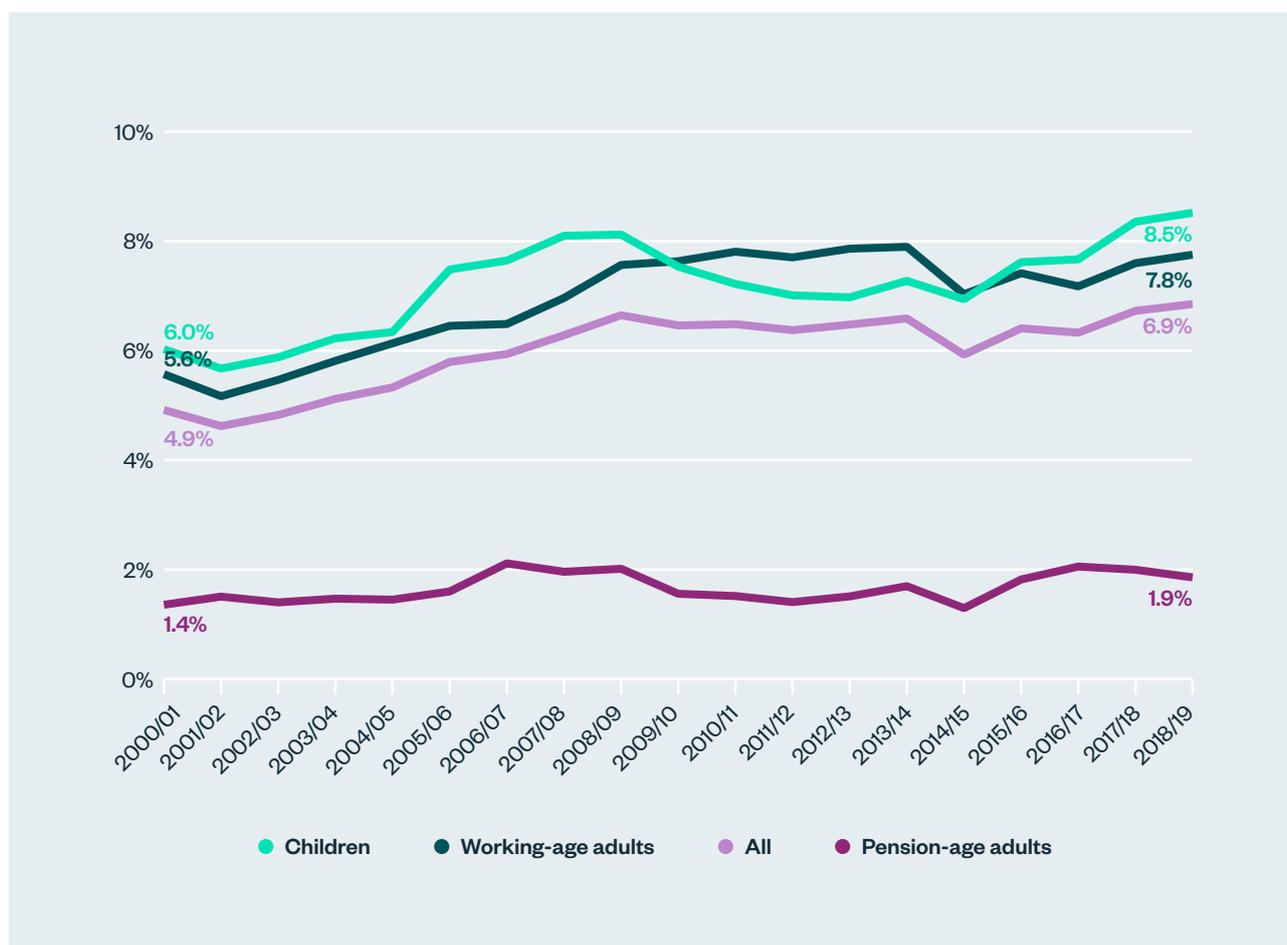
Figure 16 shows increases and decreases in child poverty rates for all ages across the UK since 2014/15. It shows

sharp rises in the North East and Midlands, but also in some parts of London and some coastal areas. This concentration of **deprivation** in coastal areas has been recognised latterly, but remains a substantial challenge (Corfe 2019; Rae and Nyanzu 2019).

#### 4.4 Is child poverty intensifying?

As well as looking at the number and proportion of *all* children in poverty, new analysis by the **SMC** focuses on two other dimensions of poverty—depth and persistence (2020). This analysis is particularly important because both severity and duration of poverty are

**Figure 17:** Percentage of people in deep poverty (≥50% below the poverty line) by age group, over time. *Source: SMC 2020.*



associated with more detrimental outcomes for young children.

Measures of *deep poverty* show the numbers and proportions of people living at different levels below the poverty threshold. Persistent poverty is defined as living in poverty in the current year and in two out of the previous three years. SMC analysis for this review shows how the patterns of deep poverty—defined as living below 50% of the poverty line—have changed over time for different groups in the population. Figure 17 shows how rates of deep poverty are higher for the working age population and children than pensioners over the last two decades. **It also shows that since 2014/15 there has been a small rise in deep poverty among children.**

In 2017/18, rates of *persistent poverty* are also higher among children in poverty, standing at 18% compared to 11% for the whole population. Combining depth and persistence, the SMC analysis finds that **20% of families with children in poverty are living in deep and persistent poverty**, slightly lower than that of working age adults without children, where the rate is 24%.

*Destitution* has been rising since 2017. The Joseph Rowntree Foundation defines destitution as either lacking two or more basic necessities, such as food, shelter and clothing, or having insufficient money to buy those essentials (Fitzpatrick et al. 2020). While families with children accounted for a minority of those who were

destitute (20%), **the number of children experiencing destitution grew by 52% between 2017 and 2019, affecting 550,000 children.**

### Points for discussion

- There is limited analysis of how different risks of poverty for families with young children combine across different groups and in small local areas. Without understanding this intersectionality, policy and practice responses to early childhood poverty are likely to falter. How can we address the barriers to doing this research and analysis and what would it mean for how policy should respond?
- What kind of research would throw light on the implications of atypical employment and in-work poverty on parenting, accessing quality childcare and children's well-being?
- How can we improve the quality, security and affordability of housing for low-income families with young children?
- With changing labour markets and increasing economic inequality, how will the distribution of wealth, especially through intergenerational accumulation, continue to affect children and their life outcomes from already marginalised groups?

# 5 COVID-19 and its implications for poverty in early childhood

While it is too early to know what the long-term impacts of the COVID-19 pandemic will be on young children's life chances, a growing body of research is capturing the economic, social and psychological shockwaves on family circumstances ([Nuffield Foundation 2020](#)).

The first national lockdown had a particularly detrimental effect on those in the poorest 10% of the earnings distribution, with women (especially lone mothers), young people and the low paid worst hit ([Blundell et al. 2020](#)). Some ethnic minority groups, already at greater risk of poverty, experienced a double blow of higher rates of COVID-19 deaths and greater risk of being in a shutdown area of the economy and financial hardship ([Platt and Warwick 2020](#)).

COVID-19 has also exacerbated the issue of child hunger. A growing number of children face food insecurity and with it a risk to their nutrition and physical health ([Food Foundation 2021](#)). The closure of many early years settings and reception classes in the spring 2020 lockdown made it more difficult for children to access

nutritious food; particularly for those living in or close to poverty.

Despite the huge investment in emergency measures which have done much to protect living standards, some people have fallen through the net, unable to qualify for the support and the measures are time-limited ([Bell and Brewer 2021](#)). The Legatum Institute (2020) estimated the potential impact of COVID-19 on poverty in the winter of 2020.<sup>13</sup> Using the **SMC** measure of poverty, it found that 120,000 more children had been drawn into poverty. Their analysis also shows that the government's social security measures protected 690,000 people from poverty, particularly those who were reliant on out-of-work benefits. By winter 2020, there were 100,000 fewer **lone parents** and 170,000 fewer families in poverty. However, 420,000 couples with children were drawn into poverty.

But income data only tells us part of the story. Families who were in the lowest fifth of the income distribution prior to the pandemic were twice as likely to report an increase in spending (36%) than a decrease (18%) in summer and autumn 2020 ([Brewer and Patrick 2021](#)). Participatory research

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13 This analysis uses a range of scenarios—see Legatum (2020) p. 2 for further details.

found three factors that drove increasing budget pressures: the lockdown led to increased spending on food, heating, children's activities and laptop and broadband access costs; fewer choices about where to shop; and limited wider family and community support. As the authors state:

*Overall, families on a low income are adept at managing limited budgets, finding creative, if time-intensive ways to get by on little. But when COVID-19 hit, many of the mechanisms for navigating life on a low income became very difficult, if not impossible to sustain (Brewer and Patrick 2021, p. 4).*

This has fed into increased levels of stress and anxiety. The pandemic has not only increased levels of poor mental health but also increased mental health inequalities. Young people and women have been particularly badly affected, especially mothers with young children aged under five who experienced a larger increase in overall mental health difficulties (Banks and Xu 2020). Ipsos MORI (2020) highlight the growth in parental loneliness from 38% of parents with young children prior to the pandemic to 63% after the first lockdown in the UK. Parents in the most deprived areas were more than twice as likely to feel lonely as those in the least deprived areas. We know that poor maternal mental health affects both the relationship between parents and parent-child interactions—and in turn child outcomes.

COVID-19 has put a spotlight on unequal housing and living conditions—one in five children from a low-income household was living in overcrowded housing during the spring 2020 lockdown compared to 3% in high-income households. Close to 40% of children from

ethnic minorities have no garden compared to 17% of White children, and one quarter were living in a poor quality physical environment. Furthermore 6% of children from low-income backgrounds did not have internet access in their homes, whereas all children in high-income households had access (Judge and Rahman 2020). The marked digital divide between rich and poor families has become much more urgent as services and early years and school settings are increasingly reliant on digital forms of communication and educational resources to compensate for periods of lockdown.

The spring 2020 lockdown brought the partial closure of early years and childcare settings as well as reception classes with the resulting loss of opportunities for young children to play, learn and interact with others. Initial evidence showed that 90% of parents with a child under three increased the amount of time they were spending in engaging activities, but disadvantaged parents were less likely to spend time involving books or outdoor space (University of Oxford Medical Sciences Division 2020). Evidence is emerging of the detrimental impact on disadvantaged children, widening existing gaps in educational and social development (Andrew et al. 2020; Ofsted 2020).

It is not yet clear whether COVID-19 will be one element in the early life of the current group of under-fives or the defining factor in those children's lives and beyond.

### Point for discussion

- What can we learn from the policies and innovations developed in response to COVID-19 to help reduce the extent and impact of poverty in early childhood?

# 6 Conclusions

Poverty in early childhood affects around a third of children and is increasingly complex. While economic disadvantage is a major risk for children's well-being and later outcomes, there are a range of protective factors including wider family and neighbourhood support, good maternal and paternal mental health, access to high quality early education and warm parent-child interaction. Poverty is experienced materially, socially and emotionally by parents, carers and their young children, yet policy and practice responses are more limited when it comes to social and relational aspects of poverty—in part a reflection of the fact that these are more difficult to measure.

Understanding how family pressures and strains affect young children's experiences and what can support them is a critical aspect of addressing early childhood disadvantage, both because of the sensitivity of this stage of development, and because home experience forms such a large part of young children's lives. This is particularly the case for vulnerable families. And yet it remains very difficult to join up parent and child data, as well as parent and child services and financial support.

The drivers of poverty over the last two decades have become more complex with increasing insecurity in the kind of work available and greater changes

## Box 6: What do we not know enough about?

- The intersection between different aspects of poverty and deprivation in families with young children, including ethnicity, disability, locality and housing tenure.
- The experience of in-work poverty and insecure working and its impact on parenting practices and access to early years services.
- Groups who are not included or little analysed in the major data sources on family incomes, such as young children with disabilities.
- Poverty and deprivation through the lens of the under-fives, in particular digital poverty and food insecurity.
- The implications of the varying levels of financial and service support available at different stage in the lives of children under five, and of policy responses designed to address child poverty.
- How services and financial support systems are organised around families with young children and how they can be improved. Linking adult and child administrative data sources would be an important first step.
- The relative effectiveness, cost and trade-offs between different policy approaches to improving the financial, social and emotional security in early childhood in the short, medium and longer term.

in family type, with economic and social factors interacting. The very substantial reductions in public spending on financial support for children and preventative local services since 2010 has left families particularly exposed to the economic and health shocks of COVID-19. Some groups, regions and local areas have very high rates of poverty and *deprivation* among young children. However, there is limited research into the intersectionality between different factors that push families with young children into poverty and how to develop tailored, effective and sustained responses. Some groups of children remain invisible—either not included in the data or little analysed—and are likely to be the most disadvantaged (e.g. recent migrants, vulnerable children and those living in temporary accommodation). COVID-19 has dramatised the inequalities between children; it has thrown up new ‘essentials’, in particular access to the internet and digital devices.

There is an extensive body of research on the impact of social policies since 1997 on the extent of child poverty and a range of related child outcomes (Vizard and Hills 2021). However, as we have seen, gaps remain and are summarised in Box 6.

### How should we address early childhood poverty?

Tackling early childhood poverty requires six key elements.

- A multi-dimensional approach that reflects the range of socioeconomic risks and intersecting needs faced by families with young children.
- A financial bedrock for families with young children living on a low income, through improved social security benefits and access to employment,

which takes account of the care needs of the under fives.

- Greater attention and investment in policies to support parental mental health and parenting from the earliest stage of a child’s life.
- Harnessing effective national and local approaches to address concentrations of poverty and deprivation.
- A better understanding of the relative effectiveness (and costs) of different policies in improving children’s outcomes over the medium and longer terms.
- Developing a greater consensus, not only across political divides, but also at a societal level, on the measures and investment required to address child poverty now and in the future.

We set out a number of policy approaches that address both the direct and indirect causes of poverty and its impact, drawing on examples from research funded by the Nuffield Foundation. These are not intended to be comprehensive but illustrate core elements of addressing early childhood poverty effectively. We will discuss additional approaches in forthcoming reviews and make recommendations in the final report of the series.

### Financial support for low-income families with children under five

The government’s recent social security and furlough measures in response to the economic fallout from COVID-19 have protected many families with children from poverty. **They illustrate that raising welfare payments can have immediate effects to protect living standards.** While measures come at a high cost (some £9 billion) because they go to a large number of people, **reversing the**

**£20 uplift in universal credit would see four million people losing an average of 13% of their benefits (Bourquin and Waters 2020), creating real hardship and suffering as a result.** COVID-19-related income protection measures have focused on the whole population rather than the needs of low-income families with children specifically, apart from the expansion of free school meals and Healthy Start during the holiday period. **Focused financial support for low-income families with children under five could yield both immediate and medium-term benefits and improve outcomes for children** (Cooper and Stewart 2017a; 2020). While income measures to address poverty can be seen as an ameliorative response to immediate need, they can also be seen as a preventative measure, providing families with a buffer against adversity.

### **Combined packages of support for lone parents**

Given the greater risk of poverty for ***lone parents*** and the impact of poverty on mental health, parenting and child outcomes, developing more integrated approaches to support this group is likely to yield a number of benefits. [Harkness and Skipp \(2013\)](#) explored the relationship between maternal depression among lone mothers and employment. The study found depression among lone mothers in work fell from 32% to 23% between the mid-1990s and the mid-2000s but increased from 33% to 41% among those not in work. A sustainable balance between work and childcare was the most important factor in reducing the risk of depression, more so than level of earnings, job type or career

prospects. It is not just the level of income that matters in reducing lone mothers' risk of depression, but the sense of identity and self-esteem created by employment. **Combining in-work financial support, childcare and work-life balance measures are likely not only to increase lone parent employment rates, but also to reduce maternal depression and bring benefits to the child.**

### **Integrated services for families with young children**

The need to address the fragmentary nature of services for families with young children has started to be recognised through the proposal to develop Family Hubs (Ford 2021) and the Early Years Healthy Development Review led by Andrea Leadsom MP on the under-twos (HM Government 2021). It is important that both draw on the lessons from the evaluation of Sure Start children's centres. Results were mixed initially, but by 2010 the programme showed impact on the health and body mass index for children and improvements in the home environment (Eisenstadt 2011; Sammons et al. 2015). A recent study ([Cattan et al. 2019](#)) found that Sure Start led to a significant reduction in hospitalisations among children by the end of primary school in disadvantaged areas.<sup>14</sup> Access to Sure Start services in 2010 (when public spending on Sure Start was at its peak) reduced the gap in hospitalisation rates between the 30% poorest and richest areas by about half by the age of 11. **This research provides important insights into the potential longer-term positive impact**

14 Note the range of Sure Start services available in more advantaged areas was much more limited than in disadvantaged areas.

**of one-stop-shop early years services on disadvantaged children.**

### **Tackling hunger and nutrition**

A range of important initiatives have followed the campaign highlighting the extent of hunger and poor nutrition among children in or close to poverty during the pandemic. An evaluation of the universal infant free school meal policy, introduced in 2014, found a 50 percentage point increase in take-up, with an average saving of £19 per week on food bills (Holford and Rabe 2020). There was also a small increase in the prevalence of children with a healthy weight and a reduction in obesity; as well as a small decrease in school absences and a positive association with attainment at age 5 and 11. An evaluation of the Healthy Start voucher programme introduced in 2006 for low-income pregnant mothers and children under four to spend on fruit, vegetables and milk, found that targeted benefits were effective in increasing spending on fruit and vegetables by 15% (Von Hinke 2020). The Food Foundation's three-year programme of work on dietary inequality will provide new data and practical proposals to improve young children's nutrition, health and well-being (Food Foundation, forthcoming).

### **Strengthening parent and children's capabilities**

There is an extensive body of work on the critical role that quality early years and childcare provision and parent-child interaction can play in boosting the learning and life chances of young children, particularly those who are disadvantaged (Hillman and Williams 2015; Asmussen et al. 2018). These are the focus

of two forthcoming reviews in our series. Two examples of effective interventions in improving disadvantaged children's early learning are the Nuffield Early Language Intervention (NELI) and Family Nurse Partnerships (FNP). The first is delivered in reception or nursery classes and has been shown to improve children's oral language skills by an average of three months, preventing them from falling further behind in acquiring the foundations of literacy (Dimova et al. 2020). All state funded primary schools in England can apply to receive NELI as part of the Government's catch-up programme for schools. FNP is a home visiting programme working with first-time disadvantaged teenage mothers to support children from birth to two (Conti et al. forthcoming). Enhancing the support, education and skills of both mothers and fathers of young children are important elements in helping to mitigate some of the impacts of economic adversity and poverty.

To conclude, the last 25 years have witnessed wide swings in public policy on child poverty as new governments have taken the helm with differing priorities alongside responding to the challenges of the 2008 financial crisis and the COVID-19 pandemic. While there are still important gaps in the research and our understanding, there is much we can do. Moving away from a piecemeal to a sustained approach to addressing child poverty in the round rests on two foundation stones. First, a better understanding of the relative effectiveness and cost of different policies over the medium and longer term and their impact on different groups and areas. Secondly, the development of greater consensus not only across political divides, but also at a societal level, on the measures and investment required to tackle child poverty now and in the future.

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underlined in  
green are from  
projects funded  
by the Nuffield  
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# Annex

Flagship policies to address poverty with a focus on early childhood 1997–2021.

Source: *HM Treasury 2010; Mackley et al.*

*2018; Kennedy 2015; [Stewart 2013](#); [Stewart and Obelenskaya 2015](#); and [Stewart and Reader 2021](#).*

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## Labour 1997–2010

### Goal and approach

- The abolition of child poverty in a generation.
- Opportunity for all—multi-pronged approach to support families and children across services, employment and income measures.
- Progressive universalism: universal services as a platform with targeted support for disadvantaged children.

### Flagship policies

- Government targets to reduce child poverty, later embodied in Child Poverty Act 2010.
- Tax credits for low-income families and children, new benefits for pregnant mothers and infants and Child Trust Fund for all newborn babies.
- Statutory minimum wage, New Deal for **Lone Parents**, increase in work conditionality for mothers.
- Expansion of paid maternity and paternity leave, and flexible working for parents of under-sixes.
- Free part-time nursery education for all three and four-year-olds; pilots of places for disadvantaged two-year-olds; quality measures, childcare tax credit to reduce costs; Foundation Stage curriculum.
- Introduction of Sure Start for families with young children in deprived areas, children's centres expanded across England.
- National Family and Parenting Institute, parenting programmes.
- Healthy Child Programme for children aged 0–5, with five mandated checks, Family Nurse Partnerships (FNP)—home-visiting programme for vulnerable young mothers.
- Improving Access to Psychological Therapies (IAPT).

## Coalition 2010–2015

### Goal and approach

- Shift from focus on income measures to reduce child poverty to services focused on children and parenting capabilities.
- Greater focus on social mobility.
- Austerity measures to reduce public spending.

### Flagship policies

- Maintained child poverty targets, but £11 billion social security and tax credit cuts for those of working age, especially families, including abolition of maternity/baby benefits and Child Trust Fund.
- Universal credit to simplify means-tested benefits and incentivise work.
- Increased personal tax allowances for all and rises in statutory minimum wage.
- Right for mothers to transfer paid maternity leave to fathers, extension of flexible working to all employees.
- Free childcare for two-year-olds in disadvantaged families.
- Early years pupil premium; reforms to Foundation Stage curriculum.
- Introduction of free school meals for all infant school children.
- Ringfence for Sure Start removed and replaced by early intervention grant.
- Reduction in local authority spending, reduced funding for Sure Start Children's Centres; greater focus on targeting families with complex problems and parenting programmes.
- Expansion of health visitor numbers and FNP.
- Increased funding for IAPT, goal of mental health parity with physical health.

## Conservative 2015–2021

### Goal and approach

- Addressing the root causes of poverty.
- Simplification of benefits/tax credits to improve incentives.
- Austerity measures to reduce public spending until 2018.

### Flagship policies

- Abolished statutory child poverty targets in England, replaced by goal of reducing worklessness and improving educational attainment at 16.
- 2015 budget confirmed aim of additional £13 billion benefit reductions by 2020/21, including two-child benefit limit.
- Universal credit implementation.
- Rise in statutory minimum wage and in personal tax-free allowance until 2021.
- 30 hours of free childcare for working families with child aged three and four.
- Early language development to improve social mobility.
- Reduction of parental conflict local initiatives.
- Expansion of troubled families programme to younger children.
- Early Years Healthy Development Review (first 1,000 days) and expansion of Family Hubs. COVID-19 measures: furlough, self-employed income support scheme, universal credit uplift of £20 per week and other short-term benefit improvements, free school meals for eligible children in holidays and expanded holiday activities.

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