

A time of need: Exploring the changing poverty risk facing larger families in the UK

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Editorial note

Kitty Stewart is Associate Director of CASE and Associate Professor in the Department of Social Policy at LSE. Aaron Reeves is Associate Professor of Evidence Based Social Intervention and Policy Evaluation at the University of Oxford. Ruth Patrick is Lecturer in Social Policy at the University of York.

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Abstract

Child poverty in the UK has seen rapid change over the last two decades, broadly falling from the late 1990s until 2012/13 and rising since then. As a result, child poverty rates converged with rates of poverty for working-age non-parents before diverging again. This paper examines these changes through the lens of family size, asking how horizontal inequalities have changed over this period between larger families – those with three or more children – and smaller families with one or two. Focusing on data from before the pandemic, we look at trends in poverty rates for the two groups and explore alternative explanatory factors – including changes in the composition of larger families, differential employment rates, and differences in the impact of social security support.

Our interest in family size is two-fold. First, by interrogating the way families of different sizes have been affected by policy we gain a better understanding of the effects of particular approaches to poverty reduction, with implications for policy debates both in the UK and beyond. Second, larger families are rhetorically important in the popular discourse around benefit receipt, with stigmatising representations of ‘benefit broods’ mobilised by politicians and popular culture to critique a supposed culture of ‘welfare dependency’. This has provided justification for recent significant cuts in social welfare provision, including policies specifically targeting larger families – the benefit cap and the two-child limit. The paper seeks to illuminate the reality behind these popular conceptions by exploring larger families’ composition, employment and poverty rates, even before these policies take effect.

We find that most of the rise and the fall in child poverty in the UK is a story about poverty in larger families. Social security changes are the key driver here: these policy shifts have affected larger families much more acutely than smaller families, simply because larger families have a greater need for support, due to both lower work intensity and higher household needs. This remains true despite steady increases in employment in larger families. Larger families are more dependent on the state, by definition, while children are at home. They are more likely to need support even when things are going well and are more exposed when things go wrong, such as family breakdown, job loss or ill health. As the pandemic has laid bare, risks to livelihoods can happen to anyone and with little warning. Limiting support available by holding down benefit levels or placing caps on support means accepting that many children will grow up in poverty simply because of their family size.

Key words: child poverty, family size, social security, benefits.

JEL number: I31, I32, I38, J12, J13

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1. Introduction

After nearly two decades of a downward trend in child poverty in the UK, the six years prior to the start of the global pandemic saw poverty rising again (Bourquin et al., 2019). In 1996/97 an estimated 27% of children in the UK lived below the standard relative poverty line of 60% of median income before housing costs (Institute for Fiscal Studies, 2020). This share had fallen to 17% in 2013/14 before rising back up to 21% in 2019/20. Poverty rates fell at similar speed for pensioners in the period from the late 1990s to the early 2010s, while the risk of poverty for working-age adults without dependent children rose from a relatively low starting point. As a result, rates converged for all three demographic groups at around 14-17% in 2013/14. Since then, poverty has risen most sharply for children, more gently for pensioners, and not at all for working-age adults without dependents. Thus, the risk of poverty is starting to diverge again by household type, with children now facing a substantially higher risk than both other groups.

These broad trends, and some of their drivers, are fairly well-established (Bourquin et al., 2019; Cooper and Hills, 2021; Edmiston, 2021; Hills et al., 2016; Sefton et al., 2009) but one important gap in existing analyses concerns variation *within* households with children. There is little evidence on how the experiences of larger families (those with three or more children) or smaller families (one or two children) have contributed to changes in child poverty. This paper fills this gap by examining the changing risk of poverty through the lens of family size.

Providing a more accurate descriptive picture of the shape and nature of child poverty in the UK is valuable in its own right, but there are two further distinct reasons why it is important to disaggregate poverty rates by family size. First, policy changes in recent decades are likely to have affected smaller and larger families in different ways. Interrogating these different effects will uncover the consequences of particular policy strategies. We focus in this paper on two key policy-related drivers – employment and social security – each of which may have affected larger families differently to smaller families. Understanding the way policies have affected different types of family can help us understand the strengths and limitations of particular approaches, with implications for policy debates both in the UK and beyond.

Second, larger families have long been a rhetorically important category in the popular discourse around welfare receipt. Stigmatising representations of 'benefit broods' (Jensen, 2018; Jensen and Tyler, 2015), for example, have permeated debate about welfare reform in recent years, with these representations mobilised and amplified both by politicians, by the media, and by popular culture (mediated, for example through poverty porn) to critique a supposed culture of 'welfare dependency' (De Benedictis et al., 2017; Hills, 2014; Jensen, 2014; McArthur and Reeves, 2019). This

phenomenon has a very long history (Welshman, 2007), but was intensified in the early days of the Conservative and Liberal Democrat Coalition (Harkins and Lugo-Ocando, 2016). Welfare was explicitly framed as part of the problem because it was unfair to 'hardworking families' and this discourse provided some of the justification for subsequent significant cuts and retrenchment in social welfare provision (Mulholland, 2010; Osborne, 2010).

Most recently, reforms to social security have included two changes with a specific focus on larger families: the benefit cap, which since 2013 has restricted the total amount a family can receive in state financial support; and the two-child limit, which has withdrawn means-tested support from third and subsequent children born since April 2017 (Sefton et al., 2019). Our analyses stop before the implications of these latter two policies become fully visible but both policies are deeply significant for what they reveal about the UK policy debate and the future of child poverty. By focussing on larger families, we are able to uncover the elevated poverty risk experienced by these households even before policies directly targeted at them really start to take effect, and to illuminate the ways that popular conceptions of 'benefit broods' often mischaracterise the lived realities of larger families (Jensen and Tyler, 2015). In sum, then, exploring poverty rates through the lens of larger families is both analytically and rhetorically important.

The paper uses data from the Family Resources Survey, a large nationally representative annual household survey of at least 19,000 households going back to 1994/95. We focus on before housing costs poverty measures, consistent with (now defunct) official government targets and with international practice; later work will explore the role of housing costs and housing benefit reforms in changes in poverty measured after housing costs.

We draw out four main findings. Most strikingly, we find that a very large part of the story about changing child poverty rates in recent decades is a story about poverty in larger families. The fall in child poverty from the late 1990s to 2013/14 was concentrated heavily among children in larger families, and the increase in poverty rates since that point is taking place entirely in these families. Second, the recent rise in child poverty is taking place despite growing employment rates in larger families, with poverty becoming more common in larger families with working adults as well as in those without work. Third, changes to the social security system – the expansion of the system from the late 1990s to 2013 and the cuts since then – have affected larger families much more acutely than smaller families, and are a key driver of differential poverty trends. This is not because larger families have been treated differently by the system (they have not, until recently), but simply because larger families have a greater need for support, due to both higher household needs and lower average work intensity, the latter reflecting the constraints of greater caring responsibilities. Increased need for social security support leaves larger

families more exposed to changes in the system, even where these do not have a large family focus. Finally, we identify substantial differences in the prevalence of larger families across ethnic groups. This does not seem to help explain the poverty trend, but does mean that the rising risk of poverty in larger households has had a disproportionate effect on children from some minority ethnic backgrounds.

The paper is structured as follows. We begin by setting out in greater detail our reasons for focussing on family size. We go on to examine how poverty risk has changed over time for smaller and larger families, before exploring in turn the potential contribution of changes in socio-demographic characteristics, employment status and social security provision. We conclude with a discussion of the implications of our findings for different policy approaches to the reduction of child poverty in the UK and more widely.

2. Why might trends in poverty risk be different for larger families?

It is known that larger families tend to face a higher poverty risk than smaller families, both in the UK and more generally (Bradshaw et al, 2006; Dermott, 2017). What is less clear from existing work is whether and why changes to the UK labour market and policy landscape over the last 25 years have affected larger families differently to smaller families, and therefore had an impact on poverty rates. We set out here a series of factors that could result in differential poverty trends.

First, every UK administration since the mid-1990s has emphasised paid work as the main route out of poverty (Daguerre and Etherington, 2014; Hick and Lanau, 2017), using a combination of financial incentives (including the minimum wage and in-work tax credits), subsidised childcare, and benefit conditionality to encourage parents to (re)enter the labour market (Brewer et al., 2006; Gregg et al., 2009). As larger families face additional constraints on labour market participation we might expect them to be less responsive to these policy changes, and to have been increasingly left behind other households as employment rates have grown. A higher number of children affects the equation about the costs and benefits of splitting adult time between paid work and caring responsibilities. Further, larger families are more likely than smaller families to include a child of pre-school age, which itself reduces the likelihood of a mother working. Fagan and Norman (2012) argue that maternal employment in the UK is primarily reduced by the age of the youngest child rather than the number of children, but they also show that women's likelihood of employment during pregnancy falls with each subsequent child, as does the likelihood of returning to work in the early years after pregnancy.

Second, there were substantial changes to the tax-benefit system during this period (Hills et al., 2016). Under the Labour Government from 1997-2010, spending on financial support for families with children doubled, with substantial investment in the new Child Tax Credit system in particular (Stewart, 2013). Most of this investment went on means-tested benefits, but with eligibility for the family element of tax credits stretching high up the income distribution. There were also small increases in universal child benefit, and additional support was provided for households during pregnancy and a baby's first year, through a mix of means-tested and universal support: the Sure Start Maternity Grant, Health in Pregnancy Grant and Baby Tax Credit (Eisenstadt and Oppenheim, 2019).

The picture changed sharply under the Conservative-led governments in office from 2010, and especially from 2013, which saw the start of a series of cuts to welfare spending as part of the austerity agenda (Hills et al., 2016). Households with children experienced the steepest cuts. Child benefit became "affluence-tested" while Child Tax Credit became more tightly means-tested on lower income families with a lowering of eligibility thresholds and a steeper withdrawal rate (Stewart and Obolenskaya, 2015). The Baby Tax Credit and Health in Pregnancy Grant were scrapped and the Sure Start Maternity Grant was limited to first children only (Stewart and Obolenskaya, 2015). The annual uprating of most working-age benefits was restricted to 1% a year from 2013 and then frozen in cash terms from 2015-2020, regardless of inflation (Barnard, 2019). From 2013, a new benefit cap restricted the total amount of financial support a family could receive, and the cap was lowered in 2016, substantially increasing the number of families in its scope (Work and Pensions Committee, 2019). In 2017 a two-child limit was introduced for tax credits and the new Universal Credit: third and subsequent children born from April 2017 onwards would not be counted in benefit calculations (Sefton et al., 2019).

Cuts to support for children between 2010 and 2020 contrasted with the relative protection of benefits for pensioner households during this period: the Basic State Pension was 'triple-locked', ensuring it rose each year with the highest of price inflation, wage inflation and 2.5%, while universal pensioner benefits including a winter fuel allowance, free bus pass and (until 2020) free TV license, were maintained (Lupton et al., 2015; Stewart & Reader, 2021). The austerity period also saw a steady increase in the personal tax allowance, with the annual amount an individual can earn tax-free almost doubling from £6,475 in 2009/10 to £12,500 in 2019/20, benefiting earners on less than £100,000 per year. De Agostini et al (2018) show that *overall* the budgetary savings from benefit cuts during the Coalition Government period were more than outweighed by the give-away through the higher tax allowance and pension increases. But the tax allowance is worth most to households where all adults earn above the threshold, while the benefit cuts will be felt most in households where more benefits are received. Further, the tax allowance in the UK is entirely individualised and contains no differentiation by family size. Thus the period

saw a redistribution, away from the bottom half of the distribution towards the top half, and away from families with children towards those without (ibid).

Are there reasons to expect children *in larger families* to have been more affected than those *in smaller families* by either the expansion or the retraction of family support? During Labour's expansion of spending, there were no policies aimed specifically at larger families; indeed, the higher rate of Child Benefit for first-born children was increased but not that for subsequent children, widening the gap between the two (Corlett et al., 2019). During the Coalition and Conservative cuts, only the two-child limit from 2017 and (more indirectly) the benefit cap from 2013 were explicitly targeted at larger families. However, families with more children are likely to have greater need of state support, due to the combination of more constrained labour market activity and higher household needs. Families where one or both parents earn less than the personal tax allowance will gain less (or nothing) when that allowance is raised, compared to families with two earners above the threshold. Families for whom a higher share of income comes from benefits will be more affected by changes in the value of benefits than families for whom benefits make up a smaller share.

Finally, an analysis of differential poverty trends between smaller and larger families needs to be aware of potential differences in family size by other socio-demographic characteristics. Ethnicity is the most significant of these, though we also need to consider differences in family size by lone parenthood and parental education. Data from the 2011 Census shows that some ethnic and religious groups are much more likely than others to have three or more children, including Pakistani, Bangladeshi and Black families, and Muslim and Jewish families (Sefton et al., 2019). These differences could be important in understanding differential outcomes because we know that almost all minority ethnic groups in the UK experience labour market penalties relative to the majority White population, affecting both employment rates and wages (Longhi and Brynin, 2017; Social Metrics Commission, 2020). This gives us a third reason larger families may be more dependent on social security, in addition to labour market constraints and higher needs: parents may be more likely to face labour market discrimination because of their associated characteristics. If the composition of larger families is changing over time this could contribute to different trends in poverty rates by family size.

Understanding which families are more likely to have three or more children is also important because of what it tells us about the impact of policies targeted at larger families on inequalities between groups defined by other characteristics such as religion or ethnicity. Together, the economic penalties combined with the higher likelihood of living in a larger family are likely to have meant that children from some ethnic groups are particularly vulnerable to changes in the social security system, facing sharply increased poverty risk in recent years.

3. Data and method

We use data from the Households Below Average Income (HBAI) dataset and the Family Resources Survey (DWP, 2021; DWP, ONS and NatCen, 2021 and earlier editions). We examine the changing patterns of poverty among children of households of different sizes and unpick the ways in which different factors may have contributed to observed trends. We look at changes in the demographic composition of larger families, employment patterns and social security support.

The Family Resources Survey (FRS) is a nationally representative cross-sectional annual survey of private households. Sample size was between 24,000 and 29,000 households until 2011/12 and between 19,000 and 22,000 thereafter. The survey has been collected continuously since 1994/95, although it has only included Northern Ireland from April 2002. Coverage is therefore for Great Britain until 2001/02 and for the full UK from 2002/03. Fieldwork for each FRS wave is conducted between April of one year and March of the following year, to match the financial year; most UK tax and benefit changes take effect in April. Hence we report data in financial years: datapoints for 2019-20 cover households interviewed between April 2019 and March 2020.

The FRS is used to construct the HBAI dataset, which provides harmonised variables over time with a focus on living standards. Most of the analysis in this paper, including all variables capturing household income, makes use of the HBAI dataset. Some additional variables containing further household information were merged in from the underlying FRS datasets; this includes variables on adults' education levels and on hours worked, used to construct indicators of household work intensity. Supplied weights were applied throughout to adjust for non-response bias. We treat the individual child as the unit of analysis; that is, we show the percentage of children who live in larger and smaller families, and the percentage of children in larger families who live in households with income below the poverty threshold. For some analyses, a 3-year or 5-year moving average was constructed in order to increase sample size and reduce noise.

The analysis focuses on relative poverty measured using the widely accepted poverty threshold of 60% of median equivalised household income, with income measured after deducting taxes and adding benefits and tax credits, and equivalisation based on the modified OECD equivalence scale. We concentrate on poverty measured using household income before housing costs (BHC), though an after housing costs (AHC) poverty measure is also shown at the outset for context. The BHC measure was the headline UK target from 2003 until child poverty targets were scrapped in 2016 and is consistent with the 'at risk of poverty' measure used as standard across EU member states. AHC measures are also used widely in the UK as housing costs vary for many reasons not to do with quality or choice: families that can access either owner-occupied or social rented housing will tend to pay less for higher quality accommodation than families in the private rented

sector, and there are also large regional variations in house prices. Future work will examine the way these housing factors play out by family size.

Income is captured and equivalised at household level. Family size, however, is measured within the 'benefit unit', defined as a single adult or married or cohabiting couple and any dependent children. Dependent children are defined as individuals aged under 16 and 16-19 year olds who are a) living with parents/a responsible adult; b) not living with a partner; and c) in full-time non-advanced education or unwaged government training. Larger families are those in which there are three or more dependent children within a benefit unit. Composite families are included in our analysis but we do not distinguish between children living with both parents or in a two-adult composite family. Multi-family households are counted as multiple family units, so (for example) where a 20-year-old single parent with a baby is living with her own parents plus two younger dependent siblings, they would be considered as two distinct (smaller) families – the single parent and her baby, and the older couple and their two dependent children. Income would still be counted at the full household level, however.

Any child maintenance payments are included in pre-tax income (or, in the case of families where a non-resident parent is paying out maintenance, have been deducted from pre-tax income). Earlier work has documented how a better rate of payment of child maintenance would reduce poverty risk significantly (Hakovirta et al, 2020), but a further exploration of this point is beyond the confines of this paper.

4. Results

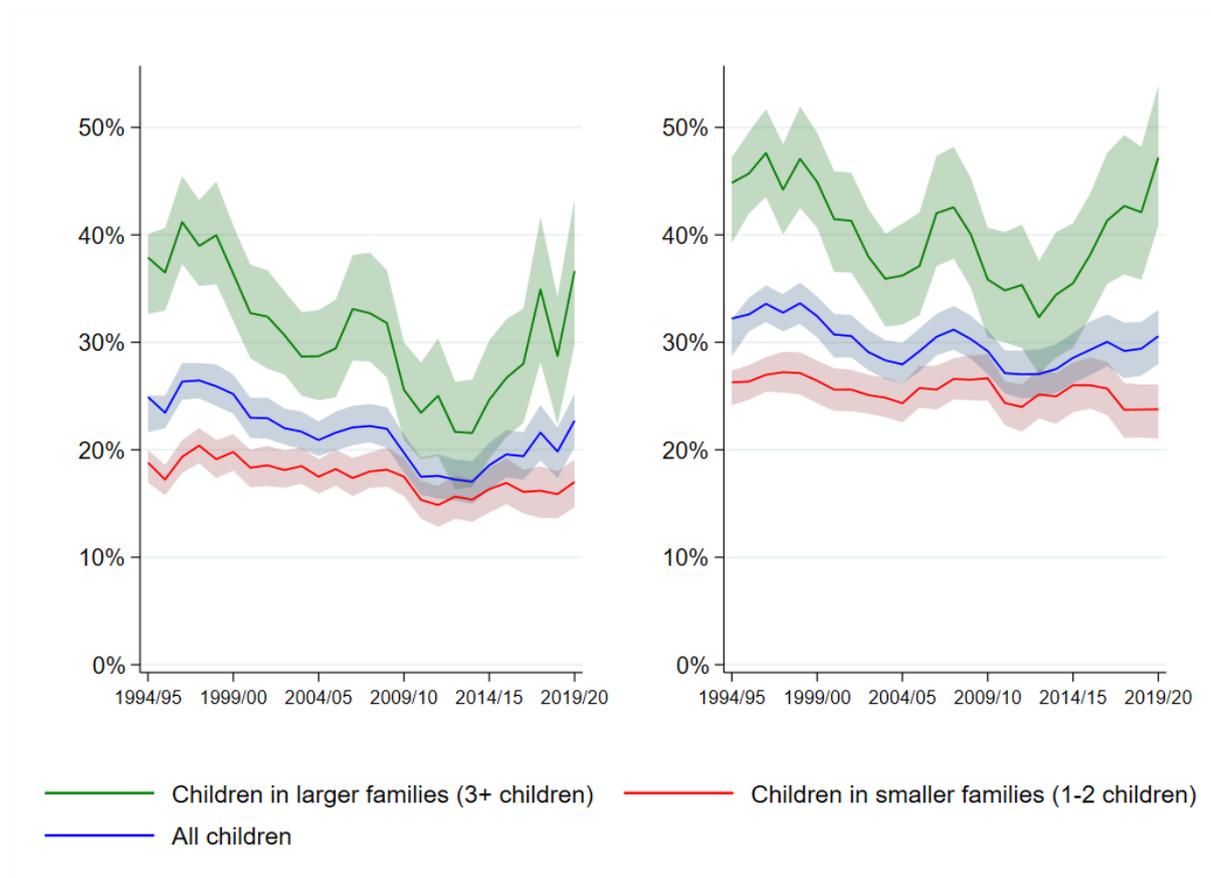
4.1 Changes in UK poverty rates have been driven by the experience of larger families

We begin by documenting changes in poverty risk by family size over the last 25 years (see Figure 1). These figures immediately reveal a crucial and neglected fact: a very large part of the aggregate child poverty trend in the UK over the last 25 years has been driven by what is happening in households with three or more children. Measured BHC, the share of children in larger families living in poverty almost halved from 41% in 1996/97 to 22% in 2012/2013, while the rate of poverty in smaller families showed a more modest decline from 20% to 15%. Since 2013/14, the increase in poverty is observed only among larger families, with no change in smaller families. Measured AHC, the differential trends are even more distinct: the poverty rate for children in smaller families has barely changed in 25 years, and it is hard to spot any difference between the Labour and Conservative-led periods. For larger families this is not the case. Measured both ways, the different trends mean a converging of poverty rates by family size in the years to 2012/13, such that the risk of poverty for a child

in a larger family is not much higher than in a small family at that point (indeed the confidence intervals overlap at this point). What happens subsequently opens the gap back up wide again, and takes the risk of poverty attached to large family status back to where it was 20 years earlier.

For a fuller overall picture, Appendix Figure 1 shows poverty measured against a fixed-income (or anchored) poverty line of 60% 2010-11 median income, uprated for inflation. While poverty fell more rapidly against this less ambitious threshold than against the relative line, and has continued to fall slightly since 2012/13, poverty rates are nonetheless seen to have converged for larger and smaller families in the earlier period, and to be diverging again in recent years.

Figure 1: Child poverty against a relative poverty line (60% median income) by family size, Before Housing Costs (left hand panel) and After Housing Costs (right hand panel)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

Note: Shaded areas show 95% confidence intervals.

4.2 Changes in the composition of larger families do not appear to be a significant explanation of changing poverty rates

The sharp change in the poverty trend for larger families around 2013 – just when the first austerity cuts were taking effect (Agostini et al., 2018) – is strongly suggestive that social security changes are a key driver. Before looking more closely at social security we consider other potential contributors to differential poverty trends.

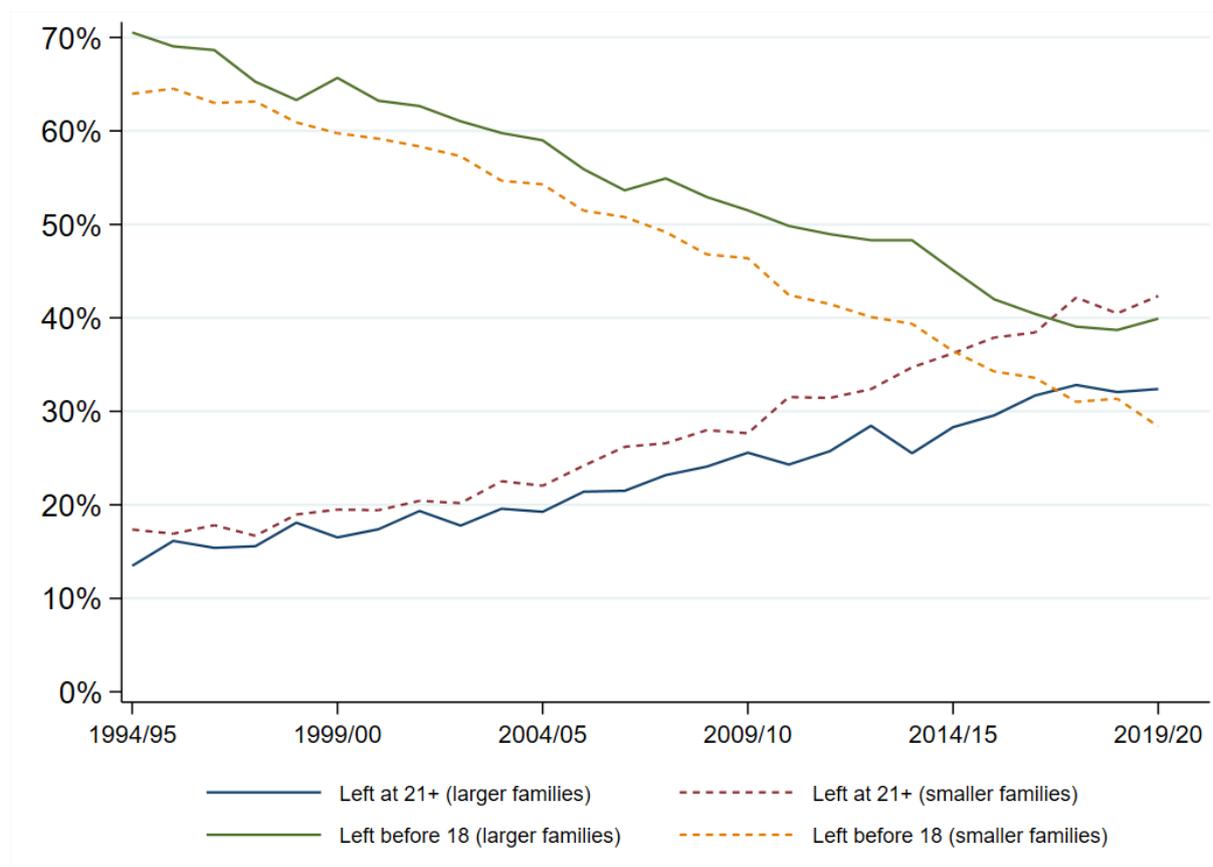
One possible such factor is a compositional shift in the households making up the population of larger families. For example, the average family size within the 'larger family' category could have changed. There have been changes over this period in the share of *all* children who live in a larger family: this share fell from around one in three children in the late 1990s to 26% in 2010/11, before rising again to around 29% in 2019/20 (see Appendix Table 1). But *within* larger families there has been little change in the share living in families of different sizes. Most larger families have three children: this share has fluctuated between 66% and 70% of all children in larger families over the period, with between 21% and 25% in families of four children, and between 7% and 12% in families of five children or more. There is no trend over time, suggesting that compositional changes in family size are not a significant driver of either the fall or the rise in poverty rates in larger families.

A second factor of interest is the possible concentration of larger families in households with a particular family structure. Lone parents face a greater risk of poverty than couples with children, so if larger families are becoming increasingly common in lone parent households this could be a factor behind rising rates of poverty in these families. In practice, however, HBAI data indicate that the share of children in a larger family who live with a lone parent is almost exactly the same as the share of children in smaller families – between 20-25% - and this has remained the case since the late 1990s (see Appendix Figure 2).

Third, we look at changes in parental education over time. Educational classification categories in the FRS have changed several times, making a consistent long-term series difficult to construct. Figure 2 therefore shows the age at which parents completed their full-time education, which has been collected every year since 1994/95. This gives us a rough proxy for educational qualifications, showing the percentage of children's whose (longest educated) parent left education before 18 (unlikely to have gained A levels or equivalent), and the percentage with a parent who finished education at 21 or older (likely having gained a university degree or equivalent). The middle category, those who left between 18-20, is left out for parsimony. It is clear that there have been steady increases in the length of time spent in education over the period. In 1994/95 the norm in both larger and smaller families was for parents to have left education before 18, while staying to 21 or beyond was the preserve of a small

minority. By 2019/20 the story is very different. Differences in the educational histories of parents in larger and smaller families are not dramatic, but children in smaller families are somewhat more likely to have parents who have stayed longer in education, and this gap appears to have widened slightly over time, and especially after around 2010. If absolute levels of education are a route out of poverty, these changes ought to point towards reductions in the risk of poverty for families of all sizes. But if what matters is one's relative level of education, the figure could point to a slight increased risk of poverty for children in larger families from 2010.

Figure 2: Age at which longest educated parent left full-time education (% children in larger and smaller families)

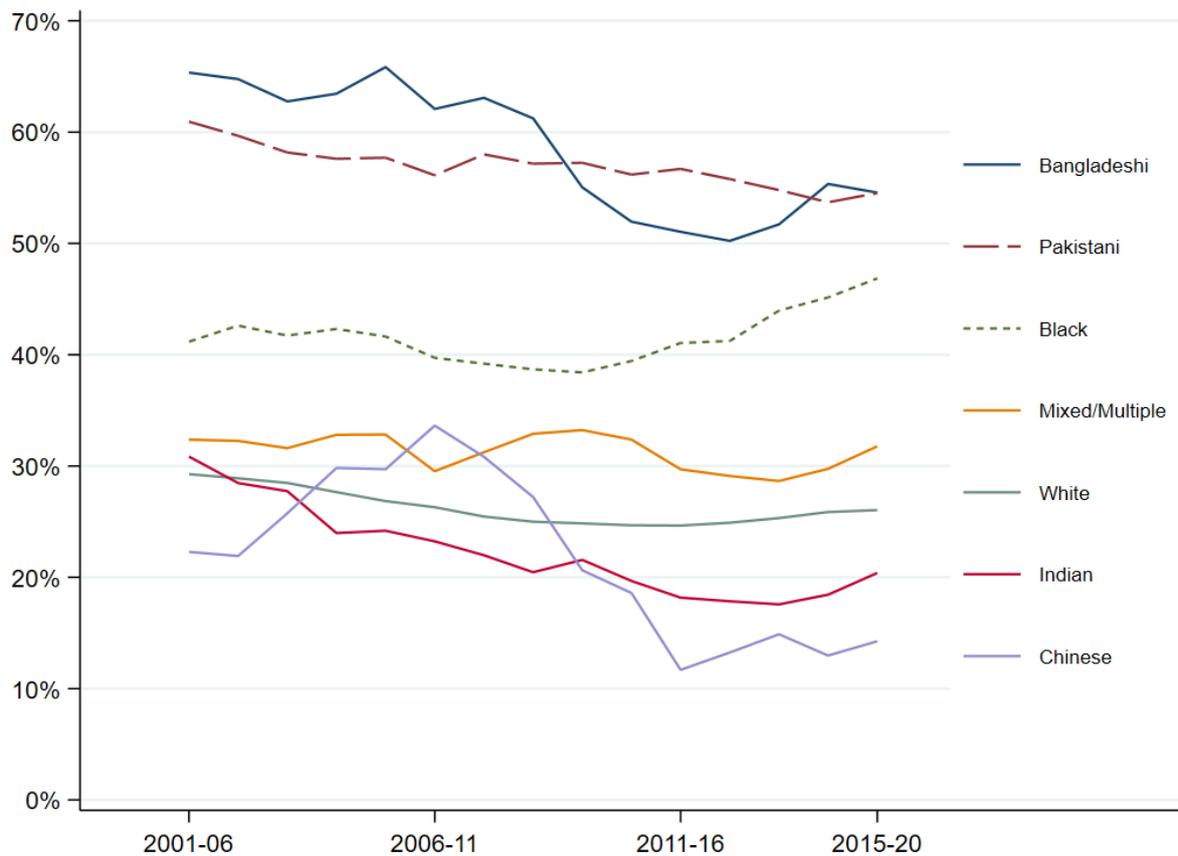


Source: Authors' calculations using FRS 2019-20 and earlier editions (DWP, ONS and NatCen, 2021).

Note: 'Longest educated' parent refers to benefit units with two resident adults, and means the parent who left school at the greatest age. In lone parent families lone parent's education is used.

Finally, we identify large variations in the prevalence of family size by ethnicity, along with a shift over time in the ethnic composition of children in the UK. UK census data from 2011 shows that some religious and ethnic groups are far more likely than others to be living in larger families (Sefton et al., 2019). The FRS does not collect data on religion, but it does include data on ethnicity, allowing us to construct a consistent time-series back to 2001/02, although sample sizes are small. Figure 3 shows a five-year moving average to smooth out some of the fluctuations due to the small sample. We find that more than half of all Pakistani and Bangladeshi children live in a larger family in the most recent five-year period, although in both cases this represents a decline from 15 years earlier. More than 45% of children in Black families live with at least two other children, and for this group larger families appear to have become more common over the last decade. For White children, there has been a slight fall in the likelihood of living in a larger family over the period as a whole, with just over one in four children living with at least two siblings in the most recent data.

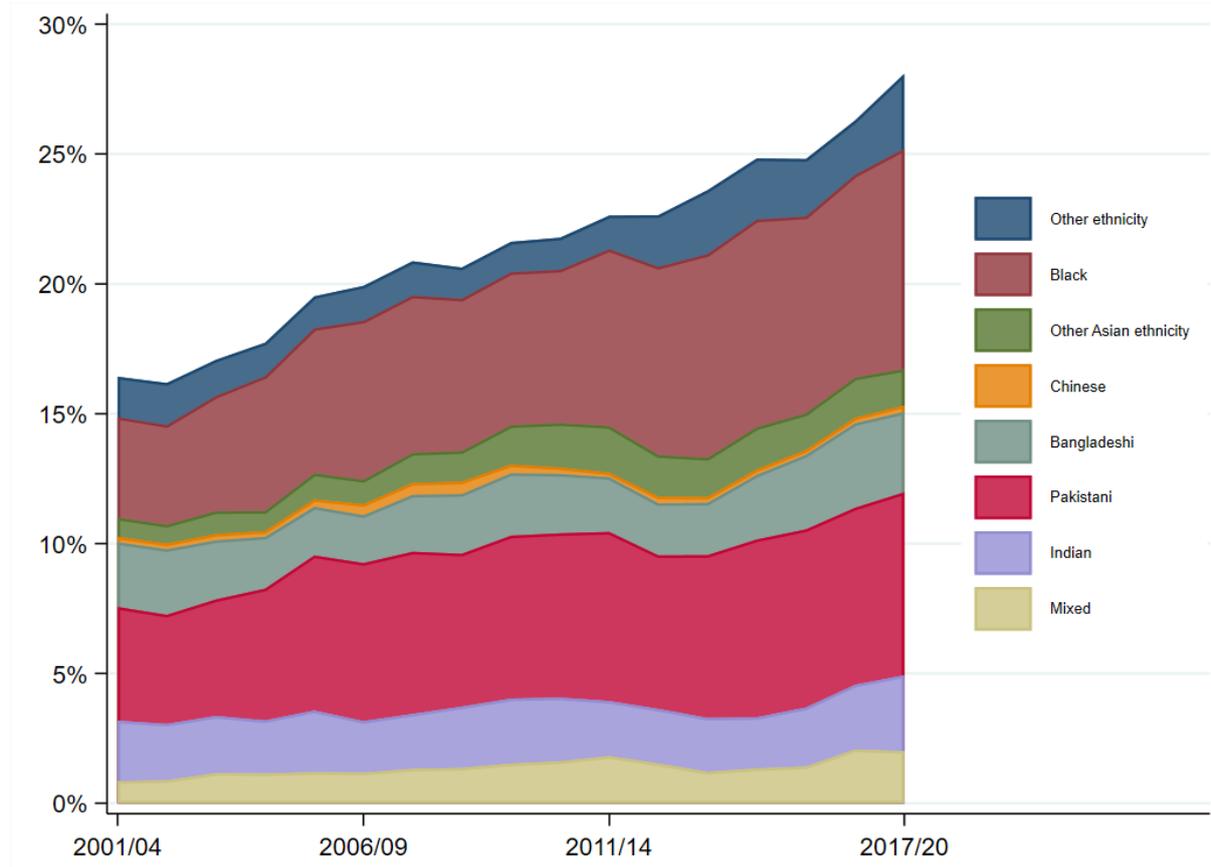
Figure 3: The percentage of children from different ethnic groups who live in a larger family (five-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

Figure 4 looks at the composition of children in larger families by ethnicity, showing that the share who come from minority ethnic backgrounds has grown steadily. Yet the rate of increase shown here (from 16% in 2001/4 to 28% in 2017/20) is very similar to the rise in the share of children in smaller families from minority ethnic backgrounds (from 9% to 16% over the same period; see Appendix Figure 3), an increase of around 75% in each case. The ethnic composition of UK children is changing, but not differently for children from smaller and larger families. These similar growth trends mean ethnicity is unlikely to help us explain differential trends in poverty by family size. On the other hand, it is clear that higher poverty rates for larger families means a higher risk of poverty for children from some ethnic backgrounds – notably Bangladeshi, Pakistani and Black children – and therefore carries implications for ethnic inequalities.

Figure 4: The percentage of children in larger families coming from different ethnic groups (three-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

Note: All those not shown are classified as White.

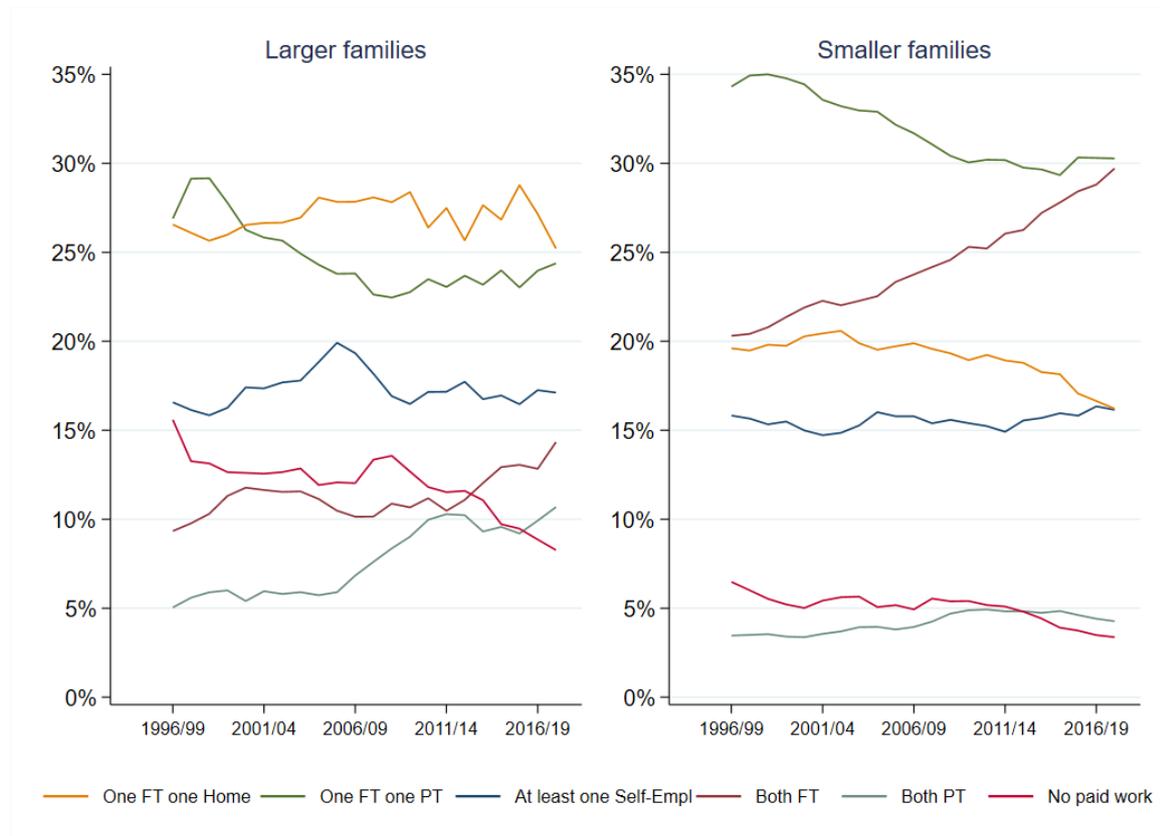
4.3 Employment rates are increasing in smaller and larger families, and gaps in work intensity between the two have grown – but not at times that fit with trends in child poverty rates

Labour market activation has been a core focus of government policies throughout the period covered in this paper, in part because of a belief in employment as the best route out of poverty. An emphasis on the importance of paid work has been expressed consistently by UK Prime Ministers from Tony Blair onwards (Daguerre and Etherington, 2014; Timmins, 2017), and used as a defence of policies such as the Benefit Cap. While the increasing phenomenon of in-work poverty has received growing attention (Hick and Lanau, 2017; MacInnes et al., 2014; McNeil et al, 2021) it remains the case that the risk of poverty is substantially higher for households with no adult in work than for those in paid employment (Institute for Fiscal Studies, 2020). Differences in labour market activity by household size are likely therefore to contribute to differences in poverty risks – and potentially also to changes in differential poverty risk over time. Adults in larger families, facing greater barriers to higher labour market participation, may have increased work rates at a slower pace than adults with fewer children, increasing the risk of relative poverty in these families.

The evidence does show substantial differences in employment rates between larger and smaller families. It is also the case that, while employment rates have increased in both larger and smaller families, work intensity (the percentage of available hours worked) has generally risen more quickly in smaller than larger families. But these changes do not map neatly onto changes in poverty, and so do not offer a good explanation for the fall in poverty in the earlier period nor the more recent rise. We present the evidence in two ways, first showing how common working patterns have changed across the full period, and then presenting more detail for three selected years.

Figure 5 and Figure 6 show employment patterns in couple and lone-parent households. Among couple families, employment rates have been rising across both smaller and larger families, with the share of children with no parent in paid work falling especially rapidly in larger families since around 2010. Nonetheless, children in smaller families remain much more likely to have both parents working full-time or one full-time and one part-time. Indeed, two parents working full-time is rapidly becoming the most common working pattern in smaller couple families, while in larger families most common is to have one adult in full-time work and one adult at home. While there has been an increase in the share of children in larger families with both parents working full-time since 2010, this remains relatively rare.

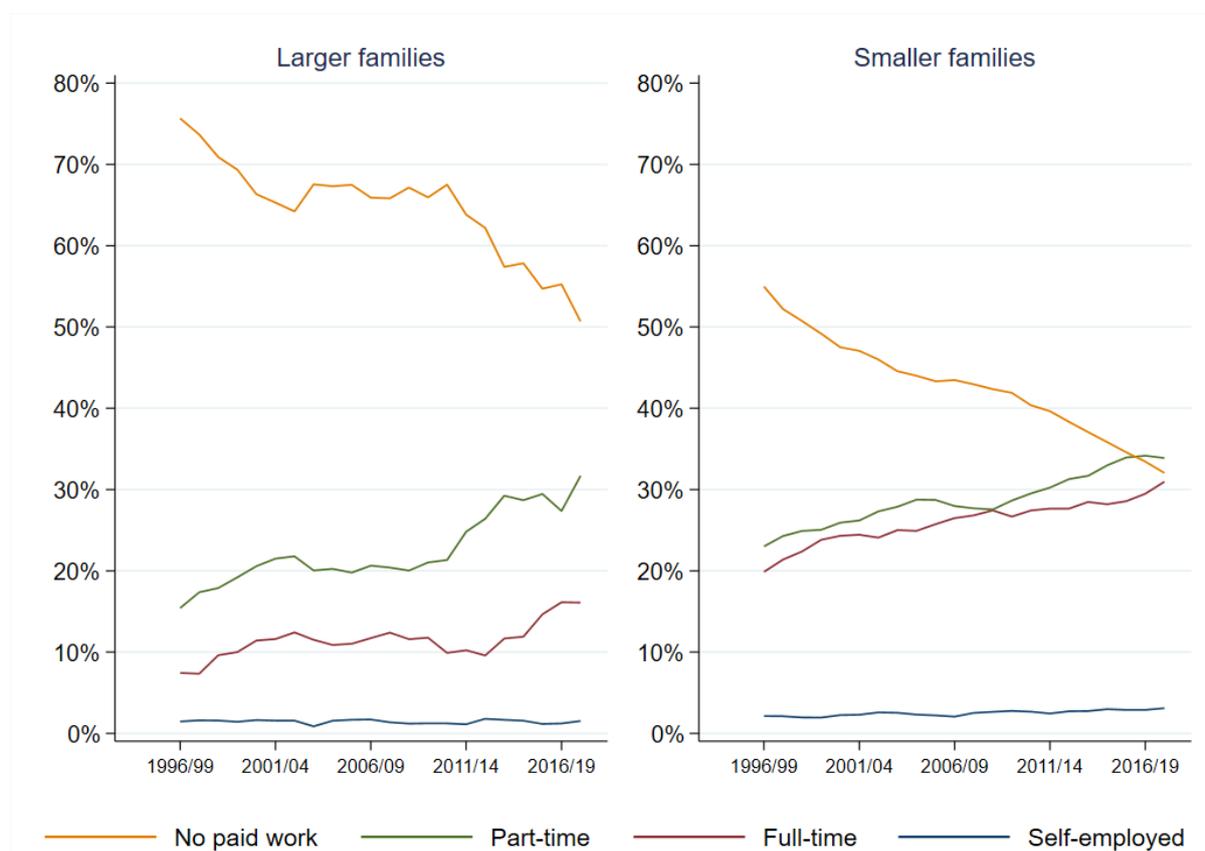
Figure 5: Share of children with parents working particular patterns, by family size, couple families (3-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

The trends for lone parent families are similar albeit more pronounced. The proportion of lone parents in no paid work has fallen dramatically for both groups since the late 1990s and both full-time and part-time employment has increased, especially for larger families since 2010. But lone parents in larger families remain much less likely to work full-time and more likely not to work at all: the figure suggests work patterns for larger lone parent families at the end of the 25-year period are very similar to those for smaller lone parent families at the start, as if larger families are following one generation 'behind'.

Figure 6: Share of children with parents working particular patterns, by family size, lone parent families only (three-year moving average)

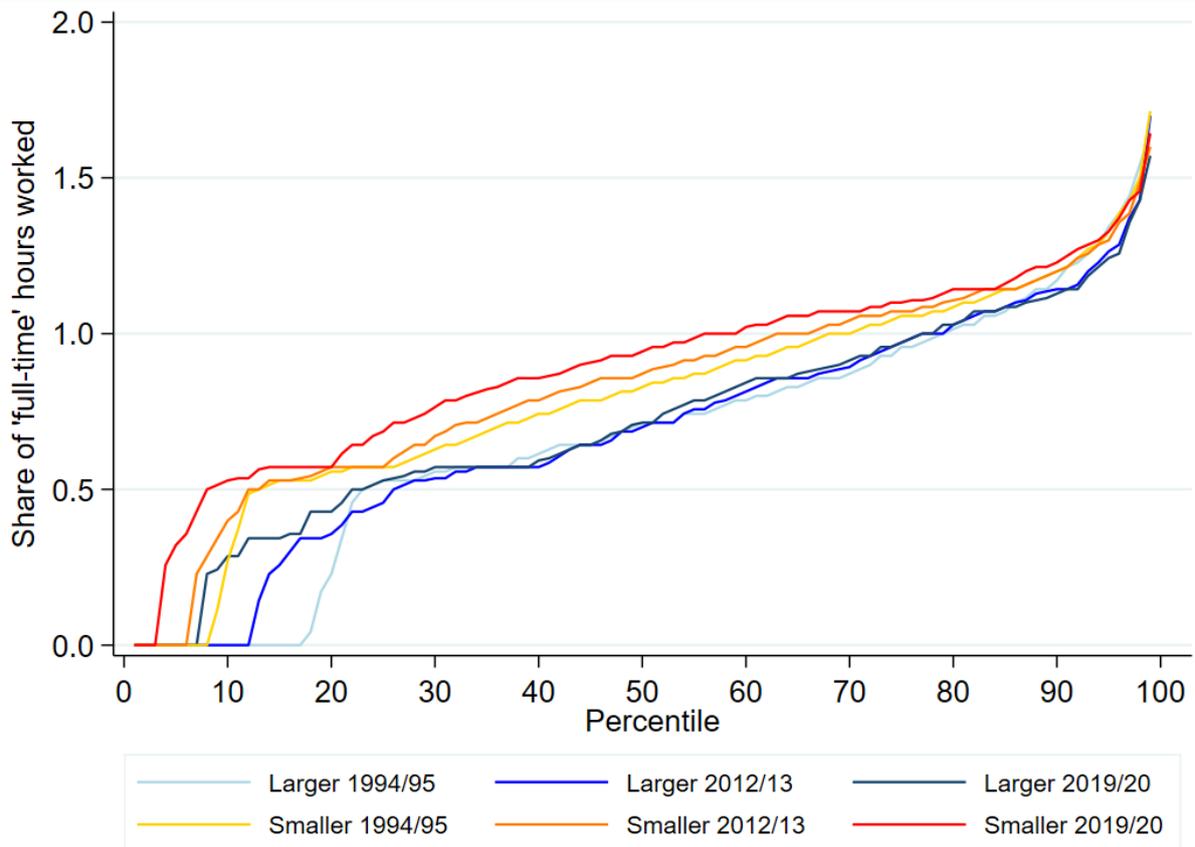


Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

While these figures give us a picture of particular working patterns, they group together families who may be working very different numbers of hours in practice. Figure 7 and Figure 8 present more granular detail on work intensity and how it has changed. Using FRS data on total weekly hours worked, we construct an indicator for each family (or benefit unit) capturing the share of available full-time working hours adults spend in paid work. 'Full-time' hours are set at 35 hours per adult, meaning a total of 70 hours available for a couple and 35 hours for a lone parent. It is therefore possible (and not uncommon) for families to work more than 100% of 'full-time'. The figures show the distribution of children in larger and smaller families according to the amount of time worked by their resident parents. For readability, only three years are shown, with the middle year of 2012/13 chosen as the point at which poverty trends reversed. Reading along the x-axis, we see the cumulative percentage of children where parents are working at or below any given level of intensity, from 0 (no paid work) through 1 (a lone parent working 35 hours or two parents 70 hours between them) and beyond (1.5 corresponding to two parents working 105 hours between them). Larger families are shown in shades of blue and

smaller families in yellows/reds, with darker lines indicating more recent years. Figure 7 shows the distribution for children in couple families and Figure 8 for lone parent families.

Figure 7: Work intensity among couple families with children (hours worked as a share of 'maximum' available working hours, understood as 35 hours per adult)

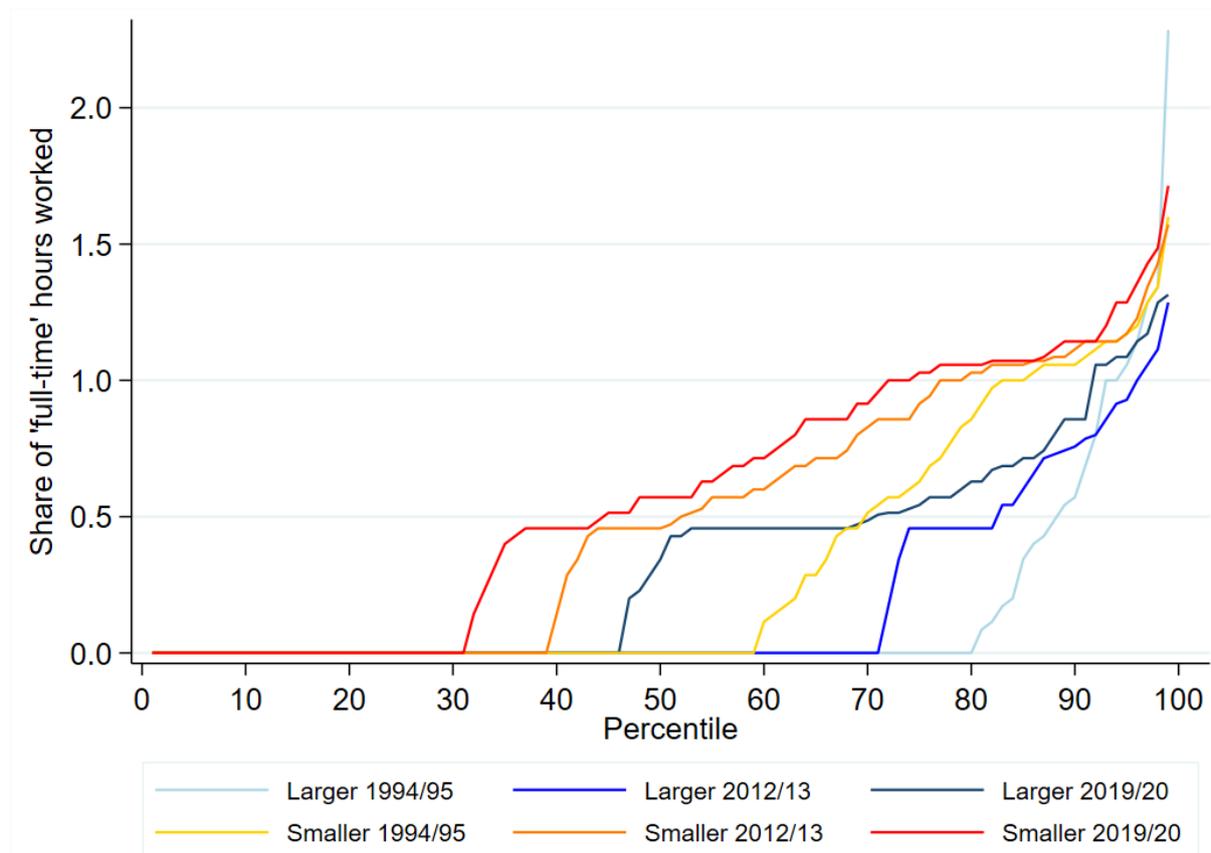


Source: Authors' calculations using FRS 2019-20 and earlier editions (DWP, ONS and NatCen, 2021).

Focusing first on Figure 7, we see declines in the share of children living in couple families where no-one is in paid work, also noted in Figure 5. In both periods, the drop is greater for larger than smaller families, suggesting some 'catch-up' for larger families in the share of households where some paid work is done, and very low rates of 'worklessness' for both family types. But at higher levels of work intensity the picture is rather different, with smaller families pulling away. The 'shelf' observed at the 0.57 point on the y-axis corresponds to the equivalent of a couple where one adult works 40 hours a week and one stays home. For smaller families there have been steady increases over time in the share working at least this amount, while for larger families there has been little change. Above this point there has also been very little change for larger families: the blue lines remain very close together. Only around 43% of children in larger couple families lived with parents working more than three-quarters of full-time hours

between them in 1994/95 (equivalent to one full-time and one half time worker), rising a few percentage points to around 47% in 2019/20. In contrast, the yellow/red lines have shifted to the left all the way along the distribution and more steadily over the two periods. Around 58% of children in smaller families had parents working at least three-quarters of full-time hours in 1994/95, rising to 63% in 2012/13 and to 70% in 2019/20.

Figure 8: Work intensity among lone parent families with children (hours worked as a share of 'maximum' available working hours, understood as 35 hours per adult)



Source: Authors' calculations using FRS 2019-20 and earlier editions (DWP, ONS and NatCen, 2021).

Figure 8, for lone parents, tells a similar story. Here the shelf corresponds to a common part-time working pattern of 16 hours (the threshold for receipt of in-work support under Working Tax Credits). There have been large increases in the share of lone parents in both smaller and larger families working at least this amount, with smaller families pulling considerably ahead to 2012/13 and larger families closing the gap since then. At higher levels of work intensity, e.g. three-quarters time, we also see increases for both family types, but as with couples change has been considerably greater among smaller families.

In sum, parents are working more (and more hours) in all family types. But while gaps in 'worklessness' are closing, larger families are being left

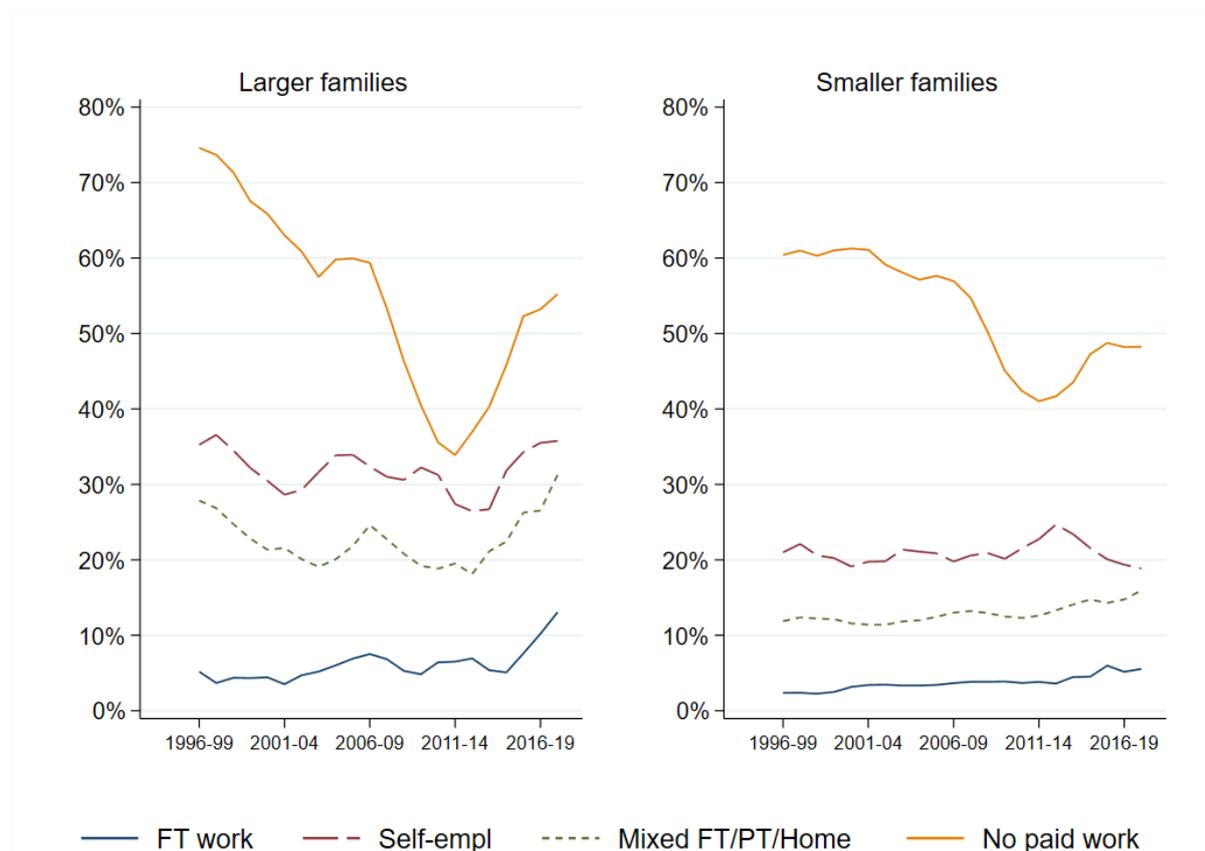
relatively further behind in terms of higher levels of work intensity. These patterns are observed across the period, with gaps for lone parents in particular opening up more quickly in the earlier period and narrowing again subsequently. As such, they do not help make clear sense of either convergence in poverty rates to 2012/13 or divergence thereafter.

The size of the remaining gap between smaller and larger families is worth noting. Looking at change over 25 years, and even over the last six years, it is clear there is a very long way to go for larger families to 'catch up' with the employment intensity of smaller ones, even were this to be a realistic or an appropriate objective. This is not surprising, of course, given the additional demands of care on these families. Aside from a greater number of children, these families are much more likely to have a young child under school-age. Policymakers perhaps need to reflect on both the realism and the normative desirability of an anti-poverty strategy that relies on ever higher levels of work intensity as central. There is a need to recognise differences within family types, and by family size, and how these might then affect the appropriate intensity of paid work. This is especially important against a context of intensified welfare conditionality (Dwyer & Wright, 2014).

If in recent years employment rates have been increasing in larger families and yet poverty is increasing, it suggests a changing relationship between employment and poverty in those years. That is indeed what we observe in Figure 9, which shows before housing costs poverty rates by work status as well as family size. Children in lone parent and couple households are both included, and work status is grouped into three broad levels of intensity, with self-employed separate.

Perhaps the most striking point here is that, while work status remains strongly correlated with the risk of poverty, the increased risk attached to worklessness has not been stable over time. Huge improvements are observed for families without work, particularly larger families, who by the early 2010s are less likely to live below the poverty line than smaller families without work. Second, the only other groups that saw improvements in poverty during the good years were larger families in self-employment or with mixed work patterns (e.g. one parent in full-time work and the other working part-time or not at all, or a lone parent working part-time). These work patterns are very common for larger families, as shown above, so the (uneven) improvements in associated poverty risks, mostly achieved in the early 2000s, will have made a contribution to the overall picture. Meanwhile, for smaller families in any form of work, and for larger families with both parents working full-time, it is striking that the risk of poverty stagnated or even became worse throughout the Labour years. Finally, we note the change of trend and the sharply rising poverty risk in the last five years for larger families in all four categories, whatever their parental work patterns. Among smaller families, only the self-employed have seen an improvement.

Figure 9: Poverty rates by family size and parents' work status (children in households below 60% equivalised median income BHC, three-year moving average)



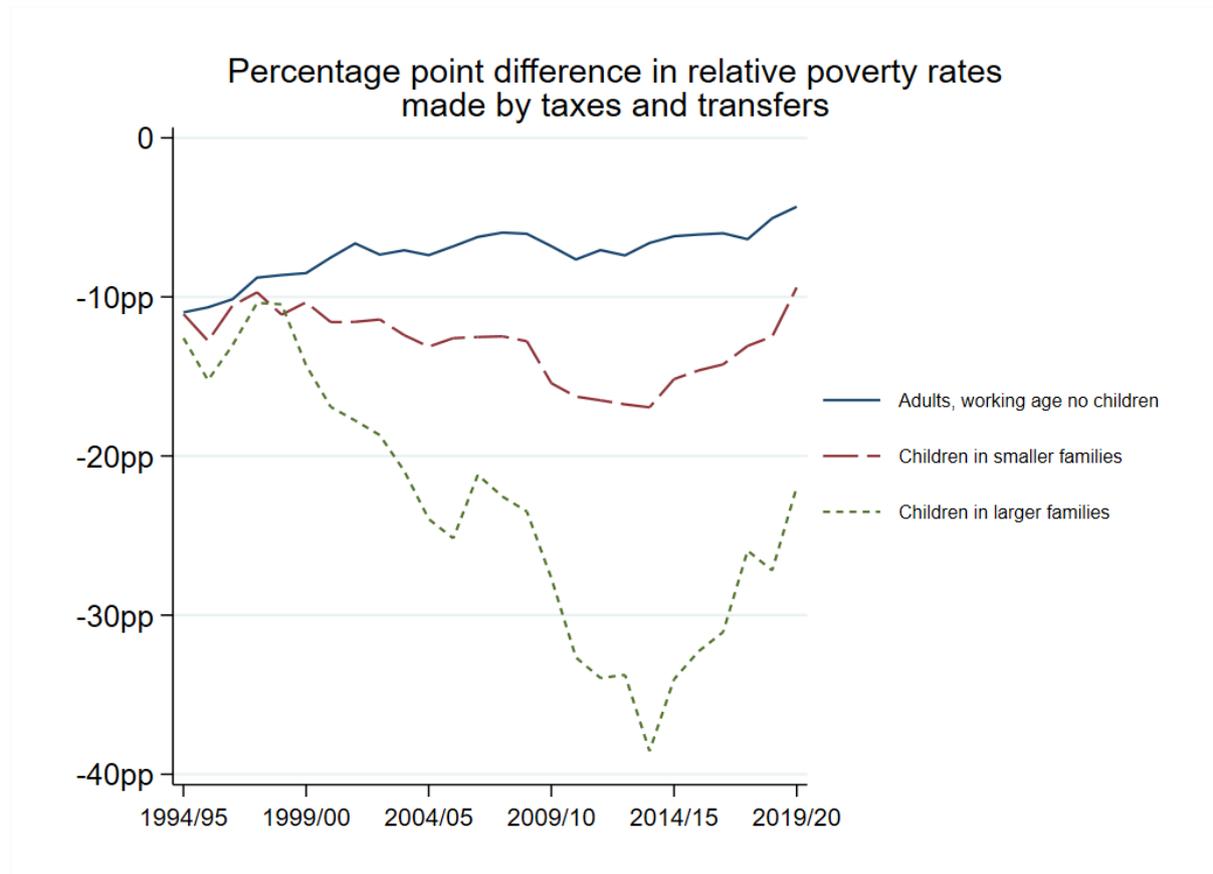
Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

4.4. Changes to social security are central to understanding changes in poverty rates for larger families

The story so far, via a process of negation, points strongly to the importance of social security support in driving poverty rates in larger families. We now turn to focus on this directly. Figure 10 shows the percentage point difference that taxes and transfers make to relative poverty rates (before housing costs) for children in families of different sizes. Poverty rates for working-age adults with no children are also shown for comparison. The increased effectiveness of the tax-benefit system in relation to larger families is strikingly clear. In the late 1990s, taxes and transfers reduced relative poverty by just over 10 percentage points for all groups. By the early 2010s, this had increased to nearly 40pp for larger families, compared to around 16pp for smaller families. In contrast, for working-age adults without children, the tax-benefit system was making less difference than before. In the most recent five-year period, the effectiveness of taxes and transfers in reducing poverty diminished for all three groups, but most sharply for larger families. For both larger and

smaller families, the patterns across the period bear a strong resemblance to the changes in poverty rates in Figure 1.

Figure 10: The impact of taxes and transfer on relative poverty rates (BHC) by household structure



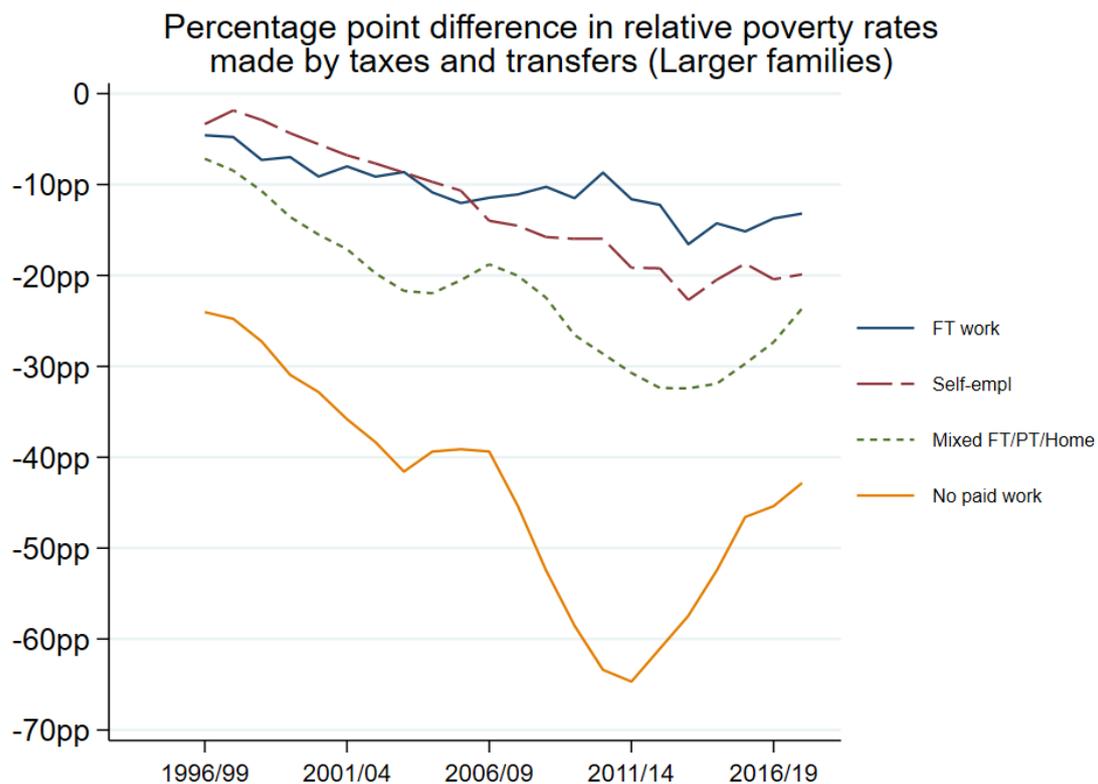
Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

Figure 11 breaks down the impact by parents' employment status, for children in larger families only. The biggest effects, and changes, as expected, are for children in families with no adult in paid work. But the tax-benefit system became steadily more effective up to the early 2010s in reducing poverty within working households too, including (though less rapidly and only in the first part of the period) households where all adults work full-time. This figure suggests, other things equal, we would have seen a steeper decline in poverty for mixed-work intensity households over this period than observed in Figure 9, and a decline rather than a rise in poverty for full-time working households. It seems that widening inequalities in market incomes were leaving even some households with full-time workers further behind, leaving the social security system with more work to do to keep up.

After 2012/13, this changed. Benefit cuts from that point affected households without a paid worker most severely, but also started to make

the system less effective at reducing poverty for many working households, notably those working at less than full work intensity; these households are those most likely to have received in-work support through tax credits. There are signs that the net impact of tax-benefit changes was also starting to fall at the end of the period for households working full-time or self-employed, meaning cuts in benefits outweighed the rising tax allowance for these households too. As we saw in Figure 9, this weakening of the redistributive power of the tax-benefit system is reflected in rising rates of poverty for working as well as out-of-work households. For most families, the two-child limit plays no part in this, as that policy was implemented only for babies born from April 2017; it is instead the consequence of more general social security cuts, not targeted at larger families.

Figure 11: The impact of taxes and transfer on relative BHC poverty rates among larger families by employment status (three-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

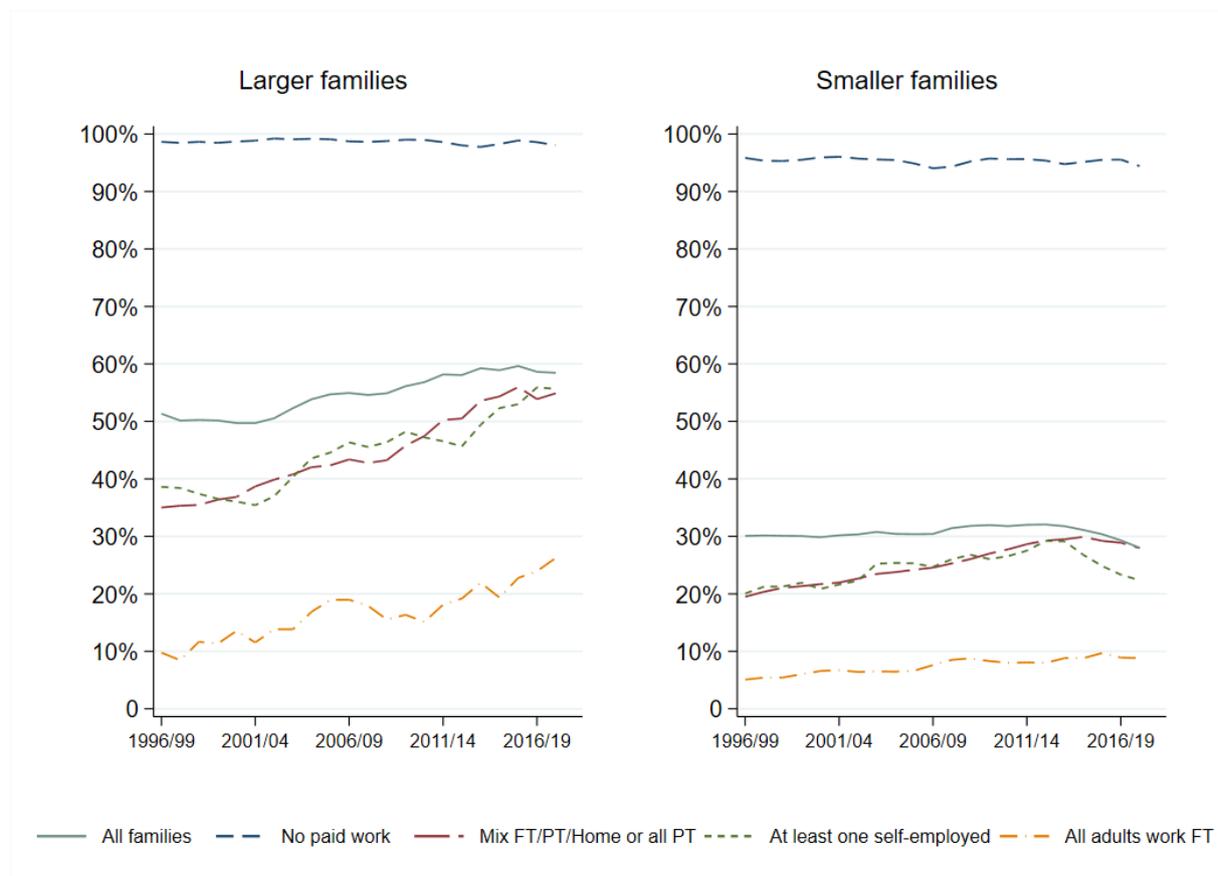
The significance of tax-benefit changes in driving poverty trends is reinforced by the evidence in Figure 12, which shows overall pre-tax and transfer poverty rates rising steadily since the early 2000s for children in larger families. Among larger families, pre-transfer poverty rates are found to have risen quite rapidly within all types of working households, including

those where all adults work full-time, and those with mixed work intensity, despite evidence shown above that the average level of work intensity in these households was stable or rising. Note that the overall line is flat in the earlier years and at the end; looking back to Figure 5 and Figure 6 these periods coincide with larger drops in 'worklessness' and increases in full-time work. Thus in these years movement into employment and longer hours appear to have offset the rising risk of poverty attached to any given work pattern, but this has not been the case in the years between.

For smaller families, the picture is rather different. While poverty risk within each of the different work typologies is increasing slowly (the self-employed in recent years are an exception), the overall line is stable, indicating that throughout the period increases in work – movement from no work to a mixed pattern, or from a mixed pattern to full-time – have balanced out the higher risks associated with each pattern.

In sum, over the course of two decades and despite increases in employment, there has been a steady rise in the amount of lifting needed from the social security system just to keep poverty rates in larger families constant. We know from the analysis above that the scope of the system was expanding in the first part of the period, though not always quickly enough to keep up with need. In the second part of the period, it has been doing less. Thus in the second part growth in market income inequality and cuts to social security have been moving in the same direction, both pushing up poverty rates.

Figure 12: Poverty rates pre-tax and transfers for children in larger and smaller families, by parents' work status (three-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

5. Discussion

This paper explored the fall and subsequent rise in child poverty in the UK through the lens of family size. While the recent literature on UK child poverty trends is substantial, relatively little attention has been paid to differential trends by family size. Yet our analysis shows that changes in child poverty in the UK were heavily driven by the experience of children in larger families. Poverty rates for children in smaller families have remained relatively flat since the late 1990s, showing little progress under Labour, and remaining steady in recent years. These trends are especially striking given that none of the administrations in power over this period implemented policies explicitly targeted at larger families, for better or worse, until the 2013 benefit cap (which initially affected very few households) and the 2017 two-child limit. Indeed until these reforms the only elements that were sensitive to family size provided higher rates of support for first-borns (Child Benefit and the Sure Start Maternity Grant) (Eisenstadt and Oppenheim, 2019).

By foregrounding family size, this paper provides important new insights into changes in child poverty. It suggests a need to incorporate this lens more closely into poverty analysis, while also heightening the need to monitor closely the impact of the two-child limit and the benefit cap on larger families, given their increased and rising vulnerability to child poverty, even before these policies took effect. The paper also provides key insights into recent strategies to tackle child poverty.

First, the evidence underlines the fact that households with more children require more support from the state. In part this is simply because households with more mouths to feed have higher consumption needs; even in households where all adults work full-time, pre-transfer child poverty rates in larger families are more than double those in smaller families. Their higher needs are not a permanent fact about these households but a feature of a temporary stage of life. The higher risk associated with (more) dependent children is no new insight – it is one that Rowntree identified in his original poverty survey (Rowntree, 1902). In making the case for family allowances in the 1940s, Eleanor Rathbone (1940) also argued that wages do not (and could not ever) reflect family size, and that minimum wages would have to be unfeasibly high to support two or three children. The basic maths of the household economy – the balance between wage income and consumption needs – explains why when family allowances were introduced in 1946 they covered second and subsequent children only (Bradshaw et al, 2006).

Beyond the additional demands on spending that come with more children, children also require care which in many cases necessitates a reduction in work intensity. Less relevant in the 1940s, when a stay-at-home mother was the norm, this has become a more important part of the story about differences in poverty risk by family size as female labour force participation has risen. At the beginning of the period covered in this paper, employment rates were considerably lower in larger than in smaller families, especially for mothers (Iacovou and Berthoud, 2006). Our analysis shows that work intensity has increased a little in larger families, especially in the most recent years, while 'worklessness' is becoming less common. But work patterns are also changing in smaller families, with full-time work a growing norm. Even if work intensity gaps are narrowing slightly, the trends presented here suggest employment patterns for families with three or more children remain at least a generation 'behind'. While working more hours may be part of the way forward and out of poverty for some families, at a macro level this offers only a very slow (and partial) solution. Further, it raises important normative questions about whether we want a society in which all parents need to work full-time to avoid poverty, rather than one in which there are periods of the life-course in which other responsibilities can take priority. There are related questions about the appropriate role for the state in supporting (rather than restricting) parents to choose the balance of paid and parental work that best suits them and

their families; a process that has been steadily eroded by the intensification of welfare conditionality (Dwyer & Wright, 2014).

This leads to the second point, which is that, despite rising employment rates, the need for redistribution to keep families with children out of poverty has increased steadily over the last 25 years. Market poverty rates have risen for families of all work statuses and family sizes, and the largest increases have been for larger families. By the end of the period more than half of children in larger families with mixed work intensity were in poverty before transfers. Similarly, around one third of children in larger families where all parents work full-time were in poverty before transfers. It is notable that this rise took place throughout the entire 25 year period, regardless of the government in office. The rise in market poverty for larger families with mixed work intensity may be linked in part to the growing norm of the two-earner couple. But the increase among families working at full intensity tells us that this is not the whole story. Why has this rise been much sharper among larger families? Perhaps the most plausible explanation is the kind of employment available (Golden, 2020; Hirsch, 2005; ONS, 2019). While the education levels of parents in larger families have risen steadily over the last quarter-century, they remain somewhat lower on average than those in smaller families, leaving them potentially relatively disadvantaged. Further, the demands of caring responsibilities may push parents in these households into precarious, low-paid work which means they may experience more labour market churn throughout any given year (Chung, 2019; Fox et al., 2013).

Rising levels of pre-market poverty even in full work-intensity households highlight the need for more focus on structural inequalities in the labour market and/or an acceptance that ever higher levels of redistribution will be needed to keep poverty down. There have been short periods in which increases in work intensity in larger families appear to have been enough to offset the rising risk of poverty (pre- taxes and transfers) attached to any given pattern to keep market poverty rates stable overall. But ever greater increases in work effort is not a plausible or sustainable path forward. An alternative response is that families should not have more than two children unless their job opportunities mean they can afford them, but it should be acknowledged that this is to accept the imposition of a restriction which is as much to do with pay and income stability as to do with labour market participation, and on current trends means a larger family is out of reach for an ever higher share of the population.

Third, as social security is more important for larger families than smaller families, and as it has becoming increasingly more important over time, expansion and cuts in general social security benefits have had the most impact on larger families. Changes in the generosity of social security support for children are the central explanation for the substantial fall in child poverty in larger families in the years to 2012/13 (against a backdrop of increases in pre-transfer poverty), and in the sharp rise in poverty since then. This is despite the fact that no policies were targeted on family

size until the benefit cap and the two-child limit. These two latest reforms are therefore particularly worrying. Given that poverty rates were already rising among larger families, it seems precisely the wrong time to implement policies that specifically target this group for more cuts.

Fourth, disparities by ethnicity suggest strong differences in cultural preferences and norms and point to the need for policymakers to pay far more attention to intersectional poverty risks. Differences in family size mean cuts in social security support fall most heavily on children from some minority ethnic groups, with long-term implications in terms of exacerbating existing inequalities by ethnicity.

Finally, our analysis also has wider implications for the political and public discourses which render larger families in stigmatising ways (e.g., 'benefit broods') (Jensen and Tyler, 2015; Tyler, 2020). On the one hand, our results undermine the 'benefit broods' discourse by showing that employment rates are currently historically high and rising. On the other hand, our analysis underlines the notion that, for a period of the life-cycle, many households with children, and especially those with three or more children, require additional support from the state if they are to make ends meet. This is true even for many families with adults in paid employment, and for some in which all adults in the household work full-time. Larger families have been particularly vulnerable to ebbs and flows in the provision of social security receipt because *they are indeed more financially dependent on state support on average than smaller families*. This dependence does not, however, imply that they are not contributing now nor that they will not contribute in the future (Hills, 2014). Rather, the structure of labour market opportunities alongside temporary increased consumption demands makes it more difficult for them to meet their needs.

Furthermore, as the Covid-19 pandemic has starkly demonstrated, it is not always possible to predict future financial uncertainty, or when, or indeed if, a family will need to rely on the state for all or most of their income. The justifications for policies such as the two-child limit are that families should be making 'choices' about how many children to have based on how many they can actually afford (see, for example, HM Government, 2020). But this ignores the reality that what we can afford today, we may be unable to afford tomorrow. One of the foundational principles of an effective social security system is protection against the risk of future changes and shocks to income (see Hills, 2014). Relatedly, a rubric of choice – and this arguably applies both to number of pregnancies and to work intensity – ignores the everyday realities of people's lives, and how choices are often constrained by circumstances; for example, an accidental pregnancy, or a child with additional needs that make longer paid work hours feel impossible, whatever the parents' preferences. These everyday realities will be teased out further in the qualitative longitudinal interviews we are also conducting as part of this research programme (see Reader & Andersen, 2021).

If we widen ideas of contribution to encompass reproductive and caring work (Skeggs and Loveday, 2012), then adults in larger families are potentially making the greatest contribution. Seen like this, the need for more financial support for larger families is about life cycle redistribution and interdependence, not about two distinct long-term categories.

The alternative to understanding this is to restrict the 'choice' of having more than two children to the very lucky – the highest earners and those with independent wealth. This approach, encapsulated by the UK's two-child limit on means-tested benefits, is effectively a two-child maximum introduced by the back door and with exceptions for the rich. In addition to raising obvious and acute questions of fairness, it is an approach that accepts the burden of a very high level of risk for individual families; unforeseen events can happen to us all, from unexpected pregnancy to job loss or the onset of disability – or as recent years have shown us, a global pandemic. Further, the approach currently pursued in the UK seems to tacitly accept that many children will grow up in poverty because of their family size. Given the well-established long-term impact of poverty on children's lives this is intensely short-sighted (Brooks-Gunn and Duncan, 1997; Cooper and Stewart, 2020). It is also a violation of the UK's commitment under the Convention of the Rights of the Child.

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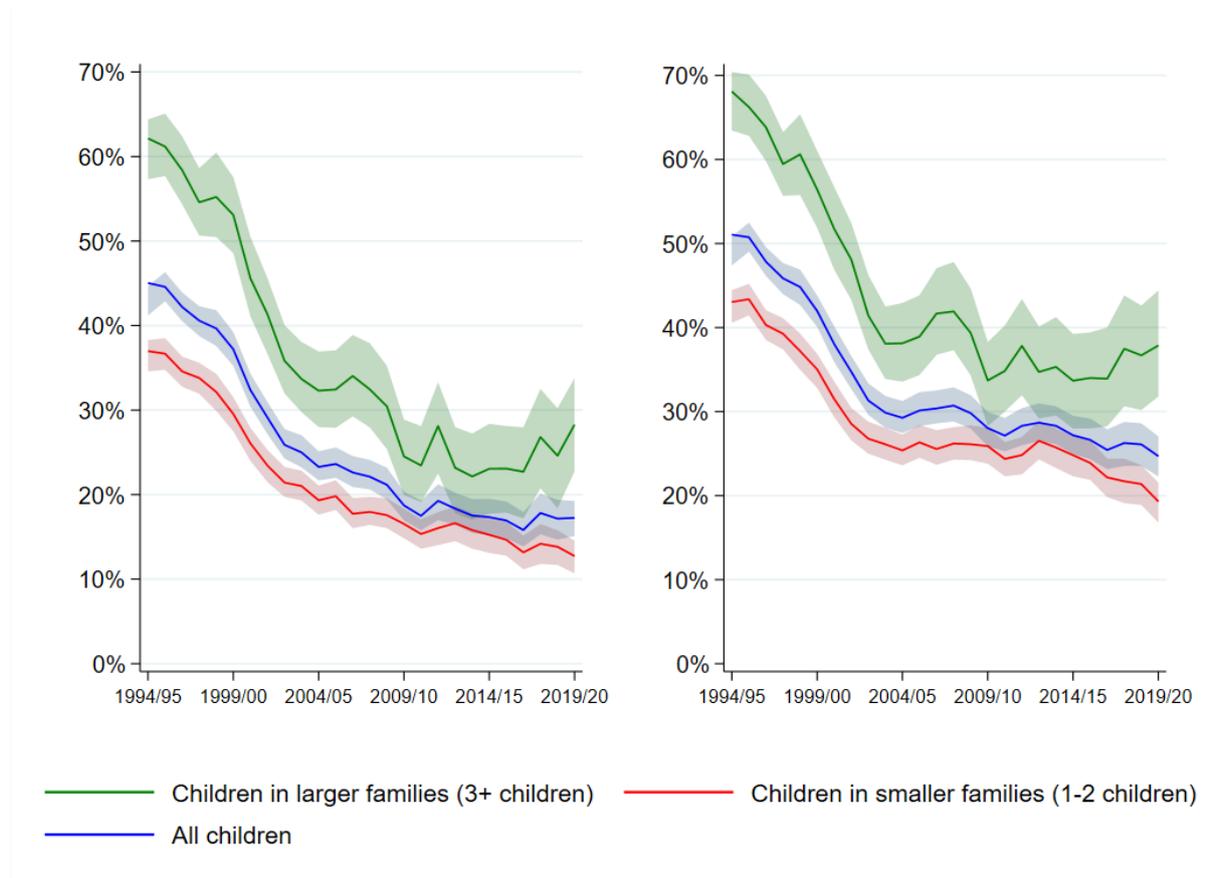
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Appendix Table 1: The share of children living in larger families

	As a share of all children, percentage living in families with:			As a share of children in larger families:		
	3+ children	4+ children	5+ children	3 children	4 children	5+ children
1994/95	0.32	0.10	0.03	0.69	0.22	0.09
1995/96	0.32	0.10	0.03	0.69	0.21	0.10
1996/97	0.32	0.11	0.03	0.66	0.25	0.09
1997/98	0.33	0.10	0.03	0.68	0.23	0.09
1998/99	0.33	0.10	0.03	0.68	0.22	0.10
1999/00	0.32	0.11	0.03	0.67	0.23	0.10
2000/01	0.32	0.10	0.03	0.69	0.22	0.08
2001/02	0.32	0.10	0.02	0.67	0.25	0.07
2002/03	0.31	0.10	0.03	0.69	0.21	0.09
2003/04	0.31	0.10	0.03	0.68	0.22	0.10
2004/05	0.30	0.10	0.03	0.67	0.24	0.10
2005/06	0.30	0.10	0.03	0.68	0.24	0.09
2006/07	0.30	0.10	0.03	0.66	0.24	0.09
2007/08	0.29	0.10	0.03	0.66	0.23	0.11
2008/09	0.28	0.09	0.03	0.68	0.23	0.10
2009/10	0.27	0.09	0.02	0.67	0.24	0.09
2010/11	0.26	0.08	0.02	0.70	0.22	0.07
2011/12	0.27	0.09	0.02	0.66	0.25	0.09
2012/13	0.26	0.09	0.02	0.66	0.25	0.09
2013/14	0.27	0.09	0.03	0.68	0.22	0.10
2014/15	0.27	0.09	0.02	0.68	0.23	0.09
2015/16	0.27	0.09	0.02	0.68	0.23	0.09
2016/17	0.28	0.09	0.02	0.69	0.22	0.09
2017/18	0.29	0.09	0.03	0.67	0.21	0.11
2018/19	0.31	0.10	0.03	0.69	0.22	0.09
2019/20	0.29	0.10	0.03	0.66	0.24	0.10

Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

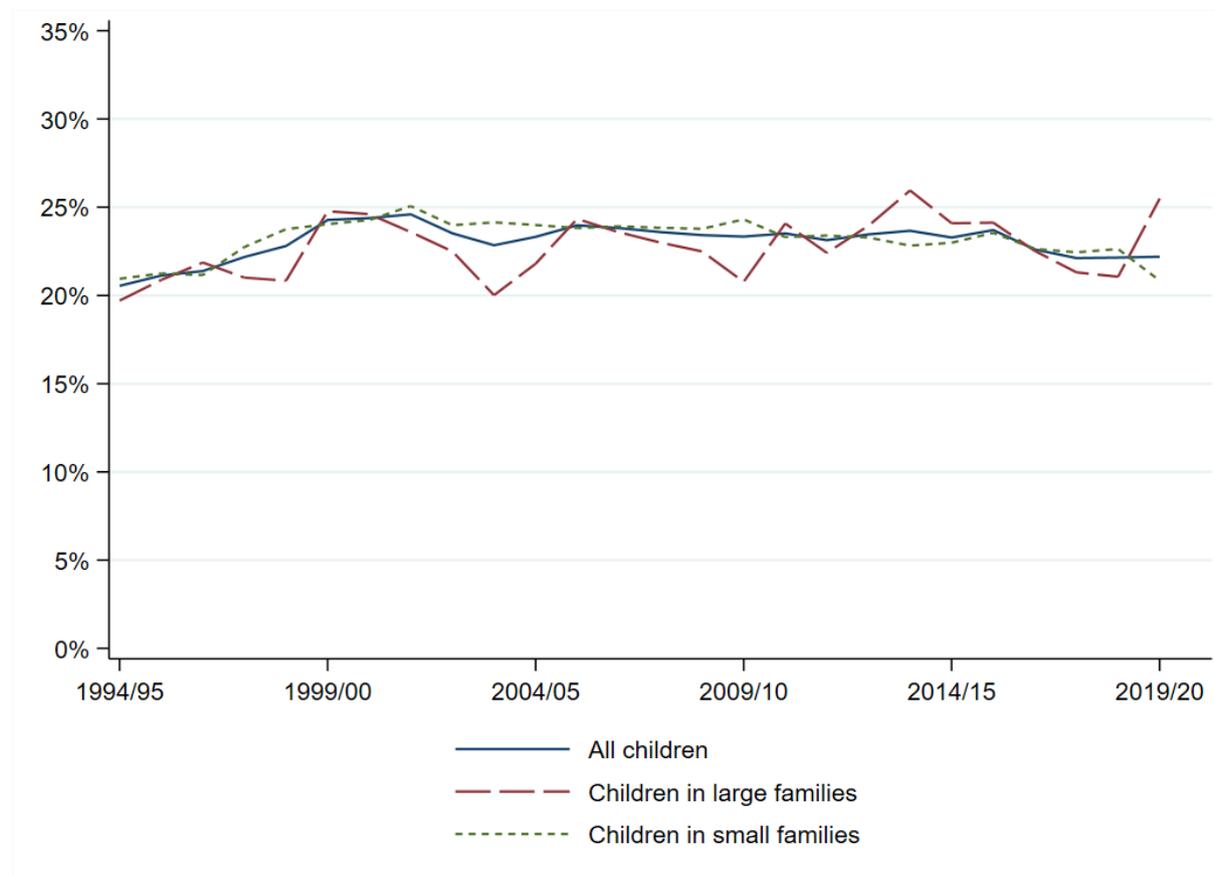
Appendix Figure 1: Child poverty against an anchored poverty line (60% 2010/11 median income, uprated for inflation) by family size, Before Housing Costs (left hand panel) and After Housing Costs (right hand panel)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

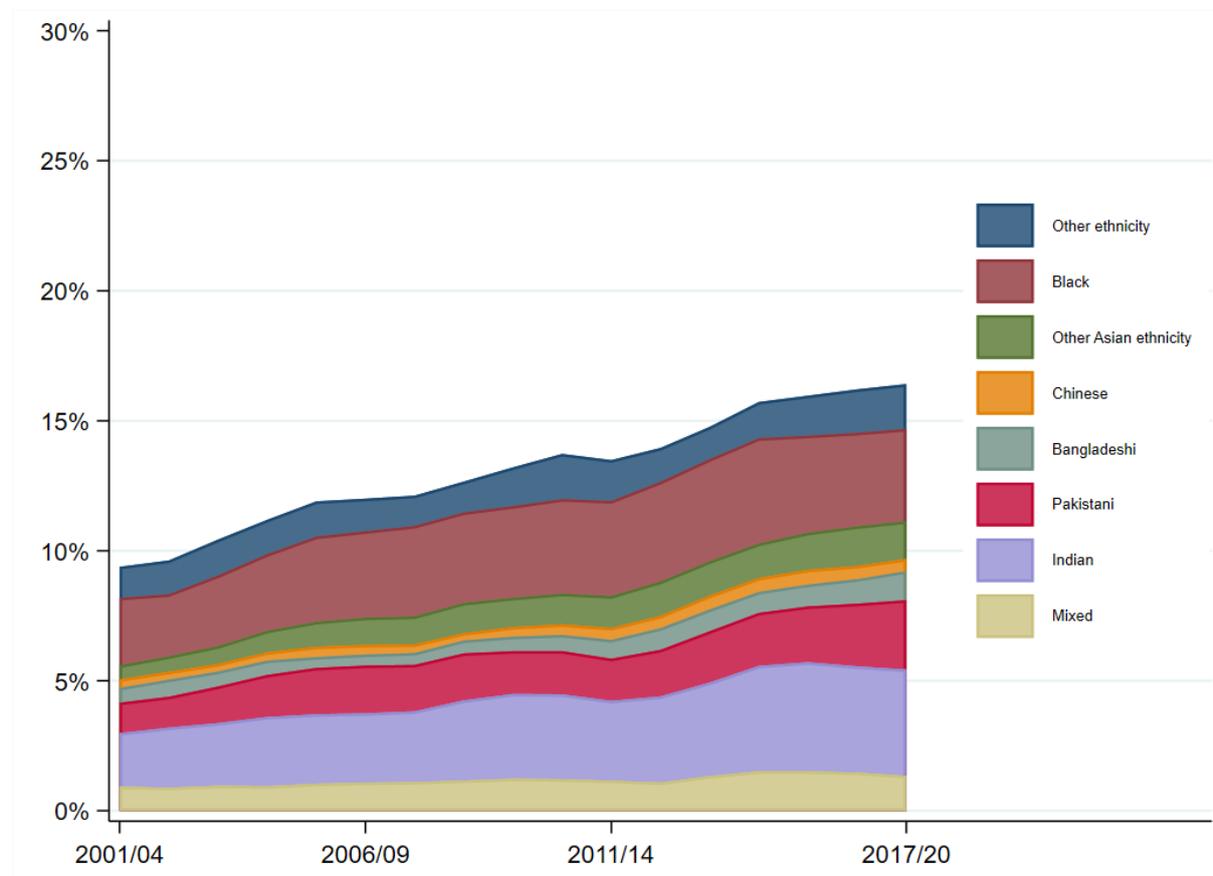
Note: Shaded areas show 95% confidence intervals.

Appendix Figure 2: The proportion of larger and smaller families headed by lone parents



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).

Appendix Figure 3: The percentage of children in larger families coming from different ethnic groups (three-year moving average)



Source: Authors' calculations using HBAI 15th edition (DWP, 2021).