

# Changing patterns of poverty in early childhood

## Summary

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### About this review

*The changing face of early childhood* series explores how young children's lives have been changing over the last two decades. This summary presents the key learning from a review of the evidence on **the changing patterns of poverty, in particular for young children under five, over the last two decades**. In 2019/20 4.3 million children were living in **relative poverty** — a barometer of social injustice in the UK today (Department for Work and Pensions (DWP) 2021). Addressing poverty is particularly urgent in the context of the COVID-19 pandemic, which in many areas has intensified pre-existing inequalities as well as generating new ones.

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

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

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<sup>1</sup> We use rate and risk of poverty interchangeably to denote the proportion of the specified population who are in poverty.



profound effects on children’s long-term well-being and opportunities.

- 3 The causes, patterns, and solutions to poverty have become more complex and interlinked over the last two decades. Disruptive forces, such as a rapidly changing economy and labour market, increasing levels of in-work poverty, more complex family structures, structural inequalities between ethnic groups, and differences by place have changed the contexts in which young children are growing up, as well as their life chances.

Poverty is about both economic disadvantage and the tangled pressures that can influence the responses and behaviours of those caught within it. Family life has become more complex—

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

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

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

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## Key learning

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

In the UK in 2019/20, 31% of all children<sup>2</sup> (4.3 million) were living in poverty compared to 22% of the whole population. Poverty among families where the youngest child is under five is even higher—in 2019/20, 36% fell into this group affecting some 2.2 million children (DWP 2021).

### Gaps between children emerge early

The harm that poverty can inflict begins at conception and is shaped by the health and well-being of parents and

their socioeconomic status. These early disadvantages can go on to affect children’s cognitive skills and their physical, social, and emotional development throughout childhood and adulthood. Being ready to start school is one clear illustration of this—the gap between advantaged and disadvantaged children achieving a ‘*good level of development*’ as measured by the *Early Years Foundation Stage Profile (EYFSP)* at the age of five stood at 17.8 percentage points in 2019. Following some improvements between 2013 and 2017, progress in narrowing the gap has now stalled.

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

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

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

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

The experience of poverty can also limit young children's later opportunities and life chances. This is not to say that parental economic disadvantage inevitably leads to poor long-term outcomes for children; other factors such as family circumstances, capabilities, histories, ethnic background, parental education, wider kinship and social support networks, and local contexts all play a role. For example, a study by Kiernan and Mensah (2011) found that 58% of children who experienced ***persistent poverty*** and strong parenting skills had good child outcomes at age five. This is not necessarily a causal relationship; there may be other factors at play, such as parental mental health. Recent research on the impact of the pandemic shines a light on the resilience, strength and skills employed by families that live in poverty to give their children the best life possible (Brewer and Patrick 2021).

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

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

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

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

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

Over the past 20 years, relative child poverty rates have fluctuated significantly, falling overall between 1999/00 and 2019/20, but with a notable increase since 2013/14 (DWP 2021). This rise in poverty has been steeper for families where the youngest child is under five, rising

from 30% in 2013/14 to 36% in 2019/20 (Stewart and Reader 2021; DWP 2021).

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

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

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

Some groups of children face extremely high rates of poverty. Over a three-year average between 2017 and 2020, 71% of children in families of Bangladeshi origin with a young child were living in poverty. In many other minority

ethnic groups, over 50% of families were living in poverty. 44% of children growing up in families with the youngest child under five, where an adult or child has a disability, were in poverty in 2019/20. (DWP 2021).

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

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

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

### COVID-19

The outbreak of COVID-19 and its health, economic and social consequences have had profound implications for all young children, but especially those growing up in low-income families and those whose parents have lost their jobs or had their earnings reduced or faced rising costs during the lockdown (Brewer and Patrick 2021). The Legatum Institute (2020) estimated that by the winter of 2020, COVID-19 had drawn an additional 690,000 people into poverty, including 120,000 children. The same analysis also

showed that the government's benefit/tax credit measures had protected a further 690,000 people from falling into poverty.

COVID-19 has profoundly disrupted the contexts in which young children develop, learn and play. The partial closure and disruption to childcare, early years settings and reception

classes, combined with home-learning, has had a detrimental impact on disadvantaged children, and particularly language development, which has widened existing gaps in educational and social development (Andrew et al. 2020; Ofsted 2020; Bowyer-Crane et al. 2021).

## Addressing poverty in early childhood

We believe addressing early childhood poverty requires six key elements.

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

The review's authors are Carey Oppenheim and Christopher Milton. The full review is available to download from:

[www.nuffieldfoundation.org/publications/changing-patterns-of-poverty-in-early-childhood](http://www.nuffieldfoundation.org/publications/changing-patterns-of-poverty-in-early-childhood)

Inline references underlined in green are those funded by the Nuffield Foundation. A complete list of references can be found in the full review.

We value input and feedback on the series as it progresses and the responses we receive will inform the concluding review.

You can provide feedback via our website: [www.nuffieldfoundation.org/contact/feedback-changing-face-of-early-childhood-series](http://www.nuffieldfoundation.org/contact/feedback-changing-face-of-early-childhood-series)

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