

Working poverty out

The role of employment and progression in a child poverty strategy

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The Government is committed to releasing a child poverty strategy later this year. As part of this, Ministers will want to consider how best parental employment can help boost family incomes. But the mid-2020s present a different landscape for child poverty and parental employment from when the last Labour Government crafted its child poverty strategy. Since the mid-2000s, the employment rate of lone mothers has risen from 52 to 66 per cent, and the fraction of mothers living with a partner who are doing paid work has risen from 69 to 77 per cent. This is good news. But many of the families in poverty and not in paid work today face significant barriers to work: half have a child aged under five; three-in-ten have three or more children; just under half have an adult with a disability or long-standing limiting health condition; and just under three-in-ten have a child with a disability.

Along with a rise in the share of parents in paid work, the other key change since the 2000s has been the growing risk of being in poverty for some working families: the risk of being in poverty for a couple with one full-time earner has risen from 30 to 40 per cent since 2000-1. As a result, even though increasing earnings is an effective way to escape poverty, families in poverty are now more likely to have at least one adult in work than not. Policy can encourage labour market progression, but families with children report many barriers.

When it comes to employment, the Government's child poverty strategy will need action on multiple fronts, including childcare (especially for school-aged children outside of school hours and term-time); transport; employment rights; and skills. We should not expect there to be a simple solution, but labour market progression is worth striving for: it is a good thing both for individuals, and the economy overall.

Raising incomes through work will likely be key to the Government's child poverty strategy

In the wake of its election success this summer, the Government committed itself to producing a [10-year strategy to reduce child poverty](#) by (late) Spring 2025. We know that the [strategy will focus on four themes](#): increasing incomes; reducing essential costs; increasing

financial resilience; and better local support. The Government has said that success will look like a fall in the headline measure of poverty (the proportion of children growing up in a household with [an equivalised after-housing costs income below 60 per cent of the national median](#)), with improving the lives of “those children experiencing the most severe and acute forms of poverty” a stated priority too.

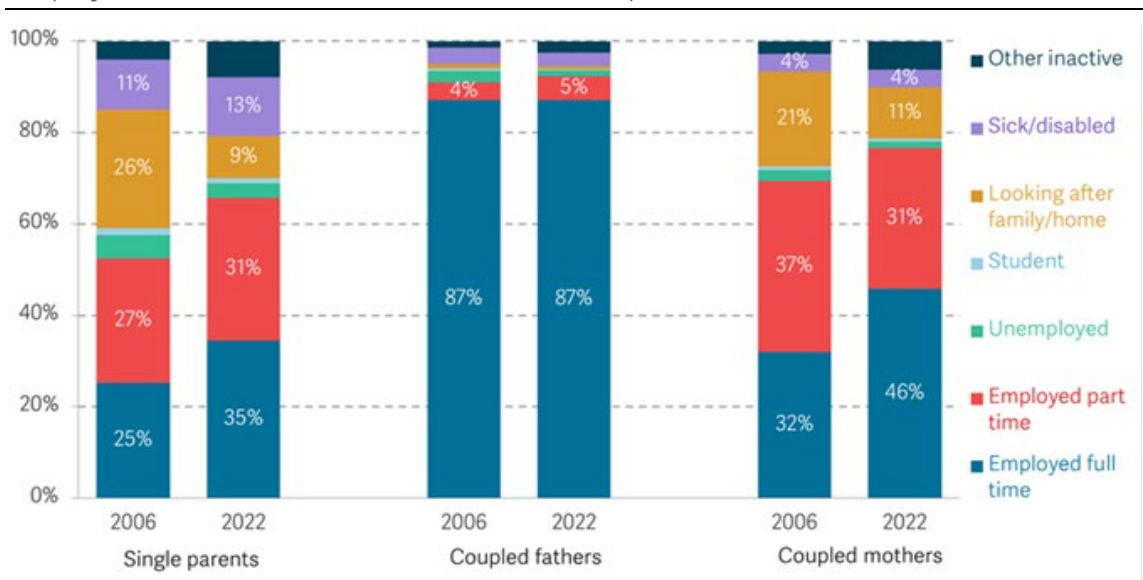
Any strategy that seeks to reduce child poverty will naturally consider the role that parental employment can play in boosting household incomes, not least because the UK has past form in this respect. Between 1998-99 and 2008-09, [child poverty rates fell by 4.2 percentage points \(equivalent to 600,000 children\)](#), driven at least in part by rising rates of (especially single) parents’ employment. But the mid-2020s present a vastly different landscape for child poverty and parental employment from when the last Labour Government crafted its child poverty strategy. Employment patterns have evolved, and with them, the challenges and opportunities for reducing poverty.

More parents are in paid work than in the 2000s, and this has changed the labour market profile of parents in poverty

Key societal trends over the past 30 years have been the rise in the [share of mothers who work](#), and that more couples want, or need, to [have two earners](#). Since the mid-2000s, the employment rate of lone mothers has risen from 52 to 66 per cent, with a greater fraction of those lone mothers who are working doing so full-time. Likewise, the fraction of mothers living with a partner who are doing paid work has risen from 69 to 77 per cent (see Figure 1).

Figure 1 **The proportion of parents doing paid work has increased since the early-2000s**

Employment status of adults in families with dependent children, UK



Notes: Family refers to a benefit unit. Income is measured after housing costs. There are very few single fathers, so we look at all single parents together.

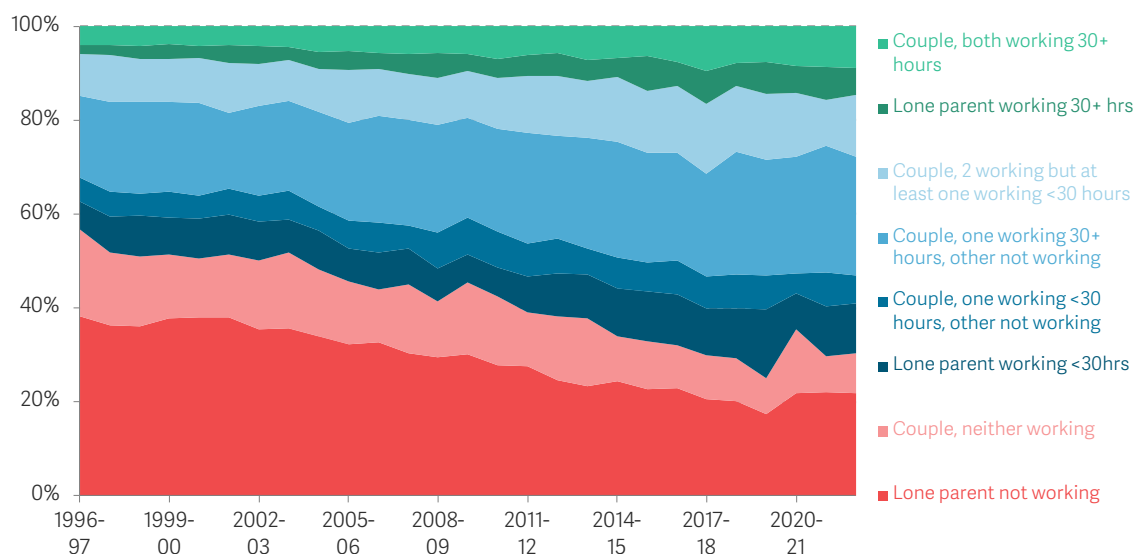
Source: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

These changes in labour market patterns of parents have changed the profile of parents in poverty, and we show these in Figure 2, split by family type and the employment pattern.¹ The chart also uses colours to organise these different family types into three broad groups, to help us understand the potential for the parents of children in poverty to increase the amount of paid work. These groups are:

- those where the adults are not doing any paid work at all (non-working lone parents and couples where neither adult works), shown in red;
- those where the adults are doing some paid work but – subject to the caveats that we discuss below – there could be the potential for more (lone parents working part-time, and couples with either only one adult in paid work, or two in part-time work, or one full-time and one part-time worker), shown in blue; and,
- those where the scope for more paid work is limited (lone parents working full-time, or couples with two full-time workers), shown in green.

Figure 2 **The proportion of families with children in poverty who are in work has increased over recent decades**

Employment status of families with children in relative poverty measured after housing costs: UK



Notes: Family refers to benefit unit. Hours worked are estimated for some families where data is not available, based on full-time or part-time work status. Income is measured after housing costs.

Source: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

Figure 2 shows that, since 2000, the fraction of families in poverty where the adults are doing no paid work has fallen from 51 per cent to 30 per cent; the fraction of families in poverty where all adults are working full-time has doubled from 7 to 15 per cent; and the fraction of families in poverty where some adults are working but there is potentially scope to work more is up from 43 to 55 per cent.

There are fewer children in workless families today than in the past, and workless families are likely to face barriers to being in paid work

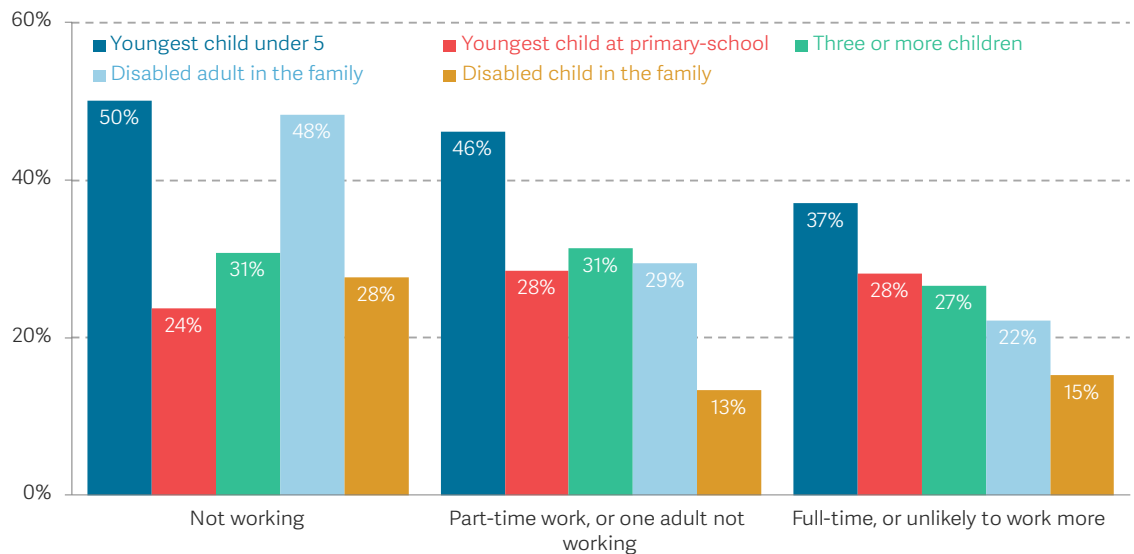
The trends shown in Figure 2 mean that the fraction of children in poverty who live in a family where no one is in paid work has fallen considerably since the early 2000s. Around one-half of children living in poverty in the early 2000s were in workless families, but this has now fallen to just over three-in-ten, with the decline happening broadly equally in the 2000s and 2010s. And there's a broad consensus on why this happened: [stronger incentives to do paid work](#), a minimum wage, [an expansion of childcare provision and in the amount of government support](#), and various DWP initiatives or obligations, especially for lone parents.

Nonetheless, there are still 1.3 million children growing up in poverty today in a family where no adult works. So, what scope is there for the Government's child poverty strategy to make progress on this front? One important point to note is that we can see that many families with children in poverty will have constraints that clearly affect their ability to do paid work. In particular, as Figure 3 shows, half (50 per cent) of families who are in poverty and doing no paid work have a child under five; and three-in-ten (31 per cent) have three or more children. For these families, the availability, cost and coordination challenges involved in managing childcare could be an issue (and note that a quarter have a youngest child at primary school, and so will not be affected by the recent expansion of free hours of pre-school childcare for working parents). But many families are contending with potentially even graver constraints: around half (48 per cent) of poor families with children have an adult with a disability or long-standing limiting health condition, and just under three-in-ten (28 per cent) have a child with a disability.²

Figure 3

Close to one-half of families with children in poverty contain an adult with a disability or limiting health condition

Proportion of families with children in relative poverty measured after housing costs with certain characteristics: UK, 2022-23



Notes: Family refers to benefit unit. Hours worked are estimated for some families where data is not available, based on full-time or part-time status. 'Part-time work, or one adult not working' includes families in work where no one works more than 30 hours per week, or couples where one works 30+ hours and the other is not working. 'Full-time, or unlikely to work more' includes families where all adults are in work and at least one works 30+ hours per week. Income is measured after housing costs.

Source: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

As we might expect, Figure 3 also shows that families in poverty that already have some adults in paid work are likely to have older children, less likely to have large families, and less likely to have anyone with a disability. So it's important to acknowledge the real and varied challenges families face, and glib assumptions about simply 'working more' fail to reflect these constraints.

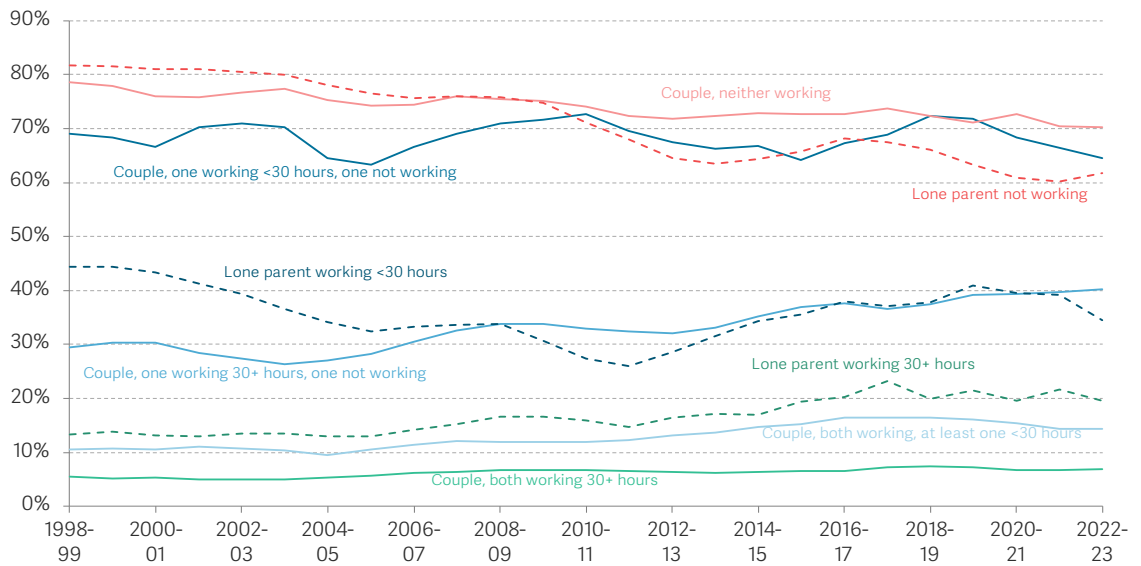
Being in work is less likely to get families out of poverty than used to be the case

As Figure 2 showed, the fraction of families in poverty where some adults are working but there is potentially scope to work more has risen from 43 to 55 per cent since 2000, and is now a much larger share of families in poverty than workless families. This partly reflects that there more parents are in paid work (as shown in Figure 1) but it also reflects that paid employment is less of a protective factor for avoiding poverty than it used to be. We can see this in Figure 4, which shows the risk of being in poverty for families with different work statuses.

Although the risk of being in poverty for a lone parent working part-time has declined over time – from 43 to 34 per cent since 2000 – a couple with one full-time earner only has a greater risk of being in poverty, up from 30 to 40 per cent, and a couple with one-and-a-half earners has seen the poverty risk rise from 11 to 14 per cent. Together, these two family types make up 38 per cent of families with children in poverty (shown in Figure 2). Of course,

families with adults in paid work still have much lower risks of poverty than those without, although the gap has closed over time.

Figure 4 The risk of poverty has risen for some families with adults in paid work
Proportion of families with children that are in relative poverty measured after housing costs, by employment status: UK



Notes: Shows a three-year rolling average. Family refers to benefit unit. Hours worked are estimated for some families where data is not available, based on full-time or part-time status. 'Part-time work, or one adult not working' includes families in work where no one works more than 30 hours per week, or couples where one works 30+ hours and the other is not working. 'Full-time, or unlikely to work more' includes families where all adults are in work and at least one works 30+ hours per week. Income is measured after housing costs.
Source: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

Families in poverty often face constraints that make increasing paid work difficult

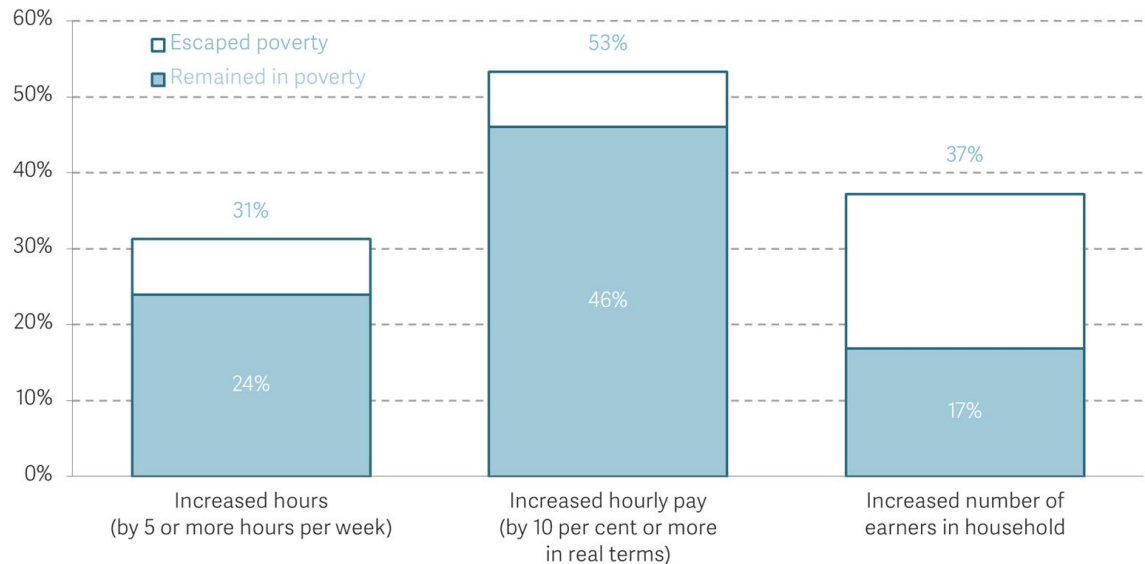
The trend for child poverty to be increasingly dominated by families where parents are already doing some paid work has led to an interest in whether labour market 'progression'—whether through increased hours or higher pay—is a solution for lifting families out of poverty.

This is a sensible area to focus on: progression is, in general, a good thing for individuals – and for the economy overall, if it means people are able to move into jobs where they are more productive. And [our past work](#) has shown there is a strong relationship between escaping poverty and progression in the labour market, as shown in Figure 5.

Figure 5

The biggest factor lifting people out of poverty is an increase in the number of earners in the household

Proportion of people in in-work poverty households in 2014-15 who experienced an increase in hours, pay, and number of earners, by whether they remained in poverty in 2017-18: UK



Notes: Working age (19 to 64) only. Sample only includes those who were still in working households in 2017-18.
 Source: RF analysis of ISER, Understanding Society

So, are there policy levers that can be pulled to make it easier for families to work more hours, or move into better-paid jobs? We know that some DWP policies can be effective for some people receiving social security benefits. For example, a very expensive but successful policy was the Employment Retention and Advancement (ERA) demonstration programme: paying cash bonuses to lone parents who moved into full-time work [had a noticeable impact on hours worked](#), and much more so than similar bonuses to lone parents moving into part-time work. More recently (and more realistically), a recent [evaluation](#) of the Intensive Work Search regime found it did lead to UC recipients increasing their earnings, by around £100 a month.

But the Government must not assume that achieving progression is just about tweaking financial or administrative incentives. A swathe of research with low-wage workers or working families on Universal Credit often shows how hard it is to truly shift the dial when it comes to progression. We can identify a number of recurring themes, including:³

- Survival mode: living in poverty is challenging and can rapidly exhaust not just financial but also psychological resources, so it is unsurprising that some families feel progression is unattainable while they are struggling to get by, or are fatalistic about what they can achieve with their skills or experiences.⁴

- Practical constraints: the need to coordinate working patterns with a partner's schedule, children's school, and commutes can mean that increasing hours is impractical, and switching jobs risky, especially for jobs without set hours of work.⁵
- Disincentives: For some, the financial gain from a promotion or increased hours is minimal after factoring in lost Universal Credit, and the added workplace stress.⁶

A more positive and solutions-focused view would conclude that research on progression tells us that a strategy will need action on multiple fronts, such as childcare (including for school-aged children outside of school hours and term-time, and for [parents engaged in education or training](#)); transport, so that families have a greater choice of jobs; [employment rights](#), so that workers can have more leverage in the workplace, which might in turn make changing jobs less risky; and skills, so that parents have opportunities to change career paths. We shouldn't expect there to be a simple solution: addressing child poverty today requires a comprehensive strategy that reflects today's labour market challenges, and the diverse and evolving challenges facing families in poverty.

¹ References to 'poverty' should be understood as meaning "living in a household whose equivalised income after housing costs is below 60 per cent of the median".

² The Government's [own analysis](#) shows that the fraction of children in poverty living in a family with three or more children, or with someone with a disability, have both grown since 2010-11.

³ Not all of the studies cited here are with families with children, but all are from research on low-wage or low-earning workers, or UC recipients.

⁴ B Fell & M Hewstone, [Psychological perspectives on poverty](#), JRF, June 2015.

⁵ For example, research with low-paid workers in certain sectors concluded that: "many low-paid workers judged whether a job was good or bad by how well it fitted around their lives and other responsibilities, including childcare and other care commitments, rather than factors such as promotion prospects or job interest. Participants emphasised the flexibility of shift work compared to senior or office-based roles, and often felt that few alternative options were available to them that would fit so well with their day-to-day lives." Cordelia Hay, [What do low-paid workers think would improve their working lives?](#), JRF, July 2015. DWP-commissioned work into working UC recipients concluded: "The types of barriers [to progression] ... are diverse but a common theme among them is the need to balance work with caring responsibilities and health conditions – reflecting the high representation of parents and people with a long-term health condition or disability. These barriers restrict the number of hours that respondents feel they can work and the types of jobs they can consider. Respondents in the qualitative research, particularly those with children, valued the stability of their current role, and were nervous about making changes (for example, getting a new job) which they felt could upset the balance of work and wider care/family responsibilities." DWP, [The Future Cohort Study: Understanding Universal Credit's future in-work claimant group – findings from a telephone survey and qualitative research](#), July 2021. One study of lone parents encapsulates concluded: "[I]n general there was very little increase in wages over the four or five years of the study. There was, as we have described, a lot of change in jobs or hours of work, often outside the control of the women. But when the women who did choose to make job changes, it was not so much that the women were seeking higher wages, but more that they were looking for suitable jobs to fit in with family life. Increasing pay by working longer hours was not generally a realistic option. Many of the women relied upon other family members for informal care and so had to fit with what was available and what they felt they could ask family members to do. Some of the mothers were also providing care themselves, for example for elderly parents, and that became more common as time went on. As far as possible, working time had to mesh with these family arrangements and obligations rather than the other way

around." See: J Millar & T Ridge, "[Lone mothers and paid work: the 'family-work project.'](#)" International Review of Sociology, 2013. See also Section 5 of: N Cominetti and L Murphy, [A hard day's night: The labour market experience of low-to-middle income families.](#) Resolution Foundation, December 2024.

⁶ For example, research with low-paid workers in certain sectors concluded that: "many [low-wage workers] viewed gaining additional responsibility through promotion in a mixed light at best, and at worst perceptions were actively negative." C Hay, [What do low-paid workers think would improve their working lives?](#), JRF, July 2015. See also Section 5 of: N Cominetti and L Murphy, [A hard day's night: The labour market experience of low-to-middle income families.](#) Resolution Foundation, December 2024.