

Child lock



How the UK government can secure children's futures

A child lock for children's benefits and services

Executive summary

Child poverty in the UK has become a fact of life - 'too big to tackle and too familiar to notice'¹. The 4.2 million children growing up in poverty in 2023 have been denied secure futures. The welfare state was always supposed to support families 'from the cradle to the grave', but the focus has moved away from the cradle.

The state can, and should, take some responsibility for supporting families, and securing the futures of all our children. Governments in Ireland and New Zealand, for instance, have reduced child poverty rates through action they have taken. In the UK and England, we need to reform the safety net to ensure children are getting their fair share.

This paper argues **the UK Government should 'double lock' spending on children's social security entitlements**. The pensions triple lock has successfully reduced pensioner poverty. Lessons should be learnt from this success; children's social security could be increased by whichever is higher out of earnings or inflation to sustainably reduce child poverty over time.

A child lock would mean children are better protected during periods of high inflation and stand to benefit during periods of growth. And it wouldn't only be families on low incomes that stand to benefit; child benefit would also be 'double locked' meaning that many families across the UK would have extra help with the costs that come with bringing up a family. A

¹ Morris, Kate, Will Mason, Paul Bywaters, Brid Featherstone, Brigid Daniel, Geraldine Brady, Jade Hooper, Nughmana Mirza, Jonathan Scourfield, and Calum Webb. 2018. Social work, poverty, and child welfare interventions. *Child & Family Social Work* 23: 364-72

child lock would benefit everyone and represent an investment in our collective future, as well as reducing inequality and enabling inclusive growth.

We do not believe the idea of a child lock must be confined to the Department for Work and Pensions. This concept could be replicated across government, to address the fall in spending on children across education, health, transport, and housing in England.

Save the Children will continue to explore what a child lock could look like in more detail: thinking about services for children, education, social security spending, mental health, and housing policy, guided by the voices of children and families as well as policy experts from across these sectors.

We have a vision for a UK where children can grow up with a greater sense of security – where opportunities for play, growth, and development don't have to be accompanied by their parents cutting back elsewhere. Where child poverty is seen as something that is worth tackling, and that can be overcome. A child lock is a critical step towards that vision.

Child poverty in the UK

Child poverty in the United Kingdom has almost become a fact of life – ‘too big to tackle and too familiar to notice’.² Children growing up today have about a one in four chance of growing up in poverty which rises to nearly a one in two chance if you are black or from a minority ethnic group, or from a lone parent family. This means a quarter of kids missing out on trips, toys, clubs, and other opportunities to learn and thrive. A quarter of kids spending the time they should be spending daydreaming, worrying about money. Nine children in a class of thirty are struggling to concentrate because they’re hungry, going to school ashamed of their too-tight uniform, or saying no to birthday parties because they know their parents couldn’t buy their classmate a present.³

There are too many families and children being pulled into poverty, but this does not have to be the way the world works. And – if we look at the rest of the world – it is not. In New Zealand, the child poverty rate has fallen from 23% to 15% over the last four years.⁴ In Ireland, the child poverty rate is almost half the rate in the UK, at 13.6%.⁵ There are 20 OECD countries with child poverty rates lower than the UK’s, including France, Germany, and Poland.⁶ Children growing up with smaller, more difficult lives is not something we have to accept. We all have a role to play in ensuring the best for our children, but sometimes, despite your best efforts, your pay is too low, and the bills are too high. Or you lose your job and can’t get another of the same calibre. Tackling child poverty requires effort from all of us – including the state. And this state responsibility can, and does, drive change. Other governments, in other countries, accept and take responsibility for child poverty, and it has become something their voters expect them to deliver on.

² Ibid

³ Stories gathered from parents and families that Save the Children works with

⁴ New Zealand Government, Child Poverty Related Indicators Report 2023, Department of the Prime Minister and Cabinet (DPMC), <https://www.childyouthwellbeing.govt.nz/sites/default/files/2023-06/Child%20Poverty%20Related%20Indicators%20Report%202023.pdf> NB in New Zealand, child poverty is measured at 50% of median income AHC, compared to 60% of median income AHC in the UK. This is not a direct comparison: the focus is on the decrease, rather than the figures.

⁵ Children’s Rights Alliance. Child Poverty Monitor 2022,

https://www.childrensrights.ie/sites/default/files/submissions_reports/files/Child%20Poverty%20Monitor%202022_0.pdf

⁶ OECD library, Poverty Rate Data, Poverty rate for 0-17 year-olds. 2021 or latest available data, Organisation for Economic Co-Operation and Development, <https://data.oecd.org/inequality/poverty-rate.htm>

We have lessons to learn in poverty reduction from other countries, but we also have our own successes to celebrate and learn from. While child poverty has remained relatively static, pensioner poverty has almost halved over the last 25 years, going from 28% in 1994 to 15% in 2021.⁷

The triple lock

The problem of pensioner poverty in the UK is by no means solved, and as the population ages, there will be new problems for policy makers to address. Despite these issues, the reduction in pensioner poverty over the last two decades has been a remarkable policy success. A key factor in this has been the pensions triple lock, which guarantees that pensions rise in line with the highest figure out of inflation, earnings, or 2.5%.

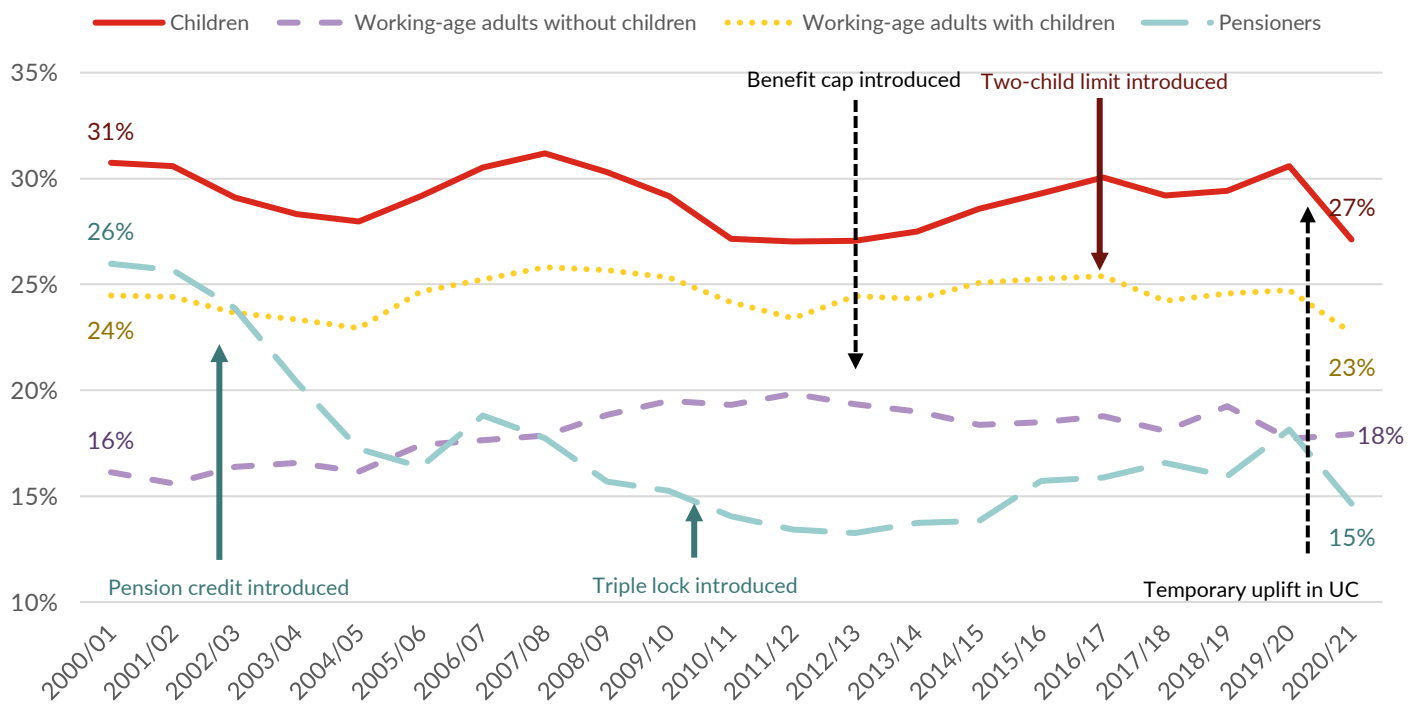
This has meant a steady increase to pensioners' incomes since 2012, and a near-halving of pensioner poverty over 20 years. Income maximisation from the DWP has been a key component in this. The triple lock has raised state pension spending by almost £11 billion per year, and pensioners have seen an income boost of around £1,250 since 2011.⁸

Figure 1 shows the impact of the triple lock and pension credit on pensioner poverty, and compares it to the impact of the benefit cap and the two-child limit, both of which led to an increase in child poverty. The temporary uplift in Universal Credit (introduced during the pandemic) had the opposite effect, lessening poverty for all groups affected, and clearly demonstrating the role of benefits in poverty reduction.

⁷ Joseph Rowntree Foundation, Overall UK Poverty Rates, 2023 <https://www.jrf.org.uk/data/overall-uk-poverty-rates>

⁸ <https://ifs.org.uk/news/triple-lock-creates-uncertainty-pension-incomes-and-savers-well-public-finances>

Figure 1: How poverty rates have changed for different groups over the last two decades.



The triple lock is, arguably, in need of reform and fine-tuning, and we cannot argue that it has solved all issues faced by pensioners: protecting pensioner incomes while social care funding has collapsed shows the necessity of guaranteeing spend across services and income. But rather than throwing out what has been an incredible policy success, and a policy reform that most of the public are behind⁹, we should think about tweaks to a successful policy, and about the lessons we can apply from this policy to child poverty.

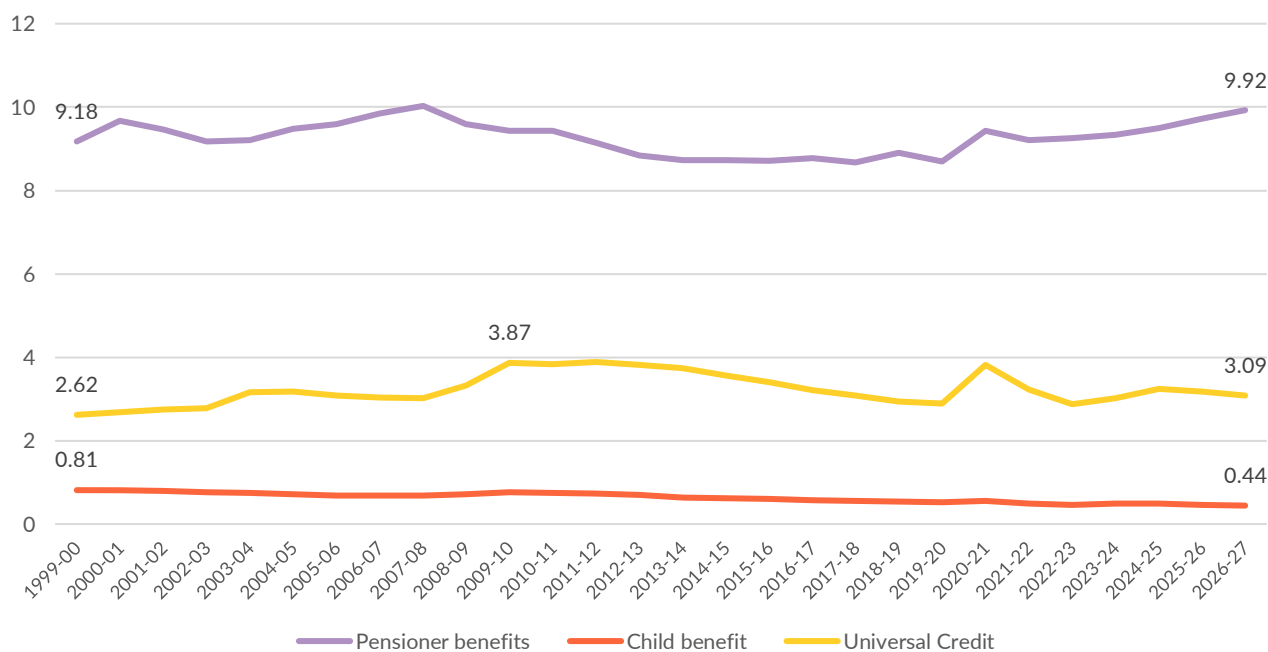
Children's benefits

Over the same period where pensioners saw an increase in state spending of £11 billion per year, money that flows towards families and children has fallen. Total benefit spending per child saw an estimated cut of 17% between 2010 and 2020.¹⁰

⁹ Age UK and Opinium polling found that 75% of adults think the government should keep the pensions triple lock, November 2022 https://www.ageuk.org.uk/latest-press/articles/2022/strong-public-support-for-triple-lock-as-three-quarters-of-all-adults-think-the-government-should-keep-it-with-the-same-proportion-also-supporting-benefits-being-updated-in-line-with-inflation/#_edn1

¹⁰ <https://assets.childrenscommissioner.gov.uk/wpuploads/2018/06/Public-Spending-on-Children-in-England-CCO-JUNE-2018.pdf>

Figure 2: Spending on different types of benefits as a share of GDP (%), 1999/00-2026/7 (projected)



Source: OBR analysis of welfare spending, 2023 <https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/>

Figure 2 shows how spending on children and pensioners has differed. While spending on pension benefits is projected to increase by one percentage point as a share of GDP, spending on child benefit is due to halve between 1999 and 2026, from 0.81 to 0.44% of GDP. Spending on Universal Credit and legacy benefits, some of which go towards children, saw a significant increase in the late 2000s, rising to a high of 3.9% of GDP, before falling back again to a projected 3.1% in 2026-7, half a percentage point higher than in 2000.

The Department for Work and Pensions is forecast to spend £152 billion on pensioners in 2023/24, £101 billion on working-age adults, and £3.6 billion on children. That means that just 1% of social security spending is on children, compared to the 60% of spending that goes to pensioners, and the 39% to working-age adults. Children make up 20% of the population, adults make up 62%, and pensioners make up 19%.¹¹

Welfare reforms over the last decade have been particularly punishing to families, with the two-child limit and the benefit cap, as well as years of benefit freezes, squeezing families' incomes to breaking point. Research from the Economy 2030 Inquiry has found that the

¹¹ Melissa Bui, 'Age Bias: How government spending is skewed against the young', Intergenerational Foundation, 2022.

ability of the social security system to replace earnings in the event of unemployment (or the replacement rate) has fallen over the past 10 years, thanks to cuts to the income-related parts of the social security system since 2011-12.¹² Because of reforms like the two-child limit and benefit cap, the difference has been particularly noticeable for couples with children. Couples with children have seen the largest fall in median replacement rate: in 2011 a couple with children who faced unemployment would have been able to see a replacement rate of 66% after moving into unemployment – so they would have maintained two-thirds of their earnings on average. In 2021, this had fallen to just 53%, meaning that a family with children could – overnight – be expected to survive on just half of their previous income¹³.

Children and families have not been a priority for successive governments. And the impact of policy-design that is not focused on them has been considerable. 3.8 million people experienced destitution in 2022, including around one million children. This is nearly triple the number of children who experienced destitution in 2017. Triple the number of children who are frequently unable to stay warm, dry, clean, and fed in this country, over a period of just five years.¹⁴

It is not only DWP budgets that have seen cuts. Spending on children overall, when accounting for spending on things like education and services (but not health), was about 10% lower in 2020 than in 2010.¹⁵ The Intergenerational Foundation has found that in 2018-2019 the government spent £15,000 on each child, and £21,000 on each pensioner. Over the course of 19 years, the gap in per person spending between children and pensioners doubled in size, going from around £3,000 more spending per pensioner than per child to £6,000 more per pensioner than per child. This includes spending across social security entitlements, education, health, and transport. Spending on preventative services has seen a considerable cut, as has school spending per pupil, which saw a 9% decline from 2010 to 2020.¹⁶ Schools budgets have since seen some increases, but the key problem for

¹² M. Brewer, K. Handscomb, G. Kelly, J. Smith & L. Try, 2022, Social Insecurity. Assessing trends in social security to prepare for the decade of change ahead

¹³ Ibid

¹⁴ Destitution in the UK 2023, JRF, 2023

¹⁵ <https://ifs.org.uk/news/triple-lock-creates-uncertainty-pension-incomes-and-savers-well-public-finances>

¹⁶ IFS, Schools budgets, 2022 <https://ifs.org.uk/education-spending/schools#:~:text=Accounting%20for%20economy%2Dwide%20inflation,is%20lower%2C%20at%205%25.>

schools, children's services, and children's benefits is that none of these budgets are guaranteed – they can change and be cut year on year, when what children need is consistency and some guarantee that their basic needs: for enough money, for education, for health and housing systems that work for them, will be met by the state.

The foundations of the welfare state

Money for children and families was a key part of the history of our country's welfare state. Calls for a universal family or child allowance have been made since the 1920s, family allowances were put forward in the Beveridge report in 1942, and first introduced in 1946, when allowances were paid to all second and subsequent children.¹⁷ The welfare state was always supposed to support families '*from the cradle to the grave*', but lately the focus has moved away from the cradle.

To bring us closer to the foundations of the welfare state, we need to restructure some of the services and systems of our country's safety net to ensure that children are getting their fair share, and that the State is doing its part in guaranteeing children the best start in life.

¹⁷ Noel Whiteside, *The Beveridge Report and Its Implementation: a Revolutionary Project?*, 2014, <https://www.cairn.info/revue-histoire-politique-2014-3-page-24.htm>

Child lock – a way forward

The UK Government should ‘double lock’ spending on children’s social security entitlements, so that money that goes to children increases by earnings, or by inflation if inflation is higher than earnings. This will ensure that children are better protected during periods of high inflation, and stand to benefit during periods of growth. Growth is a key priority of both major parties as we head into an election. But growth must be shared, and it is not right that some of the country’s poorest children could miss out on the benefits of growth, just because their parents do not happen to be the ones seeing earnings increases. A child lock would benefit everyone and represent an investment in our collective future but would also be an effective way of reducing inequalities and enabling inclusive growth. With 48% of black and ethnic minority children in poverty compared to 25% of their white peers¹⁸, a child lock would significantly narrow the ethnicity poverty gap over time by guaranteeing an increase in child related social security spending.

All children’s benefits: child benefit, the child element of universal credit, the childcare element of universal credit, and the disability living allowance for disabled children should be guaranteed under this ‘child lock’. Ensuring it applies to child benefit, as well as the child elements of universal credit, will mean that a vast majority of families will share in the benefits of this child lock. A child lock would help to redress the balance of our social security system and help ensure it is as focused on children as it is on the elderly. And, crucially, it would deliver parents and children some much-needed security. Though there is a process for uprating benefits in line with inflation each year, and though sometimes benefits do increase – it is not guaranteed. In eight out of the ten years between 2013 and 2022, the basic rate of benefits lost value – either due to freezes, or due to below-inflation uprating.¹⁹ This means that families have had to make cuts in over-stretched budgets, and that every year before an uprating announcement, families are plunged into uncertainty.

¹⁸ CPAG calculations based on Households Below Average Income, Statistics on the number and percentage of people living in low income households for financial years 1994/95 to 2021/22, Tables 4_3db & 4_5db. Department for Work and Pensions, 2023

¹⁹ Peter Matejic, Fifty years of benefit uprating, 2023, <https://www.jrf.org.uk/report/fifty-years-benefit-uprating#:~:text=Key%20points,unemployment%20benefits%20has%20lost%20value.>

To ensure that all children can benefit from the child lock, this change should be accompanied by an end to the two-child-limit and benefit cap, both of which restrict families' incomes.

Beyond social security

The concept of a child lock has an obvious parallel within the social security system, but we do not believe that the idea must be confined to the Department for Work and Pensions. Instead, this concept could be replicated across government, to seek to address some of the imbalances exposed in the research published by the Children's Commissioner and the IFS²⁰, and by the Intergenerational Foundation²¹, showing that spending on children has fallen across multiple categories, when compared to spending on pensioners. Across education, health, transport and housing, children are not being adequately protected and buttressed by the state.

A lock in education spending could help to ensure that school budgets do not see the decimation they experienced during the 2010s²². While an earnings or inflations-level increase might not be the best step forward for education budgets²³, changes could be introduced to provide some sort of guarantee or lock on year-on-year spending on education provision. Despite the National Funding Formula, which is intended to be a sustainable and fair solution to school funding, the way that school spending per pupil is measured has become quite disconnected from the reality of costs faced by schools. Under the banner of a child lock, the government could commit to a truly ambitious funding settlement for children, that addresses the shortfalls we have seen over the last fifteen years.

The lock could also apply to other services and support accessed by children. A lock in mental health provision could provide some guarantees around CAMHS and seek to mitigate the impact of sanctions on families' wellbeing, and a lock in housing policy could provide some assurances to families with regards to evictions, local housing allowance, and the quality of social housing.

²⁰ <https://assets.childrenscommissioner.gov.uk/wpuploads/2018/06/Public-Spending-on-Children-in-England-CCO-JUNE-2018.pdf>

²¹ Melissa Bui, 'Age Bias: How government spending is skewed against the young', Intergenerational Foundation, 2022.

²² Education Policy Institute, Current estimates of school funding pressures, October 2022 <https://epi.org.uk/publications-and-research/current-estimates-of-school-funding-pressure/>

²³ Schools funding is increasing at an above-inflation level, but is not meeting the real costs schools are facing.

Save the Children has a vision for a UK where children can grow up with a greater sense of security – where opportunities for play, growth, and development don't have to be accompanied by their parents cutting back elsewhere. Where child poverty is seen as something that is worth tackling, and that can be overcome. A child lock is a critical step towards that vision.

Next steps

We will be publishing a series of papers, exploring what a child lock could look like in more detail: thinking about services for children, education, social security spending, mental health, and housing policy. These focuses are based on what families we work with have told us is important to them, and we will be working with a parent and youth panel, as well as policy experts from across these sectors, to help shape this work.