UNITED KINGDOM unicef for every child

IT'S TIME TO TURN THE TIDE ON CHILD POVERTY IN THE UK

Summary

- There are now record numbers of children living in poverty across the UK.
- New analysis from the UNICEF Global Office of Research and Foresight on World Children's Day 2025 finds that **the UK saw the largest increase in relative child income poverty of 37 high-income countries between 2013 and 2023 – an increase of 34%.**
- Additional analysis also finds that the **UK saw the largest increase in deep poverty when compared to European Union (EU) countries between 2013 and 2023 - an increase of 67%.**
- Research commissioned by UNICEF UK finds these increases in child poverty levels have been **accompanied by a decline in spend on children – a real terms decrease of £3.6 billion between 2018 and 2024. Most of this was driven by cuts to cash transfers** – primarily the two-child limit and benefit cap, resulting in disproportionate impacts on children age five and under.
- The UK Government must be prepared to make **significant investments at the Autumn Budget and within the Child Poverty Strategy to turn the tide on child poverty or risk breaking its manifesto commitment to reduce child poverty.**
- This begins with **urgently removing the two-child limit in full and abolishing the benefit cap** to immediately lift 400,000 children out of poverty and reduce the depth of poverty for a further 950,000 children.

Introduction

There are record numbers of children living in poverty in the UK. Experiencing poverty in childhood can cause lasting damage to a child's long-term health and development: it increases the likelihood of chronic diseases, prevents children from being ready to learn and limits their opportunities. An unequal start can follow children into adulthood, affecting aspects of life from earning potential to life expectancy.

New analysis from the UNICEF Global Office of Research and Foresight[1] highlights how the UK saw significant rises in relative child poverty and deep child poverty between 2013 and 2023, compared to other high-income countries. This has been accompanied

[1] Analysis on relative income poverty taken from UNICEF's 2025 State of the World's Children Report. Analysis on deep poverty is additional analysis carried out by the UNICEF Global Office of Research and Foresight for this briefing.

by a significant decline on child-related spending during the same period, with cuts to cash transfers being the primary driver of this decline in investment.

The UK Government will soon publish its long-awaited Child Poverty Strategy, aligned with the Autumn budget. This is the most important opportunity to drive significant reductions in child poverty in the UK for over a decade. The Government must be prepared to take bold action or risk presiding over worsening child poverty levels during the course of this Parliament, which would break its manifesto commitment and stated pledges since coming to office following the 2024 General Election.

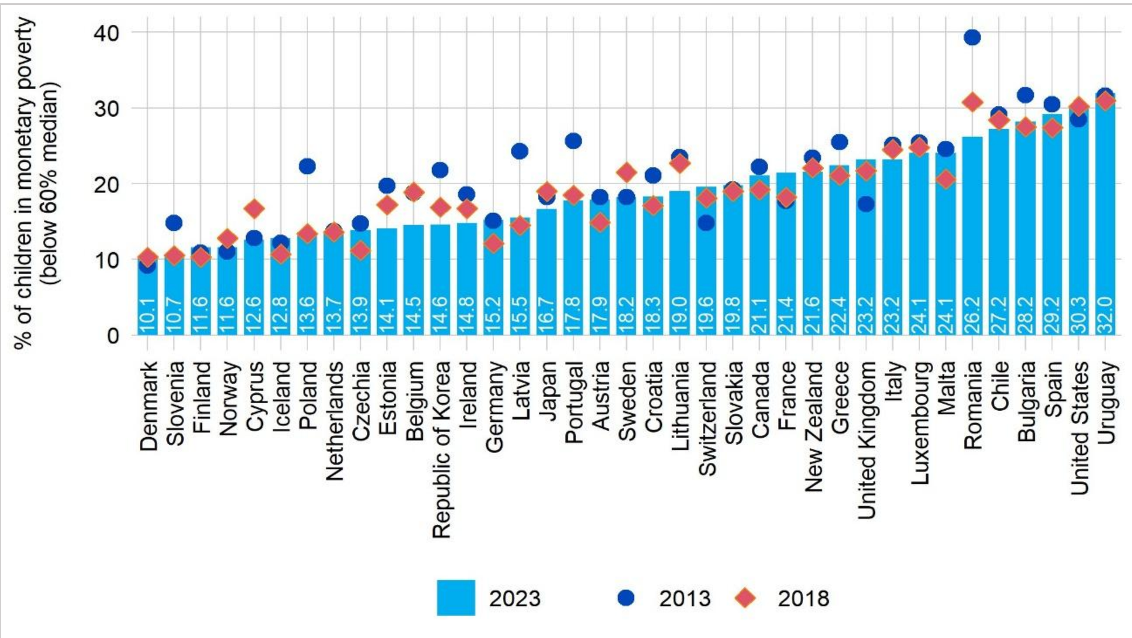
Trends in Child Poverty

Relative income poverty

Figure 1 presents analysis from the UNICEF Global Office of Research which shows trends in relative income poverty[2] in high-income countries between 2013 and 2023.

- Out of 37 high-income countries, **the UK had the 10th highest share of children living in relative income poverty.**
- **The UK saw the largest increase in child poverty among 37 high-income countries with available data between 2013 and 2023.** While most countries included in the analysis reduced child poverty during this period, **the UK saw an increase of 34%** (from 17.3% to 23.2% Before Housing Costs).

Figure 1 Child relative income poverty in high-income countries over time



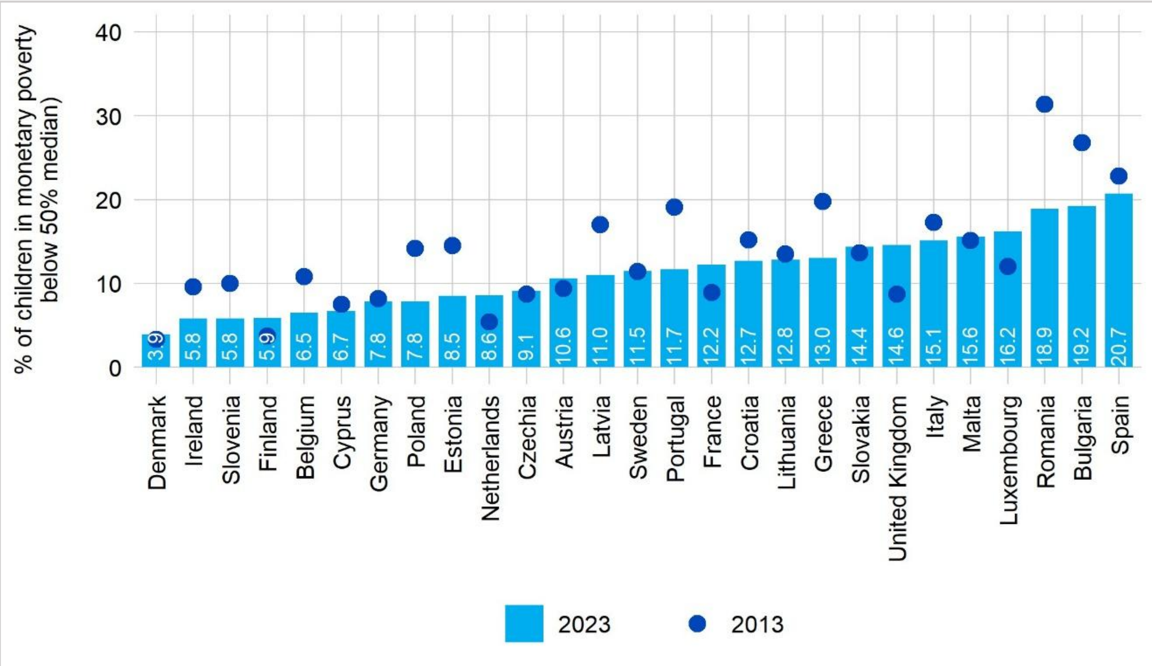
[2] Analysis on relative income poverty is taken from UNICEF's 2025 State of the World's Children Report. The analysis uses the Before Housing Costs measure to ensure comparability across countries. Source: The UK statistics were obtained from the 2024 FYE HBAI Statistics (table 4_1tr). See full report for data sources for other countries.

Deep poverty

The analysis also explores deep child poverty in the UK compared to EU countries.[3] Figure 2 presents the findings from this analysis.

- Compared to 26 EU countries, the **UK registers the 7th highest deep poverty rate among children** with 14.6%.
- **The UK saw a larger increase in deep poverty than in any EU country with available data between 2013 and 2023 - an increase of 67%** (8.7% to 14.6% Before Housing Costs).

Figure 2 Deep poverty in the United Kingdom and the European Union over time



The analysis highlights that across these two indicators of child poverty, worrying trends have persisted for more than a decade. Without bold and ambitious action, it is likely that these trends will continue under the current Government.

Trends in Spending on Children

Increases in relative poverty and deep poverty since 2013 have been accompanied by a decline in spend over this period. **In 2010, the UK had the second highest expenditure on family cash benefits per child as a proportion of GDP per capita out of 38 OECD**

[3] The analysis on deep poverty is additional analysis carried out by the UNICEF Global Office of Research and Foresight for this briefing. This analysis uses the Before Housing Costs measure to ensure comparability across countries. Source: The UK statistics were obtained from the [HBAI FYE 2024 Statistics] (Table 4_1tr) and EU data was obtained from Eurostat EU-SILC indicator ILC_LI02.

and EU countries.[4] This was at the same time as the UK saw a decline in child poverty rates to some of the lowest levels of the last thirty years.

Since then, there have been substantial real terms cuts to expenditure on children. A previous UNICEF report exploring spending trends on children across OECD countries found that the UK was the only country to significantly reduce public spending between 2013 and 2019 across four key categories of expenditure.[5] The categories of expenditure included in the analysis are based on an OECD model and includes cash benefits and tax breaks, childcare, education and other benefits in kind.

New analysis commissioned by UNICEF UK[6] finds that expenditure on children across these four categories has continued to decline:

- The UK saw a **real terms spending cut of £3.6 billion on children aged up to 18 between 2018 and 2024**.
- Spending before age 18 has **fallen from 5.9% GDP in 2018 to 5.5% GDP in 2024**, **almost entirely due to a 0.4% GDP drop in spending on cash benefits** (from 1.8% to 1.4% of GDP).
- The cuts have **disproportionately affected children aged 5 and under**, with spend on this age group falling by 16.1% in real terms from £34.9 billion in 2018 (in 2024 prices) to £29.2 billion in 2024. The analysis finds that the **introduction of policies such as the two-child limit and the benefit cap were instrumental in shaping this negative trend.**

The Two-child Limit and Benefit Cap: Immediate steps to reduce child poverty

The two-child limit restricts families in receipt of Universal Credit from claiming additional payments for third or subsequent children born after April 2017. The payments are worth around £3,500 per child. 1.6 million children live in families affected by the policy and the longer the policy continues, the more children will be affected.

The policy is a significant driver of child poverty – pulling an additional 109 children per day into poverty.[7] Recent analysis has shown that any mitigations to the policy, including exempting under 5s, families with a disabled child, working families, a three-child limit or a lower child element for third and subsequent children – instead of a full

[4] https://www.unicef.org/innocenti/media/3296/file/UNICEF-Innocenti-Report-Card-18-Child-Poverty-Amidst-Wealth-2023.pdf
[5] https://www.unicef.org/innocenti/media/2851/file/UNICEF-Too-Little-Too-Late-Report-2023.pdf
[6] Analysis undertaken by John Hudson & Sophie Mackinder (University of York), David Harris (Columbia University) and Dominic Richardson (Learning for Well-Being Institute) based on an adaptation of methods developed by Richardson for the OECD. A fuller analysis will be published later this year.

[7] https://cpag.org.uk/sites/default/files/2025-09/Reducing_child_poverty_role_of_two-child_limit_Sep_2025.pdf

removal – would leave child poverty rates higher in 2029/30 than in 2024/25. [8,9] As such, the Government would break its manifesto commitment to reduce child poverty.

The Benefit Cap places a limit on the total income from benefits a household can receive, if they are out of work or earning a very low wage. For households with children the cap is £22,000 per year outside London, and £25,000 in London. Capped families are much more likely to be living in deep poverty. [10] 103,000 households with children are capped, making up 82% of all capped households, with single parent families making up 69% of all capped households.[11]

The two-child limit and Benefit Cap must be abolished together. In April 2025, there were 38,000 households and 141,000 children affected by both the two-child limit and the benefit cap.[12] For these families, removing the two-child limit - without addressing the Benefit Cap - would make no difference to their household income.

It is estimated that ending both policies in full will immediately lift 400,000 children out of poverty at an annual cost of £2.7 billion, increasing to 600,000 by 2030 at an annual cost of £3.9 billion.[13] This action would also reduce the depth of poverty for an additional 950,000 children.

The Autumn Budget and Child Poverty Strategy: Decisive moments for investing in children

In the Autumn Budget and upcoming Child Poverty Strategy, the Government can begin turning the tide on the worrying trends set out in this briefing - both continually increasing child poverty levels and significant cuts to spend on children. It is estimated that child poverty costs the government £39 billion a year through reduced revenue and increased spending,[14] highlighting how the cost of inaction is a much higher price to pay than investing in children.

The Government must urgently remove the two-child limit in full and abolish the benefit cap as the first immediate steps to reduce child poverty during this Parliament. Now is the moment for the Government to deliver on its commitment to deliver an ambitious child poverty strategy, because millions of children and their families cannot afford to wait any longer.

[8] Limited ambition? • Resolution Foundation
[9] No half measures • Resolution Foundation
[10] https://media.actionforchildren.org.uk/documents/ACT0296_Paying_the_price_Report_Mar_25_Digital.pdf
[11] https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-may-2025/benefit-cap-number-of-households-capped-to-may-2025
[12] Universal Credit claimants statistics on the two child limit policy, April 2025 - GOV.UK
[13] ACT0296_Paying_the_price_Report_Mar_25_Digital.pdf
[14] https://cpag.org.uk/news/cost-child-poverty-2023