

# Spotlight

Thought leadership and policy

## Austerity's Children

Gordon Brown

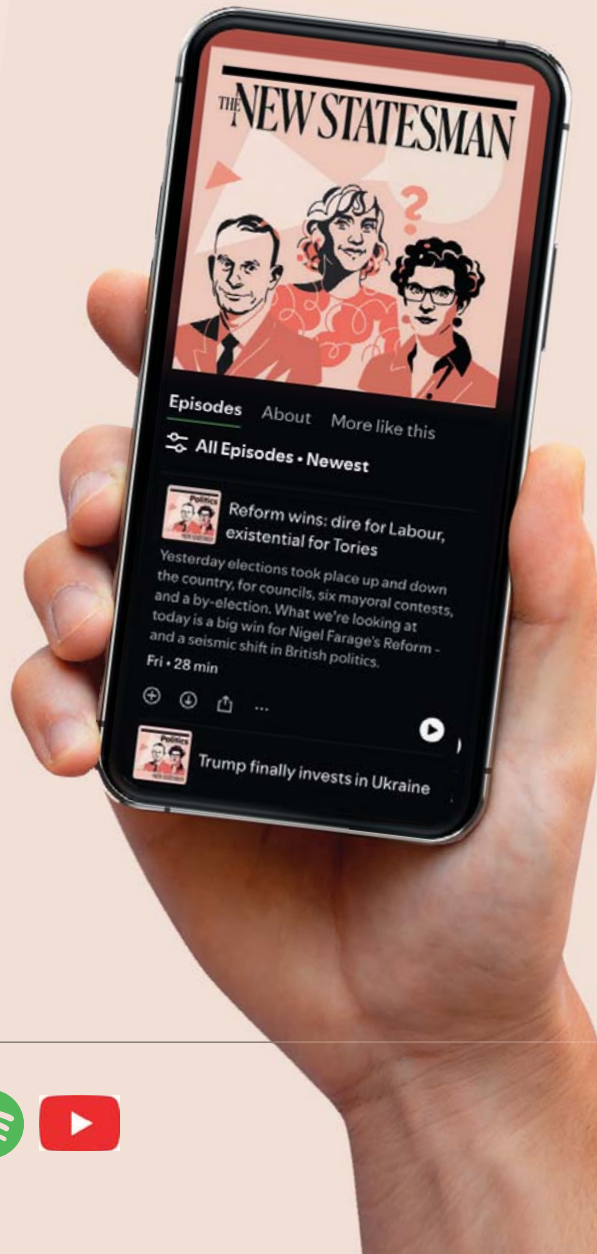
Alison McGovern

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# Austerity's children

The UK is suffering through a hidden crisis: the worrying rise in child poverty. According to the government's own estimates, 4.5 million children are growing up in relative poverty (measured as below 60 per cent of the median household income). That equates to 31 per cent of all children in the UK. This number grew by 800,000 between 2012-2013 and 2023-24.

The effects of a childhood spent in relative poverty are pernicious. It can impact health, education and whole-life prospects. The data on the rising numbers are a damning indictment of 15 years of failed policy. The government must change course, but they have a woeful inheritance.

Many of these changes can be traced back to the former Conservative government's programme of austerity, which imposed constraints on benefits. As Mike Brewer, chief economist for the Resolution Foundation, writes (page 8), the most significant of these is the ongoing two-child limit, first introduced by George Osborne. It is estimated that by lifting the cap, 350,000 children could be brought out of poverty overnight.

Labour have not unveiled any plans to do so since they were elected to form a government in July.

Some parts of the country bear the brunt of this more than others. In Birmingham, which Harry Clarke-Ezzidio (page 20) visited earlier this year, cuts to the council's budget following its declaration of effective bankruptcy in September 2023 have left residents struggling with frayed public services. As a result, third sector groups and communities often have to pick up the slack. On page 18, Ian Byrne, the Labour MP for Liverpool West Derby explains how the organisation he co-founded, Fans Supporting Foodbanks, does just that.

The new cabinet, is, however, working on a strategy to alleviate the crisis. Liz Kendall, the Work and Pensions Secretary, is currently devising a Child Poverty Strategy due out later this year. She is being assisted in this by the Employment Minister, Alison McGovern, who sets out the government's aims on page 6.

This special edition of *Spotlight*, guest edited by the former prime minister Gordon Brown, takes child poverty as its focus. Writing in this edition, Mr Brown encourages the government's Child Poverty Review to recommend meaningful and enduring anti-poverty initiatives that will enable a fair start for all children. ●

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## Spotlight

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# Why we need a national system of crisis support

The social safety net has been eroded. It's time to rebuild

By Gordon Brown



Food bank dependency has surged

**T**he crisis support system is broken. Only a radical reform will make it again fit for purpose for families facing emergencies they cannot handle on their own.

For what do you do when redundancy hits, or cancer is diagnosed, or there's a death in the family? How do you cope with the extra expenses that fall on family budgets when, already on low wages or low benefits, you can barely cover your everyday living expenses and make ends meet?

Every family finds itself with additional burdens at some point in their life cycle because of unexpected events – from sudden illness or disability or changes at work affecting family fortunes. But our country is doing far too little to help people cope. According to the Joseph Rowntree Foundation, almost four million citizens, one million of them children, are destitute or near destitute, either going without shelter, meals or the funds to keep themselves clean or adequately clothed.

Fourteen years of Conservative austerity did not only cut benefits for those in and out of work but also destroyed the crisis support system, not



since 2010, when there were only 35 food banks in the whole country. Today there are 2,600

least with the abolition of the Social Fund, which had helped families facing unexpected emergencies. Crisis support was transferred from the government to charities, the social safety net unceremoniously removed from the social security system and left to food banks. While the Household Support Fund was later introduced, it is administered not by the Department for Work and Pensions but by local authorities, and its £1bn-a-year budget has to cover everything from food, heating and rent to the purchase of essential goods from washing machines to cookers for the 14 million people officially in poverty, offering on average £1.50 a week – hardly enough to pay for a loaf of bread, far less household necessities.

Just think of a mother, suddenly fleeing domestic violence with her children, and having not just to find accommodation but also to replace the household furnishings, everything from toiletries to beds, that she has had to leave behind.

Great charities have tried to fill the gap, including through community pantries and larders, and the breakdown

of the crisis support system is one of the reasons food banks have dramatically risen in number from just 35 in 2010 to 2,600 now. But when squeezed between rising demand from a growing population of those in acute need and the rising cost of food, they report that they cannot do all they want to do.

One indicator of the broken crisis support system is the number of children forced into care not because of domestic violence or poor parenting but simply because of the poverty experienced by their families. A few months ago, I visited Wigan's much-praised The Brick homeless charity to open its new crisis support service. At the end of the afternoon, a father walked in with his 16-year-old son to say he could no longer afford to keep him – and immediately walked out and away, leaving his teenager in a flood of tears. For a few pounds a week supplementing the father's wages, that child could have remained at home, but the cost of his son in care could have been as much as £200,000 a year. And as Ashley John-Baptiste recounts in his own moving experience of being in care – in the issue of the *New Statesman* that accompanies this edition of *Spotlight* –

the high costs of induced admissions to residential care show how counterproductive it is to kill off our national crisis support system.

I've been fortunate to have been involved in Wigan and in five other regions of the country in a project that complements food banks. Multibanks are clothing banks, hygiene banks, furnishings banks, bedding banks and baby banks rolled into one, there to meet the holistic needs of families and provide more than a safety net for those in poverty – rather a springboard out of poverty. What's more, some Multibanks are not just tackling poverty but tackling waste, because the main source of supplies are surplus goods, from microwaves to trainers, from sheets and towels to shampoo that companies no longer need and which would otherwise be incinerated or sent to landfill. So Multibanks can make the connections between the companies that have goods people need and the charities that know the people who need them. And the expansion of Multibanks to all areas of the country could, for now, fill the gap left by the abolition of the Social Fund.

A longer-term way forward is setting, as the Joseph Rowntree Fund proposes, a destitution standard below which no one should fall. Another way is to remove one major cause of debt and families falling deeper into poverty – the five-week wait for social security benefits – and also a further change in the deductions regime, to be more realistic about what families subject to deductions can actually pay without falling further into poverty.

A long-term solution like the restitution of the National Social Fund awaits legislation, but if we are to end the need for food banks, as the Labour 2024 manifesto promised, it should be the subject of a recommendation from the Child Poverty Review. The need is urgent, we cannot wait, and all those who can make a contribution – local and national government, charities, foundations and companies – should come together in a new partnership to ensure a national strategy for crisis support in the country. Each has something to offer and we can achieve together more than we can ever do in isolation. There is no shortage of will to act, no compassion fatigue when it comes to helping children flourish, and destitution in Britain can swiftly be brought to an end. ●

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## The view from government

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**Alison McGovern**  
Labour MP for Birkenhead  
and Minister of State for  
Employment

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“Child poverty isn’t inevitable. It’s only a Labour government that can fix it”

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For far too long, growing up in poverty has meant having your life characterised in one of two ways: either you are seen as helpless and in need of charity, or you are from a community that is a drag on our economy.

That meant people at the sharp end of poverty were often cast as both the victim and the perpetrator. Either to blame, or powerless to change your own life. Under the Tories, you couldn’t win.

But we have a Labour government now, and it’s about time that we told the truth about poverty. The situation we inherited means that four million children are growing up poor in our country today, lacking the power or means to break out of this cycle. Poverty robs people of the opportunity to choose how to live their life.

But it’s not an inevitability. It’s often the result of poor political choices. It was a posh Scouser who, at the turn of the last century, campaigned for changes to employment rules and for the creation of family allowances. Eleanor Rathbone, who came from

Liverpool merchant money, focused on workplace rights and social security precisely because she didn’t just want women to be free from starvation with hand-outs from well-meaning volunteers, but also to have power and choice in life.

Rathbone had money. Unlike most women then, she could study at university, write and be published, and sit on the same green benches I do now. Knowing the dignity of self-determination, Rathbone knew that poor families were not in need of condescension or condemnation but rather the power to take control of their own lives.

What was true at the turn of the last century is true now: families doing the right thing in the United Kingdom shouldn’t be poor. This is the cycle that Labour is determined to break. That’s why our Child Poverty Taskforce is ambitious and looking at all available levers, from increasing incomes to reducing the cost of essentials.

Since July, the Taskforce has taken part in more than 230 engagements with over 160 organisations. Most importantly, we’ve listened directly to children and parents living in poverty, putting them at the centre of the conversation.

Just a few weeks ago when I sat in Parliament ready to vote to support Scunthorpe’s steel workers, I was one of many Labour MPs in their forties who were just children when our own towns, and our own families, dealt with an unmanaged economic transition that left millions jobless.

I know that I speak for a lot of us in saying that moment in Parliament was part of a lifelong journey that began when we were children, watching panicked adults in fear of paying the rent or the mortgage. That fear is bad for everyone. It’s bad for children who should be free to take a risk on themselves, and it’s bad for our economy as we collectively pay the price of failure.

That’s why our Child Poverty Strategy will focus on bringing about enduring change for our children.

We will work alongside parents to help them into jobs and to move up in their careers, and we will tackle the biggest risks families face, whether that is poor housing or unsustainable indebtedness.

This will complement our *Get Britain Working* plan as we overhaul jobcentres, create better jobs, transform skills and deliver the biggest upgrade to rights at work for a generation.

And we are also putting more money in people’s pockets now. We have uprated benefits, increased the National Living Wage, boosting payslips by up to £2,500 a year, and we are capping debt repayments for people on Universal Credit, meaning 1.2 million households will be £420 better off each year.

By working across government, we will drive down child poverty in every corner of the country, raise living standards and deliver on our *Plan for Change*.

We will focus on the potential our children have to choose a future for themselves, with the dignity and reward of hard work and a good life to come. ●

MARTA SIGNORI



**Tom Clark**  
Contributing editor,  
*Prospect* magazine

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# “Poverty may be the single most important cause of preventable ill-health and disease”

In a lot of the Westminster reporting, poverty and health are treated as different, maybe even rival concerns – a story might say the Chancellor has decided to “put the NHS first” and so action to tackle family hardship is going to have to wait.

But for scholars of public health, the two things are umbilically joined: poverty is probably the single most important cause of preventable ill-health and disease. Sometimes the links are obvious, poor food being one clear channel. The damage – occasionally fatal – that damp housing can do to lungs is another.

Sometimes, particularly with mental health, the connections are more complex, but still easy enough to grasp. In my research for the Joseph Rowntree Foundation, I found that the financially insecure were more than twice as likely to report waking up worried at night or having a stilted social life. Here a “spiral” is at work: poverty creates anxiety about paying the bills, anxiety knocks social confidence, which diminishes work prospects, and so ends up deepening poverty again.

Occasionally, however, the association between poor health and hardship, though crystal clear in the data, work in more oblique ways. When a broken oven can't be repaid without a debt from the loan shark, or the nearing of a child's birthday is experienced as a financial threat, poverty gets under the skin. Such recurrent, money-related stressors gradually translate into hypertension, diabetes and ischemic heart disease, then eventually strokes and heart attacks. It is, then, no coincidence that a century of uninterrupted progress on life expectancy started to peter out after George Osborne took an axe at so many benefits and services for the poor. Beneath the headline of average stagnant longevity over the last decade or so, the official statistics record that women specifically in poorer neighbourhoods started dying earlier than previously in the late 2010s; the pandemic then imposed the heaviest death toll on men in the same deprived postcodes. One lesson for today's Labour government is that, even if tackling deeply poverty isn't one of its five “missions”, it will have to get a grip on rising penury to stand any chance of delivering on its “health mission” of a country “where everyone lives well for longer.”

Another is that it needs to proceed very carefully as it overhauls social security for sick and disabled people. The aim is to arrest a rising caseload to make savings for the taxpayer and, ministers hope, encourage some extra disabled people into work. Both goals have a logic, but for the sake of “living well for longer” it's essential to remember the large – and probably overwhelming – proportion of the caseload that won't realistically be moving into work any time soon. And even those claimants who might do so will be alarmed that benefit cuts are due to bite before the enhanced employment support that's promised is fully up and running.

Yes, it could be good news for some sick and disabled benefit claimants and the taxpayer alike if more people are supported into work. The risk, however, is that many poor families who rely on such benefits could become poorer again; and, moreover, that the effects will ripple across the depressed local economies where these claimants are concentrated. Absent an unprecedented transformation in both employment opportunities and wider support services, we could end up with more poverty rather than less. And that wouldn't be a recipe for everyone living well for longer, but rather for a sicker society than before. ●

# “Reducing poverty is an urgent goal”

## Improving outcomes for children should be central to Keir Starmer’s five missions

By Mike Brewer

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“Poverty scars the lives and life chances of our children. It is shameful that child poverty has increased by 700,000 since 2010.” These are words you might expect from the Child Poverty Action Group – but they came from Liz Kendall and Bridget Phillipson, as they outlined how they would develop the government’s child poverty strategy in 2025. Their promise: “an enduring reduction in child poverty in this parliament”.

Reducing child poverty is an urgent goal. In 2023-24, 4.5 million children in the UK (31 per cent) were growing up in relative poverty after housing costs, meaning children and their parents are more likely to be in a precarious position than pensioners or working-age adults without dependent children. In 2022, more than one in ten British 15-year-olds (11 per cent) reported skipping a meal in the past month due to household financial constraints, compared with just 3 per cent in Portugal, the Netherlands and Finland. The UK’s child poverty rate, after housing and utility costs, is higher than in any EU or EFTA nation except Greece.

The government’s child poverty strategy will focus on four themes: increasing incomes, reducing essential costs, building financial resilience, and improving local support. Of these, boosting incomes is the quickest, most effective, and most reliable route to lifting families out of poverty and to improving children’s health, well-being, and educational outcomes.

So, what might the government do? A meaningful strategy must have a target so ministers can be held to account. We suggest the bare minimum would be to lower child poverty from the projected 31 per cent in 2024-25. But even that will be a major challenge (not helped by the welfare reforms announced this spring, which the government believes will push around 50,000 children into poverty overall). On current policies, we project that child poverty will rise during this parliament and the next, reaching 34 per cent (4.8 million children) by 2029-30 – the highest rate since the 1990s and the highest number on record.

But this is a projection, not a prediction. Kendall and Phillipson are consulting widely and listening to families and children in poverty. We learned a great deal from work in the 2000s, when the Blair-Brown

government set child poverty as a cross-government priority.

One lesson is that growth in isolation will increase the gap between the middle and the bottom of the income distribution, worsening child poverty. But the Prime Minister is still right to prioritise growth: it creates the fiscal space for more targeted reforms. Getting more parents into work, or helping them earn more, remains one of the most effective (though not guaranteed) ways for out-of-work families to escape poverty. But this will require new policy ideas, as the nature of child poverty has shifted.

Today, more than two-thirds (72 per cent) of children in poverty already live in working families, up from 49 per cent in 2000-01. And nearly nine in ten (87 per cent) of the remaining workless families face barriers to employment: caring for young children, juggling multiple children, or managing disabling health conditions. These gains won't come as easily as they used to, but better childcare and employment support for parents with health conditions should be prioritised.

When we talk to overstretched parents, they tell us that expecting them to upend their lives for a better job is one stress too many, especially in today's insecure labour market. That's why the Employment Rights Bill has real potential to reduce in-work poverty. So too does investment in public transport. Not HS2, but practical issues like better bus services which open up access to job opportunities.

Our modelling shows that in an optimistic scenario – with more parents entering work and rent growth slowed by government action – the number of children in poverty in 2029-30 could be reduced by 130,000. That would also save the Exchequer £2bn annually. It would be important progress – but not enough to prevent child poverty from rising overall.

These baseline projections for poverty are so stark because the government has inherited a plan of ongoing social security cuts. Jeremy Hunt increased support for renters during the cost-of-living crisis – but at the same time froze local housing allowance (LHA) indefinitely. The benefit cap, which is also frozen, holds back more families each year.

The most significant ongoing cut, however, is the two-child limit on



**The government must act to prevent another shameful rise in child poverty**

benefits paid through Universal Credit, introduced by George Osborne. Its gradual rollout continues to push more children into hardship. As a result, half of all children in poverty now live in families with three or more children – and half of all children in larger families will be in poverty by the end of this parliament. Abolishing the two-child limit (and the benefit cap) would lift a huge half a million children out of poverty. Some suggest compromise options including a three-child limit, or exemptions for children under five. Any reform would be better than none – but half-measures should be temporary and come with a clear timetable for full abolition. Without that, the DWP risks presiding over rising child poverty in this parliament.

Retaining the two-child limit is popular with voters, so ministers may look for other (less efficient) policies. Phillipson could extend the coverage of free school meals to all children in Universal Credit families: the government's "opportunity" mission is made harder when children's progress is held back by financially insecure family circumstances. Kendall could restore the

coverage and value of the family element in UC, phased out by Osborne, and which would be worth up to £800 per family in 2029, or repeg LHA to local rents.

Rachel Reeves' first Budget was described as a return to tax and spend, but she was just correcting the "fiscal fictions" that her predecessor had pencilled in for public service spending and investment. In the same way, past governments have banked the savings from future cuts to benefits in ways that are not sustainable for low-income families; these must now be undone to get child poverty under control.

Even if the government implemented every idea in this article, it would only partially reverse post-2010 social security cuts – and fall far short of the Blair-Brown era's family benefit expansions (which amounted to around £40bn). Resources are tight, but plugging the growing fiscal black hole as the tax revenues from petrol and diesel evaporate would more than pay for a comprehensive child poverty strategy. The government needs to deliver for the UK's families and prevent another shameful rise in child poverty. ●

# Inside the hidden homeless crisis

## How insecure housing impacts tens of thousands of children

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In association with

# Impact on Urban Health

More than 60,000 people in London are living in temporary accommodation (TA). With housing costs vastly inflated, the crisis of the so-called “hidden homeless” is even more extreme in the capital than elsewhere. While the public’s perception of homelessness often focuses on rough sleeping, this is a far rarer phenomenon when compared with the vast numbers of registered homeless people who are suffering the precarity of sofa-surfing with family and friends, or else living in council-provided TA..

Nowadays, TA, while allocated and paid for by local authorities, is rarely owned by them, since councils have had their own housing stock decimated over the last forty years of right-to-buy and low rates of housebuilding. Instead, TA for homeless residents often entails budget hotels, hostels, and B&Bs, with whole families sometimes sharing single rooms. If this is not an option, accommodation for the homeless is sought in the private rented sector, which can also be over-crowded, with councils paying private landlords to provide those in acute need with shelter.

The places that we grow up, live and work impact how healthy we are and urban areas, like inner-city London, have some of the most extreme health outcomes. Alongside their vibrancy and diversity sit stark health inequalities and high levels of homelessness. The effects of living in TA are particularly harmful for children and young people. Statistically, every classroom in the capital will have a homeless child. In some schools, particularly in areas of lower-than-average income, the number of homeless pupils can be as high as 25 per cent.

One of those pupils is Timi, an 18-year-old from South London.

“I’ve lived the majority of my life in TA”, he says.

Timi, who is autistic, has been in his current temporary home for nine years with his mother and three siblings. With his lifetime of lived experience, he knows that conditions are often well below livable standards.

Families living in TA often lack access to adequate cooking facilities – this is especially the case for families placed in hotels. The lack of access to healthy, fresh and nutritious food can quickly have massive consequences for children’s physical and mental health, including: malnutrition, diabetes, heart disease,

obesity, depression, and exhaustion. These are just some of the many ways that living in TA perpetuates health inequalities for children.

“In many places we’ve stayed, including where we are now, there have been rotten sofas and fridges, dirty surfaces, including mold that covered the entire bathroom for a very long time”, says Timi. “We’ve stayed in places where none of the cooking appliances worked, the heating didn’t work, some places didn’t even have a shower, so we had to use buckets to wash.”

The young Londoner, who will be taking a place at university next year, has even been seriously injured due to faulty appliances in TA. He recounts an incident when “the glass in the shower broke all over me. Paramedics had to attend and I went into urgent care... We’ve also had issues with sewage in the garden and toilets not flushing”, he adds. “The amount of things that go wrong with TA... you become numb to it.”

Perhaps unsurprisingly, almost six in ten TA residents report that their children’s physical or mental health is being negatively impacted by their living situation. Temporary housing has been linked to the deaths of at least 74 children, according to figures from an NHS-funded database. 58 of those deaths have been of children younger than one year old.

The effect on children’s education and their access to public services more generally is also severe. “I’ve been to eight schools, mainly due to moving around a lot”, says Timi. “Part of the stress is that the council can put you wherever they want to, they can move [you] because it’s not part of the council’s housing stock. It means that the landlord can take back the property at any time.” More than half of young TA residents have been forced to move schools.

According to research by the Institute for Health Equity, children under five years old living in TA are also less likely to receive statutory checks from health visitors in their home, they are therefore also more likely to miss routine screening and immunisations.

To compound all this, temporary accommodation residents are also far more susceptible to getting into problem debt, which can then be used as a reason to exclude them from waiting lists for a social rent home. This ‘debt trap’ is a policy barrier which has been raised by



**Timi campaigns against poor conditions in temporary accommodation**

academics at Kings College London and the charity Shared Health Foundation. For many, it is all too easy to accrue these types of household debt. The housing charity Shelter found that almost nine in ten (87 per cent) of TA residents struggle to keep up with their housing costs, and almost half (47 per cent) have borrowed money to keep up with payments. Financial burdens are often exacerbated when residents are forced to reduce working hours (affecting 27 per cent) or even stop work completely (11 per cent) due to the impact of being moved around temporary housing allocations.

“Your life chances from a young age are impacted by constant moving, constant worries, constant stress,” Timi says. “Your whole future is put on hold because you have to deal with homelessness, because you have to contribute to bills. The moment you turn 16 the council asks for evidence that you’re still in education, otherwise you have to contribute to rent. I started working before I even received my GCSEs and contributed to paying bills. TA is destroying young people’s futures.”

But things can change.

Young people like Timi are organising and becoming involved in social action.

“Last year I successfully applied to the

Young Gamechangers Fund, part of the Co-op Foundation, for funding for an initiative I called Project 9.0”, he says.

“The project aims to create a coalition of people who have lived experience of homelessness and TA. We want to identify solutions and create a nine-point plan to end child homelessness in London within 9 years (by 2035). We’re looking for children and young people aged 11-25 with experience of homelessness, whether that’s temporary accommodation, or other forms of housing insecurity, to join the campaign”.

Impact on Urban Health are supporting a number of initiatives to improve security for tenants, prevent homelessness, and ensure that when TA must be used it meets the needs of children and families. Too often, TA prevents children from having access to the things they need to be healthy, feel safe, and reach their full potential. To address this, Impact on Urban Health are calling for an end to the long-term use of Temporary Accommodation and the barriers that it creates to achieving health equity for all children. ●

*If you’d like to find out more about Project 9.0 and get involved, please visit [www.endz.uk/project9.0](http://www.endz.uk/project9.0)*

# We need a Minimum Income Standard

To prevent social calamity, benefits must be restored

By Donald Hirsch

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Twenty years ago, debates about child poverty were focused on the need for all families to share in the growing prosperity of our country. Today we talk more about why so many need to use food banks because they have run out of money before the end of the month. Many factors contribute to family poverty, but an underlying issue is whether our social safety net provides the income required to meet the most basic of needs. Increasingly, under recent policies, the answer has been no.

Universal Credit (UC) provides a baseline income for out-of-work families, with the amount paid progressively decreasing for working families according to their earnings (the more you work, the less you get). Thus the level of the baseline entitlement affects millions of families both with no earnings and with low earnings. The inflation-adjusted level of this entitlement has fallen by roughly 10 per cent since 2010, mainly due to a freeze between 2016 and 2020. But in addition, most recipients are also being affected by at least one of a range of additional restrictions in UC entitlements, notably its limiting of the number of children supported to two; the freezing of the housing element for private renters despite rising rents; and an arbitrary cap on the total benefits that a family can receive.

A 10 per cent reduction in income may be manageable for some, but less so for families already living close to the edge. And, unfortunately, the cut has been much more serious than this when taking account not just of inflation but of the actual costs that families face.

A key benchmark in considering income adequacy is the Minimum Income Standard, a metric that I helped establish in 2008 and which continues to calculate annually what different family types need to reach an acceptable standard of living allowing dignity and social participation. Researchers at Loughborough University work closely with members of the public to reach agreement on what needs to be included in a household budget. While our social safety net has never come close to reaching this level, this benchmark allows us to see how far it is falling short, and whether this gets better or worse over time.

In 2010, minimum benefits paid around 60 per cent of what families needed to live in dignity; today it is



Food bank use has soared since 2010, when the proportion of the Minimum Income Standard that benefits provided began to shrink

around 40 per cent for most families, and just 35 per cent for larger ones. This is a deterioration by at least a third over 15 years. Following the decade up to 2010, which included generous increases in children's benefits while adult benefits just kept up with inflation, those without children became much worse off than families, having to live on well under half of the required minimum if they did not work. There was an emotional commitment to protect children from penury. But today, the safety net for families is as bad as it was 15 years ago for adults without children, who themselves now have to live on even less, barely a quarter of what they need. This is not even enough to cover food and fuel.

Out-of-work families with children would need to allocate two-thirds of their budget to cover an adequate diet and energy costs, items that take up only a fifth of the average family budget. This leaves far too little for the many other items they need to cover – such as clothing, transport, household goods, toiletries and a modest amount of leisure – which often means using some of the food budget to cover essentials in other categories.

Why have benefits deteriorated relative to minimum needs by so much more than suggested by the 10 per cent fall in inflation-adjusted benefits? Partly this is due to basics such as food and energy having gone up faster in price than the overall inflation rate. It is also to do with changes over time in what expenditures are considered essential. This has been affected by the perceived effect of austerity on public services. Parents taking part in the research now say that a family outside London needs to pay for a car because of deteriorating bus services, which in 2010 they thought could just about be relied on to meet minimum family needs. Most recently, they have also added a budget to cover occasional health spending using private services that previously they counted on the NHS to provide.

Without action to improve UC entitlements by more than just inflation, this miserable situation for families depending on the benefit system will continue unchanged. In fact, for some family types, it will get worse. Increasing numbers are being caught by the two-child limit, which is applied if the youngest child was born after 2017. There is also a higher rate of UC for first

children, which is being abolished for those born after the same date.

This continued rolling out of Conservative austerity policies threatens to take child poverty to record levels. The 1980s and 1990s saw a more than doubling of the prevailing postwar child poverty rate. New Labour's assault on it in the 2000s reversed about a third of that increase on official figures (although later analysis suggests that the under-reporting of benefits and tax credits in income surveys makes this an underestimate, and Gordon Brown actually got close to his target of halving the number of children in poverty by 2010). Now, tragically, child poverty is heading back towards the highs of the 1990s.

The realities behind such indicators are stark. By 2029, under present policies, an out-of-work family with three children under 12 will have only a third of what they need to live a dignified life. This condemns many families to the edge of destitution, saved from hunger only by the charity of food banks and others. Did we really expect the 21st century to be like this? ●

*Donald Hirsch is emeritus professor of social policy at Loughborough University*

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# The forgotten crisis

## Despite new data, children in poverty are still being neglected

By Samir Jeraj

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Mary remembers when she became homeless. She was in year four at school and her family “hopped” around different friends’ houses for a year. During that time, she stopped going to class for months, which led to the school stepping in. Mary is one of the millions of young people in the UK who grew up in poverty, a number that has now grown to 4.5 million.

Living in a low-income family meant Mary could never afford school trips or school meals – even her school uniform required months of saving up. “I remember it being more isolating,” she said. “I guess I was old enough to know what was going on, and so I just wanted to get out of that situation.”

Public policy can, and often is, a dry retelling of statistics and figures that struggle to convey the magnitude and impact of an issue such as child poverty, let alone what that means to an individual. Early attempts to quantify poverty by social reformers such as Seebohm Rowntree set an amount of money within a family below which they would be in poverty.

A figure for child poverty was not attempted until 1965, when Brian Abel-Smith and Peter Townsend estimated that 2.25 million children met the definition in their book *The Poor and the Poorest*. These figures were based on a family having an income that was below 140 per cent of the “National Assistance” payments made by the state.

Nowadays, poverty is calculated using a threshold of 60 per cent of the median income and, in the UK since 1996, subtracting housing costs, given the particularly high cost of housing here. There is a good degree of consensus across those working on child poverty that this is a decent threshold. It is not, however, without its weaknesses.

“I do think that is a useful measure, but it’s just one specific measure. It’s based on a line which is fairly arbitrarily drawn, and you know, it will sometimes miss important subtleties,” said Tom Wernham, a senior research economist at the Institute for Fiscal Studies.

For example, he continued, a policy such as removing the benefit cap would seem to have little effect on the number of children in poverty. However, that is because its impact would mainly be on those children living in deep poverty



**One hundred and thirty organisations are calling on the government to set legally binding targets to reduce child poverty**

(which is defined as 40 per cent of median income). It would not by itself lift them over the poverty line, but it would get them much closer than they were. “One solution to this is, when we’re thinking about evaluating specific policies, trying to think how they will affect incomes across the distribution,” Wernham said.

Another challenge is place. Housing costs in a city such as London are very high and have a big impact on the number of children in poverty. However, public services in London, such as transport, schools and parks, are more available than in parts of the UK with lower housing costs, or rural areas. To an extent, housing costs act as a proxy to the quality of local services, but that brings its own challenges. “[It] comes back to this question of, what do you want? What do you want the measure to do?” Wernham said.

The success of New Labour in bringing down the level of child poverty was, in part, due to setting legally binding targets based on the 60 per cent median income measure. “[It] really focused both minds and government departments to ensure that they were pulling together across Whitehall,” said

Rachel Walters, coalition manager at End Child Poverty. However, those targets were dropped after Labour lost the 2010 general election.

Walters and the 130 organisations that comprise the End Child Poverty coalition argue that the promised Child Poverty Strategy from the government must include legally binding targets again. “We think that a government should be able to have less than 10 per cent of children living in poverty,” said Walters, adding that this is “a long way off” at present. “The need to reduce child poverty came directly from the PM and the Chancellor. So, it was really considered a top priority for the whole of government, and that’s what we want to see this time around,” said Walters.

Wernham points out that there are other statistics published that are connected with poverty, and child poverty, that are useful in of themselves, but are not as good for evaluating the impact of policies. There are indicators for deprivation and food insecurity that are released alongside the official poverty statistics. There is also a new measure of what the Department for Work and Pensions is calling “below average resources”, similar to the

poverty measure but taking account of other factors, such as childcare and disability costs.

It is possible that, over time, extra costs will be added to the measure of poverty, akin to the 1996 addition of housing. This should bring greater attention to those components of the costs that drag families down into poverty. The solution, however, is not just to cut costs but also to raise incomes.

Mary’s family were eventually placed in temporary accommodation, where they stayed for another two years. “It was a very, very slight relief, because at least we had our own space,” she said. But the space was limited, and the living situation had an impact on her parents. “All their emotions just spilled out, and it would be arguments and arguments after each other,” she said. While they were in temporary accommodation, Mary’s dad suffered a health crisis and nearly died.

These are experiences that are impossible to quantify, but the broad measures of child poverty are good enough to make public policy interventions. The question is whether policymakers are good enough to act on them. ●



**Harry Quilter-Pinner**  
Executive director, Institute  
for Public Policy Research

# “A gambling levy could be a fiscal ace up the sleeve”

When James Bond played a straight flush against Le Chiffre in *Casino Royale*, he looked cool. Very cool.

The odds of such a hand? One in 72,192, or a probability of just 0.00139 per cent. But this tuxedo-clad, odds-defying image of gambling is misleading. In the UK, gambling is more likely to take place on a smartphone than in a glamorous Monte Carlo casino. The three most popular forms of gambling in Britain are online: online casinos, online slots, and online sports betting. And unlike in Bond's world, where villains are brought to justice, here the real winners are the gambling companies.

As the saying goes, “the house always wins” – with players and society left to pick up the tab.

The most socio-economically deprived and disadvantaged groups in the UK have the highest levels of “harmful gambling” – meaning gambling that results in financial distress or negative impacts on health or social connections. Gambling for some may be fun, but for others it's a serious addiction.

Despite these harms, we have an unusually low tax rate on the industry. Britain's Remote Gaming Duty – effectively the tax on online casino profits – stands at just 21 per cent. This is far lower than many other countries: in the Netherlands it's 40 per cent; in Austria, 54 per cent; and even Delaware, a tiny US state, has set its rate at 57 per cent.

We already recognise the need to tax harmful industries like tobacco and alcohol, both to generate revenue and to offset their social costs. A pint of beer or a pack of cigarettes are taxed heavily: a third of the cost of a pint and three quarters of the cost of a pack of cigarettes is tax. Yet online gambling

– despite its well-documented links to addiction and financial ruin – remains comparatively undertaxed.

It is unsurprising that the sector is booming. Since 2015, remote gaming yields have grown by 40 per cent in real terms, extracting ever more money from British households while contributing relatively little to the public pot in return. Despite record-breaking profits, online gambling raised just over £1bn for the Treasury in 2023-24. That's a drop in the ocean compared to what other industries pay.

Worse still, some of these companies avoid UK taxes altogether by basing themselves offshore. Many are headquartered in Gibraltar or the Isle of Man, taking full advantage of loopholes that allow them to dodge UK corporation tax. Meanwhile, they enjoy further perks at home, including a VAT exemption on gambling. The industry extracts billions from British pockets each year, yet it benefits from tax breaks that even struggling small businesses can only dream of.

The time has come to correct this injustice. Raising Remote Gaming Duty by just one percentage point would generate an extra £50m annually. Increasing it to 41 per cent could bring in £1bn a year. Meanwhile, a unified online gambling tax – applying the same rates across online betting, slots and casinos – could raise an additional £700m if set at 41 per cent, while bringing rates of “Machine Game Duty” rates (payable on the profits from in-person slot machines and the like) to the same level would raise a further £700m. Together these changes could bring in up to £2.4bn a year.

Opponents of higher gambling levies argue that such taxes would push people towards unregulated black-market betting sites. But there's no real evidence for this. When the UK modestly increased gambling taxes in 2019, revenues rose – without any significant shift in betting patterns or an exodus to illegal operators.

The government has set itself ambitious goals: growing the economy, bringing down bills, and restoring public services.

To do all this, it needs to raise revenue – and quickly. Taxing online gambling fairly is a no-brainer, and the funds should be directly reinvested in tackling poverty. Collectively, these reforms could generate enough revenue to scrap the two-child limit and lift hundreds of thousands of children out of poverty.

The government has a simple choice: continue allowing offshore giants to extract wealth with minimal taxation while harming some of the most vulnerable people in our society. Or take a stand, and tax online gambling like we do tobacco and alcohol – putting this revenue back into the communities that have suffered most from the consequences of the gambling epidemic.

Right now, the gambling industry is benefiting from the luck of the draw. But a gambling levy can be the ace up the government's sleeve in tackling the next generation of poverty and deprivation. ●

# Rachel de Souza: “Children experience poverty in ways that adults do not”



Rachel de Souza is the Children’s Commissioner for England. She is a former headteacher and founding chief executive of the Inspiration Trust academy network

## What is the role and responsibilities of the Children’s Commissioner?

My job is to shine a light on the things children tell me and take this directly to politicians, ministers and decision-makers. I have some “superpowers” that help me do my job well – gathering data from public sector organisations that build a better evidence base on relevant issues or entering premises to observe standards or speak to children.

Children’s experiences of poverty are absolutely central to the government’s Child Poverty Strategy, because they go through it in ways adults do not. Their insights are unique, and they are often impacted in the most significant ways.

## What has shocked you most about child poverty while in your role?

I have been struck by how differently

children talk to me about family life now compared to when I became Commissioner in 2021.

Ultimately, poverty is about a lack of money – something that is often lost in debates about alleviating its effects. Children themselves do not talk about ‘poverty’; instead, they talk about living in insecure or dangerous housing, sharing bathrooms with strangers or not having access to a shower, limited transport meaning long commutes to school or frequent school moves, and the resulting sense of shame that children tell me they feel about their circumstances.

Children who grow up in poverty often have lower expectations for themselves and their lives compared to their peers.

## What more should the government do to tackle the issue?

I am in favour of scrapping the two-child limit. Supporting families in need is the most effective way to alleviate the effects of poverty and the best form of early intervention, and ultimately families need more money in their pockets.

But this cannot be a conversation

solely about money – children do not talk about “poverty”, nor do they talk only in financial terms. I regularly speak with ministers, and have shared some of the harrowing accounts from children in our biggest cities about living in unsafe, crowded housing with vermin and mould – and how this impacts their education, or their health.

I want those making decisions about children’s lives to not just hear from them directly but recognise that children do not see things as singular issues that fit neatly into departments: they want services that work together and intervene earlier to prevent problems from worsening.

## What else can national and local leaders do to reduce child poverty?

We need a whole society mission to break the links between a child’s background and opportunities. It’s not solely about income, but giving children the chance to grow up in communities that are safe, supportive and aspirational. That means strong local leadership and high standards across everything we do; we cannot accept higher levels of antisocial behaviour or poor upkeep in low-income areas.

## How can schools – the place where children spend vast periods of time – better support vulnerable children?

Later this year, I will publish the findings from the Schools and College Survey, which heard from nearly 19,000 schools and colleges in England.

Just under half of school leaders identified poverty as the most pressing concern facing children beyond education in their local community. Children mentioned how their schools are a “lifeline” – providing free school meals, supplies and a sense of stability. While this support is invaluable, they highlighted the need for more consistent understanding of what it means to grow up with a challenging home life.

Therefore, we must equip school staff with the skills and knowledge to better recognise and respond to the pressures these students face, and ensure every young person has access to trusted adults they can turn to. From my experience, when students know they have an adult at school who listens and cares, it can make a huge difference to their sense of safety and belonging. ●

# “Hunger is a political choice”

## Ian Byrne MP on Fans Supporting Foodbanks, Hillsborough and tackling inequality

By Megan Kenyon



Ian Byrne has been an MP since 2019,

Shortly after Labour’s landslide victory at the general election in July 2024, the party removed the whip from seven of its MPs. All seven had voted for an amendment to the King’s Speech tabled by the SNP, which would have removed the two-child benefit cap. Among the seven was Ian Byrne, the 52-year-old MP for Liverpool West Derby, a former trade union organiser and previously the office manager for fellow Liverpool Labour MP, Dan Carden.

Byrne was first elected to parliament in 2019 and was re-elected in 2024 (although with a decreased majority). In August, he had the whip reinstated alongside four others in the group, including fellow Corbyn-aligned leftwingers Richard Burgon and Rebecca Long-Bailey. When I met Byrne at his parliamentary offices on a bright morning in March, he calmly reiterated his opposition to the two-child cap:



and is the co-founder of Fans Supporting Foodbanks, which was founded in Liverpool in 2015

“We won’t solve the issue of child poverty without removing it.”

For Byrne, tackling child poverty has become a driving mission, so he felt he couldn’t turn his back on it that day in the Commons chamber. This mission has deep roots. Before he was elected to parliament, Byrne was employed by Unite, helping organise sub-contracted NHS workers for better pay and conditions. One morning, he and his colleague, Dave Kelly, visited a community centre “a stone’s throw away from Anfield”, near to where Byrne (a lifelong Liverpool fan) was living. On his way into the community centre, Byrne saw a group of people in a queue. “I didn’t know what they were queuing up for,” he told me, “I realised it was for a food bank.”

When Byrne looked closer, he saw that there were people he knew in the queue. Though the charity was run on generous donations from locals, the

community was struggling. This is reflected in the data. Liverpool is the third most deprived local authority area in England: 63 per cent of its residents live in places that are ranked among the most deprived in England. Three in ten children in the city live in poverty.

After seeing people he knew in the queue to access provisions at the food bank, Byrne couldn’t sleep that night. “I felt ashamed of myself that I didn’t realise the extent of what we were actually seeing,” he said.

The scale of this emergency is stark; and it is growing. According to data from the Department for Work and Pensions, in 2022-23, 2.3 million people lived in a household that had used a food bank in the past 12 months. Between 2017-18 and 2023-24, the number of emergency food parcels handed out by the Trussell Trust more than doubled, from 1.4 million to 3.1 million.

A night of tossing and turning moulded an idea, and the next morning, Byrne immediately got in touch with Kelly (an Everton supporter) to start moving. “I got in touch with Dave and said, maybe we utilise the power of the supporters – we’re so close to Anfield and Goodison [Park],” Byrne told me. His plan was to harness the support of the 60,000 Liverpool and 40,000 Everton supporters who descend on the same L4 postcode to watch the two teams play. Their plan was to ask supporters to contribute food or other supplies that would then be redistributed across the city. As fans of the game will know, to have founded a charity that brings together these two ultra-rivals (Liverpool and Everton) is no mean feat.

At the teams’ next matches, Byrne and Kelly rocked up outside each stadium with wheelie bins, into which fans were encouraged to donate items of food and other essentials. And so, Fans Supporting Foodbanks was born. “We haven’t missed a match at Liverpool and Everton since 2015,” Byrne told me. The initiative has proliferated in the decade since its conception. The team have upgraded from their humble wheelie-bin beginnings and now station trucks outside Anfield and Goodison Park, and are there “three hours before kick-off at every game, asking fans to contribute through donations of food”, Byrne said.

Those donations support the eight food pantries that are run by Fans Supporting Foodbanks across Liverpool, which the charity has set up to look like farmer’s markets. Byrne explained that this is to free them from stigma. “Food banks are appalling places,” he said. “The services the volunteers give are magnificent. But it was just so demeaning for the people accessing them. You could see they were defeated before they went in.” By putting more thought into what the food banks could be, or offer to the local community, their influence grew. “A lot of people go now for the camaraderie as well as the food. It’s a place where they feel comfortable, and they feel welcomed. I think that’s really important,” Byrne said.

Byrne was born in 1972 in Liverpool and grew up on the Stockbridge Village Estate in Knowsley, then known as Cantril Farm. In the 1980s, the estate became synonymous with deprivation and unemployment (the

◀ rate was almost 50 per cent for men and 80 per cent for young people after the north-west was particularly hard hit by deindustrialisation). In 1989, when he was 16, Byrne was present at the Hillsborough disaster, the fatal crowd crush which caused the deaths of 97 people. In the following weeks, the police passed false stories to the press that suggested that the incident had been caused by football hooligans and drunkenness among Liverpool FC supporters. Byrne's father was injured in the crush. "Being at Hillsborough and witnessing the injustice, I think that's why I'm here today," Byrne said. "I think that's why I went into the trade union movement and why I got into community activism." He added: "You're seeing injustice everywhere and you think, well, what can I do to assist and make change for the better?"

With the arrival of a Labour government, Byrne sees an opportunity to resolve this crisis. "We've got an unbelievable mandate to tackle the issues and that is, for me, what the Labour party was set up to do." Instituting a Right to Food is top of his requests, as is removing the two-child benefit cap. But he is adamant there cannot be a return to austerity. "I look at how my city and constituency have been decimated after 15 years of austerity. People can't take it any more. There's nothing more to give."

Indeed, Byrne is worried that if people do not see a tangible improvement in their living standards, Labour risks opening the door to something else coming down the line – namely, Reform. "People will think, well, I've given the Tories a chance. They've done nothing for me. The Labour Party, we've given them a chance. If they've done nothing for five years, they could quite easily turn to someone like Nigel Farage," Byrne told me. "He's got no idea how people live in my community. Nor does he care. But people will go down that path," he warned.

How can Labour stop that from happening? "There's got to be ambition," Byrne said. "Hunger is a political choice, and it's only when you get into this place that you understand how easy it is for the levers of power to actually make decisions like that," he added. "It should encompass all wings of every party: it should be tackled with ferocity". ●

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## Reporter at Large

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# Birmingham's child poverty epidemic

## The UK's forgotten second city is at the apex of a worrying trend

By Harry Clarke-Ezzidio

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To truly understand the impact of child poverty in Birmingham, the best place to go is Ladywood. Sitting to the west of the city centre, research from 2008 identified this area as having the highest percentage of children who live in poverty of any parliamentary constituency. A newspaper report from the time depicts the situation on the ground for locals: "I'd rather starve than let them go hungry," a father who was out of work said of his girlfriend and their 12-month-old daughter. "We might be short of money, but we're not short of love." The headline of the piece, outlining the poverty the city's young people were growing up in, is

simple and devastating: "A poor start".

More than 16 years later, children living in Ladywood are still experiencing a poor start to life. It remains the constituency with the highest levels of child poverty in Britain: 55 per cent of its youth live in deprivation (after housing costs are accounted for), according to a 2025 report by the Joseph Rowntree Foundation (JRF). The situation in Ladywood is a microcosm of a wider crisis of child poverty across Birmingham. Ladywood and its neighbouring constituencies – Hall Green and Moseley, 55 per cent; Yardley, 53 per cent; Perry Barr, 53 per cent; and Hodge Hill and

Solihull North, 51 per cent – account for five of the top ten areas affected by this issue. In excess of 100,000 children across the city are living in poverty.

Birmingham itself is at the apex of a wider trend of rising child poverty across the country in recent years. According to the same research by the JRF, around three in ten children growing up in the UK live in poverty.

As the scourge of child poverty has become increasingly prevalent in recent years, so has the need for third sector organisations to provide localised support. “The pandemic hadn’t helped the situation,” said Alice Bath, operational manager at the Family Action charity and a born-and-bred Brummie. Family Action runs an Early Help Programme for families in Ladywood and Perry Barr. “Even though we’re out of it, we’re still facing the mop-up of the [underlying] issues that it presented,” Bath said.

Children in Birmingham, Bath told me, are contending with “exponential” increases of food insecurity, decaying dental health, respiratory conditions, obesity and housing instability. Despite the best efforts of Bath and her colleagues across the third sector, there is now a quiet acceptance of a deprived status quo among the city’s youth: “It’s become a way of life and a way of being.”

What isn’t helping the fight against child poverty in Birmingham is the dire financial situation of its council. Birmingham City Council effectively declared itself bankrupt in September 2023. To claw back funding, government-appointed commissioners have pencilled in over £300m of cuts across the following two years in the Labour-controlled council.

The cuts reportedly include up to £112m worth of spending reductions and savings in the council’s early help and youth services. That includes axing £8m worth of funding that is paid by the Birmingham Voluntary Services Council to ten local charities – including Bath’s Family Action – that put on vital services for children and families across the city.

“Birmingham was massively hit by the decline in the manufacturing base of the city,” Martin Brooks, who has served on Birmingham City Council for 20 years, told me. The region was once



Ladywood in Birmingham has the joint highest levels of child poverty in the UK

famous for its production of cars, metals and Cadbury’s chocolates.

Brooks said: “We were losing jobs in the Thatcher years not by the hundreds or thousands, but by the tens of thousands. Those years [of deindustrialisation] had a massive effect on poverty within the city.” When accounting for the exponential levels of child poverty today, the blame is largely placed on the effects of the 2008 financial crash and Conservative-induced austerity of the 2010s. “The poor governance of the city has [also] had some effect on where we are today,” said Brooks, who quit the Labour Party last December. (He now stands as an

independent councillor.) Brooks resigned over the fresh cuts his former Labour council colleagues have approved, which will “have a devastating effect on the life chances of our young people in this, the youngest of European cities,” he said at the time.

Locals are desperately searching for answers from their council. Upon visiting the local authority’s HQ – a grand, Victorian era Grade II-listed building – on a bright spring morning, looking for a council cabinet member to interview, I was told they were unavailable. They were “busy dealing with the bin situation,” a member of staff told me. The strikes have ensured the city stays top of the headlines – albeit for the wrong reasons.

The politicians representing Birmingham on a local and national level are all too aware of the challenges facing their younger constituents.

“We made good progress until austerity in addressing some of those issues,” Richard Parker, the Labour Mayor of the West Midlands, told

It’s become  
a way of life  
and a way  
of being

◀ me over tea when we met in the city. “The Tory government took £1bn out of the spending power of the city council, and it’s still living with the impact of those cuts. That £1bn is further damage to some of our poorest communities in the most vulnerable parts of the region.”

Parker’s Conservative predecessor, Andy Street, who I met in the city centre a few weeks later, acknowledged that he and other political leaders “did not change [the] map of deprivation”. There is broad political alignment on how the issue can be tackled in the medium-to-long term: increased housebuilding (with a particular focus on social housing), inward investment for better jobs in the region and improved education and skills pathways to help locals capitalise on them. But in the immediate term, hordes of children in the city will remain impoverished.

“I think the two-child benefit cap limit has to change,” Liam Byrne, the MP for Birmingham Hodge Hill and Solihull North, and a former cabinet minister during the last Labour government, told me when we met in Westminster recently.

Should the cap (which prevents parents from claiming Universal Credit or Child Tax Credit for a third, or any subsequent child, born after April 2017) be lifted, around 17,000 families in Birmingham would be able to receive additional financial support, which can currently cost a family household up to £3,455 a year. “Family incomes need to go up,” Byrne added, “that’s why [lifting] the two-child limit is so important.”

**B**irmingham is facing a “child poverty emergency”. A 2024 campaign by local outlet *Birmingham Live* outlines the severity of the situation. No fewer than 46 per cent of the city’s children are impoverished (up from 27 per cent in 2015); twice the national average. Two in three (66 per cent of) children living in poverty come from a working family. Over 10,000 children live in temporary accommodation – a record number.

Healthwise, compared to the national average, children are: 1.8 times more likely to die in infancy, and as likely to be hospitalised for asthma; 1.3 times more likely to have a low birth weight, and as likely to die in childhood; and are 1.2 times more likely to be obese at ten years old. Child poverty in Birmingham



**Birmingham City Council declared effective bankruptcy in September 2023**

**46%**

of children living in Birmingham are impoverished – up from 27 per cent in 2015

**55%**

of children growing up in Birmingham’s Ladywood constituency are living in poverty

**17,000**

more families in Birmingham would be able to receive financial support if the benefit cap were lifted

**66%**

of children living in poverty in Birmingham come from a working family

is also being particularly felt on the city’s large south Asian cohort: in all but one of the ten most afflicted wards, the largest demographic of residents come from Asian and Asian-British backgrounds.

**A**lthough some feel optimistic about the government’s upcoming Child Poverty Strategy – due to be outlined in the spring – the benefits it might bring to Birmingham remain unclear. The council cuts only exacerbate fears.

As they were through austerity, the pandemic and now, those working in the third sector in Birmingham (and across the UK more widely) – largely made up of locals, many of whom are volunteers – will continue to be a vital safety net for society’s most vulnerable.

“I could moan and groan, but it’s not going to change things,” Family Action’s Bath said of the council cuts, while looking towards the future of its service in Perry Barr and Ladywood. “It’s about having a positive mindset,” Bath added. “It’s about being solution-focused and saying, ‘What can I control? And how can I make a difference to support children and families?’ It’s about keeping hold of why we come to work in the morning and what our core mission and values are about.” ●

## Comment



**Emma Revie**  
Chief executive,  
the Trussell Trust

# “In the face of growing hardship, food banks are at breaking point”

After everything the Trussell community has borne witness to over the last few years, you'd forgive us for feeling bleak about the future. But the lengths of compassion our communities are prepared to go to, with every person stepping up to keep food banks going, never fails to amaze me. In fact, it can, and regularly does, bring me to tears.

Whether that's our volunteers, staff, or people donating supplies to help their neighbours, we see how together we can unlock the power of communities and create lasting change. Food banks today aren't just about emergency food. They can offer debt advice and support navigating our very complicated social security system. They offer direct links to other services in the community – and a cup of tea and a listening ear.

They're also challenging everyday injustices, building their collective power to push for change. Because no one in the Trussell community wants to be providing emergency food in another 25 years.

We face a generational challenge in tackling the record levels of hunger and hardship in our communities. Last year, food banks provided 3.1 million emergency food parcels in the Trussell community alone – more still will have been provided by other charitable food providers.

Our research shows that the majority of people who can't afford the essentials don't receive any kind of charity food support at all. It found that

9.3 million people face hunger and hardship. So many more people need support than our food parcel numbers are possibly able to show. Our communities are facing impossible decisions in a way they have not had to before.

This new reality of persistent, deep hardship, where people are routinely deciding which essentials they go without, should be unacceptable. In fact, we know it is – the vast majority of voters, across party lines, agree that food banks shouldn't exist in a modern society. So much of what we see there is holding back our future generations. Every year, the majority of emergency food parcels in the Trussell community go to families with children. These families, particularly single parents, face a disproportionate risk of hunger and having to turn to a food bank for support.

Andrew, a single father from Scotland, told us: “All I want is to make her smile, because she's been through enough. But it's tough. I make sure that Mia doesn't see that I am regularly skipping meals so that she can eat.” Our latest research found three million children face hunger and hardship. Shockingly, under-fives face the highest risk of any age group – one in four faces hunger and hardship. Barriers are especially acute for parents: from childcare costs to being unable to get more hours at work or invest in new skills, or being stuck in poor housing.

And the impact is, of course, felt not just by parents, but by children too. Children are missing out at school, unable to fully participate in educational or extra-curricular activities. Stigma and bullying can mean some children feel isolated from their peers. If we are genuinely worried about the mental health crisis among young people, or about boosting employment, or economic growth then addressing hunger and hardship matters.

We undertook a major modelling exercise, looking carefully at the links between hunger and hardship and increased health risks, stalled educational journeys, employment and wage scarring, and much more. We found hunger and hardship costs the UK £75bn a year in costs to the economy, our government and public services. Over £4bn comes from just costs to education and children's social care alone.

This government cannot deliver on living standards or the economy unless it is serious about addressing deep financial hardship. Families with children have borne a disproportionate burden of austerity, through specific social security cuts like the two-child limit and benefit cap, as well as public service cuts. These are poverty-creating choices.

In the face of growing hardship, food banks are at breaking point. This cannot continue. But if we are to see a future where no one needs a food bank to survive, we all need to play our part. We can be there for families today, supporting our community organisations providing lifelines to households right across the UK. And we can pull together to push for a better tomorrow. ●



**Ronald Cohen**  
President, GSG Impact

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# “The UK has shown the way in tackling the challenge of child poverty”

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**A**cross the world, public services are in crisis. Health and social services struggle with increasingly complex and costly demands while taxpayers strain to keep pace. Governments urgently need to find new ways to tackle these accelerating challenges, and a key opportunity lies in harnessing the shift among asset owners and investors now seeking positive social impact with their capital.

Child poverty remains one of our greatest social challenges. The latest Unicef data shows child

poverty in the UK has increased 20 per cent in the last decade. Tonight, one million children will try to sleep without a bed of their own, 3 million will skip meals and 4.3 million children will be officially classified as “poor”. Child poverty is not just about numbers – it is stealing futures, crushing potential, and costing our society dearly for generations to come. The time has come for more radical solutions.

Fortunately, the UK has shown the way forward in tackling the challenge. It has created the world of impact investing and become the leader in its implementation. In 2010, Gordon Brown’s government kicked off impact investment with the first Outcomes Partnership, the Peterborough Bond, which I was involved in creating. This £5 Social Impact Bond (SIB) united government, investors and social service providers, in mobilising private investment to deliver measurable social improvement and remunerate investors in proportion to the outcomes achieved.

The Peterborough Bond tackled recidivism among young prisoners. The initiative reduced high youth recidivism by 9 per cent and the Ministry of Justice repaid the investment with an additional return of 3 per cent a year. Lives were improved, social service providers accessed investment, the risk of failure was taken on by investors and the taxpayer burden in law courts and prisons was reduced. This innovative start inspired a £500bn market today in sustainability-linked bonds and loans, where companies pay lower interest rates when they achieve targeted social, or environmental, outcomes.

We live in a time when government finances are severely stretched, social issues are shaking our society and many feel pressure to walk back from commitments to tackling social issues. The UK can lead the world in showing how significant progress can still be made in improving lives.

The solution is to take social outcomes partnerships from tens of successful pilots in the UK and hundreds across the world to real scale. Gordon Brown’s Partnership to End Poverty outlined how government could bring investors, philanthropists and social purpose organisations together to fight child poverty with a £1bn Children’s Outcomes Payment Fund. The new Labour government is responding: chief secretary to the Treasury, Darren Jones has established a Social Impact Investment Advisory Group, chaired by Elizabeth Corley, to advise on creating a social impact investment vehicle targeting child poverty. But how can this be done most effectively?

Social Outcomes Partnerships offer the best way forward. Commissioners only pay when outcomes are delivered, while impact investors provide upfront capital to socially motivated providers. This enables innovative, preventative services focused on achieving outcomes rather than costly state services that often miss their targets.

To date, over 90 such partnerships have been delivered across the UK and the results are

compelling. Stronger Families Norfolk supports children on the edge of care due to abuse or neglect, with 92 per cent of participants remaining with their families as of November 2024, preventing 216,284 days of care and avoiding approximately £15.2mn in costs. Bridges Outcomes Partnerships has similarly demonstrated how children can stay with families through effective Family Therapy and Forward Outcomes Partnership programmes. Another charity, AllChild, provides intensive support for children with multiple needs across four London boroughs and Wigan, connecting siloed services to deliver better outcomes while pooling funding from central government, local councils, schools, philanthropists, and corporations.

These initiatives help those with complex needs and also reduce demand for statutory services, saving millions in taxpayer funds. A 2024 independent analysis found they generated £9 of public value for every £1 of public spending, a remarkable return on investment for the country, with superior outcomes delivered at much lower cost. The way to make progress in current circumstances is for the government to create a central Outcomes Payment Fund, to unlock private capital through Outcomes Partnerships. The UK has already shown how to do this. The £70m Life Chances Fund, launched in 2016, enabled local authorities to commission social outcomes projects supporting over 60,000 individuals in health, employment, and housing. The Education Outcomes Fund I chair, which brings together governments, investors and implementation partners to transform the lives of ten million children and youth across the

world, has also delivered superior performance. Following these experiences, government should not delay in establishing a £1bn Children's Outcomes Fund, as a first step.

The creation of such a payment fund would catalyse several hundred million pounds of investment to fund the delivery organisations that enter into contracts with it. Private money can step in to support government efforts. The UK's leading social impact investor, Better Society Capital, confirms that social impact investment has grown ten-fold over the last decade to more than £11bn. A range of investors from pension funds to individuals and foundations are ready to invest in Outcomes Partnerships, attracted by their ability to drive innovation and better social outcomes.

Local government pension schemes, for example, which manage £350bn, are interested in investing in their communities. Merseyside Pension Fund, for example, has invested in Outcomes Partnerships since 2014. Owen Thorne, its portfolio manager, says, "We have been consistently impressed by their deep, measurable social impact benefitting local communities, while delivering value for money for the public sector at the same time as risk-adjusted financial returns for investors."

With social challenges mounting, and limited public funding, now is the time for government to take bold action in a proven direction. It must seize the opportunity to improve our social fabric through Outcomes Partnerships that harness our collective resources effectively – starting with the most vulnerable in our society, and the most important to our future: our children. ●



JEFF MITCHELL/GETTY IMAGES

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# How the government can minimise its interest obligations

## Reforms could save billions and reduce the need for cuts

By Paul Tucker

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**A**voiding waste in government – true waste, with no public benefit – is obviously a good thing. It frees up resources for productive spending or tax cuts, according to ideological preferences, views on how the economy works and electoral mandates. True waste can arise in obscure places: not just in how governments spend but also in how they tax and borrow. In recent years, some of the richest countries in the world, including Britain, have wasted resources in how they funded themselves, but for reasons so obscure and complex that few have noticed. I'm going to try to explain this while there is still time to do something about it.

The standard maxim, easily forgotten as it turns out, is that government should balance minimising its expected interest costs (after inflation) with avoiding large

exposures to surges in market interest rates. Borrowing at very short maturities can achieve the first, but only by opening up a host of hazards. In consequence, most governments issue bonds carrying fixed rates of interest at maturities spread over many decades into the future. That not only avoids the horror of trying to refinance vast proportions of the national debt on just a few days, it also helps insulate the public finances from interest rates being surprisingly high for a while. Of course, there are moments when, in unusual circumstances, a government might want to depart from its standard debt management strategy. It is a bit like people choosing to take out a floating-rate or fixed-rate mortgage, except on a gigantic scale, with the possibility of locking in rates for decades rather than just the few years available to UK households, and with the

consequences – good or bad – falling on all of us. A bad bet, including ignoring extraordinary opportunities, means higher taxes and lower spending than otherwise.

As it happens, an extraordinary opportunity to lock in almost miraculously cheap funding – a chance not seen for many lifetimes, if ever before – came during Covid. Long-term interest rates were effectively zero, so the expected real rate of interest (after adjusting for inflation) would have been negative. But through a complex combination of government and central bank policies, none of the major states locked in those rates. Governments did issue lots of medium- and long-term bonds carrying low fixed rates of interest, but they did so knowing that they would quickly be bought by the central banks as part of a new round of what was known as quantitative easing (QE). Crucially, the central banks paid for the bonds with central bank money that carried a rate of interest tied to their policy rates. As the policy rate can change month to month as monetary policy responds to the economic outlook, the state as a whole had in effect entered into what the City and Wall Street call a swap: the state's fixed-rate interest obligations had been swapped into floating-rate obligations for as long as the central bank held the bonds. Governments, having effectively financed their Covid fiscal-support measures with floating-rate debt, were left heavily exposed to increases in short-term interest rates.

When Putin invaded Ukraine and president Biden massively stimulated the US economy, inflation rose everywhere, and central banks eventually raised their interest rates. In consequence, far from having locked in the extraordinarily low rates of interest available in the market during 2020 and 2021, governments found themselves, via the central banks, paying unusually high rates of interest. That brought waste on a grand scale. Without claiming spurious precision, you get a rough idea of the annual stakes by multiplying the volume of debt issued in 2020 and 2021 (roughly £700bn in the UK) by, say, 3 or 4 per cent (until, roughly, the purchased gilts mature).

So, the big question is whether that was a price that had to be paid in order for the central banks to avoid the economy completely unravelling during Covid and afterwards. The answer is no.

There are two kinds of argument about this. Some of us believe, first, that little QE was needed during Covid, with governments' own fiscal measures sufficing to help families and firms. But even after the pandemic rounds of QE went ahead, the subsequent splurge in debt-interest spending was not inevitable. This, the second argument, is where things get complicated, I'm afraid. The key point is that central banks did not need to pay their policy rate of interest on all of the money they created when making those QE purchases. To explain this, some mechanics need to be sketched.

While people and businesses bank with a range of commercial banks, the banks themselves pretty much all bank with the central bank, where their transactions-account balances are known as reserves. When the Bank of England buys something, such as government bonds, from, say, an insurance company, the Bank pays by sending money to the insurance company's bank, and that commercial bank's reserves balance at the Bank of England increases accordingly. So far, nothing unusual is going on. The important bit comes next.

Most of us are paid little or nothing on our current accounts. By contrast, over recent years, banks have been paid the central bank's monetary policy rate (in the UK, Bank Rate) on the totality of their QE-swollen reserves balances. This first arose – introduced in the UK by me, as it happens, during the early 2000s when the amounts were comparatively tiny – because for monetary policy to affect the economy in the intended ways, the central bank needs to ensure that the rate of interest prevailing in the private market for overnight money is very close to Bank Rate. But the central bank does not need to pay Bank Rate on the whole of each bank's reserves balances to achieve that. In economists' jargon, it needs to do so only on the marginal pound. This means, roughly, it could pay zero on balances in excess of the amount of reserves that, in aggregate, the banking system wants to hold. In recent years, that would have allowed central banks to pay zero interest on many hundreds of billions of pounds: having peaked at around £875bn, total reserves in the UK are now roughly £650bn. For every £100bn of excess reserves, the annual saving might be of the order of



### Quantitative easing has loaded central banks with billions in government bonds

£3bn or £4bn. Some other central banks have started introducing such tiered-reserves systems, as they are known. It must be emphasised that strong central bank independence is absolutely vital for this not to be abused, since paying zero on hundreds of billions of reserves makes expanding QE very attractive for any government.

Here in the UK, meanwhile, the complaint has instead been that any such move would tax the banks. But they would pass it on, making it important to distinguish between bankers (the people) from banking (the services provided to customers). If the windfall has so far been passed on to the bankers themselves, we might not worry too much about reform depriving them of bumper bonuses. If, by contrast, the banks passed on the reform's cost to their borrowers, the central bank's policy rate could be set lower than otherwise to mitigate the effect of tighter credit conditions on the economy as a whole.

In summary, Britain would be less fiscally constrained if during Covid it

had locked in ultra-low interest rates for many decades. That moment passed, but it is not too late to make savings by tweaking the Bank's reserves policies. Even if the authorities rejected doing anything now, the Treasury and the Bank certainly need to get on with working out how debt management and monetary policy implementation can fit together better if QE is someday revived in response to a new crisis. With political legitimacy fragile and world order strained, it makes no sense for the resources available to government – whether used on defence, alleviating poverty, health care, education, tax cuts, or elsewhere – to be squeezed by avoidable debt-servicing costs. It is not for a former unelected official to suggest how any savings should be deployed, but it matters that potential savings might not only be found in departmental budgets. ●

*Paul Tucker is the author of "Global Discord: Values and Power" and the former deputy governor of the Bank of England*

# Britain's most valuable economy

## Multibanks across the country are uniting communities and alleviating hardship

By Kelly Hogarth

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The old saying goes “it takes a village” to raise a child – that is as true today as it ever has been. With technological advancements making it easier than ever to access unregulated content and youth centre funding at an all-time low, you could argue that the need for a neighbour, an ally, a friend, is greater than ever. A figure to confide in, to offer a helping hand, to share in the highs and the lows; the invaluable notion of neighbour appears to have been lost.

According to The Hygiene Bank statistics, fear of stigma is preventing 48 per cent of those most in need from asking for help. Coincidence? The negative characterisation we have formed around asking for help has driven families, many of whom are in work, to internalise struggle, leaving the home racked with anguish and despair. The young people co-existing with parents whose mental health has been affected by the daily struggle of providing turn instead to online communities for an escape.

Unprecedented events, Covid-19, the invasion of Ukraine and more have combined to cause unprecedented levels of hardship for ordinary, hard-working people. According to the Joseph Rowntree Foundation, from April 2022 to January 2024, energy and food prices rose 75 per cent and 30 per cent respectively. The impact of hardship on physical health and the pressure this places on NHS resource is well documented, but the rise in hardship-related school absence and the vast attainment gap that established itself in the Covid lockdowns is of particular concern. As a society, we simply cannot afford for our children to be any further disengaged from the education system, nor can we afford for them to seek meaningful relationships online as an alternative to real-world interaction.

According to Giving World, more than £2bn worth of excess products are estimated to be destroyed or wasted in the United Kingdom every year, some of those landfilled – excess products that could be utilised to service growing societal need.

The six Multibanks, located across the UK, form an innovative ecosystem that redirects business surplus to communities most in need via a grassroots network of healthcare professionals, teachers, charities and community groups.

A regional safety net, designed to drive readiness, the Multibank fills the deficit that our modern rejection of community has left. Whether it be baby supplies, washing detergents, household cleaning products or clothing, the Multibank can help members of the community to get back on their feet in their time of need.

For those born into a postcode deemed as “wrong”, the Multibank delivers opportunity, equipping families with the tools, resources, confidence and optimism they require to truly maximise their potential and integrate seamlessly into society. No child should be starting school behind any other simply because of the area in which they were born. the Multibank enables real-world escapism, away from digital devices, and inspires ambition through simple acts of kindness. This is bigger than policy. This is community.

A community made up of selfless volunteers, committing their time and energy to guarantee that there is somewhere to turn when times get hard. It is the greatest example of how opportunity and support can be paid forward, with many of the Multibank’s volunteers themselves having required a similar level of support in the past.

The Multibank is no monopoly. There is great consideration for trusted community access points, whether that be a food pantry or a baby bank. The Multibank endeavours to keep those at the forefront of community in supply, enabling them to respond effectively in moments of emergency, and to instil well-deserved dignity into those whose place is always last in the pecking order of household need.

Much like a local sports club, the Multibank stands shoulder-to-shoulder with its community, understanding the power of togetherness to implement positive change. Instead of clapping for the NHS, we can come together to support our key workers by alleviating the pressures enforced by poverty and by the psychological and physical challenges of hardship. Instead of vocally expressing sympathy for our teachers, we can step in to eliminate any need for them to collectively spend in excess of £40m a year equipping their students with uniform and hygiene products as a means of countering divisiveness and bullying in their classrooms.

While football fans are often



**Businesses must see the value in the Multibank proposition and invest in the future**

demonised for the passion of their fandom, the Multibank looked to them this winter to support a growing deficit of hygiene products. In an incredible outpouring of compassion and humanity, fans turned up in their thousands to give what little they had to give without judgement, in support of those that are currently going without. There are few cohorts that consistently club together when called upon with the same fervour as football fans do, and that have the means to inspire togetherness and belonging. Inside a stadium, a fanbase stands as one, tied by a shared desire for success without the divisiveness of race, religion or sexual orientation.

Business surplus is imperative to the Multibank’s success – it is the 12th man, to use a football analogy. Business must see the value in the proposition – investing in the next generation and generating a loyalty that will be repaid in adulthood. A key priority of business is to successfully engage youth demographics as a means of retaining brand relevancy in an ever-changing world, and youth priorities have never been more in tune with societal need.

According to Accenture, shoppers are now four to six times more likely to purchase from a purpose-driven business. For every £1 of investment into the Multibank ecosystem, £5.49 in social value is generated. Professionals report a 59 per cent increase in school attendance and a 90 per cent reduction in children’s anxiety and stress levels following Multibank support.

Britain’s most valuable economy is its community. Consider being a teammate and impacting the game by picking those up who hit the ground, enabling them to get back on their feet and see through the entirety of the match. This is how we re-establish community. This is how we re-establish connectivity.

Togetherness. Understanding. Where value sits in the epicentre of real-world events. With the Multibank placed at the centre of community, we have a golden opportunity to establish invaluable real relationships, away from the toxicity and confusion of the digital arena, and above all give those most in need a sense of dignity and hope for a better future. ●

*Kelly Hogarth is a board member at the Multibank*

# Time to tackle the true cost of caring

New research highlights the stark realities of life on a low income for families raising disabled and seriously ill children

In association with



“I just wish there was help for people like me. I am really struggling just with day to day living costs for myself and my children. It’s having a massive impact on my mental health. It’s becoming very overwhelming, and I have no family to support.”

These are the words of one of the 2,362 parents and carers who contributed to *The Cost of Caring 2025*, a new report published by Family Fund, a UK-wide charity that supports families with disabled and seriously ill children.

According to chief executive officer Cheryl Ward CBE, the report has highlighted a pattern of poverty and pressure across thousands of households, as families deal with the financial and emotional impact of raising a disabled child.

“It’s well established that raising a disabled child comes with significantly higher costs – the so-called ‘disability premium’. The *Cost of Caring* report highlights not only the financial burden but also the profound impact this has on both carers and disabled children. It lays bare just how difficult it is for these families to break free of reliance on benefits,” she said.

For families raising a disabled or seriously ill child, almost every aspect of daily life comes with additional expenses. Children may need a special diet, so the weekly food bill costs more. Bedding and clothing may need to be changed more frequently, which means having more of it. The home may need more heating and cleaning to avoid infections that could have a dangerous impact on health. It all adds up – and for many families on a low income, the cost is more than they can afford.

The *Cost of Caring* report reveals that 44 per cent of families raising a disabled child cannot meet day-to-day living costs – despite receiving disability benefits. Eighty-seven per cent of parents and carers have no savings at all to provide any kind of financial buffer, making it difficult to cope with even minor unexpected expenses, while 83 per cent of respondents are in debt, with a high proportion of these struggling to keep up with repayments. The consequences are deeply felt.

Family breaks are out of reach, birthdays and festive celebrations go unmarked. A quarter of disabled children have no access to play equipment, whilst one in ten parents and carers cannot afford to

buy their disabled child a winter coat. For these families, “doing without” is no longer the exception – it’s the norm.

Of equal concern is the impact of low income on physical and mental health and well-being. More than half of the parents and carers who participated in the research reported skipping meals to allow their children to eat; 46 per cent said they could not afford necessary dental treatment; 17 per cent could not afford over the counter or prescription medicine for themselves; 11 per cent were unable to afford even basic toiletries; 28 per cent of the parents and carers who participated had mental well-being scores consistent with probable clinical depression while 26 per cent had a maximum score on the UCLA loneliness measure.

The impact is also deeply felt by children. “Parents are shielding their children as best they can, but they are clearly very worried about the negative effects of poverty. More than two thirds of the parents in our survey felt that their financial situation is negatively affecting one or more aspects of their child’s well-being and development, including their ability to engage with education. It is tragic reality that some of our most vulnerable children are at the intersection of poverty and disability,” says Cheryl Ward.

Moving from welfare to work can be a constructive way for some families to increase income and alleviate financial pressures, but Ward warns there are no easy answers. “Many disabled children need a great deal of extra support with personal care, supervision, medication, therapies and medical appointments – it’s the equivalent of a full-time job, leaving parents exhausted and unable to take on paid work. Some parents told us that having more access to suitable childcare would allow them to work more hours or return to employment, but for families with children with complex needs, appropriate childcare is extremely difficult to find. One parent in the research had been on a waiting list for five years. Until these barriers are addressed work does not present as a viable route for families with disabled children to improve their financial situation.”

Family Fund is inviting policymakers, funders, service providers and charities to work together on meaningful, practical solutions that reflect the



**Families with a disabled child have to pay a disability premium for basic items**

everyday realities of families raising disabled children. With the right support in place – from more flexible back-to-work support to improved access to inclusive childcare there is potential to ease financial strain and unlock opportunities. Breaks and respite can help relieve carer stress, and targeted grant-making can help families manage “unexpected” costs that could otherwise push families into debt.

Despite the challenges, Cheryl Ward is positive about the possibility of change. “We supported tens of thousands of families with basic items such as washing machines, furniture, days out, and toys. It is amazing how much positive benefit can come from the right support at the right time, so

whilst the situation is difficult, it is by no means hopeless and there is opportunity. But we are at a crossroads. Many families raising disabled children are at the sharpest edge of income instability. They are doing the best they can, but they deserve and need more support. The Child Poverty Strategy provides an opportunity to listen to what families have to say and tackle the very real and pressing issues they face. We all need to make the most of that opportunity.” ●

*To request a copy of “The Cost of Caring” report or for follow up enquiries, email [partnerships@familyfund.org.uk](mailto:partnerships@familyfund.org.uk). Donate to support Family Fund’s work at [www.familyfund.org.uk](http://www.familyfund.org.uk)*

# Those in power need to listen to children and young people. We're the key to their future

## The government must lift the limits on childhood

In association with



Too often the voices of children are missing from conversations and political debates around child poverty. At Save the Children, we have had countless conversations with young people about their futures, and one thing is clear: more money is needed in the pockets of families on the lowest incomes.

Official statistics show child poverty has reached a record high of 4.5 million, an average of nine pupils in every classroom. This is a record no government should want, and Keir Starmer now risks presiding over the first Labour government ever to see a significant rise in child poverty.

Haven, 17, from Wiltshire, is struggling with the cost of books, equipment and travel to his college course in vehicle maintenance.

“As teenagers, we are more aware of what is going on at home, and, for me, this means that I don’t want to keep asking for money that I know my mum and stepdad don’t have spare,” he said.

The eldest of four children, Haven qualified for free meals at school, but not at college, as they have different eligibility criteria. He often scrimps on lunch because college food is too expensive, and the bus there costs him £54 a month, which he tries to fund through babysitting.

Putting more money into social security would be one way to ensure Haven and his brothers and sisters get a bit more support. Even though his mum and stepdad work, the cost of living is punishing families like theirs.

Rafshan, who is in Year 10 at Small Heath Leadership Academy in Birmingham, met with the Minister for Employment, Alison McGovern, alongside fellow pupils in an engagement session to help shape the upcoming child poverty strategy.

He said: “The conversation focused on the challenges many of our students face outside the classroom, including rising poverty levels, limited access to resources, and the growing pressure on families. The most critical issue we raised was student finance. For many of our students, the dream of university is overshadowed by fears about debt and affordability.”

He said the high interest rates on student loans can deter even the most ambitious students from going to university.



Photograph taken by Moses, ten, from north London, who is impacted by the two-child limit to benefits

We supported teenagers from two high schools in Sussex to speak to the Education Secretary, Bridget Phillipson, about the child poverty strategy.

One pupil explained how insecure housing is impacting their ability to engage at school.

Afterwards, he told us: “There’s a lot of uncertainty. You don’t know how long you’ll be in a place, or where you’ll end up. I love where we are now, because I have my own bed and room for the first time, but we could have to move again.”

Maddy, 18, who lives in Wallsend and wants to go on to study performing arts, said: “The cost-of-living crisis is a big deal for teenagers. Many can’t afford school meals, uniforms, transport to get to school, pens, pencils, equipment.

Those in power need to listen to young people. We’re the key to their future, if we don’t have those in power looking for our support, how are we meant to look after everyone else when they’re old?”

Eboni, 13, in Ashton-under-Lyne, enjoys going to Police Cadets after school and says it is a break from stress.

“I don’t think other teenagers my age find things easy and sometimes they don’t have everything they need,” she said. “The struggles some teenagers might feel could be around mental health, school and home life.”

The stress and worry among young people about their own circumstances and that of their friends and peers is palpable in all the conversations we have with them, whether they have personal experience of poverty or not.

Children care deeply about each other’s well-being and how they will fare in the future, and are desperate for change.

At Save the Children, we have spoken to families about what they

need, and looked at the official statistics and modelling. From this, it is clear there is no credible route to reducing child poverty that doesn’t start with scrapping the two-child limit and benefit cap on social security in full. Removing them would take half a million children out of poverty by the end of the parliament.

Next, they must introduce a “child lock”, a double lock that would help all children by ensuring children’s social security payments, like Universal Credit and child benefit, increase by whichever is higher out of earnings or inflation.

This will ensure children benefit from growth and are granted security from high inflation.

If the two-child limit and benefit cap had not been introduced at all, and a “child lock” had been put in place at the same time as the pension triple lock, 690,000 fewer children would be in poverty today.

For too long, children in the UK have had limits placed on their childhood.

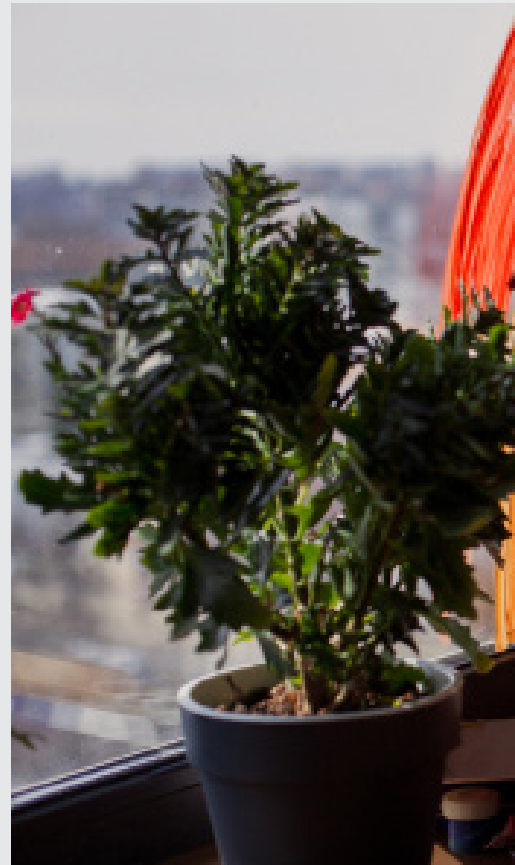
Families have told us what they need – it is now time for the UK government to take action. ●

Children care deeply about each other’s well-being and how they will fare in the future

# Labour's historic opportunity

## The two-child benefit cap prevents swift results on child poverty

In association with



Using the social security system

There shouldn't be 4.5 million children in the UK living in poverty. That's 4.5 million children who face shorter life expectancies, poorer educational outcomes, worse physical and mental health. It's children who are more likely to be sent home from school because they can't afford the right uniform. They are unable to learn a musical instrument or progress in swimming because lessons are too expensive. Many go cold or hungry and tired despite their parents doing everything they can. It shouldn't be the case that educators warn they can't prioritise teaching because so much time needs to go into dealing with the consequences of poverty, or that children decide which subjects to study based on what they think they can afford. After 14 years of austerity, Covid and the high cost of living, it's the bleak reality we face as a country in 2025. But it shouldn't be like this.

The Labour government promised a different way through. Not only a manifesto commitment to reduce child poverty, but one cemented in its Plan for Change. A child poverty taskforce set up



**to support family incomes is the quickest way to reduce our rising rates of child poverty**

to deliver an ambitious child poverty strategy. A government that knows what can be done, because its Labour predecessors did it before. Over a million children lifted out of poverty between 1998 and 2010. Lives made better, futures rebuilt.

There can be no denying that reducing child poverty matters to this government's wider mission too. Improved living standards and sustainable growth depend on investment in children and their families, sooner rather than later. And it matters to the public. Polling consistently shows people don't think kids should grow up in poverty and that government should do something about it. People want change.

The concern, of course, is that momentum has stalled. It's been almost a year since the general election was called, and while interventions like breakfast clubs are important and welcome, they alone are not enough to make the critical difference. Improving employment rights will help low-paid parents in many ways, but won't alter the fundamental equation that salaries don't adjust for the additional mouths a

family has to feed. With the proposed cuts to disability benefits affecting potentially hundreds of thousands of children, the government has only made its task of reducing child poverty harder.

Already the clock is ticking, and without significant intervention, 4.8 million children will live in poverty by 2029. The government risks a legacy of even higher child poverty at the end of this parliament than at the start, an unenviable record and the first time under a modern Labour government.

But unlike many of the other questions the government faces, the answers on this are known, tested and come with the potential to support a genuinely transformational change for children and the whole country.

Family income is still the strongest predictor of how well a child will get on at school, four times more so than where a child grows up. Using the social security system to support family incomes during the time-limited period when the inevitable additional costs of having children puts pressure on budgets must sit front and centre of the child poverty strategy. All the evidence

shows that investing in support for children through social security leads to healthier, better developed kids, with the benefits continuing through into adulthood. Improved quality of life in the here and now, improved life chances for the future. It leads to better jobs and reduced pressure on public services, not to mention the extra money this would bring into the local economy where every penny of poorer families' income is spent.

Child benefit, Universal Credit, free school meals are all building blocks towards stability and security for families with low incomes. A government ambitious to cut child poverty has these ways – and many more – of getting financial support to the low- and middle-income families that need it.

But without first scrapping the two-child limit and benefit cap, the government will find its hands are tied. Every day it exists, the two-child limit pulls another 109 kids into poverty. It will act as a millstone round the neck of anyone who wants to make life better for the children it affects, acting as a drag on any and every effort the government makes to bring the child poverty figures down. For a government concerned about domestic finances in the face of global instability, abolishing the two-child limit and benefit cap is by far the most cost-effective way to reduce child poverty and lift children out of deep poverty.

A government confident in its decade of national renewal can use this child poverty strategy to help the electorate see and feel that things can, and will, get better. A government that believes in the potential of every child won't tell those children to wait for economic growth, or leave untouched the lives of kids who need support the most – whatever their age, wherever they come from. This can be a strategy delivered with conviction, backed up with a moral and financial commitment to both immediate and ongoing progress, investing to make sure no child is left behind.

The real test of this strategy, and a real test of this government, will be the difference it makes to the lives and life chances of millions of kids. Now is the moment for this government to make decisions that match its long-term vision, not just the daily balance book. Now is the moment to deliver the change that our children need – and have been promised. ●

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