UK Poverty 2026

The essential guide to understanding poverty in the UK

JOSEPH ROWNTREE FOUNDATION

Contents

Acknowledgements

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Foreword

by the Grassroots Poverty Action Group (GPAG)

Nothing's changed? Everything's changed. It's worse.

We, as members of the Grassroots Poverty Action Group (GPAG), have supported the Joseph Rowntree Foundation's (JRF's) UK Poverty work since 2020. Since then, poverty rates have hardly moved with more than 1 in 5 people experiencing poverty. We are especially saddened and angered by the finding this year that almost half of people in poverty are experiencing the deepest forms of poverty. There are lives behind the numbers. Our own experiences make us worry about the harmful impact this will have on people's health, relationships, aspirations and life chances. We need urgent action to protect people's futures. There are danger signs all around us.

We know from conversations with our family, friends and people in our communities that many more people are facing financial hardship despite incomes that should protect them from living in poverty. The cost of living crisis continues to bite, affecting people both in and out of work. Struggling to afford basics such as the weekly shop is something ever-increasing numbers of people can relate to – the report finds 1 million more people are now unable to afford enough nutritious and varied food since 2021/22. A growing number of people are at risk of being pulled into poverty should they lose their job, become ill, or have to care for a loved one. We are all one disaster away from life on benefits.

These aren't just statistics. It's a reality felt every day.

Daily life for people like us remains unacceptably hard, as we find ourselves focused on surviving, not living the full and thriving life that should be possible for people in a rich society. It feels like a relentless struggle to try to make ends meet, as any increases in our incomes are outweighed by the rising costs of essentials – food price inflation alone is at 4.9% in the 12 months to October 2025 (ONS, 2025a).

Many GPAG members are disabled and/or care for disabled family members. This report highlights the high risk of poverty disabled people face. It is a struggle to meet the additional costs associated with disability or ill health when you are already battling with rising everyday costs. We should not have to make the impossible choice of whether to charge our mobility scooter or switch on the washing machine.

Poverty makes life feel very precarious. That prickling, uneasy feeling of uncertainty, and sometimes dread, dogs our physical and mental health. People can only take so much before they start breaking down. It is like walking on an icy pond, fearing that at any point you might be plunged into the cold water. At the very least, we need a lifeline to protect us from harm. That lifeline should be a social security system that is there for us all when we need it.

Time is running out. The time for action is now.

We are despondent about the state of inaction on poverty and urgently need to build systems that lift people out of poverty rather than trap them in it.

Social security saves lives. It is not always easy or popular to say this, but as GPAG members we know this statement to be true to our experience. Investing in social security can also help the economy. Money spent on social security does not just evaporate, it is spent on the everyday essentials we all need.

The values of compassion, justice and equity that underpin a functioning social security system are too often missing from the debate around poverty. These values should be central to this Government's mission of raising living standards. The absence of these values in recent divisive rhetoric leaves us fearful about what lies ahead for people most in need of financial support. They deserve kindness and care, not blame and judgement.

The time for action is now. There is a golden opportunity right now to lift people out of poverty, an opportunity we see slipping away. Some of the actions taken in the recent Budget, particularly the removal of the 2-child limit, will make a difference in time but too many people will spend this winter struggling to afford what they need.

The report speaks to some of the policies that would, in a few pen strokes, lift hundreds of thousands of children, disabled people and other families out of poverty. It can be done, and it has been done before. The alternative is a reality that feels harder and harder to thrive in.

Founded in 2020, JRF's GPAG is made up of 14 people with direct experience of poverty from across the UK. Members include people from groups who are most at risk of poverty, including people from Black and minority ethnic backgrounds, lone parents, Universal Credit (UC) claimants, disabled people and unpaid carers. Find out more at Insight Infrastructure.

Executive summary

We start this report with a foreword from our GPAG members, who have summarised the last 20 years of poverty data in just 6 words: "Nothing's changed? Everything's changed. It's worse". We can now look at the position up to the 2023/24 financial year, just before the 2024 UK General Election, and can start to evaluate changes under the last Conservative-led Government.

The evidence shows that progress on reducing poverty continued to flatline, continuing the trend which began just before the start of the financial crisis all the way back in 2005/06, with overall poverty being between 20% and 22% in every year since then. It happened to be 21% in 2023/24. This is in contrast with the continuous fall over the previous 8 years to 2004/05, which delivered a 5 percentage point fall in poverty.

On the surface, it might appear that nothing has changed. But persistently high poverty rates lead to worsening real-world outcomes. Just as evidence shows that the longer a family spends in poverty the worse the effects on that family, the longer we tolerate unacceptably high levels of poverty the worse it is for our country. The corrosive impacts of poverty on families – fatigue, hunger, stress and reduced connectivity – hamper both their participation in society and their scope to make a bigger economic contribution. Failure to address poverty can hold back economic growth itself.

Every year, we see the same groups disproportionately trapped in poverty, with disabled people, people from some ethnic minority groups, people in larger families and renters all experiencing elevated rates. We see that being in work vastly reduces the likelihood of being in poverty, but it is far from a guarantee. Part-time workers, self-employed workers and workers in the accommodation and food services (hospitality) sector and in the administration and support activities sector all see comparatively high rates of poverty, while in-work poverty overall has been rising across time. Looking at benefit rates, we see they remain inadequate, with the basic rate close to destitution levels.

But scratch below the surface, there are signs of change: a definitive deepening of poverty. The deeper you go, the further away from the poverty line you look, the worse things are. In 2023/24, 6.8 million people – or almost half of those in poverty – were in very deep poverty, with an income far below the standard poverty line, meaning their incomes are at most two thirds of the poverty line. This is both the highest absolute number of people, and the highest proportion on record, going back to 1994/95.

We will have new information on the extent of the deepest and most damaging form of poverty – destitution, where people cannot afford to meet their most basic physical needs to stay warm, dry, clean and fed – towards the end of this year, but we already know levels more than doubled between 2017 and 2022 (Fitzpatrick et al., 2023). We see further evidence of deepening poverty in the large increases in the number of people who are struggling to access enough nutritious and varied food, with the total number of people who are food insecure increasing by 2.8 million between 2021/22 and 2023/24 (a 60% increase in just 2 years).

Why is this the case? We think it is because of a lack of coherent focus on the issue, with policy interventions over the past 2 decades being fragmented, reactive and, in very many cases, actually worsening poverty rather than reducing levels. An improving labour market pre-pandemic did not feed into lower poverty levels, because benefits were being cut at the same time, deepening poverty. Low interest rates did not feed into lower housing costs because growing numbers of people were stuck in the expensive private rented sector. A decade of weak growth in real incomes meant families had precious little breathing space when first the pandemic and then the cost of living crisis hit, which in turn drove up numbers of people going without essentials and having often to rely on emergency charity like food banks. The bottom line is that piecemeal and often misdirected interventions, often in the form of basic cuts in support rather than investment, will never shift a system that is producing deepening poverty.

This is the background to the Government's recent Child Poverty Strategy (Child Poverty Unit, 2025). This **does** represent change, with Department for Work and Pensions (DWP) modelling predicting a reduction in headline child poverty by 400,000 over the Parliament (DWP, 2025a). Poverty modelling is always uncertain, but new JRF analysis looks at how poverty trends change under different economic scenarios (Tims et al., 2026). But if this comes to pass, it would represent the biggest fall in child poverty over a parliament since records began in the early 1960s. Scrapping the 2-child limit sits at the centre of this strategy. It was the single most effective policy decision the Government could have taken to lift significant numbers of children out of poverty. Further measures are welcome too: making childcare more accessible to families on UC and reducing the need for temporary accommodation, alongside boosting family incomes through our social security system, will mean more children have a better chance at the healthy, happy childhood that they all deserve.

The magnitude of policy change is hugely welcome, but it is focused on just one part of the picture. Certainly, child poverty is in chronic need of attention: poverty levels for children are much higher than for working-age adults and pensioners (and have been for the last 40 years), but this leaves many other groups with persistently high levels of poverty overlooked. Indeed, some changes, especially cuts to UC for people who fall ill will make poverty worse including for many parents, as will some of the stigmatising language used which blames people for being in difficult situations. Even after the Child Poverty Strategy measures, DWP forecast over 4 million children will be in poverty in 2029/30, and we still need to see action on the manifesto commitment to end the mass dependence on emergency food parcels.

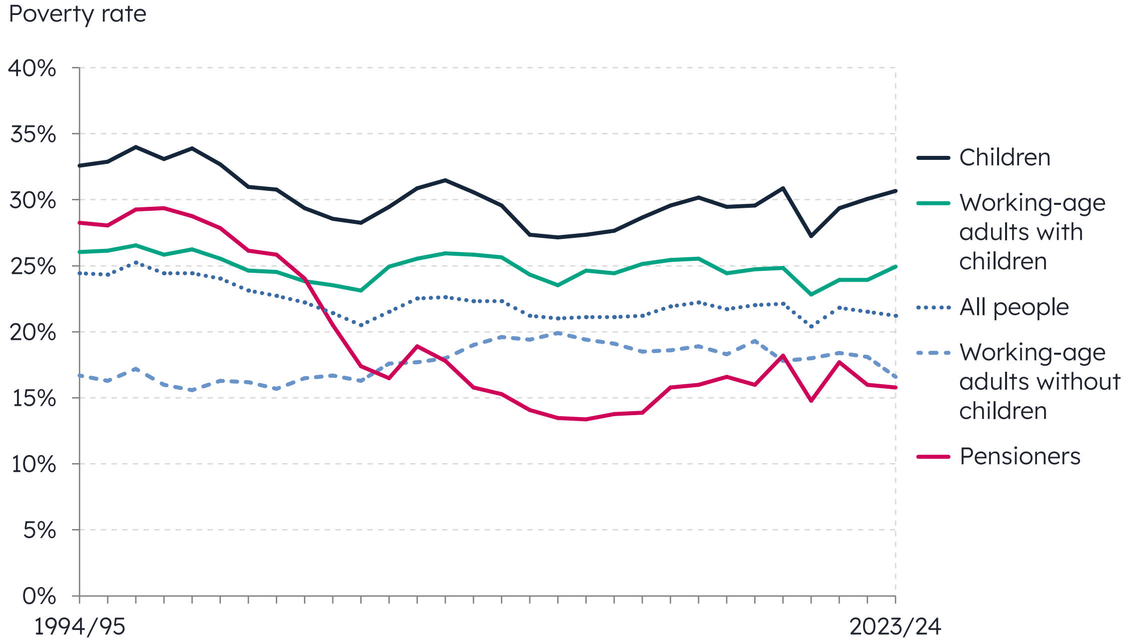
Despite the welcome Child Poverty Strategy, there remains a seeming lack of urgency and sense of direction towards building the comprehensive set of actions to start a sustained downward trend in the headline rate of poverty, moving beyond a focus on child poverty. We need a comprehensive plan that addresses a much wider range of causes and consequences of poverty across all who are held back by hardship.

This report studies a range of data sources and published insights to build a comprehensive picture of the current state of poverty across the UK. We know poverty can lead to negative impacts at all stages of life, so it is critical to look closely at the available information to work out who is worst affected, determine how levels have changed over time, and to see what the future prospects are likely to be.

Poverty was broadly flat in the latest official data, remaining at a similar level to before the pandemic

More than 1 in 5 people in the UK (21%) were in poverty in 2023/24 – 14.2 million people. Of these, 7.9 million were working-age adults and 4.5 million were children. To put it another way, around 2 in every 10 working-age adults are in poverty in the UK, with about 3 in every 10 children being in poverty. Pensioner poverty is lower, but it still affects 3 in 20 pensioners. The picture compared to 2022/23 is one broadly of stability in terms of headline figures, but dig below this and worrying signs appear: this was the third consecutive rise in both the number and proportion of children in poverty, now up 600,000 on pandemic levels, while the small reduction in overall poverty was driven by falling average incomes causing the poverty line, which is pegged to average incomes, to reduce.

Figure 1: Children have consistently had the highest poverty rates, while pensioners, along with working-age adults without children, now have the lowest



Source: Households Below Average Income, 2023/24, DWP

There was no progress in reducing poverty under the last Conservative-led Government

Taking a longer view, we can now see that poverty was at 21% both when the Conservatives took power in the Coalition Government during the 2010/11 financial year and in the last full financial year before the recent election. The last period of falling poverty was during the first half of the previous Labour administration (between 1999/2000 and 2004/05), but it then rose in the second half of Labour's time in power.

In part, the lack of progress over the last 20 years reflects the series of hits to living standards that have affected the whole population. Each of the 5 parliaments since 2005 has recorded lower quarterly income growth than the last 13 parliaments before 2005, stretching back to the start of available data in 1955, with recent JRF analysis suggesting this is set to continue in this current Parliament. The period of stagnation started during the economic slowdown before the global financial crisis and persisted through the crisis itself, then austerity, Brexit, the coronavirus pandemic, and finally the cost of living crisis.

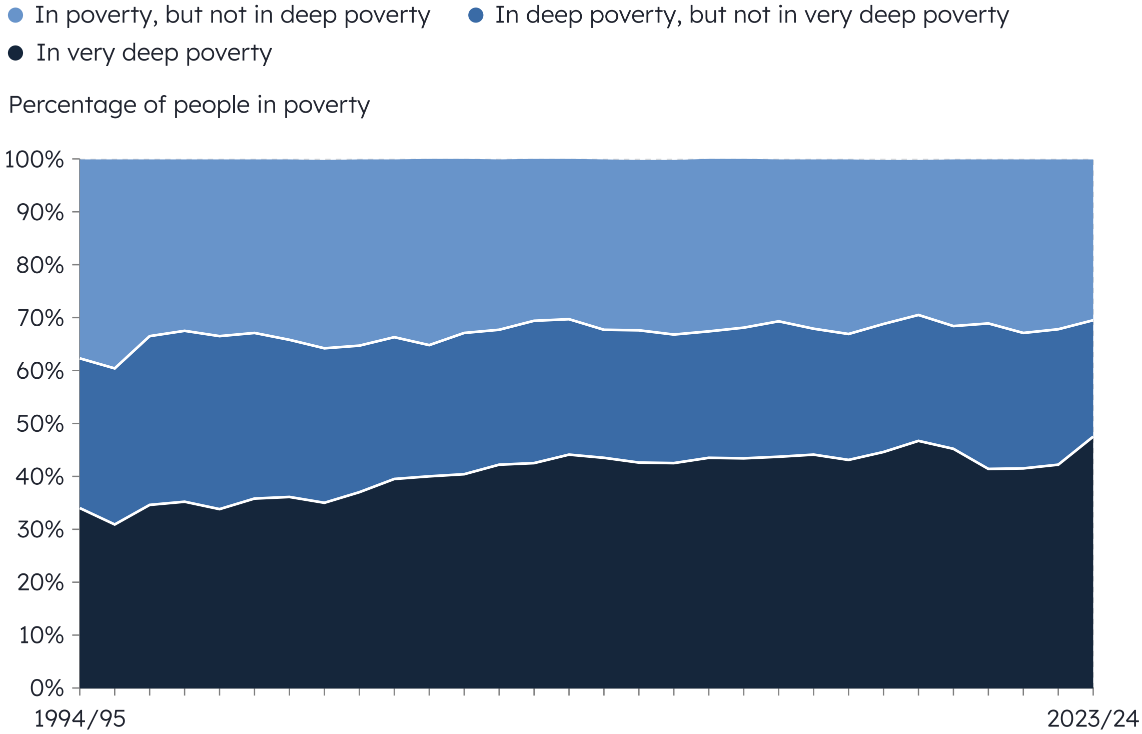
It is almost certain that economic stability is necessary to sustainably reduce poverty. However, economic growth on its own will not reduce poverty, and it is deeply unjust to force families to wait for economic growth before they feel their situation improve, especially given the picture of deepening poverty. Indeed, growing living standards and falling poverty could be a spur to growth: poverty imposes many constraints on decision-making, and can limit people's propensity to take rewarding risks or plan for the future, holding back individual and national economic growth. Poverty will worsen a child's development, educational attainment and future earning power.

Poverty has deepened

As mentioned earlier, in 2023/24, 6.8 million people – or almost half of those in poverty – were in very deep poverty, with an income far below the standard poverty line. Both of these statistics are the highest on record, going back to 1994/95. Almost twice as many (13 million people) had experienced very deep poverty in at least 1 year between 2019/20 and 2020/21.

In 2021–24, the average person in poverty had an income 29% below the poverty line, with the gap up from 23% in 1994–97. The poorest families – the growing group of people living in very deep poverty – had an average income that was 59% below the poverty line.

Figure 2: Since 1994/95, the percentage of people in poverty who are in very deep poverty has increased, and now makes up almost half of people in poverty



Source: Households Below Average Income, 2023/24, DWP

Note: The group in very deep poverty consists of people whose equivalised household income after housing costs (AHC) is less than 40% of median AHC income. The group in deep poverty, but not very deep poverty, have an equivalised AHC household income of less than 50% but more than 40% of median AHC income. The group in poverty, but not deep poverty, have an equivalised AHC household income of less than 60% but more than 50% of median AHC income.

Our most recent Destitution in the UK report showed that around 3.8 million people experienced destitution in 2022, including around 1 million children (Fitzpatrick et al., 2023). These figures have more than doubled since 2017. We see further evidence of deepening poverty in the large increases in the number of people who are struggling to access enough nutritious and varied food. Among people in poverty, the number of people who are food insecure increased by 1.1 million between 2021/22 and 2023/24 (a 46% increase). Overall, the total number of people who are food insecure has increased by 2.8 million (a 60% increase in just 2 years).

Some groups have wholly unacceptably high rates of poverty

We have already seen that **children** have higher risks of poverty overall (31% versus 21% for the whole population), but larger **families with 3 or more children** have consistently faced a higher rate of poverty (44% of children in large families were in poverty in 2023/24). This is because a number of benefit policies have a disproportionate impact on larger families. These include the 2-child limit, which restricted eligibility for many child-related benefits to the first 2 children in a family whether the family is in or out of work, and the benefit cap, which still limits the total income a household can receive in out-of-work benefits. Reductions in the poverty rate of children in large families drove child poverty downwards until 2012/13, but increases for this group have driven child poverty back up again since then. This is why scrapping the cap and the other measures in the Child Poverty Strategy are necessary conditions for reducing child poverty, but should be seen as a down payment towards progress rather than the complete package.

Families with children also face additional challenges if childcare responsibilities limit their ability to undertake well-paid and high-quality work (which again is a welcome part of the Child Poverty Strategy), which is often the case for **lone-parent families** and **families with younger children** (as well as for **larger families**); 43% of children in lone-parent families were in poverty in the latest data – 2023/24 – as were 36% of children in families where the youngest child was aged under 5.

Poverty rates are very high for **some minority ethnic groups**. In particular, in 2021–24, over half of people in Bangladeshi (53%) and around half of people in Pakistani (49%) UK households lived in poverty, with even higher poverty levels for children in those households (65% and 60% respectively). Around 4 in 10 people in households headed by people from Black African backgrounds (40%) were in poverty, with around half of children in these households in poverty. All these groups were much more likely than people in households headed by someone of white ethnicity (18%) to be in poverty (24% of children in households headed by someone of white ethnicity were in poverty). Minority ethnic groups with higher rates of poverty also tended to have higher rates of very deep and persistent poverty.

New analysis of persistent poverty by religion suggests much higher rates of very deep poverty persistence for **Muslim households** (9%), with rates around 3 to 4 times that of households reporting no religion (3%) or Christian households (2%). We also see disparities for households headed by people born outside the UK (the closest available proxy for migrants), with 31% of people born outside the UK living in poverty, compared with 16% of those who are UK born, and around half of children in these families being in poverty.

Disabled people face a higher risk of poverty. This is driven partly by the additional costs associated with disability and ill health, and partly by the barriers to work that disabled people face. However, the proportion of disabled working-age adults in work increased from 42% in 2010/11 to 53% in 2023/24, while poverty rates remained steady over that period. In the latest data, there were 17 million disabled people in the UK – that is, 1 in 4 people (24%) – and almost 4 in 10 families contained at least 1 person who was disabled. The poverty rate for disabled people was 28%, 8 percentage points higher than the rate for people who were not disabled. Half of all people who were disabled and living in poverty in the latest data had a long-term, limiting mental condition – around 2.4 million people. The poverty rate for this group was 34%, compared with 28% for people with a physical disability.

Similarly, **informal carers** are more likely than those with no caring responsibilities to be living in poverty (23% compared with 20%), although promisingly, that gap has closed in the latest data. In 2023/24, 1 in 10 adults (5.2 million) were informal carers, with 6 in 10 of these carers living in families where someone was disabled. Their reduced ability to work means informal carers face a financial penalty, with analysis in 2023 showing unpaid social-care givers experiencing an average pay penalty of £414 a month (nearly £5,000 a year).

People in **workless** households also face a higher risk of poverty, with more than half of working-age adults (53%) in workless households being in poverty, according to the latest data. However, because such a high share of the population is in work, around two thirds of working-age adults in poverty actually lived in a household where someone was in work, despite these households having a much lower poverty rate of 15%. The poverty rate for part-time working-age employees was nearly triple that of their full-time equivalents (22% compared with 8%), and part-time self-employed workers were more than twice as likely to be in poverty as all workers (28% compared with 12%). Workers in the accommodation and food services and administration and support activities sector had the highest poverty rate at 22%.

There is also a link between tenure type and poverty. In 2023/24, around 4 in 10 **social renters** (40%) and over a third of **private renters** (37%) were in poverty after housing costs (AHC). Within this group of renters in poverty, around a quarter of social renters and 4 in 10 private renters were only in poverty after their housing costs were factored in and so appear to have been pushed into poverty by the amount of money they have to spend on housing. Among homeowners, around 1 in 7 (14%) people who lived in a home that was owned outright were in poverty, while 1 in 10 people living in a home being bought with a mortgage (10%) were in poverty.

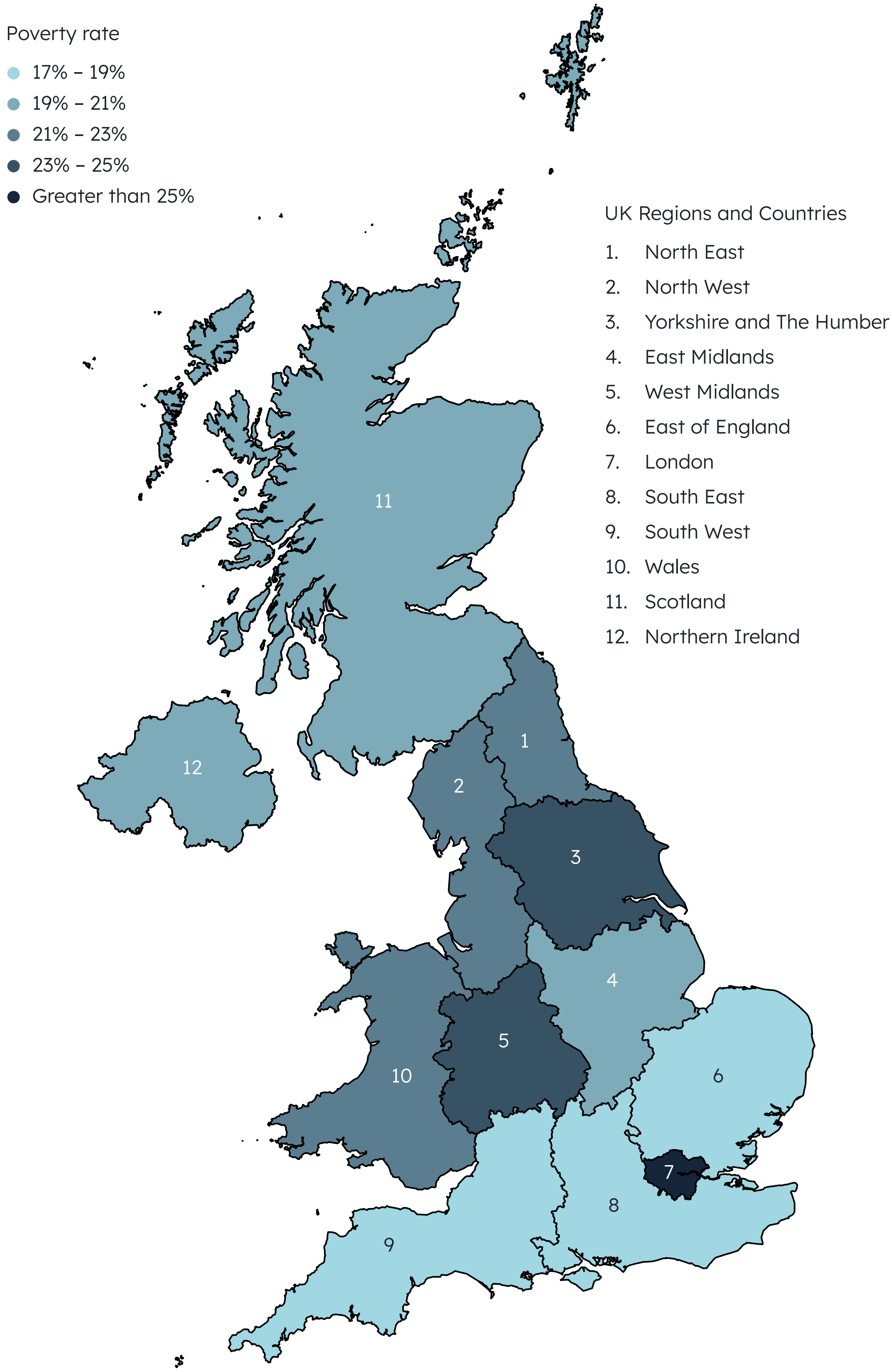
Finally, the poverty rates of people claiming different **income-related benefits** are much higher than the national average poverty rate. On the one hand, this is to be expected given the ‘low income’ eligibility criteria for claiming these benefits, but on the other hand, it demonstrates that benefit rates are frequently not sufficient to enable recipients to escape poverty. Indeed, the basic rate of UC is close to destitution thresholds.

Poverty rates vary significantly between UK nations and regions

In the latest data, the average poverty rates in England (22%) and Wales (22%) have converged to around the same level, although poverty rates were lower in Scotland (20%) and much lower in Northern Ireland at 17% (note all country figures are averages of 2021/22, 2022/23 and 2023/24 data, as single-year figures can be volatile). These variations in poverty rates across the different nations of the UK are driven by differences in labour markets (including the levels of employment, the sectors worked in and rates of pay), housing markets (the mix of tenures and housing costs) and rates of benefit receipt, alongside wider demographic factors (age, family types and sizes). The greater reliance on renting and the higher costs of housing generally are substantial drivers of poverty in larger cities in particular, while lower rates of employment, with fewer employment opportunities alongside a greater concentration of employment in lower-paid roles and sectors, are more significant drivers across many post-industrial and coastal areas.

Child poverty rates in Scotland (23%) remain much lower than those in England (31%) and Wales (31%), similar to levels in Northern Ireland (24%). This is likely to be due, at least in part, to the Scottish Child Payment (SCP). This highlights the effect benefits can have in reducing poverty. Another driver of lower child poverty rates in Scotland and Northern Ireland are lower housing costs.

Figure 3: Poverty rates vary significantly between UK nations and regions



Source: Households Below Average Income, 2023/24, DWP

In the latest data, London had the highest rate of poverty at 26%, followed by the West Midlands (24%), North West (23%) and Yorkshire and the Humber (23%). In the West Midlands, North West, Yorkshire and the Humber, and North East, between 25% and 30% of working-age adults are not in employment, compared to around 20% in regions with the lowest levels of poverty (the East, South East and South West of England). The tenure mix and housing costs are major drivers of poverty in London. Almost half of people in London live in rented accommodation, while social and private renters in London pay significantly more on average in housing costs than those across the rest of the UK.

More timely data shows the continuing bite of the cost of living crisis, and future prospects remain deeply worrying

In October 2025, around 2.6 million of the poorest fifth of households (44%) were in arrears with their household bills or behind on scheduled lending repayments, 4.1 million households (69%) were going without essentials and 3.2 million households (55%) had cut back on food or went hungry.

It is clear that the current economic situation is by no means positive, with all of the key drivers we look at either showing a negative or a mixed picture. The Office for Budget Responsibility (OBR) forecasts rising rates of inactivity and earnings growing only slowly. The increase in the UC basic rate is welcome, allowing at least a little of the extensive ground lost through the cost of living crisis and beforehand through benefit freezes to be made up, but it is coupled with a cut to benefit levels for people who are newly sick, and the basic rate of benefits continues to be around the threshold for destitution. When all this is combined with increasing housing costs and frozen levels of housing support, the prospects for falling poverty and rising living standards for people struggling to make ends meet is bleak, especially for families without children.

What can be done?

The Child Poverty Strategy represents a good start towards progress on reducing poverty, but we need the Government to widen its poverty perspective beyond children and to think more systematically about the causes and consequences of poverty for everyone who is affected, all of whom will be worrying about how to make ends meet and are being prevented from thriving. The bottom line is we need to redesign the relationship between economic policy, labour markets, public services, and social security so that:

- income growth is fairly distributed
- essentials are affordable
- shocks do not disproportionately hit low-income households
- investment in financial security for households is seen as a foundation for economic growth.

To look at specifics, the key actions we set out last year remain those that we at JRF think can be taken across critical areas to move the dial on poverty and hardship:

- improve financial protection for people at work or if they lose their jobs or cannot work for a period, such as paid leave due to caring demands or sickness, building on new policies which have started to raise the basic level of workplace rights and protections – This should include extending support to self-employed people to cover periods where they are unable to work or are on a low income
- give people the ability to care alongside work without falling into hardship, including by increasing the value of carer benefits, particularly for carers on low incomes, while making paid care services more affordable and accessible for those with low to median incomes and savings
- ensure social security is there for all of us when we need it, with the basic rate set so it is at least enough to afford life's essentials. This includes permanently re-linking the Local Housing Allowance (LHA) to local rents and **introducing a protected minimum floor** in the benefit system, alongside forging a 'social safety net' of crisis support, practical help and social connection where people live
- help people accrue modest savings, access affordable credit, gain relief from problem debt and hold assets (especially those without access to family wealth)

- expand access to affordable, secure, decent homes, whether rented or owned, by increasing the supply of homes, including those for social rent
- work closely with devolved governments where powers overlap to make services as easy as possible to access, and collaborate on shared priorities, such as supporting individuals into work.

This report makes it very clear that levels of poverty and hardship in the UK are unacceptably high. We have given here a list of concrete actions to address hardship. We need the Government to push on from the Labour manifesto commitments which agreed to 'develop an ambitious strategy to reduce child poverty' and to 'end mass dependence on emergency food parcels', as well as to 'review Universal Credit so that it makes work pay and tackles poverty' (Labour, 2024), towards targeted action that meets the urgency of the moment.

With the scrapping of the 2-child limit in the benefit system as well as the wider measures in the Child Poverty Strategy, we finally have an indication that the Government are willing to take positive steps at sufficient scale. We at JRF strongly believe that there needs to be a more holistic plan that addresses a much wider range of causes and consequences of poverty across all who are held back by hardship. This needs to see improvements in living standards for people in poverty as something that will help us secure higher growth, rather than being merely dependent on it. Until this happens, people will continue to struggle to stay afloat, being dragged further and further into deeper and deeper poverty, with the huge personal and national suffering we demonstrate here.

A note on data quality

The main survey we use to build up our latest understanding of levels of poverty will be going through significant changes in the coming years, and we expect much of the data we present here to be revised once this happens. The end destination will be a more robust set of statistics, but in the interim, we will have to exercise some caution when describing what the latest pictures are with respect to poverty levels in the UK. See Annex 5 for details.

4 Trends in poverty

Trends in Poverty

Overall poverty rates for children, working-age adults and pensioners

Why is this important?

We know poverty has a wide range of negative consequences. It restricts the options and opportunities available to people and limits their access to things that are mostly taken for granted by society. Poverty at any stage of life can lead to later negative consequences.

Poverty limits a person's ability to afford to buy what they need and to participate in the activities routinely undertaken by others in society. Low incomes also reduce financial resilience to unexpected expenses, such as car repairs or a faulty washing machine, and lead to households falling behind with bills for utilities, council tax or other essentials. This is explored in our section on the cost of living.

Money worries, in turn, contribute to low-income adults and their children being much more likely than wealthier adults and children to suffer from depression or anxiety. Poverty can also affect the prospects of children, who may fail to reach the same level of educational attainment as those from wealthier families. This in turn can make escape from poverty even harder when they become adults. See the sections below on health and education for further details, as well as Tinson (2020).

What's the headline story in the latest data?

The latest official poverty data (from the Households Below Average Income [HBAI] series) corresponds to 2023/24. While the Covid-19-related effects on data collection have eased, we still have concerns about data quality, with the boosted sample size for 2022/23 reversed and the latest survey year's sample size being below pre-pandemic levels. See Annex 5 for details.

Over 1 in 5 people in the UK (21%) are in poverty – 14.2 million people. Of these, 7.9 million are working-age adults, 4.5 million are children and 1.9 million are pensioners.[1] Throughout this report, when we use the term poverty, we are using the relative poverty rate, AHC, unless otherwise stated. See Annex 1 for more information on poverty definitions.

The latest data tells us that close to a third of children in the UK are living in poverty (31%). Around 9 in 20 (43%) children in lone-parent families live in poverty, compared with 5 in 20 of those in couple families (26%). As seen in the table below, adults and children in lone-parent families are by far the most likely of any family member types to be experiencing poverty.

When we look at pensioners, the poverty rate for single pensioners is almost double that of couple pensioners, with around 1 in 6 (16%) of all pensioners living in poverty.

Table 1: Number of people in poverty and poverty rates for different groups, UK 2023/24

Group	Number in poverty	Poverty rate (%)
People	14,200,000	21
Children	4,500,000	31
Working-age adults	7,900,000	19
Pensioners	1,900,000	16
Single pensioners	1,000,000	21
Couple pensioners	900,000	12
Single working-age adults, no children	2,800,000	22
Working-age adults in a couple, no children	1,700,000	12
Working-age lone parents	800,000	39
Working-age parents in couple families	2,700,000	22
Children in lone parent families	1,500,000	43
Children in couple families	2,900,000	26

Source: Households Below Average Income, 2023/24, DWP

Note: Figures do not sum, due to rounding each group separately.

Since the end of the survey period (March 2024), there have been lots of signs of a continuing very difficult situation for poorer households, with our latest cost of living survey covering the period 17 October to 7 November 2025 showing that around 2.6 million households in the poorest fifth of households (44% of these households) are in arrears with their household bills or behind on scheduled lending repayments and 4.1 million poorer households (69%) are going without essentials. This is broadly unchanged compared to October 2024, but it still shows a massive degree of financial strain for these households.

How has this changed over time?

Overall poverty failed to improve between 2022/23 and 2023/24, showing a very marginal reduction well within margins of error. Even this very small reduction does not reflect an improvement in living standards, as it has been driven by falling average incomes causing the poverty line which is pegged to average incomes to reduce. While there are some concerns over HBAI data quality (Ray-Chaudhuri and Wernham, 2025), flat poverty rates and falling average incomes is certainly not an indicator of economic well-being, especially when, according to the Institute for Fiscal Studies (IFS), it is earnings that are driving the falling average income recorded in HBAI.

It is also the third consecutive yearly rise in the number and proportion of children in poverty, with this counterbalanced by a reduction in the number and proportion of working-age adults in poverty to produce the broadly flat overall profile. The proportion of children in poverty rose by 1 percentage point to 31% (the rate was 27% at its recent low point in 2020/21), while the proportion of working-age adults in poverty fell 1 percentage point to 19%. This means the proportion of the different population groups in poverty remain around their pre-pandemic levels, after first falling between 2019/20 and 2020/21 and then increasing the following year.

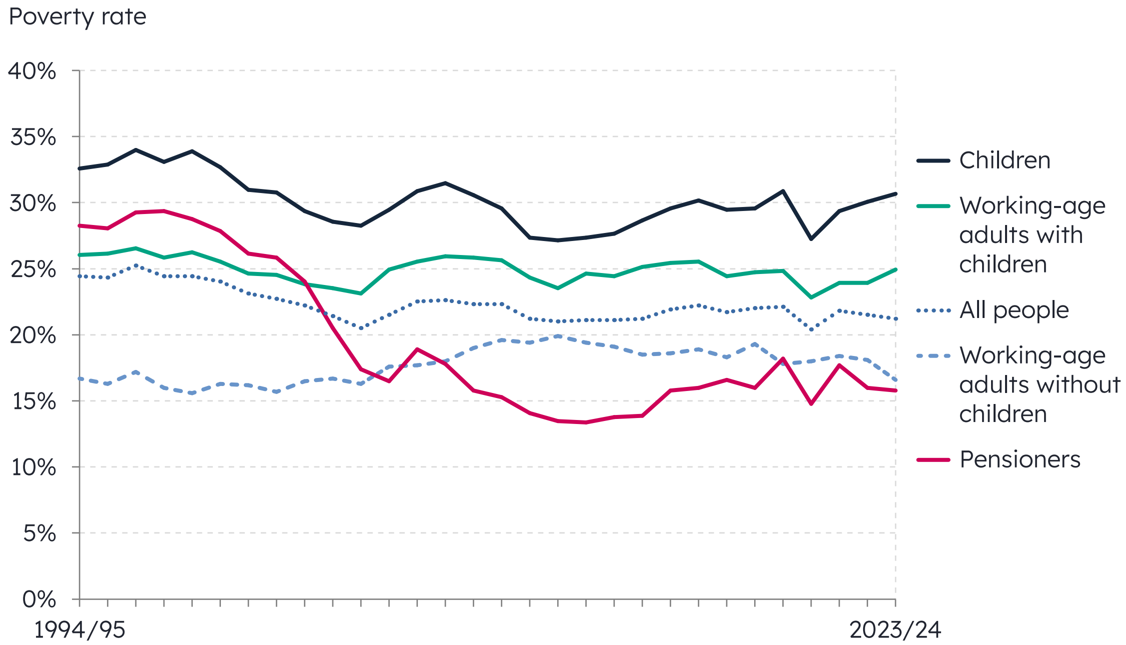
We expected poverty to increase as we came out of the pandemic because recovering average incomes would cause the relative poverty line to rise (median household incomes AHC rose by 1.6% between 2020/21 and 2021/22), at the same time as a range of temporary coronavirus-related support was withdrawn. Children would be one of the groups where the impact of this would most likely be seen, as they are the group most likely to be in poverty and thus to be in families in receipt of benefits subject to changes.

Children have consistently had higher poverty rates than working-age adults or pensioners throughout the last 30 years. In the mid to late 1990s, a third of children lived in poverty. This fell to 28% by 2004/05 and reached its lowest level of 27% in 2010/11 to 2013/14. After this period, child poverty rose, reaching 31% in 2019/20, before falling back to 27% in 2020/21 and rising since to again stand at 31% in the latest data. Families with children are more likely to be receiving benefits than families without children, so this pattern reflects changes over time in employment levels, earnings and benefits.

After the pensioner poverty rate more than halved from just under 30% in the mid to late 1990s to 13% in 2012/13 (driven by increasing income from private pensions and increases in benefits, including the state pension – see Cribb et al. (2024) for further analysis), it increased from then to 2019/20, before the reduction to 15% in the data for the pandemic year of 2020/21. It stood at 16% in the latest year.

In terms of poverty for working-age adults, trends for adults with and without children have moved in different directions in recent years. Working-age adults in families with children have seen their rates of poverty rise from 23% in 2020/21 to 25% in 2023/24, while working-age adults in families without children have seen their rates of poverty fall slightly from 18% to 17% over the same period.

Figure 4: Children have the highest poverty rates, while pensioners and working-age adults without children have the lowest

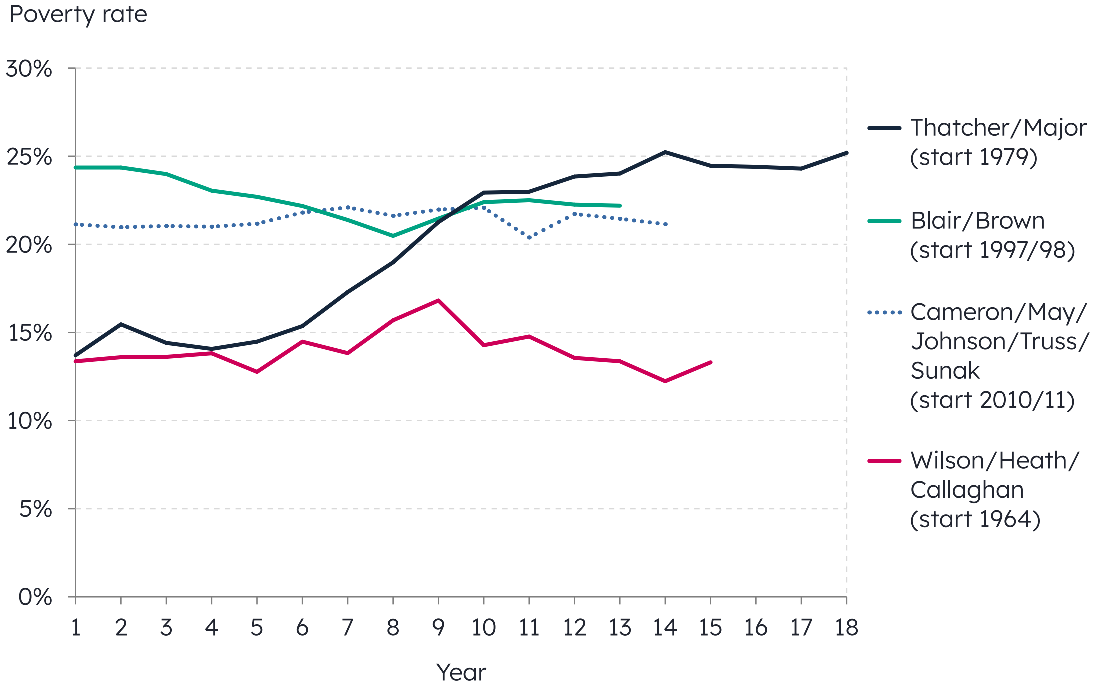


Source: Households Below Average Income, 2023/24, DWP

Note: Data covers the United Kingdom from 2002/03, and Great Britain before then.

The IFS publish poverty rates consistent with the latest data stretching back to 1961 (IFS, 2024). This enables us to take a longer-term perspective, and below we compare the performance of different administrations. The chart below compares the poverty performance of the last Conservative-led Governments with those of their immediate predecessor Labour administration and the Conservative Government before that. The Labour administrations of Harold Wilson and James Callaghan have been combined with that of the Conservative Edward Heath to give an idea of performance before 1979. Unfortunately, we will have to wait until March to have any official data on poverty levels since Labour won the July 2024 election.

Figure 5: Poverty rates grew rapidly under Margaret Thatcher's administration and remain much higher than in the period before then

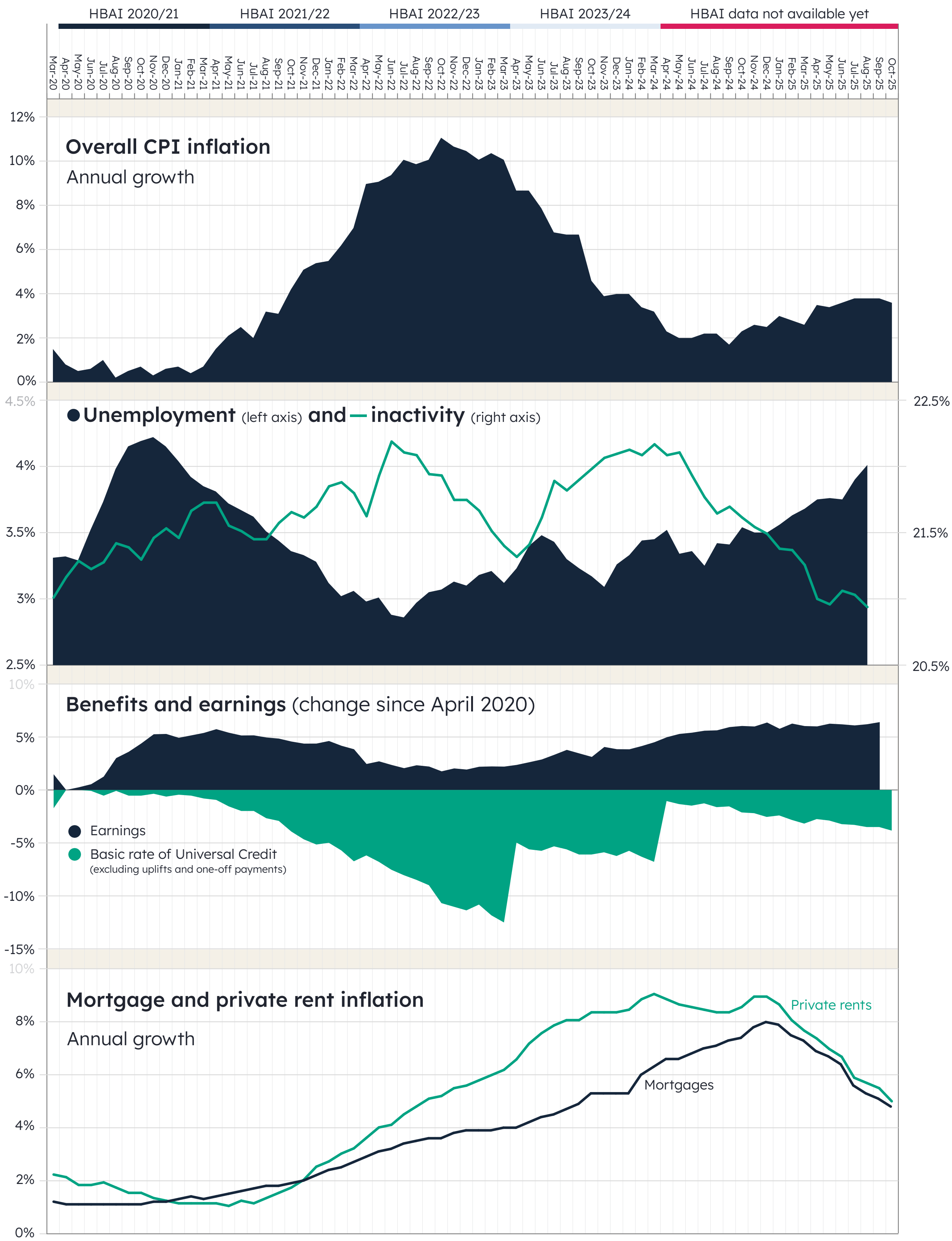


Source: Institute for Fiscal Studies analysis of FES and HBAI data

Poverty rates hovered between 12% and 17% during the administrations of Harold Wilson, Edward Heath and James Callaghan. They then rose rapidly under the administration of Margaret Thatcher, reaching around a quarter in the mid-1990s. There was some reduction in the headline rate under Tony Blair until around 2004/05, but it has been a disappointingly static picture since then.

The latest published data covers 2023/24, a year when the cost of living pressures eased somewhat but stresses remained. Inflation fell over the survey period from 8.7% in April 2023 to 3.2% in March 2024, unemployment was higher than in 2022/23, there was rising inactivity, the basic rate of benefits caught up a little compared to inflation (but still ended the year 7% below April 2019 in real terms), and annual housing cost inflation rose over the period.

Figure 6: A schematic diagram of data availability, alongside changes in inflation, unemployment and inactivity, benefits and earnings, and housing costs



Source: Multiple sources, see UK Poverty Charts spreadsheet for details

What are the future prospects?

Future trends in poverty depend on what happens to its drivers, which include employment and earnings, benefits, and housing costs, as well as how the wider cost of living is changing.

Since the start of the Covid-19 pandemic, there have been massive and, in many cases, temporary distortions to these key drivers. These are now moving through the published statistics, meaning care will have to be taken in interpreting the next few rounds of official poverty data. However, our best judgement of changes since the end of the period covered by the latest HBAI data and future prospects is given in the table below.

Table 2: Summary of changes to drivers of poverty levels

Driver	Effect of increase	Since latest HBAI data	Future prospects
Employment	Generally poverty-reducing	Mixed: Both employment and unemployment have risen, driven by falling inactivity. Multiple signs of a weakening labour market, with falling vacancy numbers and numbers of payrolled employees.	Mixed: OBR forecasts rising rates of inactivity and falling unemployment over period to 2031.
Earnings	Ambiguous – can increase relative poverty if benefitting middle-income households more than low-income	Mixed: Average earnings have hardly grown since September 2024 in real terms, that is, are only just exceeding inflation, and are only slightly higher than they were in April 2021. In April 2025, the National Living Wage was increased by almost 7%. The Low Pay Commission expect for it to be at two-thirds of median earnings in October 2025.	Mixed: OBR forecast wages rising in real terms, although the rise is modest. The planned National Living Wage increase for 2026 of 4.1% is likely to be above inflation and will help low earners (although this is not perfectly targeted at the lower-income households with someone in work).

Driver	Effect of increase	Since latest HBAI data	Future prospects
Benefits	Generally poverty-reducing	Bad: While the April 2024 uprating finally returned benefits to close to their level at the end of the 2010s, they were still around 9% below their April 2015 level in real terms after the April 2025 uprating, because of a series of under-indexing and freezes across that decade, as well as the fact inflation rose after September 2024 (the rate used to uprate benefits in April 2025), so again benefits lost value because of rising inflation.	Bad: The basic rate of benefits should recover their value with the April 2026 uprating, especially with the boost to the standard allowance, but cuts to the health element of UC and the fact the Benefit Cap (the maximum amount of benefit someone out of work can receive in benefits) and LHA remain frozen means benefits are inadequate. The basic rate of benefits remains insufficient to afford essentials.
Housing costs	Generally poverty-increasing	Bad: Rents increased faster than CPI over most of the period, including in the social sector. There have been very large increases in mortgage costs, as owner-occupiers exit mortgages fixed at lower interest rates. It is worth noting the rate of increase in both rents and mortgages started falling in 2025 (still, both are rising faster than wages).	Mixed: OBR forecast growth in levels of rents (private and social sector) and mortgages slowing over the period to 2028, but mortgages continue to grow faster than wages.
Inflation	Limited effect on relative poverty but will increase cost of living	Bad: Rose between September 2024 and September 2025 and as of October 2025 stands not far from twice the Bank of England's target rate, with food inflation one of the key drivers.	Mixed: OBR expect inflation to have peaked in Q3 2025 before falling back to around its target level by the start of 2027.

Source: JRF analysis of Economic and Fiscal Outlook report, 2025, OBR

Note: CPI = Consumer Price Index

It is clear from this table that the current economic situation is difficult; we assess that all the key drivers are either showing a negative or a mixed picture. We have, at best, very modest growth in wages, benefits being cut for many sick and disabled people (despite the reversal of proposed cuts to Personal Independence Payments (PIP)), rising housing costs, and inflation not far from double its target rate. This means we expect little of the (in many cases) extensive ground lost through the cost of living crisis and beforehand to be made up. It is positive that the basic rate of benefits has been increased faster than inflation for the first time in many years, but levels are still significantly below what is needed for people to be able to afford essentials.

Unfortunately, we see little prospect of strong improvements in any of the drivers. Relative poverty measures (which depend on how poorer households are faring compared to the average household) are highly dependent on both what governments do to protect the incomes of poorer households and what is happening to the incomes of the average household. Our recent analysis (Tims et al., 2025a) shows that the poorest third of people see a similar outlook to the middle third in the period to 2029, which would imply flat relative poverty without actions from government or broader changes in these drivers that benefit lower-income households.

How does this section interact with other sections?

Overall poverty levels are influenced by all subsequent sections. It is only by looking across all these that a true picture of the current and future situation can be ascertained.

Poverty depth and duration

Why is this important?

As this report makes clear, poverty affects the lives of millions of families in the UK. But poverty is not a uniform experience. Living in poverty for longer durations of time has a greater negative impact on those who experience it compared to shorter or temporary spells. This is also true for the depth of poverty that an individual experiences. Families living in 'deep poverty', and especially those experiencing destitution, are more likely to experience more severe outcomes as they struggle to afford the most basic of essentials: to be warm, dry, clean and fed.

What's the headline story in the latest data?

Deep and very deep poverty

2023/24 was one of the worst years on record for very deep poverty (defined as households with an AHC income of less than 40% of the UK median). In 2023/24, 6.8 million people lived in very deep poverty – the highest number on record. This equates to 1 in 10 of the entire UK population, which was the highest rate since 2018/19. This means that almost half of people in poverty were living in very deep poverty (48%) – the highest proportion on record. At other levels of poverty, around 9.9 million people across the UK lived in 'deep poverty' (that is, with an equivalised household income AHC that was less than 50% of the UK median). This equates to a fifth of people in poverty (22%) living in deep poverty but not in very deep poverty (with an income between 40% and 50% of the UK median). Together, these figures show that 70% of people in poverty are in one of its 2 deepest forms. The remaining 30% (4.3 million people) are in poverty but not in deep poverty (with an income between 50% and 60% of the UK median).

To get a sense of the intensity of poverty experienced in the UK, a poverty gap statistic can be calculated. This statistic demonstrates the size of the gap between the median income of families in poverty and the poverty line. It therefore shows the average amount of money that would be needed to bring the incomes of families in poverty to the poverty line. We use a 3-year average here, as the results can be volatile year to year. In 2021–24, the poverty gap was 29%. That is to say, the median household income of people living in poverty was 29% below the poverty line. To put this into context, this is equivalent to a gap of £7,300 a year for a couple with 2 primary-school-aged children living in poverty.

The equivalent income figures are much greater for households in deeper forms of poverty to exit poverty completely. In 2021–24, a couple with 2 primary-school-aged children with the median income of someone in deep poverty would have needed their income to increase by an average of £10,500 a year to move out of poverty completely, while the equivalent family in very deep poverty would have needed an additional £14,700 (this is almost one and a half times their income).

Examining poverty gap statistics within the deepest forms of poverty reveal how far some households are from alleviating just some of the worst hardships they face. In 2021–24, the median household income of families living in deep poverty was 30% below the deep poverty line. This is equivalent to a gap of £6,400 a year for a couple with 2 primary-school-aged children who were in deep poverty just to get up to the deep poverty line. The very deep poverty gap for families with the lowest incomes was a similar monetary amount (around £6,300 a year for such a family just to get up to the very deep poverty line) but, given the very low incomes of families in very deep poverty, the very deep poverty gap was much larger in percentage terms (38%).

Destitution

The deepest and most damaging form of poverty is destitution, where people cannot afford to meet the most basic of essentials: to stay warm, dry, clean and fed. The most recent Destitution in the UK report found that around 3.8 million people experienced destitution at some point in 2022, including around one million children (Fitzpatrick et al., 2023).

Persistent poverty and very deep poverty

The DWP publishes (DWP, 2025b) estimates of the proportion of people who live in persistent poverty each year (measured as having an AHC income that is less than 60% of the annual AHC UK median in at least 3 years out of 4). The latest data shows that, in 2022–2023, 12% of people across the UK lived in persistent poverty. The persistent poverty rate was higher for children (18%) than for pensioners (11%) or working-age adults (11%).

Persistent very deep poverty rates (households with an income less than 40% of the UK median in at least 3 years out of 4) are much lower than the persistent poverty rate. There is also a large amount of movement between depths of poverty in the group of people experiencing very deep poverty each year. Between 2019–2020 and 2022–2023, an average of around 3 million people moved into very deep poverty each year, with 3.3 million moving out. Nonetheless, 3% of the UK population (equivalent to around 1.9 million people) experienced persistent very deep poverty over this period, including 4% of children, 3% of working-age adults, and 2% of pensioners. As another 11 million people experienced very deep poverty in either one or 2 years out of 4, this means that 13 million people in the UK experienced very deep poverty in at least one year between 2019–2020 and 2022–2023.

People living in lone-parent families and larger families face a bigger risk of living in persistent poverty. In 2022–2023, 1 in 3 people in lone-parent families and 1 in 3 children in large families were in persistent poverty. People in lone-parent families (9%) also faced a much higher risk of persistent very deep poverty, but this was not the case for children in large families. Their rate of persistent very deep poverty being 4%. Single adults in general are more likely to experience persistent very deep poverty.

Table 3: Persistent poverty and very deep persistent poverty rates for different groups, UK, 2022–2023

Group	Persistence rates	
	Poverty (%)	Very Deep Poverty (%)
People	12	3
Children	18	4
Working-age adults	11	3
Pensioners	11	2
Single male pensioners	16	3
Single female pensioners	18	2
Couple pensioners	7	1
Single working-age men with no children	15	5
Single working-age women with no children	15	4
Working-age adults in a couple with no children	5	1
Working-age lone parents	31	8
Working-age parents in couple families	10	2
Children in couple families	14	2
Children in lone parent families	33	9
Children in 1-child families	12	4
Children in 2-child families	14	3
Children in large families (3+ children)	32	4

Source: Understanding Society, 2019–2020 to 2022–2023

How has this changed over time?

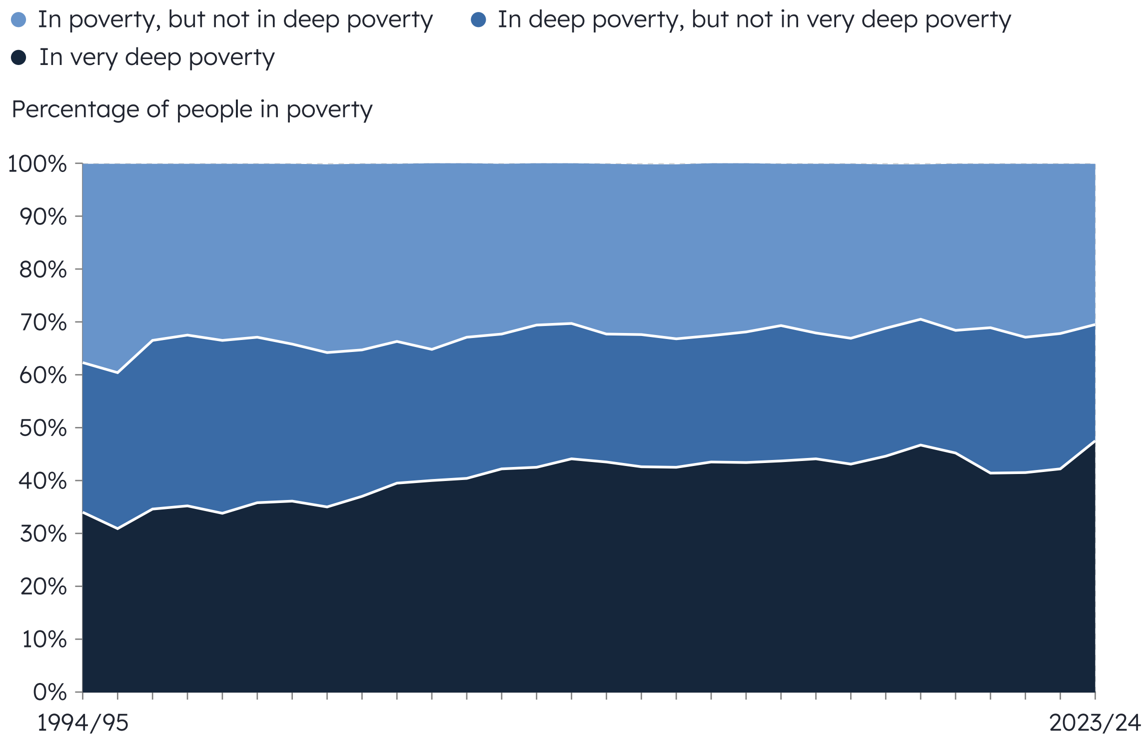
Deep and very deep poverty

At 48%, a greater proportion of people in poverty are living in very deep poverty than ever before. This equals 6.8 million people. Again, this is a high not reached since records began. This means that a greater proportion of people who are already struggling with poverty now have a greater likelihood of being in an even deeper form of hardship than previously.

In 1994/95, someone in poverty was more likely to be out of deep poverty (38%) than they were to be in very deep poverty (34%) or deep poverty (28%). However, this changed over the following 25 years; by 2018/19, almost half of people in poverty were in very deep poverty (47%). This proportion fell during the Covid-19 pandemic but has since increased to its record high (48%) in 2023/24.

While the overall poverty rate in the UK was lower in 2023/24 than it had been in 1994/95 (21% compared with 24%), this was not the case for the deep poverty rate which stayed stable (15% in both years). The very deep poverty rate has risen slightly during this time from 8% in 1994/95 to 10% in 2023/24.

Figure 7: Since 1994/95, the percentage of people in poverty who are in very deep poverty has increased, now making up the largest group of people in poverty, hitting a record high

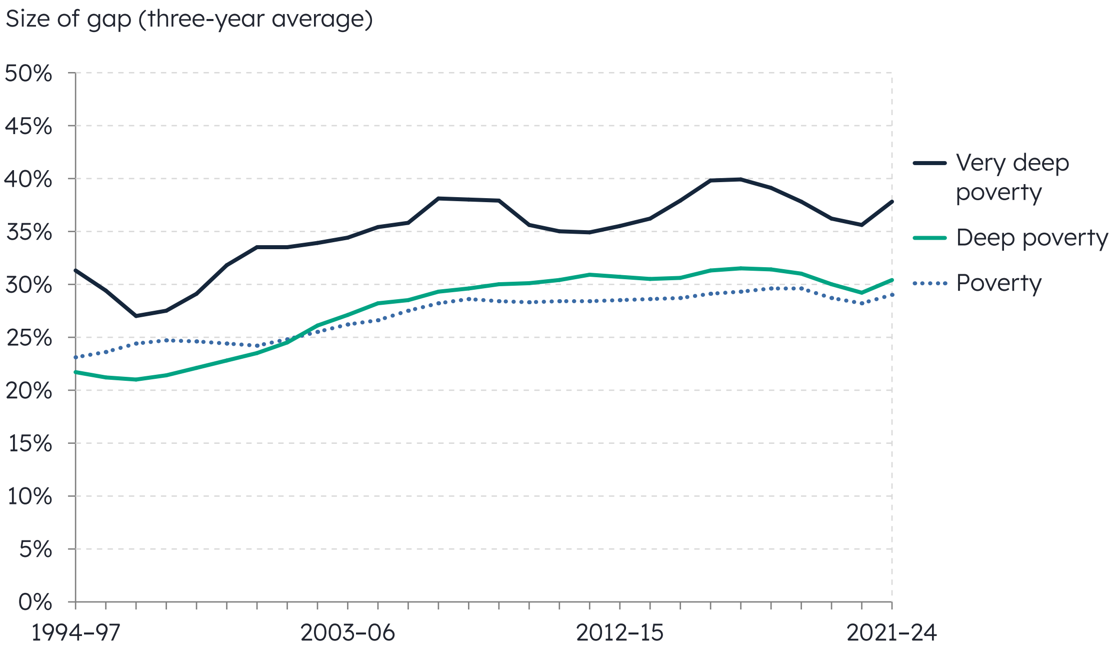


Source: Households Below Average Income, 2023/24, DWP

Note: The group in very deep poverty consists of people whose equivalised household income after housing costs (AHC) is less than 40% of median AHC income. The group in deep poverty, but not very deep poverty, have an equivalised AHC household income of less than 50% but more than 40% of median AHC income. The group in poverty, but not deep poverty, have an equivalised AHC household income of less than 60% but more than 50% of median AHC income.

Over the same period, the poverty gap, the deep poverty gap, and the very deep poverty gap all widened. The average annual poverty gap in 1994–97 was 23%, rising to 29% in the latest data. The corresponding deep poverty gap rose from 22% to 30% over the same period. For very deep poverty, the gap rose from 32% to 38%, with this equating to a gap of 59% to the poverty line. This means that people in poverty now fall further below the poverty, deep poverty, and very deep poverty lines than they did over a quarter of a century ago. In fact in 2021–24, the average gap between the median income of people in poverty and the poverty line was equivalent to around £7,300 a year for a couple with 2 primary-school-aged children, up from £3,800 (adjusted for inflation) in 1994–97. This was only £100 short of the gap in 2018–21 that had the largest gap since records began. For deep poverty, this increased from £3,000 to £6,400 a year. The very deep poverty gap has been consistently higher, but is more volatile, potentially due to reporting issues with very low incomes in survey data. Nonetheless, the size of the increase of the very deep poverty gap from 32% to 38% between 1994–97 and 2021–24 (from £3,600 to £6,300) is unlikely due to reporting issues alone.

Figure 8: The poverty gap and the deep poverty gap have grown at similar rates since 1994–97, but the very deep poverty gap has been consistently larger



Source: Households Below Average Income, 2023/24, DWP

Notes: The poverty gap is the difference between the median equivalised income of people in poverty and the poverty line, as a percentage of the poverty line in each year. The deep poverty gap is the difference between the median equivalised income of people in deep poverty and the deep poverty line, as a percentage of the deep poverty line in each year. The very deep poverty gap is the difference between the median equivalised income of people in very deep poverty and the very deep poverty line, as a percentage of the very deep poverty line in each year.

Furthermore, people in very deep poverty have fallen even further behind the overall poverty line over the past quarter century. Whereas in 1994–97, a couple with 2 primary-school-aged children with the median household income for people in very deep poverty needed an increase in their annual income of £9,100 to move out of poverty completely, this had increased by around 60% to £14,700 in 2021–24.

Destitution

The most recent Destitution in the UK report (Fitzpatrick et al., 2023) showed that the number of people experiencing destitution increased by almost two-thirds (61%) between 2019 and 2022, while the number of children in destitution almost doubled (with an increase of 88%) over the same period. The sharp rise in destitution reflects, in particular, an increase in the number of people lacking basic necessities, especially food and heating. As the price of these essentials has soared, they have become unaffordable for more people on very low incomes.

However, destitution was already increasing before the Covid-19 pandemic and the cost of living crisis; between 2017 and 2019, the number of people experiencing destitution increased by 54%. This means that the overall number of people experiencing destitution was more than two and a half times higher in 2022 than it had been in 2017, and the number of children experiencing destitution was almost 3 times higher.

Persistent poverty and very deep poverty

Persistent poverty and persistent very deep poverty have remained relatively stable since 2013–2014 (the earliest period for which persistent poverty data is available). There has been a more notable, though still small, increase in the proportion of people who experience short-term very deep poverty (in one or 2 years out of 4) over this period, with the rate increasing from 14% to 18%.

What are the future prospects?

What matters most for the prospects of people in some of the most severe forms of poverty are whether government policy provides sufficient protection to cover the cost of essentials, energy prices, housing costs, and whether inflation in essentials continues to erode disposable incomes. Without deliberate action, the gap between the poorest households and a life free from hardship will remain wide.

The adequacy of social security remains at the core of the UK's challenge with hardship. The basic rate of UC, after years of freezes and below-inflation uprating, remains far below what is needed to cover life's essentials, despite the small real-terms rise planned in April 2026. Benefit levels are not far from their lowest real values in decades, even as costs for food, energy, and housing have risen steeply. Without improvement, deep and very deep poverty will persist. Meanwhile, those with no recourse to public funds (affecting many people who have migrated here) remain excluded from accessing UC or social housing, leaving many destitute and without a safety net. Unless there are significant shifts in policy, these groups will continue to face the sharpest risks in the future, as described later in this report.

What happens with energy prices will be crucial to living standards and the outlook is concerning. While the increases in price cap from 21 November 2025 were small and driven by government policy costs and operating costs, and energy prices are forecast to fall (Cornwall Insights, 2025), they remain much higher than before the cost of living crisis, meaning for many keeping warm will remain unaffordable.

Housing costs continue to be a significant driver of deep poverty and destitution. The continuation of the freeze on LHA in the November 2026 Budget until at least April 2027 means that the gap between LHA rates and actual rents will widen once again. With rents rising, this policy choice could push many renters deeper into hardship to face stark choices: cutting back on food and other essentials to cover rents, moves to overcrowded or unsuitable housing, or even homelessness. Without the unfreezing and permanent re-linking of LHA rates to actual private rental costs, more households will find themselves in hardship.

Shorter-term measures, such as the bringing together of the Household Support Fund and Discretionary Housing Payments to form the Crisis and Resilience fund from April 2026, can provide relief. The £840 million per year fund for England will enable local authorities to provide support to people facing financial crises. Ensuring every area of England provides crisis support and guaranteeing 3-year certainty to the funding has substantially improved on some of the flaws in the Household Support Fund (Schmuecker, 2024). Note similar funds are also available in the Devolved Nations, with Discretionary Support available in Northern Ireland, Discretionary Assistance Funding available in Wales and the Scottish Welfare Fund available in Scotland.

However, without permanent structural changes to the adequacy of social security and housing support, such funds function only as temporary sticking plasters over deep, systemic problems.

Looking further ahead, the prospects for persistent poverty are mixed. By its nature, the measure captures hardship over several years, so immediate policy or price changes take time to filter through. In the short term, rates may not rise sharply. However, if the real value of benefits continues to erode relative to earnings, and housing costs continue to rise year after year, the risk is that persistent poverty – including persistent very deep poverty – will become more entrenched.

In summary, the prospects for households in deep poverty, destitution, or persistent poverty remain bleak without decisive action. Rising housing costs, inadequate benefit levels, and the absence of targeted energy and support to afford essentials threaten to trap hundreds of thousands in hardship. Unless government policy prioritises protecting the most vulnerable, the coming years risk consolidating high levels of destitution as a permanent feature of the UK's economic landscape.

How does this section interact with other sections?

Experiences of deep and very deep poverty vary between different groups (including by ethnicity and disability). As a result of these and other drivers of poverty, deeper and longer experiences of poverty can lead to worse life outcomes such as poorer health and lack of savings and greater debt. These drivers and outcomes are highlighted in the relevant sections of this report.

Family composition, age and sex

Why is this important?

The drivers of poverty affect people of different family types, ages and sexes in different ways. These dimensions also intersect, with important implications for policy.

Larger families and lone-parent families more often have incomes which fall short of their outgoings, increasing their risk of poverty. Family composition also affects eligibility for some benefits. These include the 2-child limit, which restricts eligibility for child-related benefits to the first 2 children in a household (which will be scrapped from April 2026), and the benefit cap, which limits the total income a household can receive in benefits.

Childcare responsibilities or costs can limit the ability of some parents to undertake paid work full-time or at all, or to choose higher-paid jobs that are less flexible or further away. This is particularly the case in families with younger children and in lone-parent families. Among individuals who leave work to care for their children, the poverty rate doubles after they have been providing care for 5 years. A gendered perspective is key to understanding these patterns: most lone-parent families are headed by women, and women usually bear the bulk of childcare responsibilities, even in couples with children.

What's the headline story in the latest data?

The table below shows the latest statistics for number of adults in poverty and the poverty rate by gender and age for working-age and pension-age adults. Around 1 in 5 working-age males and 1 in 5 working-age females were living in poverty (19% and 20% respectively). These rates were lower for male and female pensioners (15% and 16% respectively). The age groups for working-age adults with the highest poverty rates were 16–24 (24%), 60+ (22%) and 35–39 and 40–44 (both 21%) – the latter driven by higher rates of child-rearing in this group.

Table 4: Number of adults in poverty and poverty rates for different groups, UK, 2023/24

Group	Number in poverty	Poverty rate (%)
Gender of working-age adults		
Working-age males in poverty	3,800,000	19
Working-age females in poverty	4,100,000	20
Gender of pension-age adults		
Pension-age males in poverty	800,000	15
Pension-age females in poverty	1,100,000	16
Age of working-age adults		
16 – 24	1,200,000	24
25 – 29	700,000	16
30 – 34	900,000	19
35 – 39	1,000,000	21
40 – 44	900,000	21
45 – 49	800,000	19
50 – 54	700,000	16
55 – 59	700,000	16
60+	1,000,000	22
Age of pension-age adults		
65 – 69	400,000	14
70 – 74	400,000	14
75 – 79	400,000	16
80+	600,000	18

Source: Households Below Average Income, 2023/24

Children tend to have higher poverty rates than adults, and the number of children in poverty has risen to the highest on record – there are now 4.5 million children in poverty in the UK, which is 200,000 more children living in poverty than in the previous year. This equates to an overall child poverty rate of 31% – itself a 1% increase on last year though lower than historic highs.

Child poverty rates vary by family type. The poverty rate for children in families with 3 or more children is 44% – more than twice as high as the poverty rate for children in one-child families (21%), and just under twice as high as the poverty rate for children in 2-child families (25%).

We also know that lone-parent families have the highest poverty rate of any family type. Over 2 in 5 children in lone-parent families (43%) were living in poverty in 2023/24, compared with 26% of children in couple families.

Poverty rates also vary depending on the age of children in the family. Approximately 1 in 3 children in families where the youngest child is aged under 5 (36%) were living in poverty. Meanwhile, slightly more than a quarter of children in families where the youngest child is aged 5 to 10 (28%) or between 11 to 15 years old (26%) were living in poverty. Lastly, 2 in 10 children in families where the youngest child is between 16 to 19 years old (20%) were living in poverty.[2]

Table 5: Number of children in poverty and child poverty rates for different groups, UK, 2023/24

Group	Number in poverty	Poverty rate (%)
Number of children in family		
Children in poverty in 1-child families	700,000	21
Children in poverty in 2-child families	1,600,000	25
Children in poverty in large families (3+ children)	2,200,000	44
Number of adults in family		
Children in couple families	2,900,000	26
Children in lone-parent families	1,500,000	43
Age of youngest child in family		
0–4	2,200,000	36
5–10	1,400,000	28
11–15	800,000	26
16–19*	150,000	20
Age of child		
0–4	1,200,000	32
5–10	1,500,000	30
11–15	1,300,000	31
16–19*	500,000	27

Source: Households Below Average Income, 2023/24

Note *A person is defined as a child if they are 16–19 years old and they are: not married, nor in a civil partnership, nor living with a partner; living with parents/a responsible adult and in full-time non-advanced education or in unwaged government training.

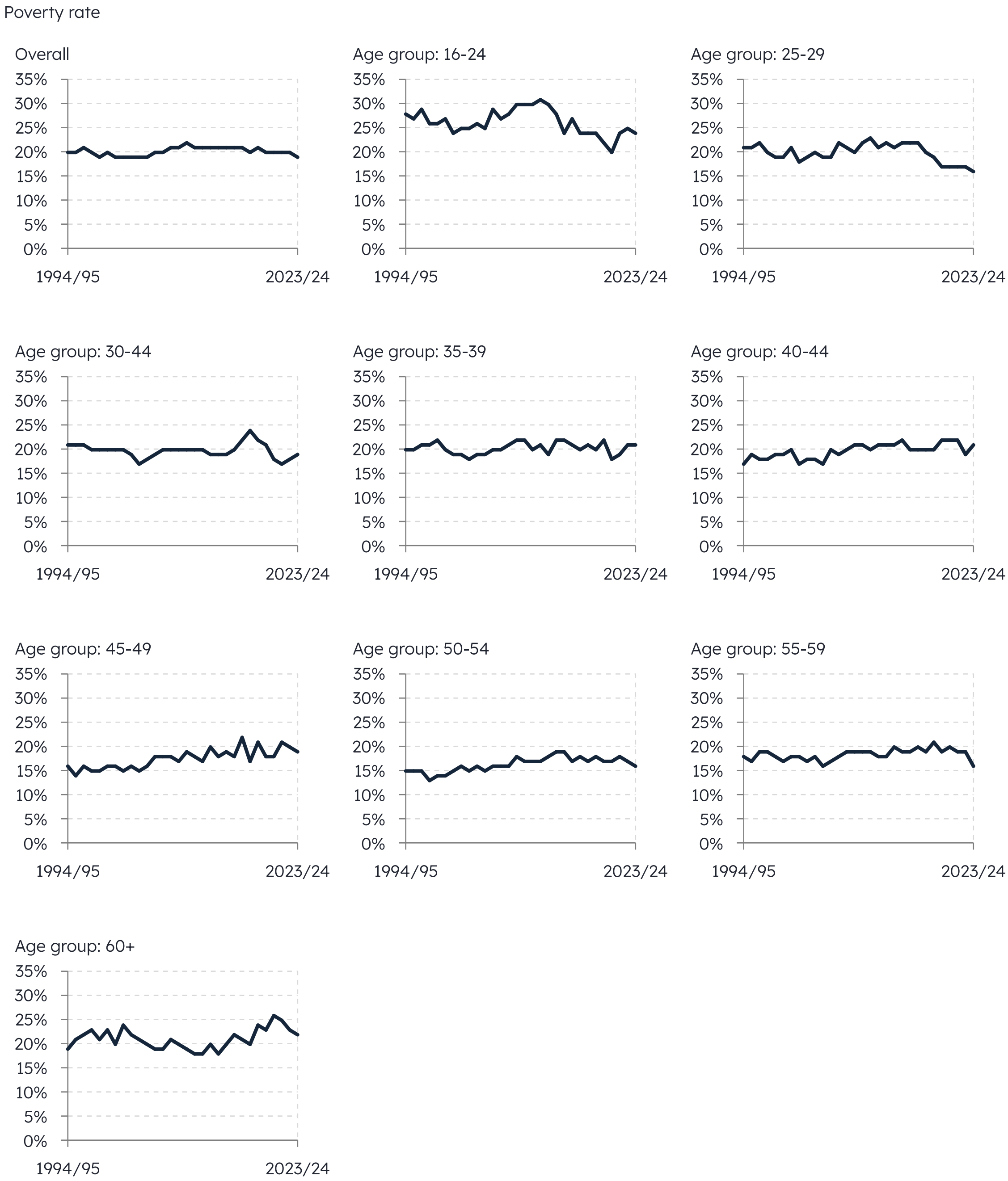
Some families fit into more than one category. Families with 3 or more children, families with very young children (aged 0–4), and single-parent families are more likely to face child poverty. More than 8 out of 10 children living in poverty are in at least one of these types of families, and about 4 out of 10 are in more than one.

How has this changed over time?

Overall working-age poverty has not shifted greatly over time, with a steady decline from a peak of 22% in 2009/10 to 19% in 2023/24. However, the youngest (16–24) and oldest (60+) working-age adults have consistently had higher poverty rates than the overall working-age poverty rate, with the 16–24 poverty rate at a peak of 31% in 2011/12.

Some of this can be explained by these age groups having lower incomes or higher housing costs. For working-age adults aged 16–24, median income AHC is 10% lower than the overall median income, and for those 60+, the median income is 5% lower. The lower median incomes of the youngest and oldest working-age adults may be down to income from savings and higher rates of homeownership resulting in lower housing costs.

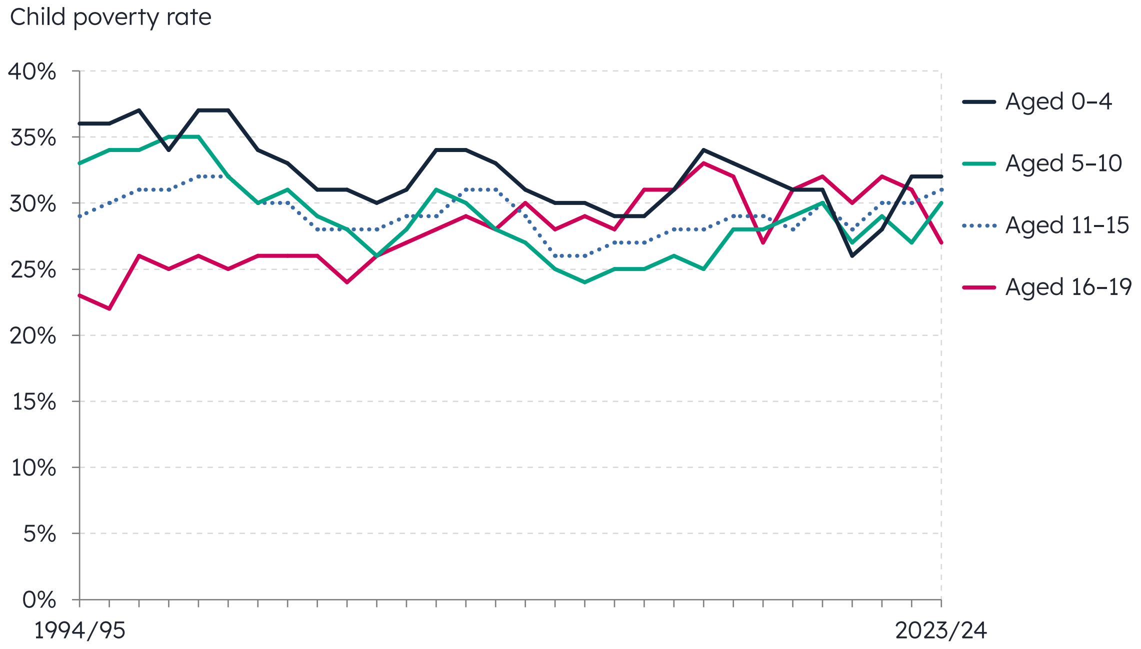
Figure 9: Poverty rates overall have fallen across working-age adults – though are higher for the youngest adults



Source: Households Below Average Income, 2023/24, DWP

Children remain at a higher risk of poverty if they are aged between 0 and 4. Younger children have historically been at a higher risk of poverty, and the data suggests there may be a return to this pattern after the pandemic and associated policy measures, like the £20 weekly uplift to UC payments, which temporarily reduced the rate of poverty.

Figure 10: Children aged 0–4 are at higher risk of poverty than other age groups



Source: Households Below Average Income, 2023/24, DWP

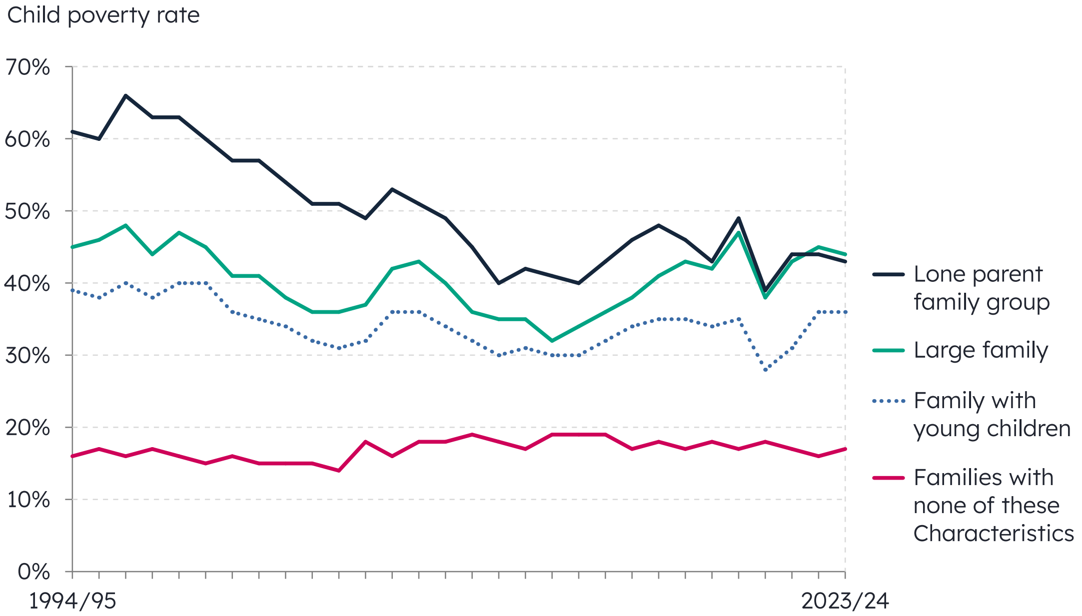
The latest data shows that children aged 0 to 4 have the highest risk of poverty (32%), followed by children aged 5 to 15 (31%) and children aged 5 to 10 (30%). Children aged 16 to 19 have the lowest risk of poverty (27%), although we will need more data to see if this pattern is sustained.

The number of children in poverty in large families (3 or more children) and families with young children (children aged under 5) is the highest on record – 2.2 million children across both groups. Whilst the poverty rates for both those groups were higher in the late 1990s, they have risen steadily since the early 2010s. The poverty rate for single-parent families has fallen from a high of 66% in 1996/97 to a low of 40% in 2013/14, though this has risen to 43% in the latest year of data.

The poverty rate for children in families with young children fell from a high of 40% in 1999/00 to 30% in 2013/14. It has since climbed steadily to 36% in each of the last 2 years, the highest since 2007/08.

The poverty rate for large families also features some dramatic changes. It was at a peak of 48% in 1996/97 before declining steadily to a low of 32% in 2012/13 and has since climbed to 44% in the latest data. The benefit cuts in the mid-2010s, particularly the introduction of the benefit cap and the 2-child limit, as well as a host of further reductions contributed to a rise in poverty rates for these 3 groups. This does indicate how sensitive child poverty is to policy changes.

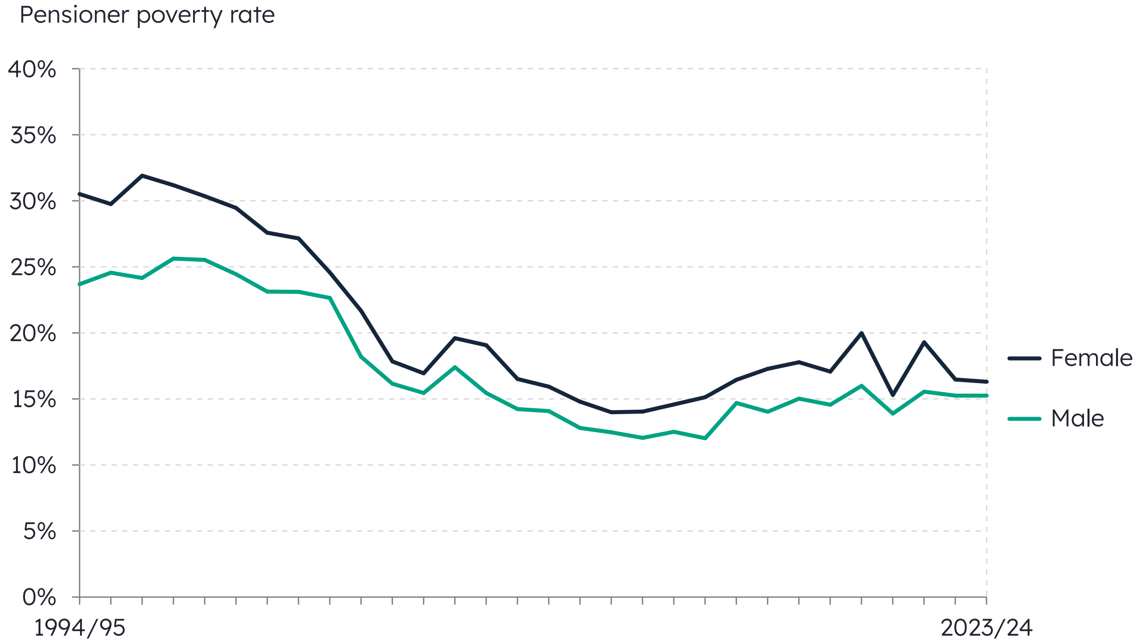
Figure 11: Child poverty rates for large families, young families and single-parent families remain markedly high



Source: Households Below Average Income, 2023/24

Another persistent recent trend is rising pensioner poverty, which has also been increasing since around 2013/14, following nearly 2 decades of falling poverty rates. Since 2019/20, poverty rates have been fluctuating, with poverty rates holding steady in 2023/24 – for female pensioners in particular, meaning the previous year's narrowing of the historical gap with male pensioner poverty has been sustained.

Figure 12: Male pensioner poverty is higher now than it was 10 years ago with female pensioner poverty not showing such a rise, though female pensioners are still more likely to be in poverty



Source: Households Below Average Income, 2023/24

What are the future prospects?

The family types with the highest poverty rates – lone-parent families, large families and families with young children – are particularly reliant on the labour market and the benefits system. Pensioners, particularly those with few assets or savings, rely on the state pension and Pension Credit. Changes to wages or benefit levels will therefore have an outsized impact on these families. Families with children also face additional costs, such as childcare, so eligibility for support with these costs and their generosity also have an impact.

For families with children, policies like the benefit cap and the 2-child limit increase their risk of being in poverty. The 2-child limit policy withdraws means-tested support from third and subsequent children born since April 2017. Lifting the 2-child limit from April 2026 is an important and welcome policy change, though the benefit cap remains in place and will serve to mitigate the full effects of the change. The latest data, for July 2025, show that the proportion of families with 3 or more children that are affected by the 2-child limit sits at a historic high of 72% (DWP, 2025c).

Without action, we forecast child poverty could rise to 4.8 million by the end of this Parliament (Schmuecker et al., 2025). The Child Poverty Taskforce has published its child poverty strategy, which contains measures such as an extension of free school meal entitlement in England to all pupils in receipt of UC, in addition to the removal of the 2-child limit. The Government's modelling suggests its actions on child poverty will see 550,000 children prevented from being in poverty by the end of this Parliament (DWP, 2025d) and drive a net reduction of 400,000 across the Parliament (DWP, 2025a). Whilst the 2-child limit has been lifted, creating a protected minimum floor in UC would ensure the 140,000 children currently affected by both the benefit cap and the 2-child limit experience the gain from lifting the limit, as currently they will not see any benefit from lifting the cap. This would also prevent the benefits to larger families being limited from becoming benefit capped.

Entitlements to childcare support have been expanded in England from April 2024, with September 2025 marking the expansion of 30 funded hours in term-time to parents of children from 9 months of age. The OBR suggest an expected decrease in labour market inactivity as a result (OBR, 2025a), but any changes to poverty rates for the youngest children will not be observed until next year's HBAI release.

The DWP's action to allow parents on UC to claim childcare support upfront rather than in arrears could help parents exit poverty by helping them into paid work or to increase their hours and pay. However, take-up from parents has been static at around 14% (DWP, 2025e) parents have taken up this support, and the OBR downgraded assumptions on increased labour market participation as a result (OBR, 2024); the total cost that families can claim back is still capped at 85%, and the policy is being accompanied by an increase in work-related activity requirements.

Prospects for pensioner poverty are mixed. There are some reasons for optimism: the commitment to a triple lock remains unchanged – this ensures the value of the state pension at least keeps up with prices and earnings, pensioner incomes are less affected by changes in the labour market, and more new pensioners will have some private pension provision because of the introduction of auto-enrolment into pension schemes. On the other hand, the shift from defined benefits to defined contribution pension schemes will result in more risk and volatility in occupational pensions in retirement, while lower homeownership will mean more pension-age people need to cover the costs of private rental accommodation over the coming years.

While working-age adults' poverty rates have remained lower than other groups, younger adults face a tightening job market and higher rates of poverty. The Government's Youth Guarantee (HM Treasury, 2025) should see a decline in working-age poverty rates for 16–24-year-olds – though some of those adults will be directed to non-work related outcomes. The Milburn review may also affect benefit entitlements for this group (DWP, 2025f).

How does this section interact with other sections?

The main interactions are with the labour market and the benefits system. Certain family types, particularly those with young children or multiple children and those with only one parent, find it harder to work full-time – particularly given the cost and availability of childcare. These same households often have higher household needs by virtue of having children and tend to be more reliant on income from benefits.

Ethnicity and poverty

Why is this important?

Poverty rates in the UK vary across ethnic groups, including within groups often assumed to have similar experiences. These inequalities are rooted in the UK's imperial history, colonialism, and subsequent patterns of migration, and are reinforced today through direct racism (in the actions of individuals and organisations), as well as through structural racism (systems and institutions that create and maintain racial inequality). Recognising and understanding these ethnic differences is essential to addressing poverty in the UK.

The ethnic minority groups most recognised in the UK today are largely shaped by post-war migration, where migrants arrived from Commonwealth countries and became British citizens. This section focuses on these groups, whose presence and experience have been influenced by these migration patterns. While many members of these ethnic groups are now UK-born, second-generation citizens who tend to fare better than their parents, poverty rates among them remain higher than among the white population.

We focus on broad ethnic groups because this is what is generally available in the data and how it is most commonly presented. However, we acknowledge the limitations of these broad categories, which can obscure the experiences of smaller or less-well-captured ethnic groups. Notably, recent white migrant arrivals, particularly those shaped by migration policy in the early 2000s, are often omitted from such analyses, and amalgamated into the broader 'white' category. The following section on migrant families and poverty addresses this gap by examining the experiences of other groups, including white migrants, with a focus on migration status and poverty rather than ethnicity.

While debates continue over how ethnic categories are defined and used in the UK today (Catney et al., 2023), this section offers an overview of the main ethnic groups and their experiences of poverty. To account for small sample sizes, estimates are reported using 3-year averages.

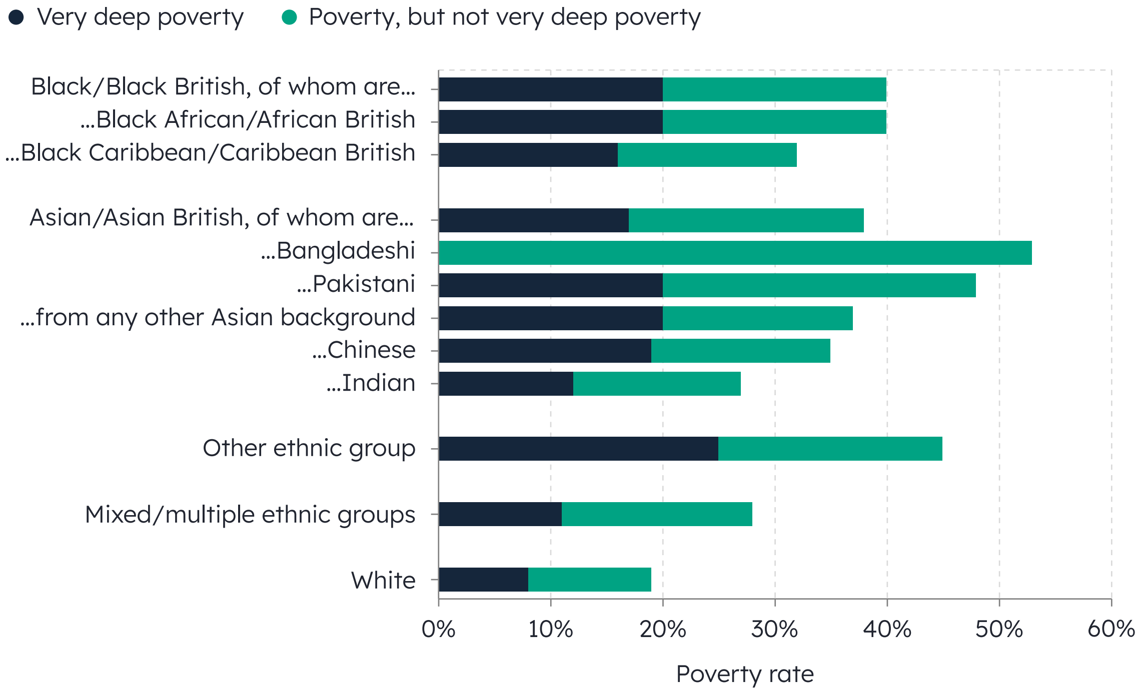
What's the headline story in the latest data?

Poverty and very deep poverty

The latest data shows that poverty rates vary significantly among broad ethnic categories, with the highest rates among people from Other ethnic groups (44%), Black or Black British (39%), Asian or Asian British (38%), and Mixed/Multiple backgrounds (28%), compared with 18% among the white population. These differences cannot be simply explained by whether groups are majority or minority populations in the UK because they also reflect a range of interconnected factors that make some ethnic minority groups more likely to experience poverty. Some ethnic minority groups are more likely to be younger on average, live in larger households, have fewer adults in work, live in areas with fewer secure or well-paid job opportunities, and be more likely to live in rented housing, whether social or private – all of which are key drivers of poverty.

Some ethnic minority groups can also experience additional barriers on account of their faith. Islamophobia and other forms of religious discrimination can limit access to employment, education and public services, compounding the risk of poverty (Sweida-Metwally, 2022). Moreover, poverty risks are exacerbated for people facing multiple overlapping disadvantages. For instance, people from minority ethnic groups who are disabled, female, or from other marginalised groups may experience further structural barriers, highlighting the importance of an intersectional approach to understanding and addressing poverty.

Figure 13: People in Bangladeshi and Pakistani households are the most likely to be in poverty



Source: Households Below Average Income, 2023/24, DWP

Notes: 3-year averages are used due to small sample sizes in annual datasets. Heads of households from 'any other Black background' are included in the data for the Black/Black British group, however this category is too small to be presented on its own.

While all Asian or Asian British households experience higher poverty rates than the national average (38% versus 21%), there are notable differences within this category. The largest groups within the Asian population in the UK are from South Asia, primarily India, Pakistan, and Bangladesh, with migration largely occurring during the mid-20th century for work and family reunification. In 2021–24, almost half of people in Pakistani households (49%) and over half in Bangladeshi households (53%) lived in poverty, which is around 2.7 and 2.9 times higher, respectively, than the 18% rate for white households. In contrast, poverty in Indian households is lower, at 26%.

Differences in religious composition may partly explain these patterns: people in the Bangladeshi and Pakistani ethnic groups are predominately Muslim, whereas people in the Indian ethnic group are more religiously diverse, comprised of mainly Hindus (43%), Sikhs (21%), and Muslims (13%) (ONS, 2023). However, religion alone cannot account for the variation in poverty outcomes. Religious discrimination can operate indirectly by enabling or blocking access to key resources such as employment and housing, which in turn can contribute to higher poverty rates among some groups. This highlights the complex dynamics of identity at play, as ethnicity and religion are closely intertwined, and poverty can be shaped by the intersection of these, and other factors.

We cannot look at poverty by faith as the DWP does not publish poverty data or tables by religion in the publicly available Family Resources Survey or HBAI resource, despite this being published in similar poverty reports by the Scottish Government and Northern Ireland Executive. However, we can look at rates of persistent deep poverty for different religious groups using Understanding Society survey data.

Beyond individuals with South Asian heritage, those from any other Asian background also experience relatively high poverty rates (38%). This is a broad category that covers people with ties across the Asian continent (excluding South Asia and China), ranging from East and Southeast Asia through to the Middle East and Central Asia. The diversity of this group makes it difficult to generalise, but the consistently high poverty rates suggest shared challenges such as certain family compositions, concentration in low-paid sectors, and reliance on social or private renting. Moreover, 36% of Chinese households were in poverty. While this is lower than the rates for Pakistani and Bangladeshi households, it is still around twice as high as the 18% poverty rate for white households.

People in households headed by someone from a Black or Black British background were more than twice as likely to be in poverty than those in white households (39% versus 18%). Within the Black or Black British ethnic group, 32% of Black Caribbean or Caribbean British were in poverty.[3] Many people in this group are British born, although their family histories are often rooted in migration. Similar to other Commonwealth migrants, earlier generations moved to the UK to seek employment opportunities during a period of high unemployment across the Caribbean in the 1940s, driven by the impact of World War 2, economic decline and a lack of social welfare support. As more recent arrivals, from the 1990s onwards, Black African or African British-headed households had a higher poverty rate at 40%. This group comprises a diverse range of individuals from a large number of countries, including many UK-born individuals, economic migrants, asylum seekers and refugees escaping conflict, famine or political unrest from Sub-Saharan Africa.

Households headed by someone from a mixed or multiple ethnic background had the third lowest poverty rate of 28%. This group includes people who identify as white and Black Caribbean, white and Black African, white and Asian or any other mixed background. The poverty rate may be lower because mixed-ethnicity households are, on average, younger and more likely to have been born in the UK. Having grown up and been educated in the UK, they may face fewer barriers to entering the labour market and are more likely to have higher levels of employment and education levels compared with some other minority groups (Alexander and Shankley, 2020). Although the rate is lower than for most ethnic minority groups, it remains significantly higher than for white-only households, suggesting that racial disadvantage continues to play a role.

‘Other ethnic group’ headed households had the third highest poverty rate (44%). This group comprises Arab, Gypsy/Traveller and any other ethnic group not included in the abovementioned categories. Again, like the ‘other Asian’ group, the diversity of this group makes it hard to generalise about their experiences. However, the persistently high rates of poverty for this group highlights not only the inequalities faced by minoritised communities in the UK, but also the limitations of current data collection methods. Grouping people with very different cultural backgrounds, migration histories and socioeconomic circumstances under the umbrella of ‘Other’ obscures important differences and makes it harder to identify specific poverty drivers and to design effective, targeted policy responses. More robust and detailed data is needed to understand and address the needs of this diverse group, especially as the ‘Other’ group continues to grow every decade as captured by the UK census (Catney et al., 2023).

In comparison to white-headed households (8%), a much larger share of ethnic minority groups were in very deep poverty, defined as having an equivalised household income AHC that is less than 40% of the UK median. Around 1 in 4 people from Bangladeshi-headed households (23%) and 1 in 5 people from Pakistani-headed households (20%) were in very deep poverty. People in households headed by someone from ‘any other Asian’ backgrounds, Black African backgrounds or from ‘other ethnic groups’ experienced similar levels of very deep poverty (20%, 20% and 25%, respectively).

Child poverty and very deep poverty

Ethnic minority children face higher poverty rates than white children. Poverty rates were notably higher for children in Pakistani and Bangladeshi households, around 2 in 3 of whom lived in poverty (60% and 65%, respectively), while around half of children in households headed by someone from a Black African background (48%) and from any other Asian backgrounds (48%) were in poverty. They were therefore around twice as likely as children in white households to be in poverty (24%). Children in Black Caribbean households also faced an elevated risk of living in poverty (41%).

Very deep poverty rates were also higher among ethnic minority children. Around 3 in 10 children in Bangladeshi households (28%) and from ‘other ethnic groups’ (28%) lived in very deep poverty. Around a quarter of children in Pakistani households (23%), from any other Asian backgrounds (26%) or from Black African households (24%) were in very deep poverty. These rates are 2–3 times higher than for children in white households (9%).

Having a higher number of children in a family increases that family’s risk of being in poverty. As average family sizes tend to be larger for some ethnic minority groups, this increases their risk of poverty. However, even among large families (those with 3 or more children), poverty rates tend to be lower in white families than minority ethnic families: while 36% of people in white households with 3 or more children lived in poverty, this rose to 65% in Asian households and 57% in Black households (broader categories are used for this analysis due to the smaller sample size of large families in the data). This suggests that family size alone does not explain elevated poverty rates among some ethnic groups. Rather, these differences must be understood in relation to wider structural issues such as disparities in housing and employment outcomes that are shaped and mediated by ethnicity and racialisation.[4]

Persistent very deep poverty

Ethnic minority groups are not only more likely to experience very deep poverty, but they are also more likely to remain in it for longer periods. Using data from Understanding Society, which follows the same individuals over time, our analysis shows that between 2011 and 2023, people in Bangladeshi and Pakistani households (11% and 9%, respectively) were around 5 times more likely than people in white households (2%) to live in persistent very deep poverty (that is, to live in very deep poverty for at least 3 out of any 4 consecutive years during this period). Rates were also higher for people from Black African/African British backgrounds (8%), any other Black background (7%), any other Asian background (6%), and Black Caribbean/Caribbean British backgrounds (5%). Indian, Chinese, and mixed or multiple ethnicity-headed households (all at 3%) were only slightly more likely than white people to experience persistent very deep poverty.

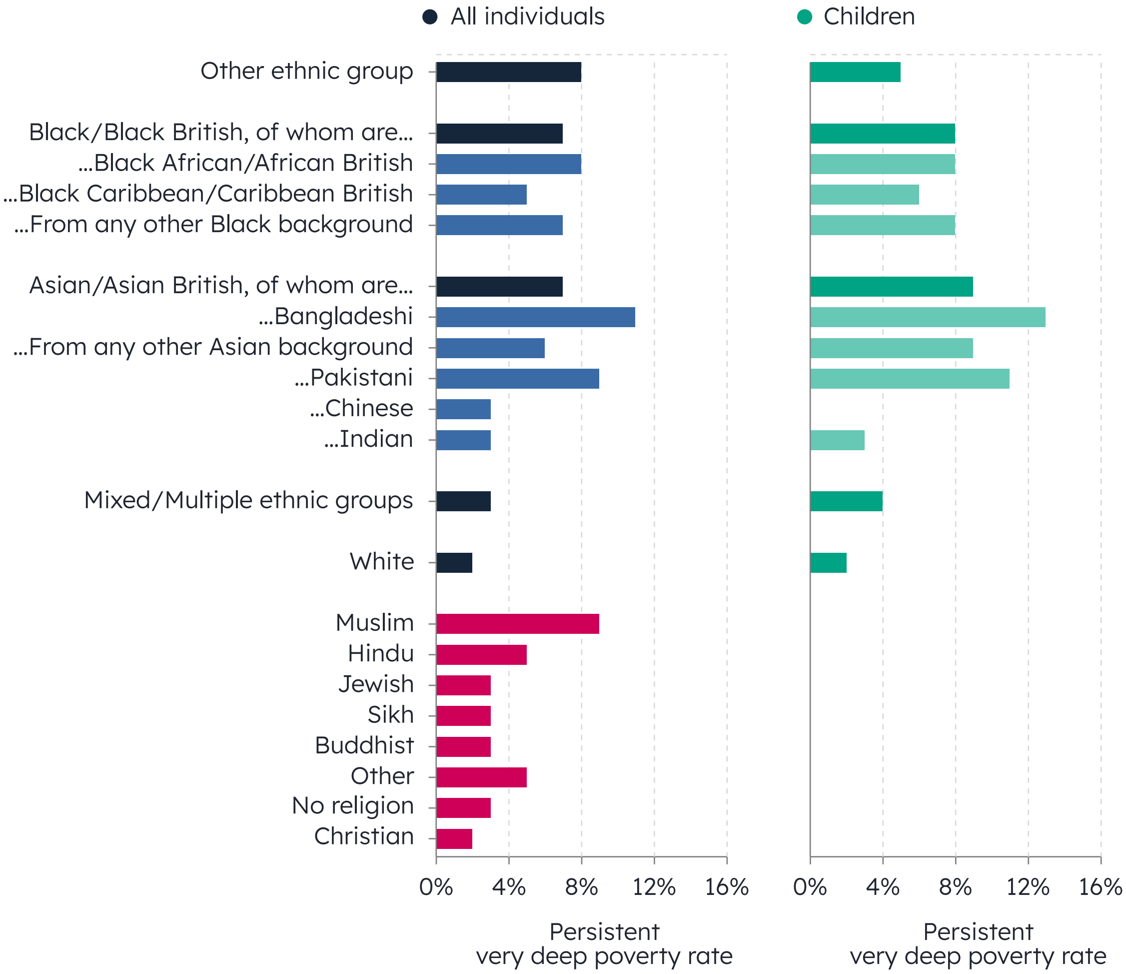
Again, persistent very deep poverty rates were even higher among ethnic minority children. At least 1 in 10 children in Bangladeshi (13%) and Pakistani (11%) households experienced persistent very deep poverty. They were both, therefore, more than 3 times more likely to experience persistent very deep poverty than children in white households, 2% of whom experienced this.

As mentioned above, religious discrimination can indirectly shape poverty through its interplay with ethnicity and other factors. We also use Understanding Society data to examine spells of very deep persistent poverty by religion of the head of household, drawing on multiple years to improve sample size. Very deep persistent poverty rates were around 3 times higher for Muslim households (9%) than for those with no religion (3%) or Christian households (2%). Hindu and ‘Other religion’ households both had rates of 5%, while Jewish, Sikh, and Buddhist households had similar rates to those with no religion, at around 3%. These patterns are expected given the higher poverty rates among Pakistani and Bangladeshi groups, but they also show that other large faith groups, such as Hindus, are at risk from spells of persistent very deep poverty.

Looking at persistent poverty rates across ethnic groups gives a useful snapshot, but it doesn’t tell the full story. As highlighted in previous JRF analysis, when we consider multiple factors together – such as family characteristics and housing situations – ethnic inequalities in poverty still persist. This shows that even after accounting for the factors commonly associated with poverty, and differences in individual circumstances, choices, or qualifications, disadvantage remains (Matejic et al., 2024).

Certain groups, including Bangladeshi, Black African, and Pakistani households, are at higher risk of very deep, long-term poverty; this highlights the need to explore the complex array of factors that protect against or drive persistent poverty, and how these dynamics play out differently for ethnic minority groups. This points to deeper structural inequalities that continue to shape people's lives and opportunities. Religion is also an important dimension, as faith and ethnicity often intersect in shaping economic outcomes, yet it remains difficult to analyse in depth due to the limited availability of poverty data by religion. The analysis we have been able to do points to deeper structural inequalities that continue to shape people's lives and opportunities.

Figure 14: People in Bangladeshi and Pakistani households are the most likely to live in very deep poverty for a prolonged period. Focusing on religion alone, people in Muslim, Hindu and 'any other religion' households are the most likely to live in very deep poverty for a prolonged period



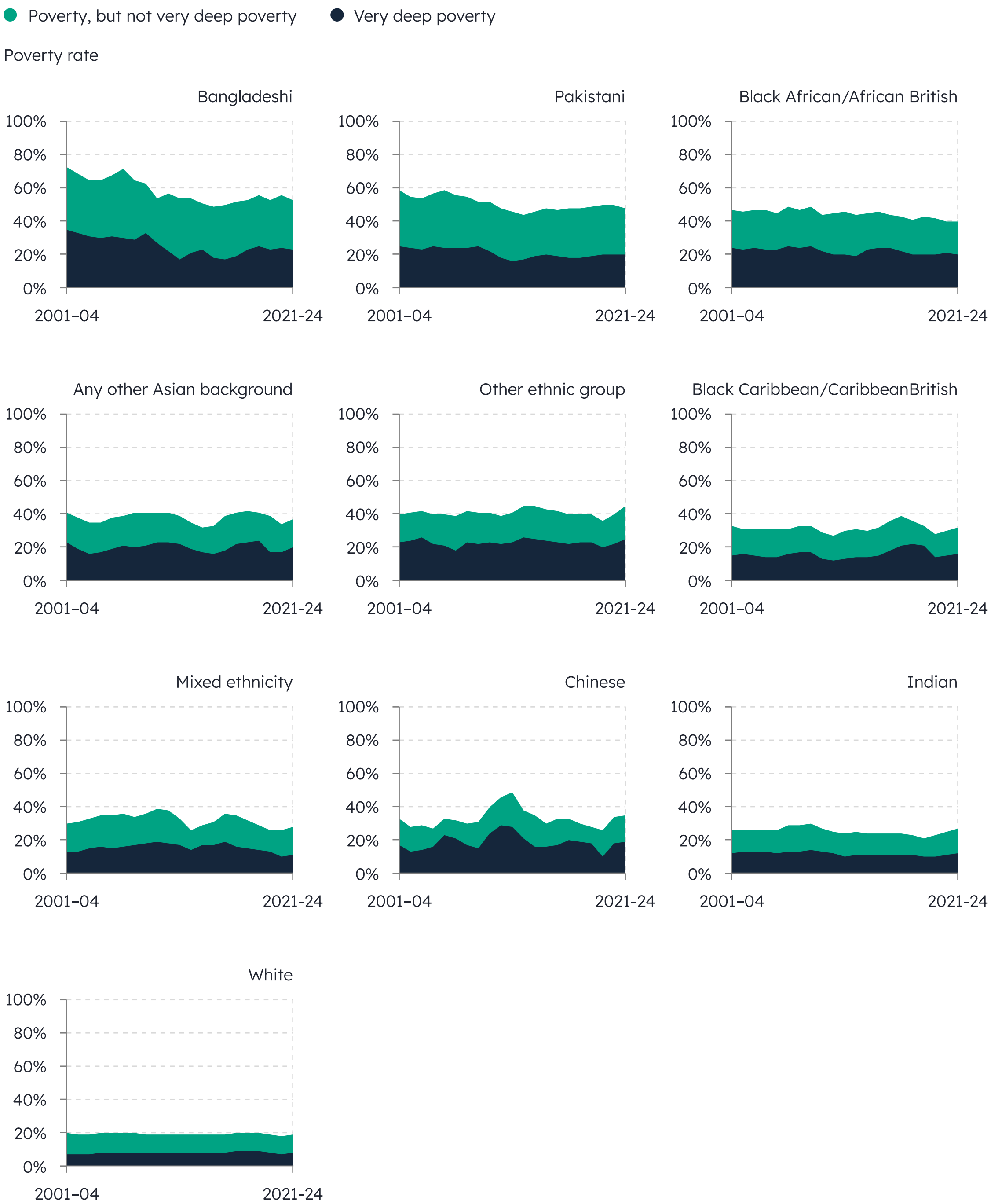
Source: JRF analysis of Understanding Society, 2023

Note: No Chinese children in the survey experienced persistent very deep poverty (0%).

How has this changed over time?

Even though they remain the most likely to experience poverty today, poverty rates for people in Bangladeshi and Pakistani households have fallen over the last quarter-century. In 2001–04, the majority of people in households headed by someone with a Bangladeshi (72%) or Pakistani (58%) background were living in poverty. Today, the poverty rate for both groups has dropped to 53% and 49% respectively, largely reflecting better integration into the British labour market over time and the increased employment prospects of second-generation individuals. In contrast, the poverty rate among people in white-headed households has remained relatively stable and much lower, hovering around 19–20% throughout the period and standing at 18% in the latest data. Poverty rates among Black African-headed households have also remained fairly stable, but consistently around twice as high as those in white-headed households, ranging between 40% and 49% compared to poverty rates among white households (around 19%).

Figure 15: Poverty and very deep poverty rates have fallen in Bangladeshi and Pakistani households over the last 2 decades, but are still much higher than for the white ethnic group



Source: Households Below Average Income, 2023/24, DWP

Note: 3-year averages are used due to small sample sizes in annual datasets.

The number of respondents in the 'Any other Black background' group is too small to allow robust analysis so they are not shown as a separate group in this chart, but they are included in the over-arching category of 'Black or Black British'.

Levels of very deep poverty have generally mirrored overall poverty trends over this period. However, there have been improvements over the last 21 years for Bangladeshi and Pakistani households. In 2001–04, only 7% of white-headed households were in very deep poverty. During the same period, 35% of Bangladeshi-headed households experienced very deep poverty (5 times higher than the rate for the white ethnic group). Although this rate dropped as low as 17% during the 2010s, it has now risen to 23%, which is still significantly lower than the rate observed in 2001–04. For Pakistani-headed households, very deep poverty was just under 3 times the rate for the white ethnic group, starting at 25% in 2001–04 and declining to 20% today. While this long-term downward momentum is positive, very deep poverty rates still remain disproportionately high for these groups.

What are the future prospects?

Without concerted policy action, the future prospects for tackling poverty among minority ethnic groups remain bleak. Persistent inequalities are not inevitable but reducing them requires policy design that fully understands and addresses the complex drivers of unequal outcomes. To identify solutions, robust quantitative data needs to be combined with trusted relationships that enable high-quality qualitative evidence to be gathered, with meaningful involvement of the communities themselves. This is particularly important where the drivers of poverty may be culturally sensitive or specific to particular ethnic groups.

Efforts to reduce ethnic disparities in poverty must also confront racism in all its forms. Racism operates at multiple levels and continues to shape people's experiences and life chances. At an interpersonal level, this can include being passed over for jobs or treated unfairly by landlords. Evidence shows that job applicants with non-English names receive fewer positive responses, even when their applications are identical (Adamovic and Leibrandt, 2023). Moreover, Black renters face entrenched racism in the housing market, often compounded by income prejudice and they are far more likely than white renters to be refused homes due to 'no children' rules, single-parent status, or reliance on housing benefits (Lamb, 2023). Ethnic minority groups often face worse physical and mental health outcomes due to structural disadvantage and unequal access to care. On top of this, experiencing racism itself directly harms health, which can further limit economic opportunities and exacerbate poverty (Hackett et al., 2020).

Racism also exists within institutions and across systems, driving higher poverty and hardship for ethnic minority groups. The 2-child limit policy was a clear example of this as it affected larger families which are more common in ethnic minority households. For example, recent analysis shows that while most families affected by the 2-child limit are white, Black and minority ethnic families are up to 3 times more likely to be affected by the 2-child limit, with 1 in 5 Pakistani and 1 in 4 Bangladeshi children affected (Stewart et al., 2025). Now that the limit has been lifted, there is a real opportunity to reduce these entrenched ethnic disparities in child poverty rates. Removing this policy marks a concrete step toward tackling the unequal pressures faced by larger ethnic minority families.

In addition, the 'right to rent' policy (which requires landlords in England to check a tenant's immigration status before renting to them) and No Recourse to Public Funds (NRPF) (see the migrant families section of this report for more information) create additional barriers for many ethnic minority groups to access secure housing and wider state support; for many, this increases their poverty risks and experiences of hardship (Davies, 2023).

Even where policy intent is neutral, the way services are accessed and experienced can still perpetuate unfairness. For example, welfare sanctions have been shown to disproportionately affect Black and mixed ethnicity claimants, especially in rural areas where limited access to Jobcentres and biased enforcement increases disparities (Williams et al., 2024).

Looking ahead, addressing these disparities will require better data, as well as better policy. Current government data collection is too limited to capture the full picture. For example, in this section, poverty rates cannot be reliably reported for some groups (such as those from 'any other Black' background) because sample sizes are too small. Census ethnic categories have also failed to keep pace with demographic change, often combining people from very different cultural backgrounds into single, unhelpfully broad groups. Improving the data infrastructure is essential for understanding who is experiencing poverty, why, and what works to close the gap.

While some ethnic groups face higher poverty risks due to factors such as younger age profiles, larger families, lower employment rates and higher levels of renting, there is growing evidence that even when these factors are considered together, disadvantage persists (Sweida Metwally, 2022; Matejic et al., 2024). This points to deeper forms of structural racism that operate across systems and over time. Unless these realities are recognised and addressed through both improved data and better policy design that is explicitly anti-racist and rooted in community-led approaches, the next decade risks entrenching rather than narrowing ethnic inequalities in poverty.

How does this section interact with other sections?

Ethnicity interacts with every other section in this report. Racism compounds disadvantage across all the areas we discuss, meaning ethnic minority groups face both the general barriers outlined in each section and additional racialised ones. This layering creates patterns of multiple disadvantage that shape outcomes in distinct and unequal ways. Most notably, this section intersects with the migrant families, housing, geography, health, work and social security sections. This is because minority ethnic families are disproportionately affected by changes to the benefits system (Race Equality Foundation, 2018) and more commonly live in urban centres like London, which also contributes to higher housing costs and increased risk of overcrowding. Ethnic minorities also tend to reside in areas with fewer opportunities for secure or decent work. As explored in the Geography section of this report, areas with high Pakistani populations, such as Bradford, also tend to have some of the highest levels of child poverty, reflecting how racialised disadvantage is compounded and reinforced by the relationship between geography, housing markets and local economic conditions.

It is also crucial to consider how intersecting inequalities increase people's risk of experiencing poverty. Age, gender, family composition, disability and geographic inequalities are all key drivers of poverty, but it is also important to consider how they interact with ethnicity to lead to greater inequalities.

Migrant families and poverty

Why is this important?

In 2023/24, around 4 in 10 children living in poverty were from families with migrant parents, amounting to around 1.7 million children in total. This section focuses primarily on children living in migrant families, for example, families where both parents or a lone parent were born outside the UK. The analysis uses household-level data that captures the country of birth but does not include visa type, immigration route, or legal status. As such, while we can identify children in families with migrant parents, we cannot distinguish between different types of migration statuses or conditions. However, families interacting with the UK immigration system may face higher risks of poverty, driven by a combination of legal, practical, economic, social and institutional barriers.

Migrant families encompass a wide range of experiences. Parents may be living in the UK whilst on work, study, or family visas, or may have refugee status – each with distinct rights and restrictions that shape access to work, welfare and stability. Some may hold British citizenship or have indefinite leave to remain, which means they have the right to live, work and study in the UK for as long as they like, and can apply for benefits if they are eligible. Others, however, may face increased insecurity due to temporary visas and settlement costs (such as visa renewal fees and the Immigration Health Surcharge cost (University of Oxford, n.d.)). Recent government proposals in the Immigration White Paper to extend the qualifying period for indefinite leave to remain from 5 to 10 years would prolong the time many migrants face high fees, and ongoing financial uncertainty. This extended period of instability may increase the risk of poverty, particularly for families struggling to meet these rising costs.

Some migrant families are affected by the 'no recourse to public funds' (NRPF, n.d.) condition, which excludes them from key benefits such as UC, Child Benefit, and social housing. As a result, tens of thousands of children (including some British citizens) are denied free childcare, which not only limits their parents' ability to work but also deprives children of vital early education and social development opportunities (IPPR, 2025). The NRPF condition has been shown to heighten the risk of poverty and destitution, particularly for low-income migrant families who face higher living costs and fewer safety nets (Johnson-Hunter, 2025; Qureshi and Morris, 2025). However, not all migrant families are subject to NRPF, and experiences of hardship vary widely depending on immigration status and entitlements, amongst other factors.

Some migrant parents may face challenges in the labour market, including limited knowledge of available jobs, smaller professional networks, and the non-recognition of overseas qualifications, which may leave them working in roles below their skill level (Fernández-Reino and Brindle, 2025). Some work visas tie workers to specific employers or sectors, reducing job mobility and, in some cases, increasing exposure to low-paid, insecure work.

These challenges can be compounded by unique housing pressures. Right to rent checks (that is, the requirement for landlords to ensure tenants have the legal right to live in the UK) can lead to many landlords discriminating against foreign-born nationals.

Due to not being captured in the data, this analysis does not include asylum seekers or those awaiting a decision on an asylum claim, who are subject to a separate immigration and welfare system with distinct entitlements to work, housing, and social security. Likewise, the data does not capture undocumented migrants, who are excluded from official statistics but face elevated risks of destitution. Undocumented migrants lack access to formal employment, housing, and public support, and likely experience extreme material hardship. While not visible in this dataset, JRF's Destitution in the UK report (Fitzpatrick et al., 2023) provides important insights into the lived experiences of those facing severe deprivation, including some with insecure immigration status.

While this analysis cannot disaggregate families by visa categories or immigration route, it is important to recognise that immigration status and associated conditions can shape the risk of poverty. Not all migrant families will experience economic hardship, but for some, the rules attached to their visa or settlement journey can increase financial vulnerability.

What's the headline story in the latest data?

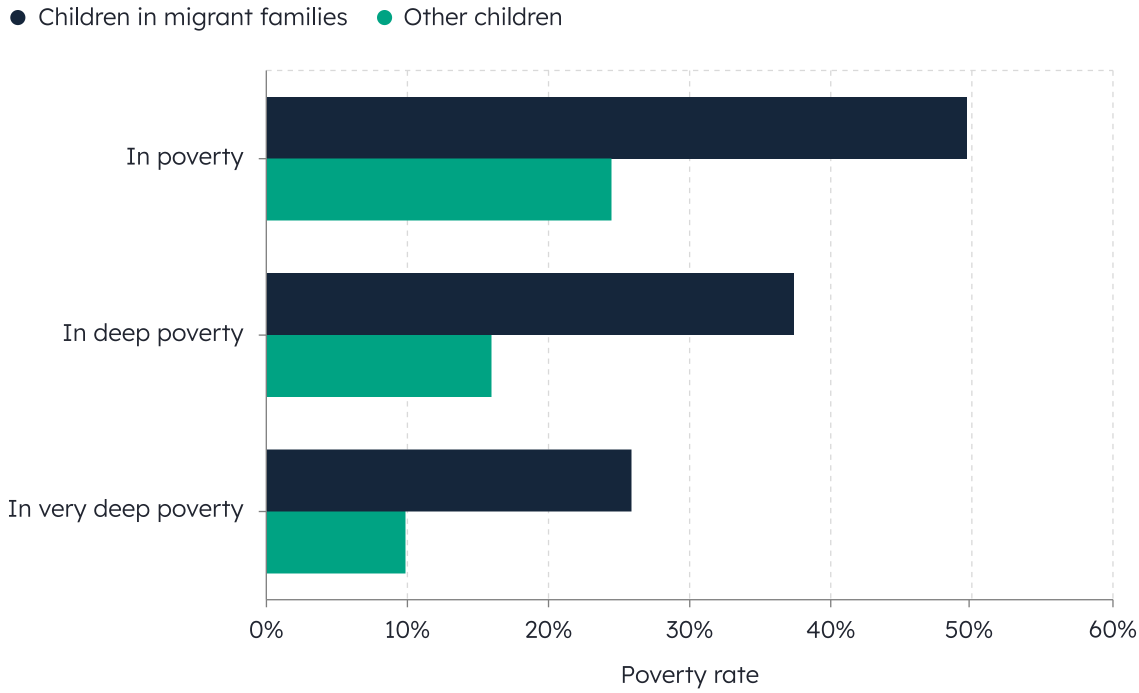
Around 3.1 million people born outside of the UK were in poverty in 2023/24, representing roughly 1 in 3 of the foreign-born population (31%), with this being around twice the rate of the UK-born population (16%). This highlights how people born outside of the UK face additional poverty risks which may be associated with their interaction with the labour market, immigration system, housing market or social security system.

The remainder of this section focuses on children in migrant families. Examining this group allows for a more detailed and reliable analysis, highlighting how poverty affects children with migrant parents compared to those in non-migrant families and providing insight into the factors that contribute to these differences.

Using data from the Family Resources Survey (FRS) and HBAI, migrant families are defined as those in which both parents were born outside the UK, or, in the case of single-parent households, where the parent was born abroad. Single migrants without children, migrant couples without children, and families where at least one parent was born in the UK are not included. This measure is an imperfect proxy due to data limitations, as information on parents' country of birth is only available from 2010/11 onwards. Nonetheless, it provides the best available approach to identifying migrant families within the FRS and HBAI data.

The latest data shows that in 2023/24, 1 in 2 children (50%) in migrant families were in poverty compared to around 1 in 4 other children (24%). Children with migrant parents were also more than 2 times likely to be in deep poverty (37% versus 16%) and very deep poverty (26% versus 10%).

Figure 16: Half of children in migrant families were in poverty compared to around one-quarter of other children, deep and very deep child poverty rates are also more than 2 times higher



Source: Family Resources Survey & Households Below Average Income, 2023/24, DWP

Table 6: Child poverty rates were twice as high among working migrant families compared with other families

Families	Number of children	Poverty rate (%)
Migrant families		
All adults in work	500,000	28
At least one adult in work but not all	900,000	67
No adults in work	400,000	88
Other families		
All adults in work	1,100,000	14
At least one adult in work but not all	800,000	37
No adults in work	900,000	58

Source: Family Resources Survey & Households Below Average Income, 2023/24, DWP

Work plays a protective role against child poverty, but its effectiveness varies between children in migrant and non-migrant families. Over three-quarters of children in poverty in migrant families live in households where at least one adult works (79%), showing that employment alone is not enough to lift many migrant families out of poverty. Among children in migrant families, when all adults in the household are in work, 28% still live in poverty, compared with just 14% of children in non-migrant families. This shows that while parental employment reduces the likelihood of child poverty, it is less protective for children in migrant families. Examining the type and quality of employment that migrant parents are engaged in – for example in relation to their pay, working hours and security – is crucial to understanding why work is less protective for these families.

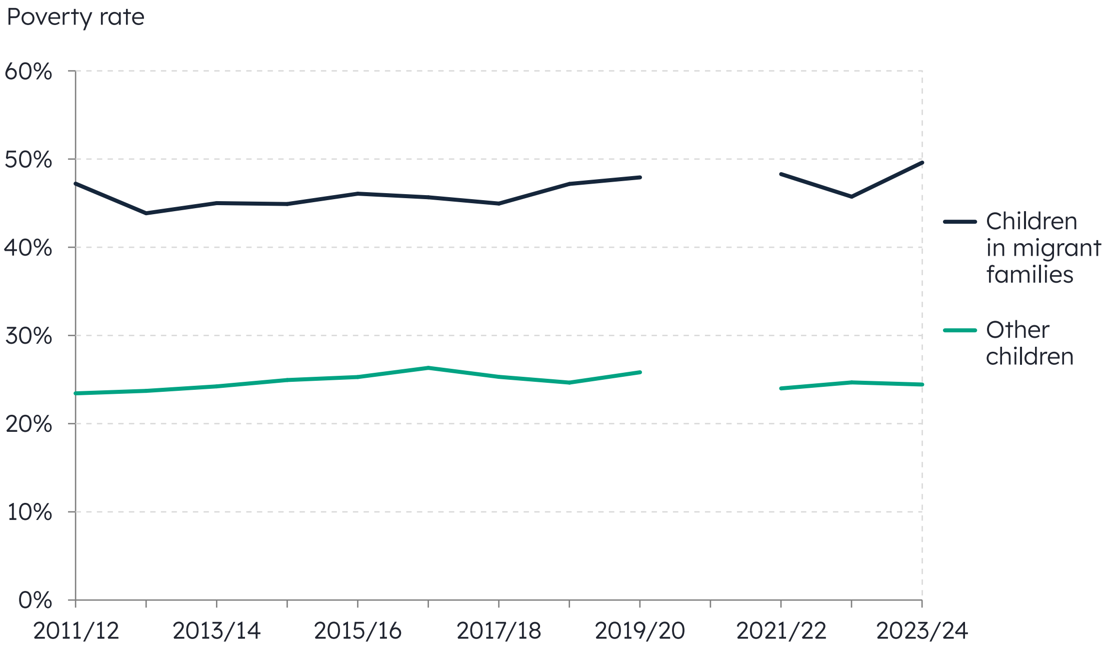
The risk of child poverty rises substantially as employment decreases. For children in migrant families where only some adults work, two-thirds (67%) live in poverty, and among children in workless households, this climbs to 88%. The pattern is similar for children in non-migrant families but at lower levels: 37% for partially working households and 58% for workless households. These figures highlight that full parental employment is critical, but not always sufficient, to protect children in migrant families from poverty.

Children in migrant families are far more likely to live in privately rented housing than their non-migrant peers (47% versus 17%). In contrast, only 6% of children in migrant families live in homes owned outright and 26% live in homes being bought with a mortgage, compared with 11% and 50% of children in non-migrant families. A similar share of migrant families (21%) live in social housing as non-migrant families (22%). Private renting is generally less secure and more expensive relative to income, leaving families with fewer resources for essentials. Combined with lower parental earnings, this housing disadvantage contributes to the higher risk of poverty among this group.

How has this changed over time?

Over the last decade, poverty rates among people born outside the UK have consistently been around twice as high as those for people born in the UK. For example, in 2011/12, 32% of foreign-born people were in poverty compared to 17% of UK-born. Although these rates have fluctuated slightly over the time series, the most recent 2023/24 data shows a similar pattern, with 31% of people born outside the UK living in poverty compared with 16% of those who are UK-born.

Figure 17: Poverty rates are consistently higher for children in migrant families than for other children



Source: Family Resources Survey & Households Below Average Income, 2023/24, DWP

Note: Year 2020/21 not included due to small sample size

Poverty rates for children in migrant families are the highest they have ever been in the available time series data, increasing from the lowest point of 44% in 2012/13 to 50% in 2023/24. This marks a worrying upward trend over more than a decade, in contrast to the more stable rates observed among children in non-migrant families during much of the same period. The persistence and widening of this gap suggests that factors driving poverty among migrant families are both structural and systemic, rather than short-term fluctuations linked to economic cycles.

What are the future prospects?

As outlined above, migrant families include a diverse range of people with a range of immigration statuses that allow for differing rights, controls, and access to support. To better understand what drives poverty within this group, and how to address it, we need better data on visa type, migration status, and entitlement to public funds. At present, limited information makes it difficult to track outcomes and guide better policy. Strengthening data collection across government departments and surveys would help clarify how different parts of the immigration system interact with poverty, and its known drivers.

Recent policy changes such as the Renters' Rights Bill, which strengthens tenants' rights including by ending 'no-fault' evictions, could help support children in migrant families who are more likely to live in private rented accommodation. However, the Bill did not remove the 'right to rent' policy, which has been shown to lead some landlords to discriminate based on nationality (Shelter, 2023).

In terms of employment, we need a clearer understanding of why work is not providing adequate protection for children in migrant families. This may reflect both the quality of work migrant parents are doing (such as low pay, irregular hours, and insecure contracts) and the additional labour market barriers they may face, including limited recognition of qualifications, smaller professional networks, and constraints around childcare. These factors may interact to limit earnings and job stability, which could drive in-work poverty among migrant households.

Another challenge is the lack of data on how many families are subject to immigration controls and how this shapes their lives. Children whose parents do not have indefinite leave to remain face higher visa-related costs, increasing their risk of financial hardship. The Government's plan to extend route to settlement from 5 to 10 years is likely to prolong financial hardship for more families, as long periods of temporary status often mean higher fees and restricted access to services if families are also subjected to NRPF.

We also lack data on how many families are affected by the NRPF condition. However, we know that many low-income migrant families – many of whom will be subjected to NRPF – are facing increased precarity. Our cost of living tracker shows that in 2024, around 8 in 10 low-income families with NRPF went without essentials such as heating, suitable clothing, or enough food in the previous month (81%). This compares with 6 in 10 (59%) low-income families where no one has NRPF. Households with NRPF were also more likely to have used a food bank in the past 6 months (15% compared with 11%). To meet its commitment to end the need for food banks, the Government must address hunger among families with NRPF, who often have few alternatives when incomes fall short (Johnson-Hunter, 2025). This data should be seen as indicative, with data limitations limiting what we can see in this area.

How does this section interact with other sections?

This section on migrant families complements the chapter on ethnicity by exploring another key dimension of inequality. While both ethnicity and migration status shape people's experiences and outcomes, they do so through different mechanisms.

Ethnicity refers to how people identify themselves, often based on shared cultural heritage, language, or family history; it is shaped by long-standing social and historical processes that have created inequalities between different groups. These inequalities can contribute to poverty through discrimination, reduced access to opportunities, or exclusion.

Migration status, in contrast, is a legal classification granted by government institutions. It determines how long someone can stay in the country and what rights they have while here, including access to work, public services and welfare. Migration status is shaped by institutional rules and political decisions and can change frequently depending on policy shifts. Unlike ethnicity, it has formal boundaries and direct implications for economic security. Our closest available proxy for this (which is used in this section) is being born outside the UK.

Migrant families may face structural barriers that overlap with those experienced by ethnic minority groups, including discrimination, labour market exclusion, and housing disadvantage. However, immigration status introduces a distinct set of institutional constraints that can intensify these risks and create specific pathways into poverty. It is important to note that not all migrant families are ethnic minorities, and not all ethnic minority families are migrants. While there are areas of overlap, the drivers of disadvantage can differ.

This section also interacts with the work chapter as many migrant families come to the UK seeking employment, yet the persistence of in-work poverty shows that having a job does not always protect against financial hardship. For many migrants, this vulnerability is often compounded by the additional costs and constraints of the immigration system which can erode the stabilising effect of work. However, it is important to recognise that not all people born outside the UK face these challenges – many are economically secure and thrive, depending on their immigration status, resources and opportunities.

Housing is another important interaction. Migrants are less likely to own their homes outright and are more dependent on private renting, which increases their exposure to housing insecurity and can further drive poverty. Together, these overlapping factors show that the experiences of migrant families cannot be understood in isolation; they intersect with wider patterns in demographics, work, and housing that shape poverty risks across the UK.

Geography and poverty

Why is this important?

There is a long-standing link between geography and poverty in the UK. Local economies differ in job availability, wages, and industry types, shaping opportunities across places. Housing affordability, infrastructure and access to services vary widely, while inadequate social security leaves many households unable to meet basic needs. Regional disparities in health outcomes and service provision further drive disadvantage. Many deprived areas also suffer from a lack of social infrastructure (such as community spaces, support services and civic institutions) which limits resilience against economic hardship. These patterns are rooted in historical legacies of industrial decline, land use, and planning decisions that continue to shape deprivation today.

Tracking poverty rates across national, regional, and local levels is important for understanding spatial inequality and assessing the impact of government action. The Government's new 'Pride in Place Programme' (offering up to £20 million per area over 10 years to close to 250 local areas for community-led regeneration) marks a potentially more sustained and locally grounded approach than previous short-term initiatives. However, it remains to be seen whether this investment will be sufficient to tackle deeply entrenched poverty across different local contexts.

What's the headline story in the latest data?

Recent data reveals significant variation in poverty rates across the UK's nations, regions and parliamentary constituencies, highlighting persistent spatial inequalities. Among the UK nations, Northern Ireland has the lowest poverty rate at 17%, while England and Wales each stand at 22%, and Scotland sits slightly lower at 20%. These figures have remained broadly consistent with previous years, reflecting ongoing challenges in addressing deprivation at scale.

While national poverty rates provide a useful overview, they often obscure deeper regional and local disparities. Factors such as employment opportunities, housing costs, benefit adequacy, and access to services shape poverty in place-specific ways. For example, high housing costs and reliance on renting are major drivers in cities, while low-paid work and limited job availability are more prominent in post-industrial and coastal areas. Understanding these variations is essential for designing effective, targeted interventions that go beyond national averages to address entrenched deprivation.

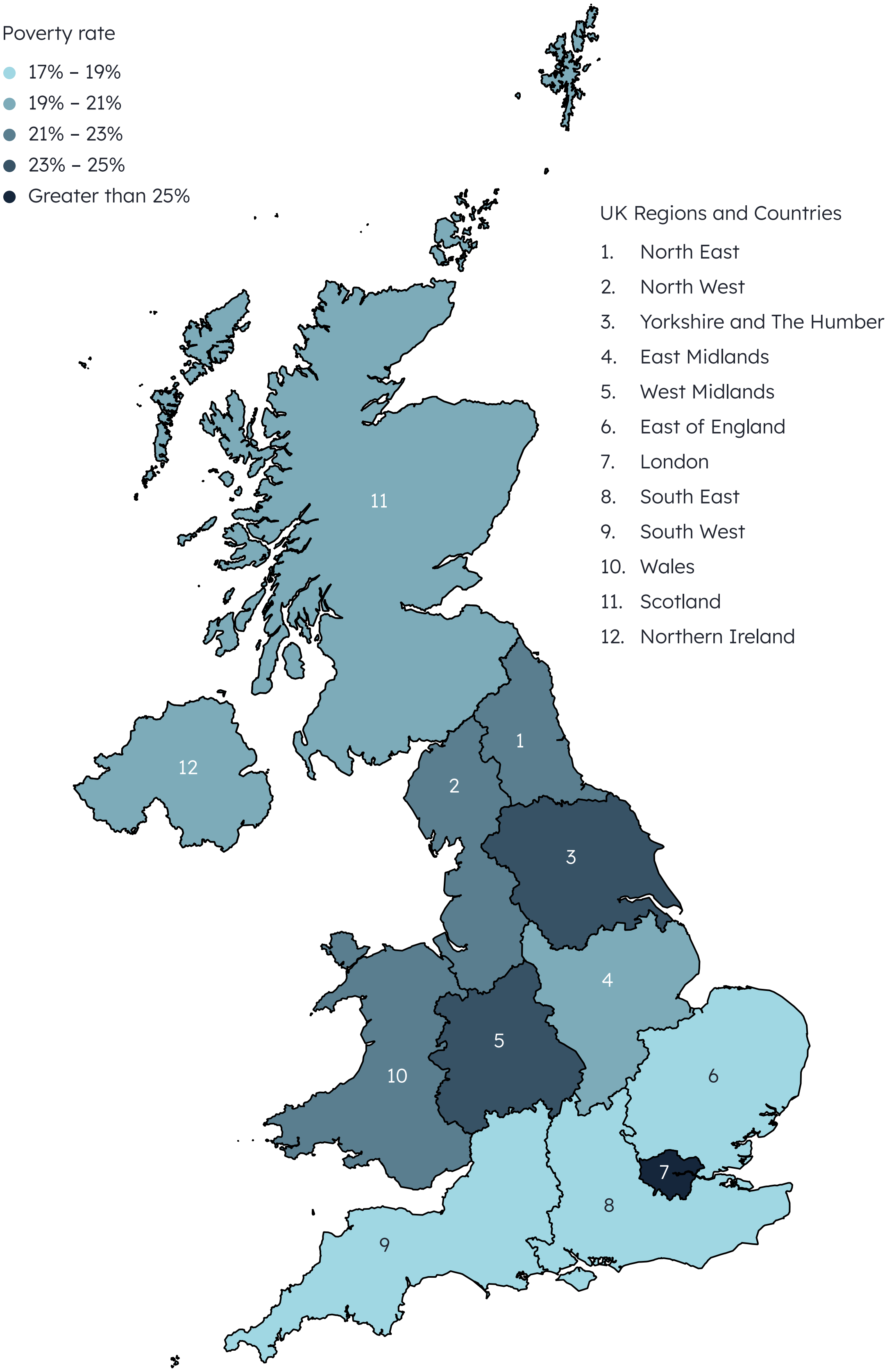
Table 7: Average number of people in poverty and poverty rates by UK nation/region, 2021–24

Nation/region	Number in poverty	Poverty rate (%)
North East	600,000	21
North West	1,700,000	23
Yorkshire and the Humber	1,300,000	23
East Midlands	1,000,000	20
West Midlands	1,500,000	24
East	1,100,000	18
London	2,400,000	26
South East	1,700,000	19
South West	1,100,000	19
England	12,200,000	22
Wales	700,000	22
Scotland	1,100,000	20
Northern Ireland	300,000	17
UK	14,300,000	21

Source: Households Below Average Income, 2023/24, DWP

Note: Numbers do not sum to total due to rounding.

Figure 18: Poverty rates by nation and region



Source: Households Below Average Income, 2023/24, DWP

Research by Loughborough University for End Child Poverty (Stone, 2025) offers deeper insights into the geography of poverty by estimating child poverty rates AHC at parliamentary constituency level. This allows us to move beyond national and regional averages to examine poverty more granularly, highlighting stark inequalities between communities that headline figures can obscure. While overall poverty rates in this section are drawn from the DWP, the child poverty estimates at constituency level discussed here are based on Loughborough's modelled analysis, which uses DWP data as a key input. Regional and national poverty rates and local child poverty rates are calculated using 3-year averages to ensure reliability.

In **Scotland**, 1 in 5 people (20%) were in poverty in 2021–24; a 1 percentage point drop from the previous period. While this marks a modest improvement, poverty remains above the more stable average of 18–19% seen throughout the 2010s. Several structural factors help explain both the progress and continuing risks of poverty. The latest HBAI data shows that Scotland has one of the highest proportions of people living in the social rented sector and the lowest share of private renters compared to other parts of the UK. Average housing costs are comparatively lower. Together, these factors help keep poverty levels down. At the same time, other pressures are pushing in the opposite direction. Scotland has one of the highest proportions of workless households, and those who are working tend to earn less. More people are out of work due to things like poor health, caring responsibilities or early retirement; factors that increase the risk of poverty.

Alongside structural drivers, national policy choices have also shaped outcomes in Scotland. Child poverty is much lower in Scotland (23%) than in England and Wales (both 31%) and slightly lower than in Northern Ireland (24%). A key factor is the Scottish Child Payment (SCP), introduced in 2021 to support low-income families. JRF modelling shows poverty would be higher without the SCP, though it alone will not enable Scotland to meet its child poverty targets. Increasing the SCP from £27.15 to £40 offers the greatest poverty reduction per pound across poverty depths (Evans et al., 2025), with the strongest impact when combined with wider labour market and further social security reforms.

At the local level, SCP appears to be making a difference with 36 out of 57 UK parliamentary constituencies seeing lower child poverty rates in 2023/24 compared to pre-SCP levels in 2019/20. However, progress has not been uniform, with most Glasgow parliamentary constituencies, as well as others like Alloa and Grangemouth, all experiencing increases in child poverty over the same period. Additionally, in more than three-quarters of parliamentary constituencies in Scotland, at least 1 in 5 children were still living in poverty in 2023/24. The highest rates were found within Glasgow constituencies: East (35%), South West (34%), North East (33%), North (31%), South (31%) and West (29%). Glenrothes and Mid Fife (30%), Ayr, Carrick and Cumnock (29%), Dundee Central (28%) and Airdrie and Shotts (28%) also had higher child poverty rates. In contrast, some constituencies had child poverty rates well below the UK 3-year average of 30%. West Aberdeenshire and Kincardine, Mid Dunbartonshire, East Renfrewshire, Edinburgh West, Gordon and Buchan, and Edinburgh South are estimated to have rates under 16%. The difference of low and high poverty rates between these places highlights persistent inequalities between local communities despite national-level improvements.

In **Wales**, the latest poverty rate rose by 1 percentage point to 22% from the previous period, bringing it in line with the rate in England in 2021–24 and creeping closer to the longer-term average of 23–24% seen throughout the 2010s. This increase is linked to Wales having the highest rate of economic inactivity across the nations and regions (24%), driven in part by growing numbers of people in Wales who are long-term sick or disabled. Wales has one of the highest proportions of people who own their homes outright and a low share of private renters. These factors have helped reduce living costs and may have softened the impact of labour market pressures on poverty. While the overall child poverty rate in Wales is around the same as the UK 3-year average at 30%, several constituencies are experiencing higher rates, including: Blaenau Gwent and Rhymney (36%), Rhondda and Ogmore, and Newport East (both at 35%), and Merthyr Tydfil and Aberdare, Aberafan Maesteg, and Clwyd North (all at 34%). In contrast, the lowest rates are found in Cardiff North (21%), Monmouthshire (24%), and Gower (25%).

Since data was first available for **Northern Ireland** in 2002/03, it has consistently reported lower poverty rates than the rest of the UK, with the latest figure at 17%. Housing tenure and costs are key: average housing costs are just over a third lower than the UK average (for both renters and mortgage holders), and more people live in owner-occupied homes, with fewer in the rented sector (28% vs 35% UK-wide). Employment according to HBAI data is at a record high of 75%, close to the UK average (though official labour market data suggests a lower rate), and unemployment is the lowest in the UK at 1.6%. However, economic inactivity remains persistently above the national average due to ill health and disability. Northern Ireland has also introduced policies to offset welfare reform, notably Welfare Supplementary Payments, which cover losses from measures such as the social sector size criteria (often referred to as the Bedroom Tax or removal of the spare room subsidy, or the under-occupation penalty/charge), Benefit Cap, and the move from Disability Living Allowance (DLA) to Personal Independence Payment (PIP). Although poverty was already relatively low before these measures began in 2010, they may have helped sustain this position amid wider welfare changes.

Within Northern Ireland, 24% of children were in poverty, one of the lowest rates across the UK nations and regions, just above East of England and Scotland (both at 23%). The constituencies with the lowest child poverty rates include North Down, Lagan Valley, Belfast South and Mid Down (all at 20%), and South Antrim (21%). Belfast West (33%), Belfast North (31%), and Newry and Armagh (30%) were the only constituencies to match or exceed the 3-year UK average for child poverty at 30%. Historically, poverty rates have been consistently higher among Catholics compared to Protestants. This pattern is reflected in the geography of poverty in Northern Ireland, where areas with larger Catholic populations tend to experience significantly higher child poverty rates. In contrast, regions with higher proportions of Protestants have much lower poverty levels. This disparity is rooted in historical and structural inequalities, including differences in access to employment, education, and housing, which have disproportionately affected Catholic communities and contributed to persistently higher poverty rates in areas where they are concentrated.

In **England**, the overall poverty rate remained at 22%. However, regional breakdowns reveal a clear divide: the Midlands and Northern regions consistently show higher poverty rates than the South. Notably, London stands out within the South of England as an exception, with the highest poverty rate nationally, contrasting with lower rates in the South East and West.

In the latest data, London had the highest poverty rate at 26%, followed by the West Midlands (24%), and North West and Yorkshire and the Humber (both at 23%). The South West and South East both had rates of 19%, while the East of England had the lowest rate at 18%. While the North East has historically reported among the highest poverty rates, the latest data (2021–24) shows a rate of 21%, unchanged from the previous year and the same as the UK 3-year average of 21%. We do feel data for the North East should be treated with caution. In recent years, the year-on-year percentage point change in poverty rates for this region has been much greater than the average change across other regions and nations. We will continue to monitor regional poverty trends closely.

Child poverty rates are highest in constituencies across the **West Midlands** and **Yorkshire and the Humber**, where in some areas more than half of children are living in poverty.

In the **West Midlands**, this includes several constituencies in Birmingham: Ladywood (62%), Hodge Hill and Solihull North (55%), Perry Barr (52%), Yardley (51%), and Hall Green and Moseley (50%). In **Yorkshire and the Humber**, the highest rates are found in Dewsbury and Batley (58%), Bradford West (57%), Bradford East (55%), and Leeds South (52%). In the **North East**, the highest rates are in Middlesbrough and Thornaby East (52%) and Newcastle upon Tyne Central and West (43%). In the **East Midlands**, child poverty is highest in Nottingham East (49%), Leicester South (47%), Leicester West and Leicester East (both 43%), Nottingham North and Kimberley (44%), and Derby South (43%). In the **North West**, constituencies with the highest child poverty rates include Manchester Rusholme (51%), Liverpool Riverside (50%), Blackburn (49%), Oldham West, Chadderton and Royton, and Bolton South and Walkden (both 48%), Gorton and Denton (47%), Rochdale (45%), and Hyndburn (43%).

The highest child poverty rates are concentrated in large cities, where high housing costs and widespread renting drive poverty. These areas are also among the most culturally diverse. In Bradford West, for example, 57% of children live in poverty and 61% of the population is Asian/Asian British (City of Bradford Metropolitan District Council, 2023). Such figures highlight structural inequalities (especially in housing, employment and access to services) that disproportionately affect ethnic minority communities. The ethnicity section of this report explores these disparities further.

Many of the places in the North of England and the Midlands with higher rates of child poverty are older industrial towns or coastal towns where historically many workers would have been employed in manufacturing industries, mining, fishing, shipping, or tourism industries. Today, the labour markets in these areas (rates of employment, rates of pay and sectors where jobs are available) are typically weaker than in other parts of England, which remains an important factor underpinning higher rates of poverty.

London consistently had one of the highest rates of poverty among UK nations and regions. While the rate fell from 28% in 2016–19 to 24% in 2020–23, the latest data shows it creeping back up to 26% in 2021–24, approaching the higher levels seen in earlier years. The tenure mix and housing costs are major drivers of poverty in London. Almost half of people in London live in rented accommodation, while social and private renters in London pay significantly more on average on housing costs than those across the rest of the UK. The rate of employment among working-age adults in London (76%) is just above the UK average (75%), however, workers tend to be employed in higher-paid occupations with households with someone in work tending to earn more than the national average.

Child poverty rates in London vary dramatically across constituencies. The highest rates are found in Bethnal Green and Stepney (50%), East Ham (48%), and Holborn and St Pancras (47%). Other areas with similarly high levels include West Ham and Beckton, Barking, and Hackney South and Shoreditch (all at 46%). In contrast, the lowest rates are seen in Richmond Park (13%), Twickenham and Wimbledon (both at 15%), and Ruislip, Northwood and Pinner, along with Bromley and Biggin Hill (both at 21%).

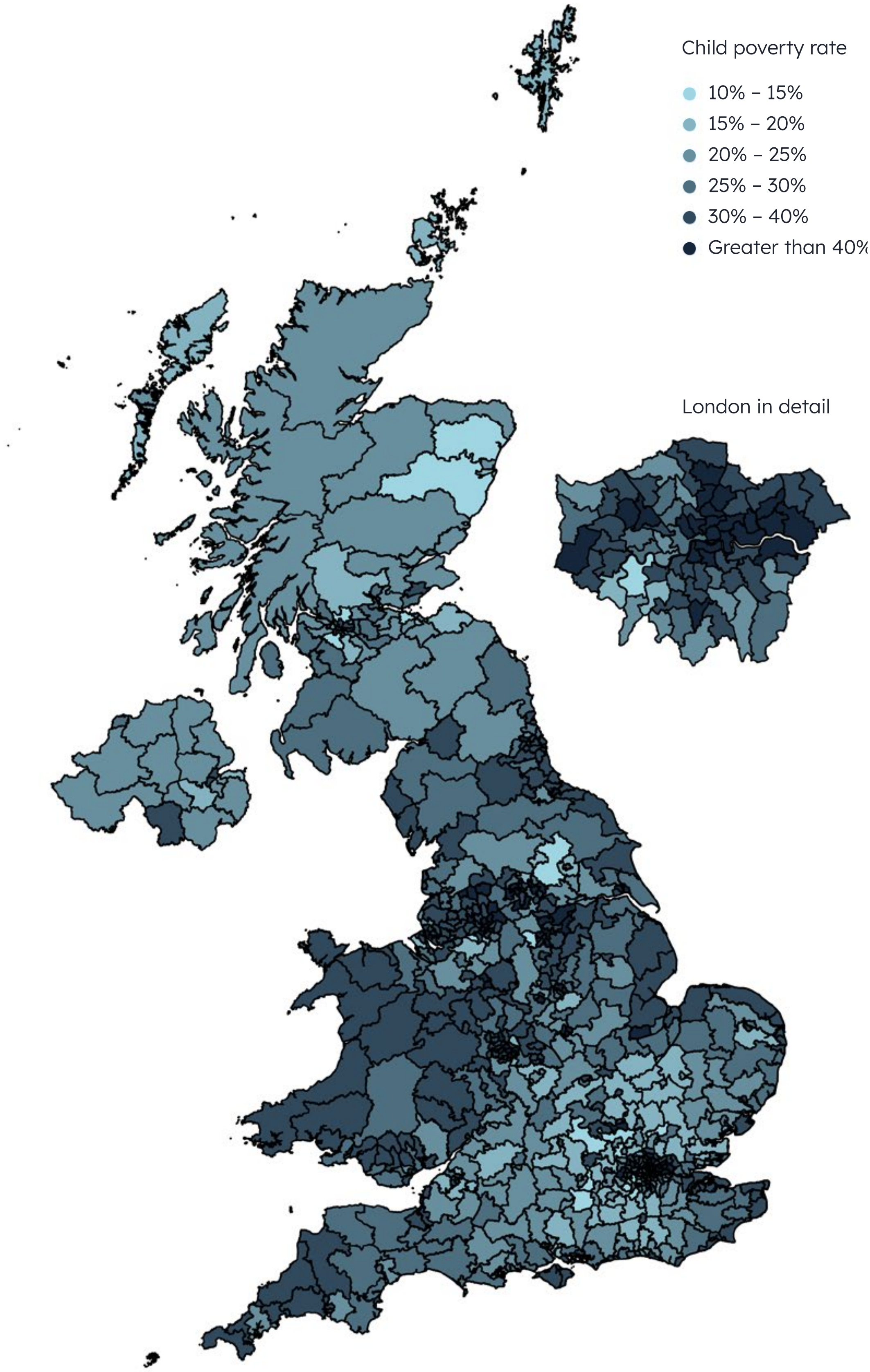
These figures highlight the deep inequalities in family living standards across the capital. The gap between the highest and lowest child poverty rates (Bethnal Green and Stepney at 50% versus Richmond Park at 13%) represents a stark 37 percentage point difference, underscoring the uneven impact of poverty within London.

Poverty rates in Great Britain were lowest in **East of England** (18%), **South East** and **South West** (both at 19%), and **East Midlands** (20%). These patterns reflect stronger labour markets in these regions, characterised by higher employment rates, a greater share of workers in well-paid jobs and sectors, and fewer children and working-age adults living in workless households. These areas also tend to have higher rates of homeownership and, relatedly, an older population profile, with a larger proportion of pensioners, who face a lower risk of poverty.

However, again, there is a substantial degree of variation in child poverty at constituency level. Across these regions, some constituencies have child poverty rates well above the national average, for example: Nottingham East (49%), Leicester South (47%), Leicester East and Leicester West (both at 43%), Nottingham North and Kimberly (44%), Luton South and South Bedfordshire (43%), Peterborough (43%), and Derby South (43%). Many of the constituencies with higher than average child poverty rates in these regions are in coastal towns and cities, such as Southampton Test (37%), Hastings and Rye (38%), Dover and Deal (36%), East Thanet (38%), and Plymouth Sutton and Devonport (35%), for example, where labour markets tend to be weaker, with higher rates of lower-paid and often seasonal employment.

In 2023/24, two-thirds of constituencies had child poverty rates of 25% or more (Stone, 2025). After Labour's 2024 election win, over three-quarters of children in poverty came under a Labour MP. Though the figures predate Labour taking office, they underline the scale of need in Labour areas and set a major test for whether the new Government can deliver real reductions in child poverty.

Figure 19: Child poverty rate estimates by constituency

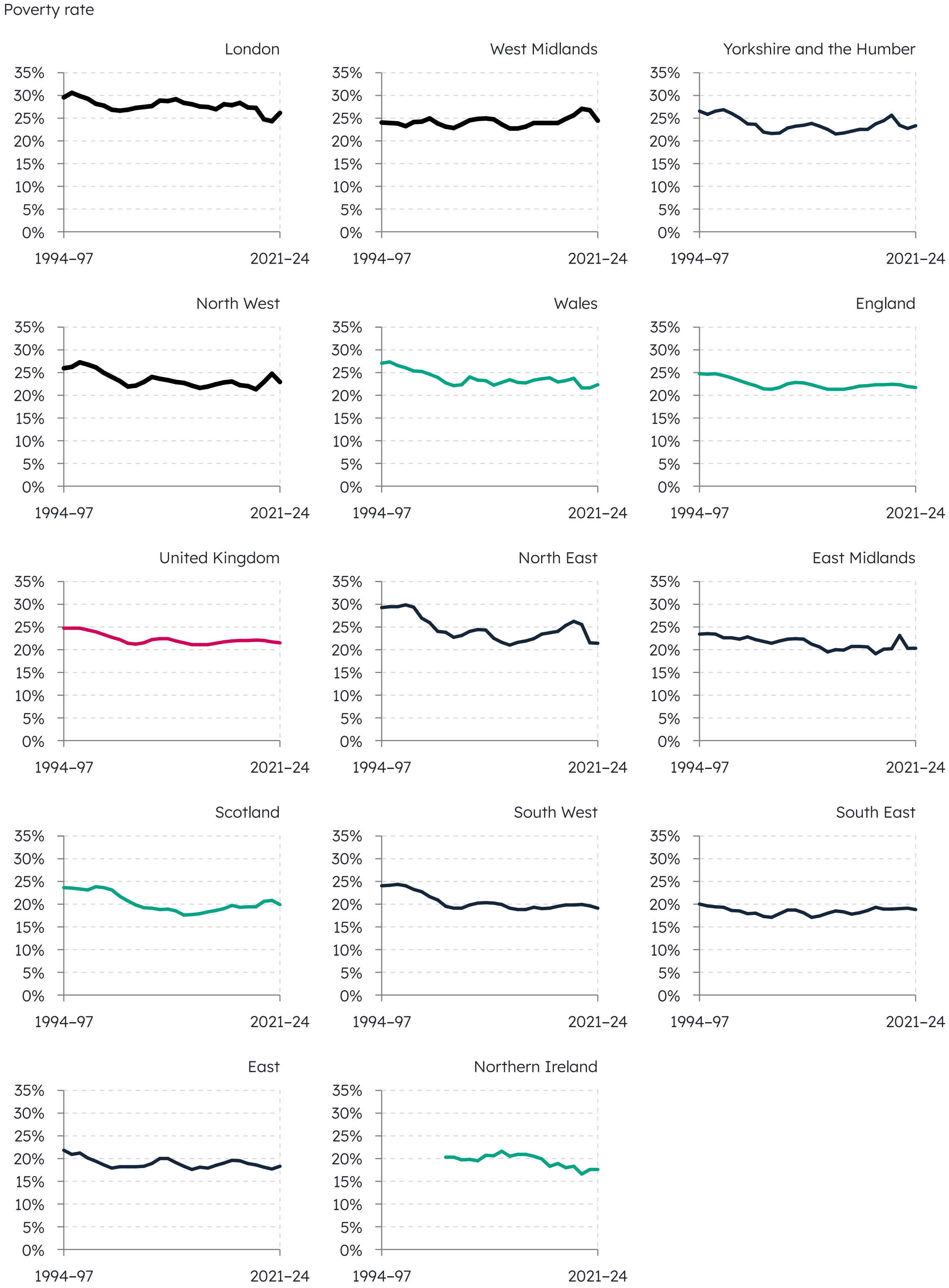


Source: Child poverty rate estimates, AHC, from Loughborough University, 2023/24

How has this changed over time?

As in the previous section, poverty rates have been calculated using 3-year averages. However, due to data-quality concerns for the first year of the Covid-19 pandemic (financial year 2020/21), averages have been calculated excluding data from this year. Therefore, the poverty rates for 2018–21, 2019–22 and 2020–23 are based on 2-year averages and carry greater uncertainty.

Figure 20: UK Poverty rates by nation and region



Source: Households Below Average Income, 2023/24, DWP

Over the past 2 decades, poverty rates across much of the UK have remained persistently high, with little meaningful decline. However, poverty rates across most UK nations and regions were lower in 2021–24 than they were 26 years earlier, except for the West Midlands. After rising to 27% in the past 2 periods, the West Midlands' poverty rate has now returned to 24%. This is the same level recorded in 1994–97 indicating that despite some recent improvement, long-term progress has stalled.

Where reductions in poverty have occurred over time, they have been driven by falling pensioner poverty (though this trend has reversed in recent years), as well as rising employment among working-age adults. However, growing levels of economic inactivity and the rise of in-work poverty have stalled further progress. These issues are explored in more detail in the work and poverty section of this report.

What are the future prospects?

This section outlines how factors such as labour and housing markets, employment levels, pay, housing tenure, housing costs, and policy decisions by devolved and local governments may shape efforts to address poverty across different regions.

Contemporary trends in housing costs continue to play a central role in shaping poverty levels across the UK. However, the degree to which rising rents and house prices contribute to increased poverty risk depends heavily on how these pressures interact with local labour market conditions, such as employment rates and wage growth, and the strength of the social security system. The response of each devolved government to these housing challenges, through investment and regulation, will also be a key factor in determining poverty outcomes in their respective regions.

Regional differences in employment and wages remain a major barrier to reducing poverty. The South West has the highest employment rate (80%), well above the UK average of 75%, while the North East records the lowest (68%). Other regions below the average include the North West, Yorkshire and the Humber, West Midlands, Wales, and Northern Ireland, all facing greater challenges with economic inactivity and poverty.

Earnings disparities are also stark. In April 2025, median weekly earnings for full-time employees rose across the UK, but unevenly, for example: Northern Ireland (7.4%), East Midlands (5.9%) and North West (5.8%). London and East of England both grew by 5.7%, South West grew by 5.6% and Yorkshire grew by 5.4%. Scotland and North East (4.6%), Wales (4.2%), and South East (2.9%) had the lowest increases, underlining regional gaps in wage progression (ASHE, 2025). These disparities highlight the need for targeted regional labour market interventions, tackling economic inactivity where it is highest, and improving pay for lower earners – essential steps to reduce poverty and narrow regional divides.

The social security policies of the devolved administrations should also show up more clearly in future datasets. The SCP still does not appear to be fully reflected in official poverty statistics, despite recent improvements to data imputation. While progress has been made, the impact remains difficult to detect in the published figures. Modelling shows that without the SCP, the child poverty rate would be 3 percentage points higher, meaning around 30,000 more children in poverty (highlighting that the policy is meeting the moment, even if the data has yet to catch up). Our modelling from last year's Poverty in Scotland (Birt et al., 2024) on divergence between the 4 nations remains important, particularly in understanding how devolved policies are shaping outcomes differently across the UK.

Local differences in employment rates, earnings, and housing costs are key to understanding economic insecurity and poverty across the UK. These labour market factors shape people's financial stability in distinct ways depending on where they live. Alongside this, there is growing interest in the role of social infrastructure: spaces and places where people regularly meet and interact, community organisations that provide essential services, and the digital and physical connections that link people to opportunities, from transport to broadband. Exploring these local dynamics offers valuable insight into how poverty is experienced and how it can be effectively addressed.

As previously mentioned, the Pride in Place Programme launched in 2025 to address deep-rooted deprivation and rebuild social infrastructure across the UK. Under this programme, almost 250 neighbourhoods will receive up to £20 million each over the next decade. The initiative is designed to empower local communities through the creation of Neighbourhood Boards, which bring together residents, businesses, and grassroots organisations to develop and implement tailored regeneration plans (UK Parliament, 2025). The policy explicitly acknowledges the long-term damage caused by austerity, noting that many communities have been 'starved of investment and reform', leaving public services hollowed out and economic security weakened (UK Parliament, 2025).

To tackle poverty, the Government must move beyond short-term fixes and address the structural causes. Years of cuts have hollowed out vital community resources that help people avoid poverty. The Pride in Place Programme points to long-term, place-based investment, but its success depends on whether it truly rebuilds social infrastructure and equips communities to thrive.

How does this section interact with other sections?

This section has focused on national-, regional- and constituency-level variation in poverty rates. However, there are clearly significant differences in the drivers and rates of poverty and experiences of poverty at the more local level. Local economies, including jobs and the housing market, interact to influence unemployment rates and rates of pay, as well as availability of affordable housing.

Disability and poverty

Why is this important?

There are 17 million disabled people (1 in 4) in the UK: 12% of children, 24% of working-age adults and 45% of pensioners self-report being disabled. Disabled people face a higher risk of poverty, driven by the additional costs associated with disability and ill health and by barriers to work. As a result, disabled people and their families are more likely to rely on benefit payments as a source of income, which at current rates can fail to provide an adequate income.

What's the headline story in the latest data?

This section sets out poverty rates for disabled people[5] and for individuals within families where someone is disabled, and compares this to non-disabled people. Poverty rates for disabled people are higher than for non-disabled people, and this is true for physical, mental and other types of disability.

The poverty measure that has been used in this section measures income AHC, excluding disability benefits from household income. This is because disability benefits are designed to cover the costs associated with being disabled. Therefore, including these alongside other forms of income can give a low assessment of the poverty risk for disabled people. For example, many disabled people need to buy specialist equipment to live independently, which disability benefits are designed to help with the cost of. These include things like powered wheelchairs or screen readers, and therapies such as physiotherapy and speech and language therapy. Additionally, some impairments or conditions have a significant impact on energy costs and for some, public transport is inaccessible, meaning that they have no choice but to use taxis and private hire vehicles to get around (Wright et al., 2024).

The poverty rate for disabled people is 28%, 8 percentage points above those who are not disabled. The difference is particularly stark for working-age adults; disabled working-age adults are around twice as likely to live in poverty compared to those who are not disabled (33% and 17% respectively).

Table 8: Poverty rates are higher for disabled people

Disabled/not disabled	Age group	Poverty rate (%)
Disabled		
	Child	31
	Working-age adult	33
	Pensioner	19
Not disabled		
	Child	31
	Working-age adult	17
	Pensioner	15

Source: Households Below Average Income, 2023/24, DWP

Half of all people who are disabled and living in poverty have a long-term, limiting mental health condition – around 2.4 million people. The poverty rate for disabled people with a limiting mental health condition is 34%, compared with 28% for people with a physical disability and 26% with another disability. Similarly, in our cost of living tracker for October 2025, we find 85% of low-income households containing a person with a mental health condition were going without the essentials **like food or toiletries**, compared to 77% of households with a person with a physical disability.

The poverty rate among working-age disabled men is 36%, more than double the rate for those who are not disabled (16%). For working-age disabled women, the poverty rate is lower at 31%, 13 percentage points higher than for women who are not disabled (18%). This may be driven by higher proportions of working-age disabled men being in workless households (31%) than working-age disabled women (26%). Among working-age adults, 46% of disabled men are single without children, 16 percentage points higher than for disabled women (30%).

The poverty rate for individuals who live in a family where someone is disabled is 28%, 9 percentage points higher than those who live in families where no one is disabled. Of all families in poverty, half contain someone who is disabled (50%), compared with over 1 in 3 families not in poverty (37%).

Poverty rates vary by who is disabled within the family; poverty is especially high in families where there are both disabled adults and children (33%).

Table 9: Poverty rates are much higher for families containing disabled adults and children

Disability mix within the family	Poverty rate (%)
No one disabled	18
Disabled adults only	28
Disabled children only	24
Disabled adults and children	33

Source: Households Below Average Income, 2023/24, DWP

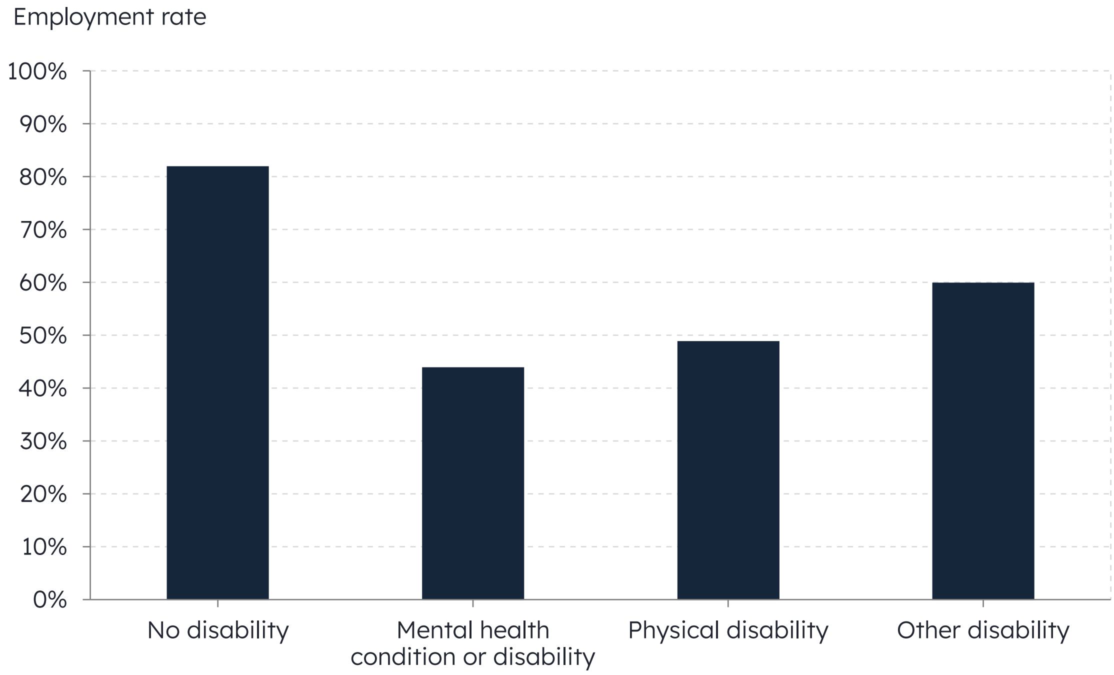
Disabled people are also more likely to move into very deep poverty and families with a disabled adult are also slightly more likely than those without to experience persistent and short-term very deep poverty. These risks are greater for working-age families (Taylor & Schmuecker, 2023).

A key driver of higher poverty rates is the lower employment rate for disabled people and in families where someone is disabled. In April to June 2024, half of disabled working-age adults (53%) in the UK were in employment compared with 8 in 10 (82%) of non-disabled working-age adults. This means that there was a disability employment gap between disabled and non-disabled working age adults of 29 percentage points. This gap is greater for men, people aged 50–64, and people living in Northern Ireland, Scotland, Wales and North of England. Disabled people with a mental health condition or with 5 or more conditions have the lowest employment rates (DWP, 2025g).

Among families where someone is disabled, the workless rate (the percentage of working-age adults living in families where no one is in work) was 28% compared to 12% in families where no one is disabled. Among working families, 16% of workers in families where someone is disabled work part-time hours only, compared with 10% of working people in families where no one is disabled.

Their lower employment rate also helps to explain the higher poverty rate experienced by people with a long-term, limiting mental health condition. Amongst this group, 44% of working-age adults were in work, compared to 49% of those with a physical disability and 60% of those with another disability.

Figure 21: Employment rates vary by disability type, but are much lower compared to non-disabled people



Source: Households Below Average Income, 2023/24, DWP

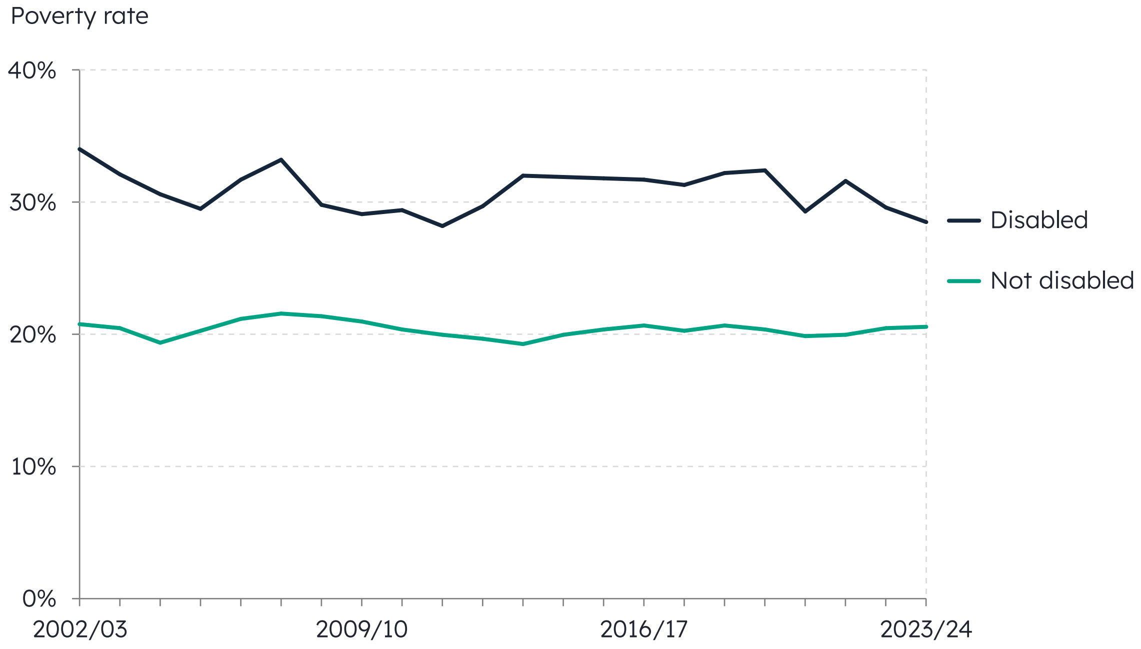
Note: Where an individual has more than one type of disability, they are counted in all relevant categories.

Different employment rates also affect the income profile for families. The median equivalised income AHC for people in families where someone is disabled is 83% of that of people in families where no one is disabled. When disability and carer benefits are excluded from this, this falls to 75%.

How has this changed over time?

The poverty rate for disabled people remained broadly stable at around a third between 2013/14 and 2019/20. At the same time, the proportion of the UK population reporting being disabled increased, as it has done consistently over the last 2 decades, particularly among working-age adults. This has resulted in larger numbers of people facing a higher risk of being in poverty, as poverty among disabled people has consistently been higher than among non-disabled people.

Figure 22: The poverty rate is consistently higher for disabled people than for people who are not disabled



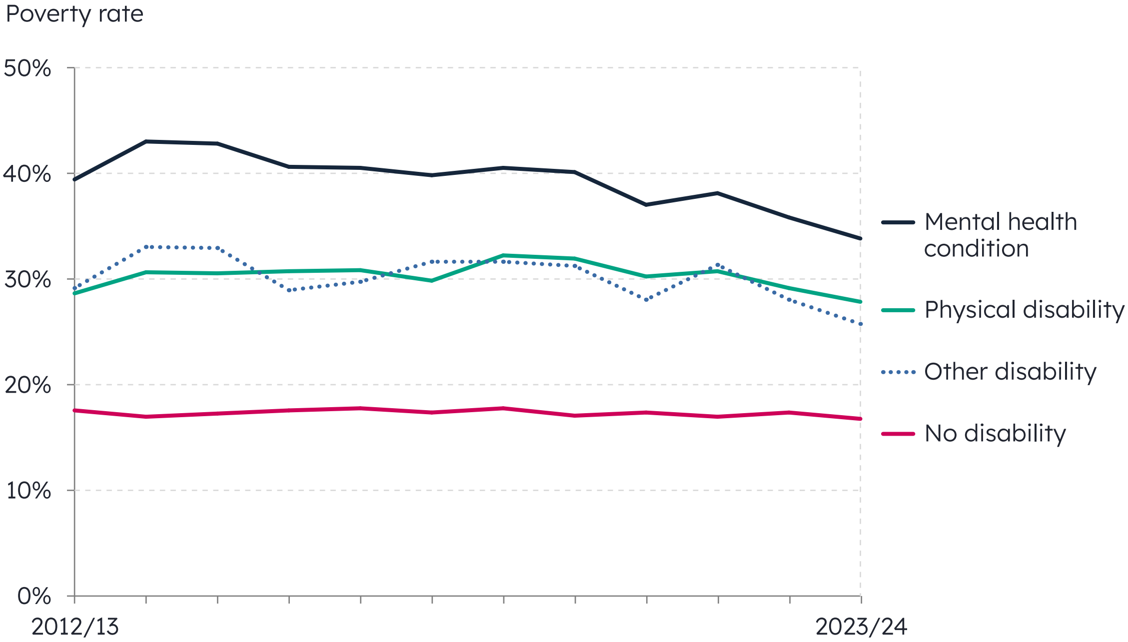
Source: Households Below Average Income, 2023/24, DWP

Note: Disability-related benefits are excluded from household income.

After a narrowing of the gap in poverty rates between disabled and non-disabled people between 2007/08 and 2010/11, it widened notably from 2011/12 to 2013/14 and the gap has remained at broadly the same level ever since. There was, however, a reduction in poverty for disabled people during the pandemic, likely in part due to support put in place then, with rates returning to around the pre-pandemic level in 2021/22, before falling somewhat in the period to 2023/24. The data from 2023/24 shows a one percentage point drop in the poverty rate for disabled people, from 29% to 28%.

Very deep poverty rates for people living in a family with a disabled person are higher than for people living in a family with no disabled people. The risk of being in very deep poverty for people living in a family where someone is disabled increased by over a third between 2002/03 and 2019/20 to reach 14%, or 3.2 million people. This reduced over the following 3 years but has increased again to 13% in 2023/24. This means that 3.4 million people living in a family with a disabled person were living in very deep poverty in 2023/24. This compares to a very deep poverty rate of 10% for people in families with no disabled people.

Figure 23: Adults with a mental health condition have had consistently higher rates of poverty than people with other disabilities



Source: Households Below Average Income, 2023/24, DWP

Note: Where an individual has more than one type of disability, they are counted in all relevant categories. For this measure, disability related benefits are excluded from household income.

Despite the poverty rate for disabled people remaining broadly steady, the proportion of disabled working-age adults in work has increased from 42% in 2010/11 to 53% in 2023/24. The proportion of disabled people in work who work part-time has remained relatively steady at around a third since 2012/13, compared with around a fifth of those who are not disabled. Over the same time period, there was also a large fall in the proportion of disabled working-age people receiving means-tested benefits, from 44% in 2010/11 to 34% in 2023/24. A combination of increasing employment rates and reforms to the social security system (such as tightening eligibility for disability benefits) will have played a role in this fall.

What are the future prospects?

The outlook for poverty among disabled people and their families remains concerning. Many disabled people are on low pay and/or still rely on benefits to supplement incomes. The value of many of these benefits has been eroded since 2010 through freezes in real terms or lower-than-inflation uprating. The return to uprating in 2020 has not reinstated this lost value, and benefits continue to be insufficient in protecting disabled people and their families from experiencing poverty.

At the same time, the number of working-age people outside the labour market due to long-term ill health or disability has grown since the start of the pandemic. This is concerning both for public health and for poverty, as people excluded from work for health reasons face poverty rates more than 4 times higher than those in employment.

Last year, the Government outlined their desire to 'reform' PIP and move people from inactivity due to long-term sickness into employment where possible, which included significant cuts to eligibility for disability benefits. After a tumultuous few months, the cuts were mostly scrapped, though the Government remains committed to reforming PIP and the Work Capability Assessment (WCA) and has commissioned the Minister for Social Security, Stephen Timms, to conduct a review into the PIP Assessment process.

Cuts to the health element of UC for new claimants do remain, which will increase poverty for disabled people given the (as expected) overlap in receipt of this element of UC and disability, with these changes coming into force in April 2026. The effects of this will appear in the poverty data published in 2 years' time. The Timms Review is expected to conclude in Autumn 2026, with a Pathways to Work White Paper also expected in a similar time frame, which will likely include changes to WCA.

Supporting people who are ready to work into decent jobs can improve health outcomes (The Health Foundation, 2024) and provide families with lasting economic security. 2 in 10 out-of-work disabled people report wanting to work, yet only about half this number receive guidance to help them find a suitable role (Learning and Work Institute, 2025a). The Government's commitment to invest £1 billion per year in employment support by the end of the Parliament (DWP, 2025g) is highly welcome. Important actions will be to support continued reforms in Jobcentre culture, practice, and services; make improvements in public health and healthcare; and restructure the labour market so that jobs are better designed for disabled people and more accommodating when employees become ill (Tims et al., 2025b).

Disabled people are still more likely to be working part-time, which is characterised by lower pay, than non-disabled people and the employment gap between disabled and non-disabled people has remained at its widest since 2018. Reducing the disability employment gap, currently at 29% (DWP, 2025g), would also lower expenditure on health-related benefits in the short to medium term, with potential for long-term reductions in disability-related benefit spend. However, there will be disabled people who can only work part-time or not at all, and their reliance on social security should not consign them to poverty.

How does this section interact with other sections?

The key interactions are with the sections relating to carers, work and to benefits. Carers of disabled people on PIP are passported to Carer's Allowance (CA), and 40% of unpaid carers are themselves disabled. The labour market does not currently offer sufficient flexibility and accessibility for all disabled people. For those currently unable to work, benefit levels are inadequate.

This section also relates to the section on health, which shows that the experience of being in poverty itself can contribute to poor health, as well as the cost of living section, as many disabled families face higher core costs associated with a family member's disability.

Carers and poverty

Why is this important?

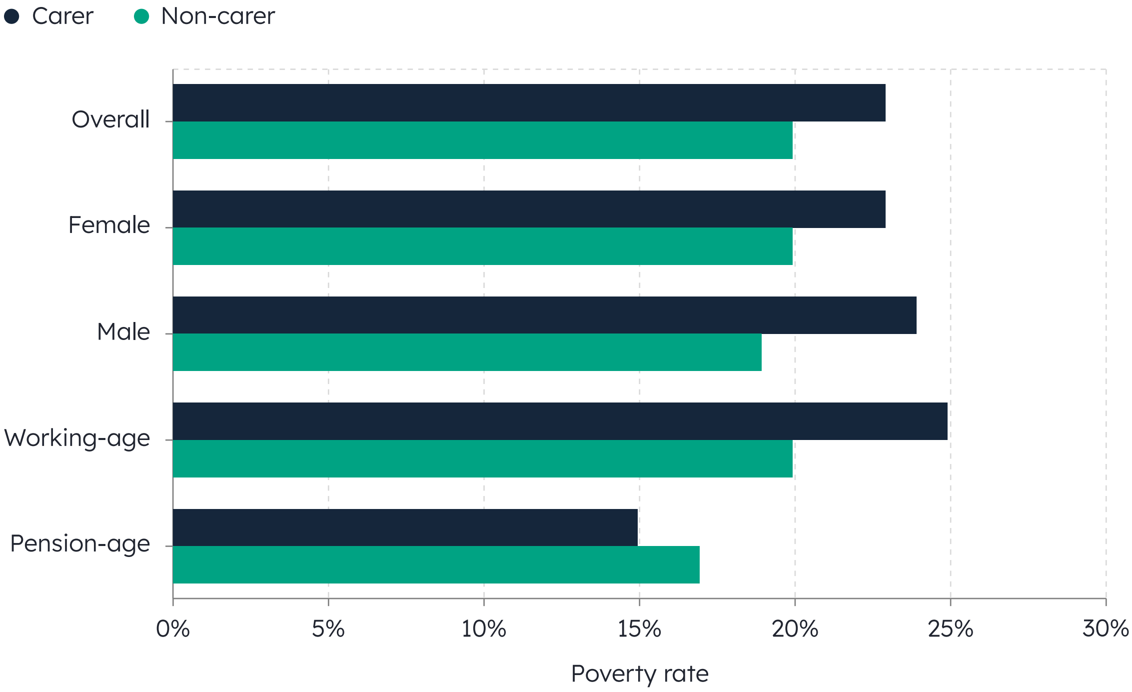
Across the UK, 5.2 million people provide unpaid care for an ill, older or disabled family member or friend. Many carers find that they struggle to balance work, care, and the costs associated with caring itself, with carers often using their income or savings to pay for support services and care equipment (Carers UK, 2023). Carers also face poorer health outcomes, and a high proportion of carers struggle with mental and physical health problems (Public Health England, 2021). All these factors mean that carers are much more likely than those with no caring responsibilities to be living in poverty.

What's the headline story in the latest data?

One in 10 adults (5.2 million) are informal carers, with 6 in 10 of these carers living in families where someone is disabled. 6 in 10 are women, and 8 in 10 are of working age. Over half (54%) care, on average, for fewer than 20 hours a week, with almost 2 in 5 (36%) spending 35 hours a week or more providing informal care. One in 10 (10%) care between 20 and 35 hours a week.

Informal carers are more likely to live in poverty than those without caring responsibilities (23% compared with 20%). Working-age carers have a higher poverty rate (25%) than carers of pension age (15%), and it is higher among men than it is for women across both age groups in the latest data.

Figure 24: Poverty rates are higher for carers than non-carers in most instances



Source: Households Below Average Income, 2023/24, DWP

Working-age informal carers are less likely to be employed than non-carers, a difference that can be seen amongst both men and women. Two-thirds of male carers (66%) and nearly 6 in 10 female carers (58%) are employed. By contrast, 8 in 10 men who are not carers (81%) and almost three-quarters of women (73%) are employed.

The amount of time spent caring also affects a carer's ability to work. 6 out of 10 working-age adults (60%) who are caring for 35 hours or more a week are not in work – nearly 3 times the rate of those caring for fewer than 35 hours a week (22%). This is reflected in the poverty rates for these groups – 38% for those caring 35 hours or more a week compared to 17% for those caring for less than 35 hours. The bulk of those caring for less than 35 hours do so for less than 10 hours a week (61%).

The reduced ability to work means informal carers face a financial penalty from lost wages. JRF research found that unpaid social-care givers experience an average pay penalty of £414 per month (nearly £5,000 per year) reaching £628 per month (nearly £8,000 per year) after 6 years of providing unpaid care (Thompson et al., 2023).

Individual and household-level benefit payments help address some of the lost wages but do not go far enough. Research suggests CA, the main benefit for full-time carers, is ineffective at replacing earnings. Even when CA is considered alongside means-tested benefits like UC, and other wage replacement benefits like the state pension, these sources of income replace less than 50% of earnings for most new unpaid social-care givers who leave work (Thompson et al., 2023). To exacerbate matters, CA also has stringent earnings limits. Before April 2025, earnings over £151 a week (equivalent to 13 hours at National Minimum Wage) triggered an immediate end to CA entitlement. This changed in April 2025, with carers now permitted to earn £196 per week (the equivalent of 16 hours at the National Minimum Wage) before losing their CA payments (DWP, 2025h). The data presented here does not yet reflect this change.

Families with an unpaid carer are more likely to move into very deep poverty than those without (Taylor & Schmuecker, 2023). This is likely because unpaid carers live on lower household incomes and may also have to change their work patterns to fit around their caring responsibilities, or may experience delays in accessing disability benefits for their family, causing financial insecurity.

How has this changed over time?

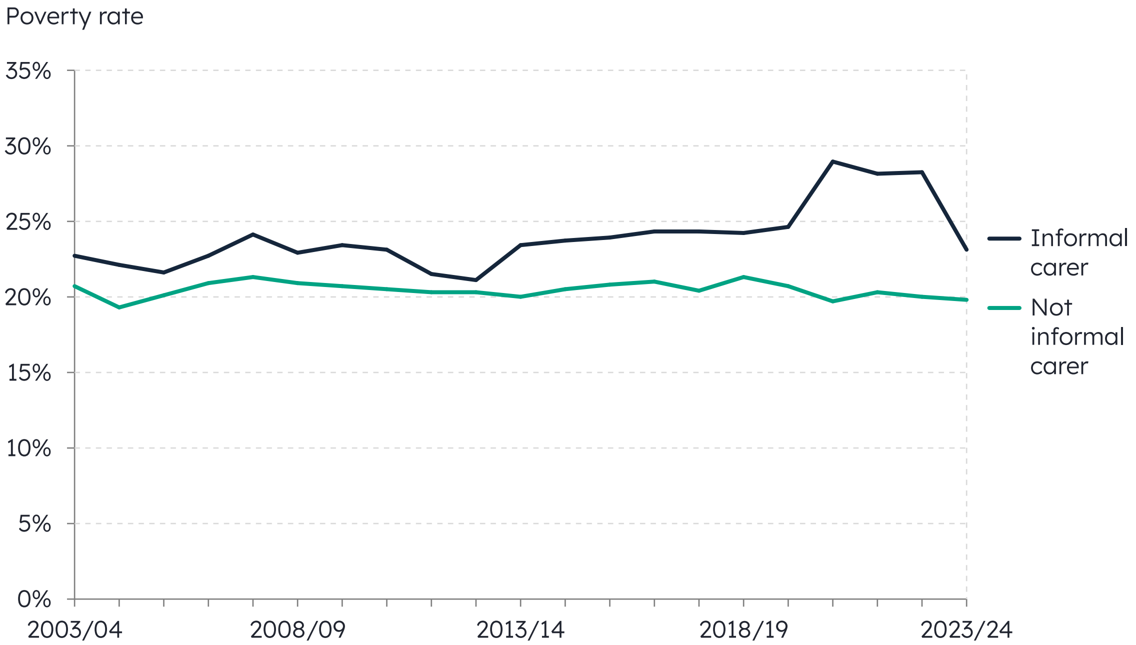
The proportion of adults who are informal carers has remained relatively stable, at around 8–11% over the last 20 years.

The poverty rate among informal carers has been consistently higher than among those who are not. Following a similar pattern to poverty among disabled people, the difference between the poverty rate for carers and non-carers widened after 2012/13. The gap remained broadly stable (at around 3 percentage points) until the pandemic, when the gap increased to around 8 percentage points. The latest data shows a 5-percentage-point drop on last year's poverty rate (28%). This drop is not explained by large changes in carer demographics (age, gender, housing tenure, employment rate, CA receipt or disability rates). However, such a large 1-year drop may be largely a compositional effect – overall there are 170,000 additional carers this year compared to last, but 200,000 fewer carers in poverty and 380,000 more carers not in poverty.

The sudden drop in the poverty rate for carers in the latest data should be viewed with caution. The sample size achieved for carers is 34% lower than last year, and the sample size for carers in poverty is 43% lower than last year. Both the overall and in-poverty sample for carers are the smallest sizes ever, except for the Covid-19-affected data collection of 2020/21. We therefore need more years of data to determine whether the reduction in poverty for carers is genuine.

Informal carers are historically more likely to be in very deep poverty. The risk of being in very deep poverty nearly doubled between 2003/04 and 2020/21, from 7% to 13%. This fell back to 9% in the latest data and is now 1 percentage point lower than for people who are not informal carers at 10%. It is unclear whether this is a genuine change or simply year-on-year variation. Once again, this sudden change in the pattern should be viewed with caution, with little policy changes over the time period likely to account for the recent movement.

Figure 25: The poverty rate has fallen back to pre-pandemic levels for informal carers this year, after a pronounced rise over the previous 3 years



Source: Households Below Average Income, 2023/24, DWP

What are the future prospects?

Poverty rates among informal carers are likely to remain higher than non-carers unless carer benefits payments are made more generous and carers are more readily able to balance work and care. The Government's changes to increase the amount carers can earn on CA before their payments are stopped is a positive step to helping carers work alongside their care, but this is unlikely to address high poverty rates amongst full-time carers whose caring demands prevent them from working. Paid carers' leave, both short and long term, would further the support available to carers to combine work and care, and help carers stay in work.

Changes in eligibility criteria for PIP following the Timms Review will also need to be monitored, as any tightening of eligibility to PIP will see carers lose their passported access to CA.

The Government have commissioned Baroness Casey to review the adult social care system. As part of this, Casey will look at the role of informal carers and specifically the high rate of poverty amongst those who have caring responsibilities. The Commission is expected to publish its interim report in early 2026, with the final report not due until 2028.

How does this section interact with other sections?

The key interactions are with the sections relating to disability, work and to benefits. Carers of disabled people on PIP are passported to CA, and 40% of unpaid carers are disabled. The labour market does not currently offer sufficient flexibility and accessibility for all carers who want to work. For carers excluded from work, benefit levels are inadequate.

This section also relates to the section on health, which shows that the experience of being in poverty itself can contribute to poor health, as well as the cost of living section as many informal carers can face higher core costs associated due to additional costs of disability for the person they are caring for.

Work and poverty

Why is this important?

Work is often assumed to be the best protection against poverty, yet for millions of people in the UK this is no longer the case. In-work poverty has become a persistent feature of the labour market, with rising numbers of workers unable to achieve a decent standard of living, despite being in employment. The type and quality of work available are critical. If jobs are insecure, poorly paid, or provide too few hours, they can leave workers unable to meet their basic needs, creating a higher risk of experiencing poverty. Work should provide a reliable route to a decent standard of living, yet for too many people this promise has not been realised.

A strong social security system is essential to complement earnings, both by boosting the incomes of low-paid workers and by protecting those who cannot work. Barriers such as few formal qualifications, ill health, or caring responsibilities prevent many people who would like to work from participating in the labour market, while others, because of age, disability, or long-term care needs, are unable to work at all. For these groups, a robust social security system must serve as a safety net to prevent poverty and ensure dignity.

This chapter examines the extent and nature of in-work poverty in the UK today, how it has evolved over the past 2 decades, and the prospects for the future. It explores differences across types of employment, household structures, and sectors, while considering the wider factors (such as housing costs, childcare, health, and the design of social security) that shape whether work provides a genuine route out of poverty. Together, the evidence shows that while employment plays a vital role, it cannot by itself eliminate poverty without secure jobs, fair pay and a strong safety net.

What's the headline story in the latest data?

Among working-age adults, the in-work poverty rate stood at 12%, compared with 41% for those not in work. However, these averages mask a wide variation depending on both the type and intensity of work, as well as the reasons for being out of work.

Full-time employees had the lowest poverty rates at 8%, followed by full-time self-employed workers (22%) and part-time employees (22%). Part-time self-employed workers faced the highest in-work poverty rates (28%). Notably, self-employment is associated with the highest poverty rates across both full-time and part-time work. In particular, full-time self-employment carries about the same poverty risk as part-time employment, underscoring the insecurity and hardship that can persist even among those working full-time hours. The precise number of hours worked also strongly influence poverty outcomes: workers doing 10–19 hours a week had a poverty rate of 27%, compared with 24% for those working 1–9 hours, 21% for 20–29 hours, and just 9% for 30+ hours. The slightly lower poverty rate among those working 1–9 hours is largely explained by household composition and housing tenure. Those working the fewest hours are more likely to live in households with pensioners or without dependent children, therefore facing fewer financial responsibilities. They are also more likely to live in homes owned outright and less likely to rent socially, increasing the household disposable income, as the proportion of income spent on housing will be lower than many other groups (Cribb et al., 2023).

Unemployment carries a far higher risk of poverty. Among unemployed working-age adults (those out of work but available for and seeking work), the poverty rate was 53%, nearly 5 times that of those in employment. Adults who were economically inactive (not seeking nor available to work), primarily due to permanent sickness or disability, had a poverty rate of 37%. Those who had taken early retirement reported a lower poverty rate of 25%, though this is still more than 3 times the rate for those in work.

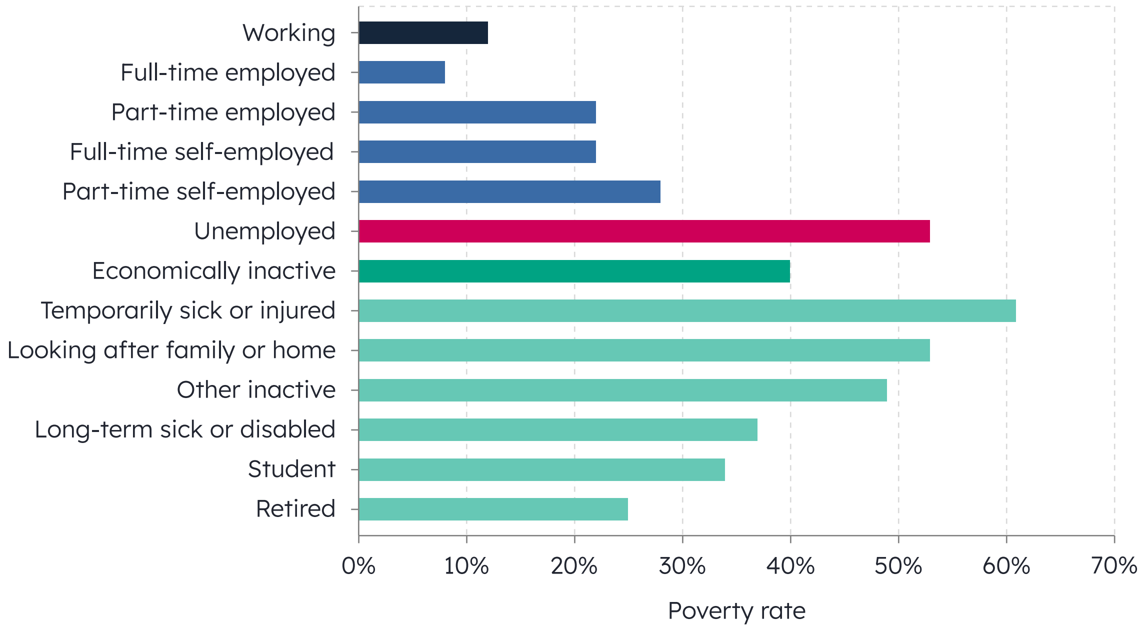
Household circumstances play a crucial role in shaping poverty risk. An individual may be in low-paid work but insulated from poverty if they live with higher earners. Conversely, poverty is more likely in households where not all adults are working. Among working-age adults in households where all adults were in work, the poverty rate was 9% (2.2 million). This approximately tripled to 28% (3.2 million) in households where at least one adult was not working, often due to unpaid caring responsibilities or disability. The combined figure is a poverty rate of 15% for working-age adults in a household where at least one person was in work. Notably, two-thirds (68%) of working-age adults in poverty lived in a household where at least one adult was in work, and 44% lived in families with at least one full-time worker. These figures highlight that for many households, work alone is not a reliable route out of poverty.

Looking at household working hours underscores this point. Where the average number of working hours per adult was 30 or more, the poverty rate was just 6%. This rose to 20% for households averaging 20–29 hours per adult, 32% for 10–19 hours, and 44% for 1–9 hours. This demonstrates the financial precarity and huge risk of poverty that comes with lower average working hours at the household level.

Among households with no working adults, the poverty rate was 53%. Of the 4.8 million working-age adults in workless households, 2.5 million were in poverty. Within this group, 1.4 million lived in families with at least one disabled member, and 900,000 reported that permanent sickness or disability was the primary reason for being unable to work.

Figure 26: Poverty rates are highest among working-age adults who are out of work due to temporary sickness or injury or because they are looking after family or home, and for those who are unemployed, and lowest for those in full-time employment

Working-age adults



Source: Households Below Average Income, 2023/24, DWP

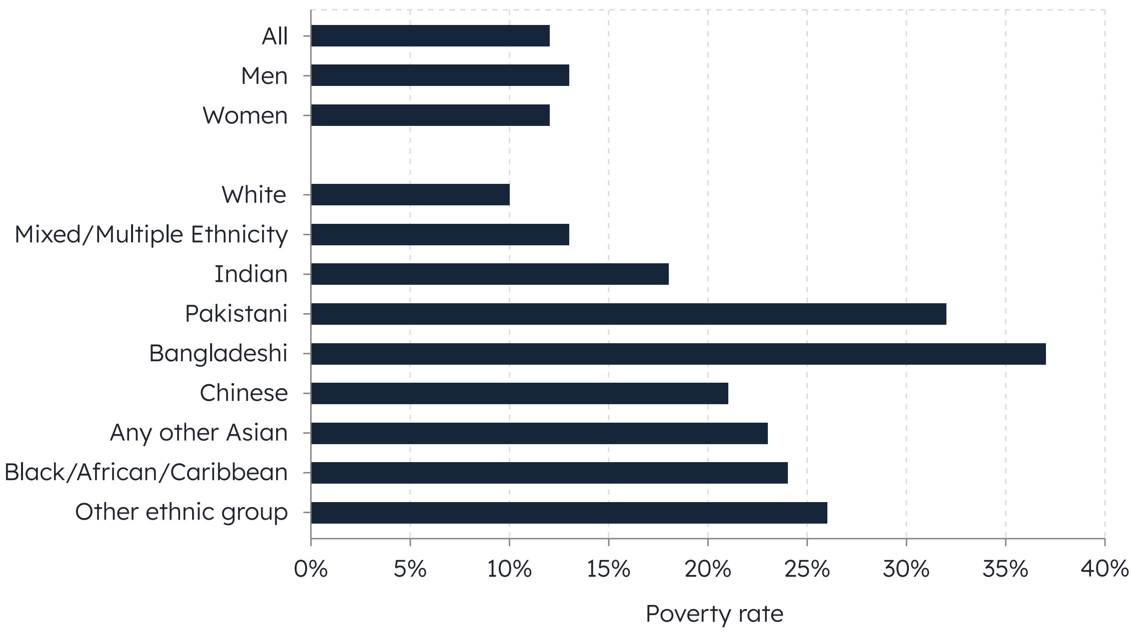
Having working adults in a household is often assumed to protect children from poverty, but the evidence shows otherwise. Large numbers of children still grow up in poverty, despite the presence of paid work in their household. In 2023/24, around two-thirds (65%) of children in families with no working adults lived in poverty, totalling 1.2 million children across the UK. In households where at least one adult worked but not all, child poverty remained still extremely high at 48% (1.7 million children). Even when every adult in the household was in work, child poverty was still present, with 17% of children affected (1.6 million children, including those in single-parent families where the parent worked). Moreover, children in single working families faced higher poverty levels, 32% compared with 24% of those in couple-parent families, highlighting the greater economic vulnerability of lone-parent households even when there was someone in employment. Strikingly, 72% of children in poverty lived in a household where at least one adult worked, and 49% lived in families with a full-time worker.

As discussed in the ethnicity section, poverty rates also varied sharply by ethnicity. Working-age adults from minority ethnic backgrounds were consistently more likely to be in poverty than their white counterparts. Rates were particularly high for Bangladeshi (37%) and Pakistani (32%) working-age adults. These outcomes partly reflect differences in household work status. Working-age adults from ethnic minority backgrounds were more likely to live in households where not all adults were working compared with their white counterparts, often due to caring responsibilities. In particular, 68% of Bangladeshi working-age adults and 76% of Pakistani working-age adults lived in households where not all adults were in work, compared with 37% of white working-age adults. But other factors also contribute, such as disproportionate representation in low-paid sectors and roles (Wilkinson, 2023), greater likelihood of part-time or self-employment, and housing costs that compound poverty risks (Matejic et al., 2024)

Gender patterns add another layer of complexity. Overall, women were slightly more likely than men to experience poverty: 52% of working-age adults in poverty were women. Yet, when looking only at in-work poverty, women had a marginally lower rate than men (12% vs 13%). This apparent contradiction is largely explained by household dynamics: working men were more likely to be in households where not all adults were working, while working women were more likely to be in households where every adult was in employment, in part due to the lower employment for women.

Figure 27: In-work working-age poverty rates are highest for Pakistani and Bangladeshi adults

In-work working-age adults, by sex or ethnicity



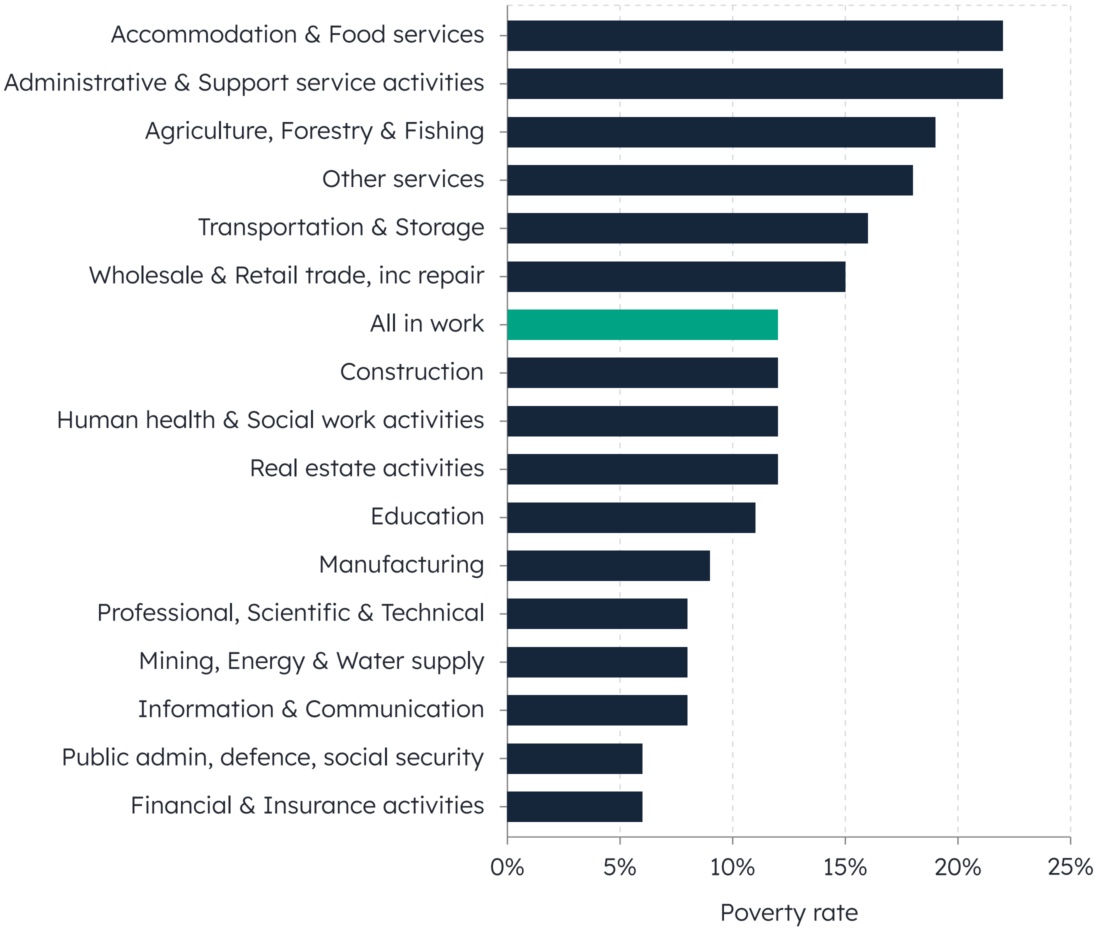
Source: Households Below Average Income, 2023/24, DWP

Note: Poverty rates by ethnicity for workers use a 3-year average for 2021–24 to account for sample size issues.

The employment sector someone works in is another strong determinant of poverty risk. This partly reflects substantial disparities across sectors in pay levels but also differences in working patterns: some sectors have higher proportions of part-time workers and self-employed workers, both of which are associated with greater poverty risks.

Workers in accommodation and food services (22%), administrative and support services (22%), and agriculture, forestry and fishing (19%), had the highest poverty rates, all well above the 12% average. Other sectors with above-average rates included ‘other services’ (18%), transportation and storage (16%), and wholesale and retail (15%). These sectors were characterised by a higher prevalence of part-time roles and higher rates of self-employment. For example, nearly half of agricultural workers (44%) were self-employed, compared with an average of 11% across all sectors. Similarly, 41% of accommodation and food service workers were part-time, with 34% part-time in ‘other services’, 32% in wholesale and retail, and 28% in administrative and support services, compared with an average of 20% in part-time work across all sectors.

Figure 28: Among working-age adults in work, poverty rates were highest for those in Accommodation and Food services, Administrative and Support services, Agriculture, Forestry and Fishing, and Other services



Source: Household Below Average Income, 2023/24, DWP

Note: Poverty rates by employment sector for workers use a 3-year average for 2021–24 to account for sample size issues.

Another important characteristic of these sectors is the level of specialisation that is required. Sectors with highest rates of poverty among workers tend to be those with a large concentration of roles in ‘routine’ occupations, roles that often require fewer qualifications, involve manual work, and typically pay less; 53% of workers in transportation and storage are in ‘routine’ occupations, with 48% of wholesale and retail, 46% of workers in accommodation and food services and 32% in administrative and support service activities in such occupations, compared to 23% across all sectors.

Our ability to look at poverty rates for more specific job roles is constrained by sample sizes in the Family Resources Survey (FRS). Among those job roles with a sufficient sample size to look at in more detail, we can see high rates of poverty for those in services to buildings and landscape activities (27%; including cleaning, street sweeping and landscape care jobs), food and beverage service activities (23%), residential care activities (22%), land transport and transport via pipelines (20%) and retail trade (17%).

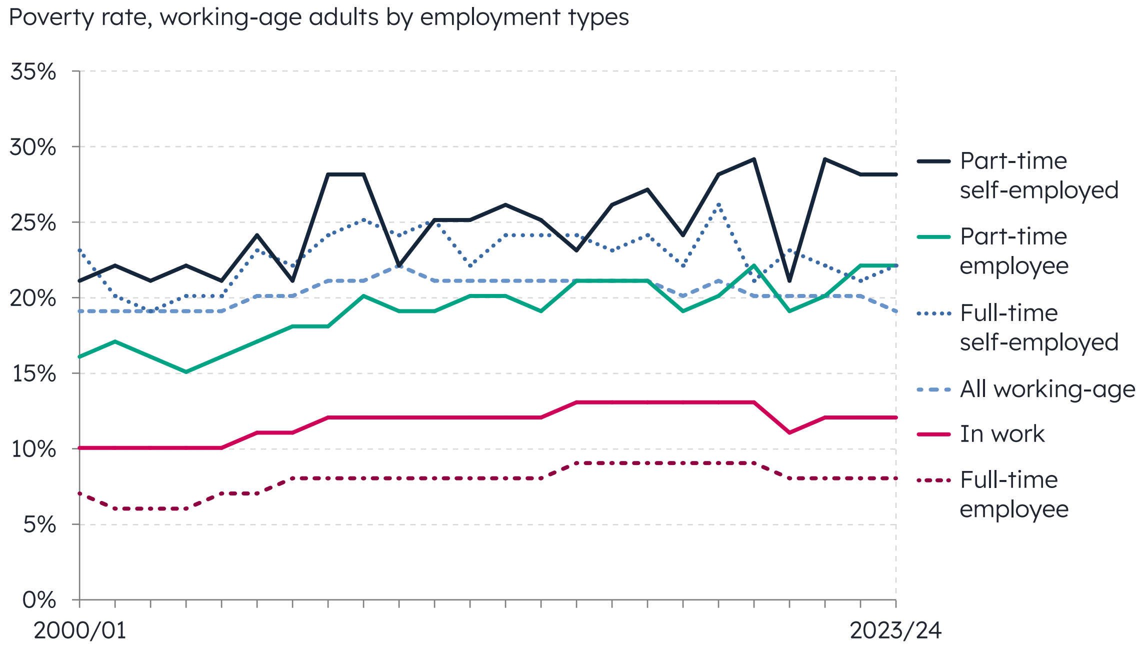
Finally, poverty rates differed substantially between public and private sector workers. Around three-quarters of workers are employed in the private sector (76%), where the poverty rate is slightly higher than for all workers at 14%. This compares to 7% for workers in the public sector (who make up 24% of workers).

How has this changed over time?

The in-work poverty rate rose steadily during the late 2000s and 2010s, climbing from a low of 10% in 2001/02 to its highest point at 13% between 2014/15 and 2019/20. There has been some improvement in recent years as it has declined to 12% since 2021/22, where it has remained including in the latest data for 2023/24. While this might appear to be only a modest increase compared with the early 2000s, the reality is less reassuring. The number of people in work experiencing poverty has grown sharply, from 2.5 million workers in 2000/01, to 3.8 million in 2023/24, a 51% increase (compared to a 23% increase in the overall workforce over the same period). This means that while more of the working-age population are in employment than 25 years ago, the number of workers in poverty has risen disproportionately, underlining that job growth has not translated into financial security.

Throughout this period, full-time employees consistently faced the lowest poverty rates. These have remained fairly stable – at around 8% – for 2 decades. By contrast, self-employed workers, particularly those working part-time, have consistently faced higher poverty rates. For part-time self-employed people, the poverty rate has risen by 7 percentage points from 21% in 2000/01 to 28% in 2023/24. Part-time employees have seen a similar increase in poverty rates of 6 percentage points from around 16% in the early 2000s to almost 1 in 4 (22%) by 2023/24. The numbers of part-time employees increased by around 14% from 4.6 million in 2000/01 to 5.2 million in 2023/24, while the number who report being part-time self-employed increased by a greater proportion (61%) over the same period from 600,000 to 900,000. This trend likely reflects the growing demand among workers for flexible arrangements and roles that accommodate personal needs, as well as the expansion of the gig economy. However, such work is often insecure, poorly paid, and outside traditional employment protections. As a result, workers in these roles are especially vulnerable to income loss, for instance, if they fall sick.

Figure 29: The in-work poverty rate has climbed by 2 percentage points since 2000/01, with particularly large increases in poverty rates for those working part-time



Source: Households Below Average Income, 2023/24, DWP

The share of working-age adults in poverty who live in households with at least one person in work has also reached record highs. Almost 7 in 10 (68%) working-age adults in poverty are in a household where at least one adult is in work; this is among the highest share this has ever been in this time series. The number of working-age adults in this position has increased by 53% since the turn of the century, from 3.6 million in 2000/01 to 5.4 million today.

Partly these trends are a reflection of a changing composition of who is in work; the rate of employment has been climbing for working-age parents with dependent children and increasing in particular for single parents (increasing from 49% of lone parents in work in 2000/01 to 63% today) and adults in larger families (with 3+ children, from 65% to 73%) – both groups who are exposed to higher poverty rates as incomes must stretch further. By contrast, the employment rate has contracted over the last decade for older (50–64-year-old) working-age adults living in couples without dependent children in particular, largely driven by increasing numbers taking early retirement (the share of this age cohort taking early retirement has approximately doubled since the turn of the century), partly driven by rises in the state pension age. These shifts may also reflect changing behaviours in response to financial pressures. Groups facing higher household costs, such as single parents and larger families, may be seeking more or different forms of work to help manage rising living expenses, often through part-time or flexible arrangements, that differ markedly from work patterns 25 years ago.

Another important long-term development has been the significant rise in the National Minimum Wage, which has been increased from around half of median hourly earnings in the early 2000s to two-thirds of median hourly earnings by 2025 (Low Pay Commission, 2025a) and will continue to increase further as announced in the November 2025 Budget (Low Pay Commission, 2025b). While this has essentially eradicated hourly low pay, it has not translated into falling rates of poverty among workers, as demonstrated above. Alongside the compositional changes in who is in work, described above, we have seen a decrease in the average numbers of hours worked (ONS, 2024a), while a still substantial 371,000 employee jobs pay below the National Minimum Wage and National Living Wage (ONS, 2024b), in part because of a lack of enforcement, and many self-employees, particularly those in the gig economy, earn an hourly equivalent below this level (Wood et al., 2023).

The data also shows a substantial decrease in reported receipt of in-work benefits (UC and equivalent legacy benefits) among workers, with benefit freezes, cuts and caps eroding benefit levels and other changes eroding eligibility. Over the longer term, there has also been a substantial increase in the share of workers living in rented accommodation (particularly in the private rented sector) since the 2000s and consequently spending a greater share of income on housing costs. The combined impact of these 2 factors has been to reduce income from benefits and reduce disposable incomes AHC, which for low-income workers have eroded the benefit of increased earnings from employment.

What are the future prospects?

In principle, a strong labour market with a rising employment rate should drive down poverty levels. In practice, this potential is undermined when growth in employment is concentrated in jobs that are insecure, low quality, or provide too few hours for workers to earn a sufficient income. Another critical challenge is the growth in economic inactivity due to long-term ill health which must also remain a key government priority. Addressing this requires timely access to healthcare and better support to help those able and willing to work re-enter the labour market (Tims et al., 2025b).

At the time of writing, the UK labour market shows signs of weakness. Employment among those aged 16–64 rose slightly to 75.3% in June 2025, compared with 75.0% in the previous quarter, but remains below its pre-Covid peak of around 76%. While this increased participation has been mostly explained by an increase in the number of employees, it is also due in part to an increase in the share of workers in self-employment (ONS, 2025b), which is a group that faces a higher risk of poverty. The Government has pledged to tackle low-paid, insecure work and strengthen workers' rights through the Employment Rights Bill. Measures such as banning exploitative zero-hours contracts and providing more secure and predictable work should help reduce in-work poverty, by addressing insecurity and instability among low-paid workers.

However, overall job numbers are declining. The number of payrolled employees fell by 0.5% over the year from July 2024 to July 2025, representing a loss of 164,000 workers. Employee growth, which was steady at around 1.0% in the years before 2020, contracted sharply during the pandemic. Post pandemic, employee growth reached a peak of 4.6% in March 2022. Since then, growth rates have fallen for much of 2023 and 2024. Employee growth has been negative since February 2025, and in the latest data stands at -0.5% (ONS and HMRC, 2025).

Unemployment has edged up, rising 0.1 percentage point in April–June 2025 compared with the previous quarter and now standing 0.7 percentage points higher than in December–February 2020, meaning it is above pre-pandemic levels. Over the same period, economic inactivity fell by 0.4 percentage points, suggesting that more people are seeking work (ONS, 2025c). While these persistently high levels of employment and the increase in jobseekers are positive signals, the labour market is struggling to absorb the additional supply of workers as vacancies continue to decline. Between May and July 2025, vacancies fell by 44,000 (-5.8%) to 718,000, a level below that seen before the pandemic (ONS, 2025c).

Furthermore, vacancies have been falling for more than 3 years, down 582,000 from their March–May 2022 peak (ONS, 2025d) and the decline has been steeper than in many comparable countries (Indeed, n.d.). Crucially, it began before recent rises in National Insurance contributions by employers and the National Living Wage, suggesting deeper, structural causes.

On the official measure, there are now 2.3 unemployed people for every vacancy (Learning and Work Institute, 2025b). With more people seeking work and fewer jobs available, the labour market is under growing strain. To achieve the Government's ambition of an 80% employment rate, sustained investment and coordinated action will be required. This includes supporting employers to create healthy, inclusive workplaces, improving recruitment and retention of people with health conditions or disabilities, and developing a new jobs and careers service to help more people both enter work and progress within it (LGA, 2024).

Earnings also show signs of weakening. Inflation stood at 3.6% in October 2025 (ONS, 2025e), well above the Bank of England's 2% target and higher than pre-pandemic levels. Indeed, the UK currently has the highest inflation rate in the G7 (Learning and Work Institute, 2025b), which has affected negatively real earnings growth. Real earnings grew by just 0.4% in the year to September 2025, one-sixth of the growth seen a year earlier (ONS, 2025f). Real earnings are forecast to grow more strongly than previously expected over 2025 and 2026. However, growth is then projected to fall and levels are expected to become stagnant over the rest of the decade (OBR, 2025b). Weak earnings growth, coupled with rising prices, leaves many workers struggling to maintain living standards.

How does this section interact with other sections?

We show in this section that higher employment rates, rising minimum wages, higher earnings, and longer working hours can only protect people from poverty to a certain extent, and only if these improvements outpace the rising cost of living. At the same time, the UK's social security system frequently fails to provide the safety net it is designed to be, leaving many households exposed to financial insecurity even when work is present.

Housing costs play a major role in pushing people into poverty, with them accounting for a significant share of household income. This burden is especially heavy for the poorest households, which spend the largest proportion of their income on housing (Milne et al., 2025.) The poverty rate for workers living in the private rented sector (22%) is over 3.5 times that for workers who are buying their home with a mortgage (6%). The share of workers living in private rented accommodation more than doubled since 2000/01, from 10% to 22% by 2023/24, while the share of workers in poverty living in the private rented sector increased from 16% in 2000 to 40% by 2023/24. The negative effects on poverty from the UK's social security system and housing costs will work against any positive impacts of higher pay and more hours.

Individuals can also face barriers that prevent them from accessing work that guards against poverty. This includes the cost and availability of childcare and the need to provide care for any disabled adults or children. Likewise, an individual's health will determine their ability to access good work that shields them from poverty. There are also regional inequalities in the availability of work and the transport networks that affect getting to and from work in a timely or affordable way.

These factors show why the headline improvements in employment and wages have not been sufficient to reduce poverty rates over time, and why the future prospects of the labour market cannot be understood in isolation.

Social security and poverty

Why is this important?

Our social security system is one of the surest routes to tackling poverty and destitution that the Government has at its disposal. It can smooth out the harshness of an imbalanced economy – where opportunities for economic security through decent-quality work, access to affordable housing, and low-cost childcare vary substantially across the country – while easing the cost of living for low- and middle-income families. Social security can help working-age adults keep up with bills when faced with low pay, low-quality work, or limited scope to increase their hours. It can provide a safety net for people experiencing job loss, and when unemployment rises, it can stabilise household incomes and steady the economy.

It is also there when work comes second, when a disability worsens or new caring responsibilities arise as a loved one becomes unwell, with support available for the additional costs associated with disability. The many and overlapping drivers of poverty can weaken long-term individual economic security, making it harder to save for old age, for which we require a set of contributory and income-related pension-aged benefits that can guarantee a secure and stable retirement.

The social security system should prevent deep poverty from becoming the norm for low-income families. And yet, it is common for children to go to bed cold and to school hungry, for disabled people to be excluded from fully participating in society by lack of income, and for unemployed people to be pushed towards low-quality work rather than a sustainable career. While a weak economy drives much of this economic insecurity, the bedrock of a strong society must be a well-resourced and effective welfare system that ensures every family can put food on the table and heat their home.

With half (51%) of all families receiving some level of assistance (according to the FRS) (ranging from the State Pension and disability benefits to UC and Child Benefit), policy-makers have a suite of policies with which they can rapidly improve the living standards of low- and middle-income families. With the long roll-out of UC being completed, we now have the architecture for a modern system of social security. Now the system requires a bolstering to lift households out of poverty and ensure every family can afford the essentials.

What's the headline story in the latest data?

The poverty rate of people receiving support from social security is higher than that of the wider population. People receiving UC or its equivalents in the 'legacy' benefit system it is replacing are almost 3 times as likely (44% compared to 16%) to live in poverty than those not receiving any of UC or its equivalents, disability benefits, CA, or Pension Credit. We refer to these as our core benefits. Around 1 in 5 people in a family receiving Pension Credit (21%) are living in poverty, while over 4 in 10 people receiving UC are living in poverty.

For people receiving disability benefits such as PIP, DLA, or Attendance Allowance, the headline poverty rate is only slightly higher than that of the wider population (18%). However, these benefits go towards the additional cost of living that disability can bring. If we exclude income from these sources, the poverty rate rises to 37%. Excluding income from disability benefits increases the poverty rate for people receiving CA from 27% to 42%.

That poverty rates are higher for people receiving social security is relatively unsurprising given that eligibility for most benefits rests on zero- or low income from work and other sources, or caring responsibilities or a health condition that limits or prevents someone from engaging in work. It does, however, highlight the need to urgently improve the disposable income of low-income households, whether through better earnings, a more adequate income safety net, or reduced outgoings like housing costs.

Table 10: Over 4 in 10 people receiving Universal Credit are living in poverty

Benefit	Poverty rate for people in families in receipt of benefit (%)
Universal Credit and equivalents[1]	44
Carer's Allowance[2]	27
Disability benefits[3]	18
Pension Credit	21
None of the above	16

Source: Households Below Average Income 2023/24, DWP

Note:

1. UC and equivalents covers families in receipt of UC and any of the working-age legacy benefits it is replacing, which are Jobseeker's Allowance (income-related), Employment and Support Allowance (income-related), Income Support, Child Tax Credit, Working Tax Credit, and Housing Benefit.

2. CA recipients are more likely to live with someone in receipt of disability benefits. If disability benefits are excluded as income, the poverty rate for this group increases to 42%.

3. Disability benefits include any form of DLA, War Disablement Pension/Armed Forces Compensation Scheme, Attendance Allowance, Industrial Injuries Disablement Benefit and any form of PIP. The income from these benefits has been included as income. But these are intended for some of the extra costs associated with being disabled rather than increasing living standards. If these benefits are excluded as income, the poverty rate for this group increases to 37%.

We see a similar pattern emerge for people experiencing material deprivation, a self-reported measure based on whether a family can or cannot afford a range of basic goods and services, such as being able to keep up with bills and being able to keep their home in a reasonable state of repair (DWP, 2025i). For example, 11% of people not living in poverty and not in receipt of UC or legacy benefits are materially deprived in 2023/24 (Figure 30). For people not in receipt of these benefits but living in poverty, this rises to 36%. But households who are in receipt of UC face much higher rates regardless of poverty status, with material deprivation rates of 59% for people not in poverty and 75% for those in poverty.

Figure 30: 3 in 4 people in Universal Credit households in poverty are materially deprived, with high rates of material deprivation for recipients of Carer's Allowance and disability benefits too

Source: Households Below Average Income, 2023/24, DWP

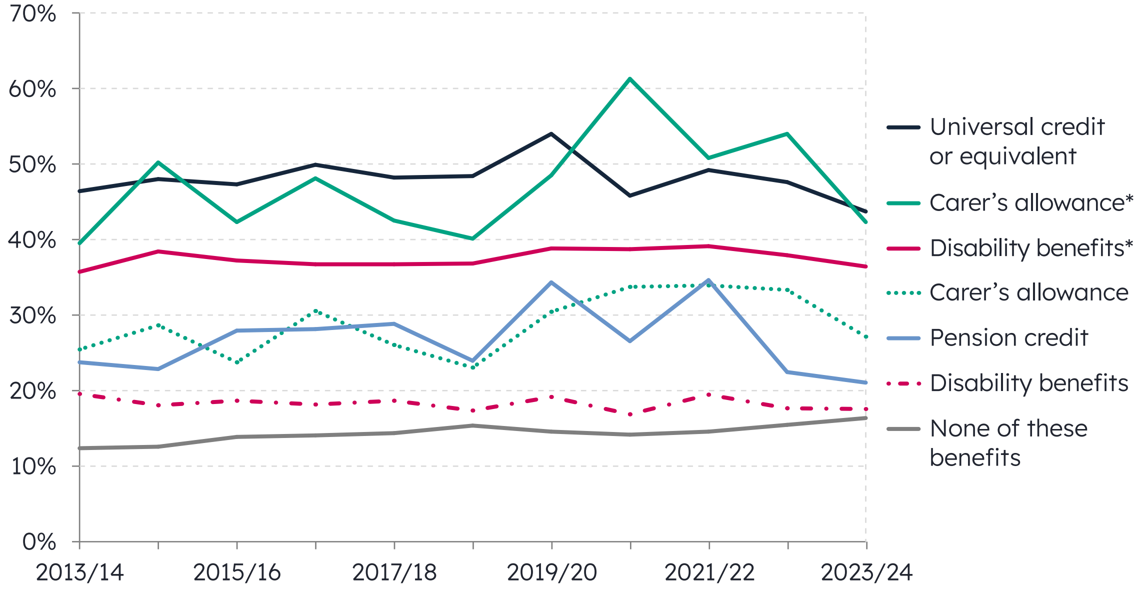
How has this changed over time?

Poverty rates since the pandemic have fallen for households receiving social security, but by varying amounts (Figure 31). For people in families in receipt of UC or equivalents, there are signs of a reduction in poverty rates in recent years, although more data is needed to confirm this. Poverty rates for people receiving disability benefits have hardly changed between 2013/14 and 2023/24, both with and without income from disability benefits included.

The recent falls follow a period of rising poverty rates for people in families in receipt of UC or equivalents, caused in large part by cuts to working-age social security during the 2010s, with decreases in levels and reductions in eligibility, that continue to affect the income safety net today. Austerity measures like the 2-child limit, which was removed at the Autumn Budget, severed the link between need and support for larger families, while 8 of the 10 April upratings between 2013/14 and 2022/23 saw the headline rate of UC reduced in real terms, leaving the basic level of support at a 40-year low (Matejic, 2022). Vitally, the basic rate of UC is now far below what people need to afford essentials, including to put food on the table and keep their home warm (Trussell and JRF, 2025).

Figure 31: Poverty rates appear to have fallen slightly in recent years for recipients of social security

Poverty rates since 2013/14, by receipt of selected benefits



Source: Households Below Average Income, 2023/24, DWP

Note: Breakdowns with * have had income from disability benefits excluded when calculating poverty rates.

While recent falls appears to be a positive development, there are reasons to be hesitant before drawing too many conclusions over how low-income families receiving benefits are faring. Firstly, in relation to the data, more time is needed to see if these falls are sustained, particularly the larger declines seen in UC and CA. Falling poverty rates also stands in contrast to increasing experiences of material deprivation set out in Figure 30. In addition, as noted in Annex 5, the HBAI data is not yet an accurate representation of families receiving benefits. The improvements expected next year could therefore change the post-pandemic image of poverty in the UK, including this period of apparent decline.

Data concerns aside, these decreases may be driven by the cost of living eating into disposable incomes for households not supported by social security, particularly with escalating mortgage and rent costs from mid-2022 onwards. Indeed, the poverty rate of people not receiving any of the core benefits has risen 2 percentage points since 2021/22 and now stands 4 percentage points higher than in 2013/14, while the share of families in poverty not in receipt of any of these benefits has grown over the period. Where the cost of living has acted as a drag on average incomes, it may have resulted in low-income households receiving benefits closing the income gap to people in middle-income households.

What are the future prospects?

The first 2 years of this Parliament will have seen the roll-out of UC finish after a long 13 years, bringing to an end the existence of parallel social security systems for working-age families depending on when they started receiving support. Between July 2022 and September 2025, almost 1.5 million families were moved from the legacy benefits system onto UC (DWP, 2025j).

Transitional protection has been awarded to 740,000 of these households so far. A year-long transitional capital disregard is awarded where a family previously receiving tax credits has savings above £16,000 – there was no such limit in tax credits – after which point they will lose eligibility, while the transitional student disregard applies where someone is finishing a higher education course. Where a family receives less from UC than under the previous system, a transitional element is added to their support.

The transitional element is either removed when a family has a significant change of circumstances, or is reduced over time by the amount their UC increases due to uprating or policy changes. While receiving a transitional element will ease the transfer between systems, it effectively freezes the support someone receives until their UC is worth more than they had received from the legacy benefits system. These families will receive a real-terms cut in the coming years.

However, UC will overall be bolstered during the current Parliament. The removal of the 2-child limit from April 2026 will restore the link between circumstance and support for many families and will, independent of other measures announced at the Autumn Budget, lift 450,000 children out of poverty by 2029/30 (DWP, 2025k). The basic rate of UC will also be boosted by sustained real-term increases from April 2026 until the end of the Parliament. There are also plans for a refreshed unemployment insurance to replace new-style Jobseeker's Allowance (NS-JSA) and Employment and Support Allowance (NS-ESA). The new unemployment insurance will offer the same value of support at the top level of NS-ESA (around £140 per week) meaning a gain for NS-JSA recipients (DWP, 2025l). These positive steps are paired with a mostly welcome shift in the Government's stated intention to work towards a more positive relationship between recipients of UC and the DWP, including Jobcentres (DWP, 2024a).

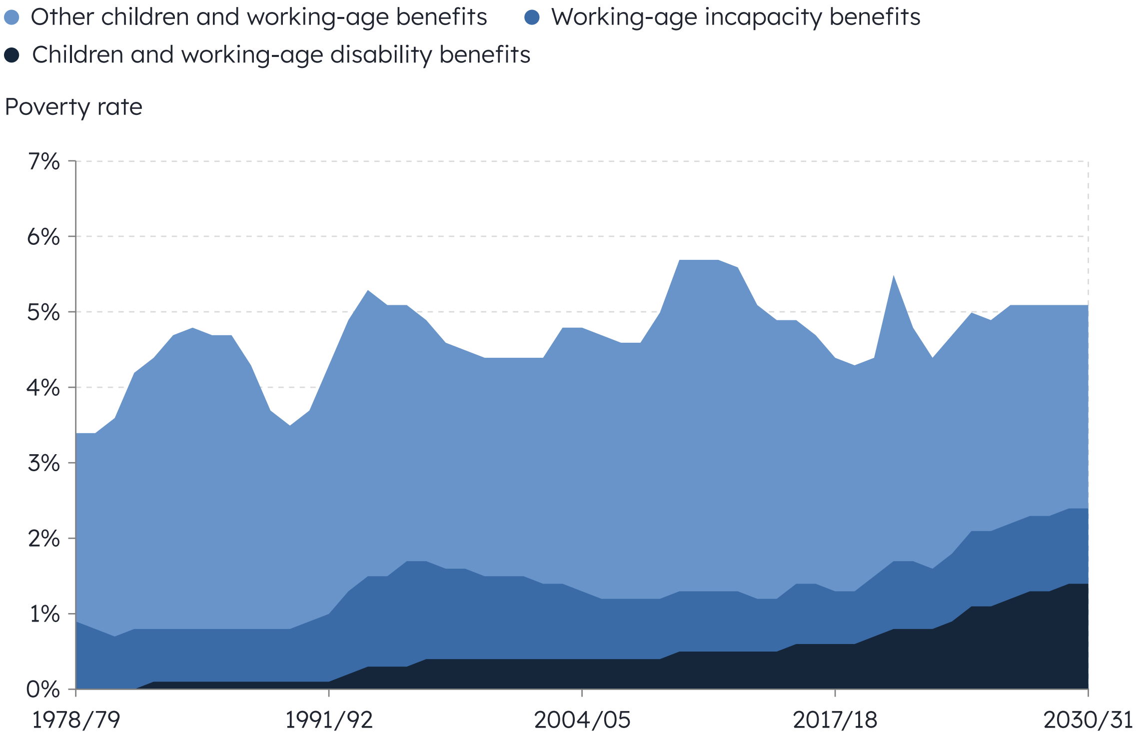
Unfortunately, some of this investment will be offset by cuts to adequacy and eligibility elsewhere. In introducing a time limit for the new unemployment insurance, people out of work due to a health condition and not eligible for UC will be worse off than under New-Style ESA. From April, the health element of UC will also be halved for new recipients as part of a series of cuts to health-related benefits announced in March 2025.

These cuts also restrict eligibility to support, with under-22s potentially prevented from claiming the health element of UC entirely. The Government also set out its intention to scrap the WCA, with eligibility for the health element of UC instead aligned with the assessment for PIP. This could result in several hundred thousand people losing eligibility entirely.

Changes to eligibility criteria of PIP are not being taken forward at this point, and have instead been rolled into the Timms review which is expected to be published later in 2026. This review will also consider the role of the PIP assessment and whether it should be used as the gateway to the health element of UC, instead of the WCA. The Milburn review will sit alongside the Timms review, focusing on the link between worklessness among young people, worsening mental health, and social security (DWP, 2025m).

The upcoming cuts are driven by concerns over rising health-related benefits caseloads and spend. Between 2019/20 and 2025/26, spending on these benefits for children and working-age adults, including carer's benefits, has increased by 59% in real terms, from £45 billion to £72 billion. And yet, even with further increases in caseloads projected, total spending on working-age social security is set to flatline as a share of the economy over the Parliament (Figure 32). As a percentage of Gross Domestic Product (GDP), spending on working-age benefits is roughly where it was in the years preceding the Great Financial Crash. Narratives of spiralling welfare spending are detached from reality and lead to misdirected intentions for policy, with thinking from the main parties too often looking to ham-fisted reforms within the benefits system, instead of tackling the significant drivers of poverty and social security receipt that are external to the benefits system.

Figure 32: Spending on working-age social security is projected to flatline as a share of GDP



Source: Caseload and Expenditure Tables, Spring 2025, DWP; various Economic and Fiscal Forecasts, Scottish Fiscal Commission

Note: This is based on the policy position in March 2025, so excludes changes in the November 2025 Budget.

How does this section interact with other sections?

An effective and adequate social security system can protect people from falling into poverty or into deeper poverty, and support them out of poverty. Low rates of support, combined with families not taking up benefits they are entitled to, are therefore one of the key drivers of higher poverty rates (in combination with levels of work and earnings). A social security system that does not offer protection against poverty can be a barrier to finding work, lead to worsening mental and physical health for children and adults, and cause deep scarring effects on people's future potential.

Housing and poverty

Why is this important?

Homes provide the foundation for a decent life, connecting people to work, education, services and their communities. High housing costs pull people into poverty, leading to a risk of compromised living standards, insecurity and at worst, homelessness and rough sleeping. The experience of being in poverty also influences the type, quality and size of homes that households are able to access. It can result in insecurity if families are unable to keep up with payments and can be a driver of overcrowding.

What's the headline story in the latest data?

Housing costs are a major driver of poverty. Rates of poverty vary substantially by tenure and are particularly high among renters. In 2023/24, 4 in 10 social renters (4.4 million people) and 37% of private renters (4.8 million people) were in poverty AHC. Poverty among social renters is disproportionately due to low incomes, while private renters are much more likely to be pulled into poverty by their housing costs; 4 in 10 private renters in poverty are in poverty only after housing costs are factored in.

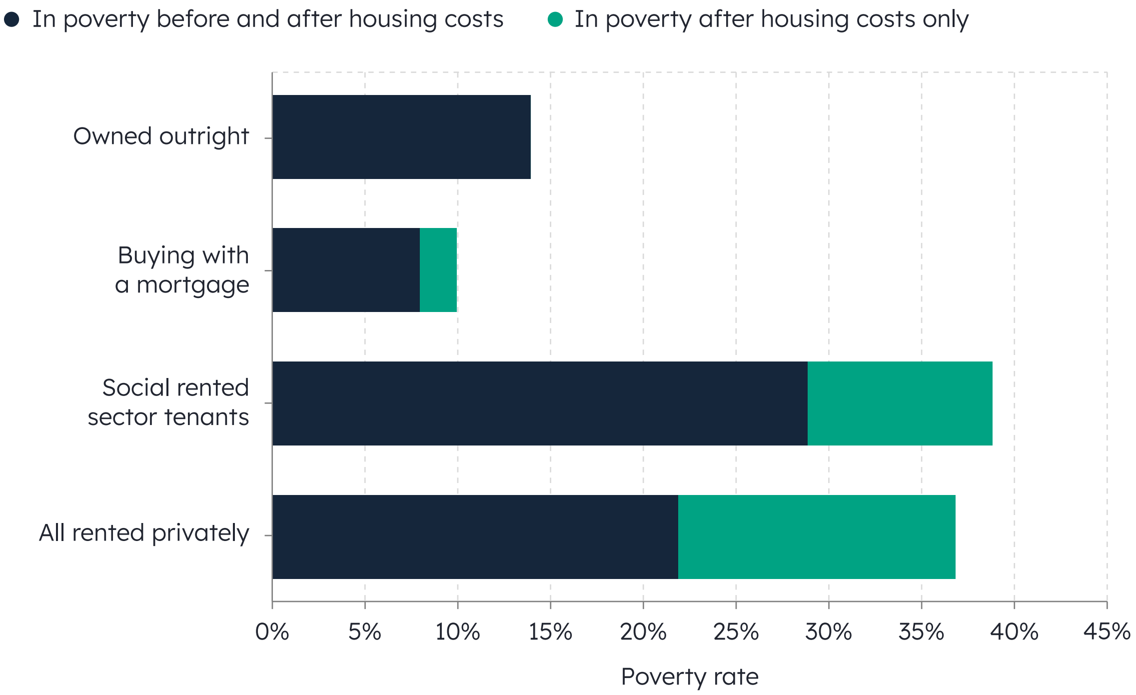
Among homeowners, 14% who lived in a home that was owned outright were in poverty (2.8 million people). For this group, poverty is entirely driven by relatively low incomes, as housing costs for this group are negligible. Across housing tenures, poverty rates were lowest for those living in a house being bought with a mortgage at 10%, 2.2 million people, with a substantial majority (82%) of these in poverty before housing costs (BHC) are factored in, rather than being pulled into poverty by housing costs. It is likely that after housing costs poverty rates among this group will increase in future years as the effect of rising interest rates, which push up mortgage interest costs for this group, is fully reflected in the data. The latest data already shows an uptick in the housing costs for this group.

Table 11: Number of people in poverty and poverty rates by tenure

Tenure	Number in poverty	Poverty rate (%)
Owned outright	2,800,000	14
Buying with mortgage	2,200,000	10
Social renting	4,400,000	40
Private renting	4,800,000	37

Source: Households Below Average Income, 2023/24, DWP

Figure 33: The poverty rate is highest for social and private renters, many of whom are in poverty only after housing costs



Source: Households Below Average Income, 2023/24, DWP

The high poverty rate among **social renters** reflects the allocation of social housing to those in greatest need. This is seen in the demographic composition of the sector, detailed comprehensively in our UK Poverty 2025 report. These include being more likely to be in families where someone has a disability, often limiting their ability to work – a substantial driver of lower rate of employment among social renters – or in single-parent or larger families. Rates of employment among social renters are much lower than average, and where adults are in work, they are more likely to be working in lower-paid occupations and sectors, or working fewer hours (for example, part-time).

Importantly, while poverty rates in social housing are the highest across tenures, the scale of social housing provision is actually an important buffer against poverty for many families and prevents them from being pulled further into poverty. While there is work to do by social landlords to improve the quality of the homes they provide, the social rented sector has the highest share of homes that are decent and energy efficient amongst all tenures and provides a huge number of families with secure and affordable homes.

Private renters also have much higher-than-average poverty rates, with high rents playing an important role in pulling a substantial share of this group into poverty. On average, across the UK, private renters in poverty spend 63% more on housing costs than social renters in poverty. Moreover, whereas the benefits system will cover all housing costs for social renters (subject to the benefit cap and bedroom tax reductions), support towards housing costs for private renters is more constrained, at best capped at the 30th percentile of local market rents. However, it is regularly frozen – including in 2023/24, the period this data covers – meaning a real-terms cut in support, and is also subject to the benefit cap. The high cost of renting privately explains why many private renters in poverty were only in poverty after housing costs were factored in, while the inadequacy of the benefits system also constrains the incomes of private renters.

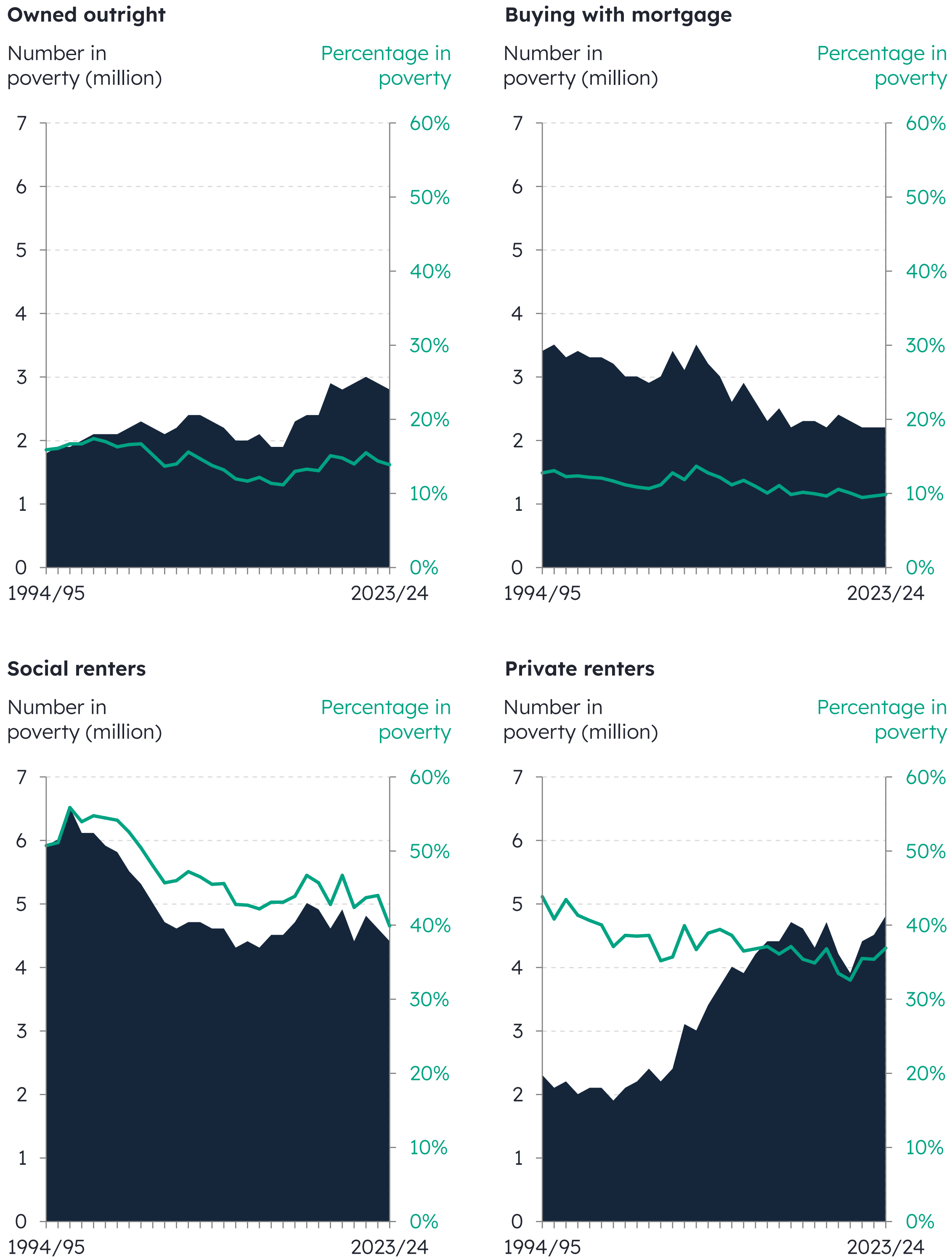
Perhaps counter-intuitively, poverty rates among private renters were highest in lower-rent regions such as the East Midlands (41%), North East (39%) and North West (39%). Rates were lower in higher-rent regions but still above the population average across all tenures – 28% in the East, 34% in the South East, 35% in the South West and 36% in London. In these more expensive areas, poverty is more often driven by housing costs: in London, 65% of private renters in poverty fell below the poverty line only once housing costs are considered, as did 64% in the East, 62% in the South East and 54% in the South West of England. By contrast, in the North East, 38% of those in poverty were only in poverty after housing costs, with this rate being 35% in both the North West and East Midlands, meaning poverty among private renters was disproportionately driven by lower income levels, reflecting weaker labour markets and lower earnings.

How has this changed over time?

Poverty rates across tenures have generally followed the broad trend for AHC poverty, declining until the mid-2000s and then stagnating. However, the number of people in poverty in each tenure has changed substantially, with many more people in poverty now living in the private rented sector. Changes in the tenure profile are important because had housing costs remained lower because of a combination of a greater provision of social housing, higher levels of homeownership, and a reduced reliance on the private rented sector (or greater constraints on the rate at which private rents could increase), the rate of poverty would likely have fallen.

The poverty rates for social renters have remained relatively stable since 2004/05, at around 42–46%, although dipping to 40% in the latest year, and fluctuating between 32% and 39% for private renters. These poverty rates are lower than the highest rates of 55% for social renters in 1996/97 and 44% in 1994/95 for private renters. This follows the general overall trend of a fall in poverty rates through the late 1990s and early 2000s, followed by a stagnation in poverty rates in the period since.

Figure 34: The number of people living in poverty in the private rented sector has more than doubled since 1994/95, while the number of those living in poverty in owned outright accommodation increased by around one million



Source: Households Below Average Income, 2023/24, DWP

Among outright owners, poverty rates fell from highs of around 17% in the late 1990s to 11% in 2013/14 and 2014/15, although they have climbed since and sat at 14% in 2023/24. As the predominant tenure of pension-age adults (78% of whom now live in a home owned outright, up from 58% in 1994/95), the increase in poverty rates in this tenure has in part been driven by an increase in pensioner poverty since around 2013/14. The increase in the numbers of those living in poverty in owned outright accommodation reflects an ageing population increasingly retiring into outright homeownership.

The latest poverty rate for people living in a home being bought with a mortgage is at around the lowest it has been in the time series at 10%, after having peaked at 14% in 2007/08. A substantial level of income is required to achieve homeownership and service a mortgage, which is why we see the lowest rates of poverty among those who have managed to acquire their own home this way. As discussed later in this section on housing and poverty, however, the large increases in mortgage interest rates are likely to see poverty rates amongst this group climb again.

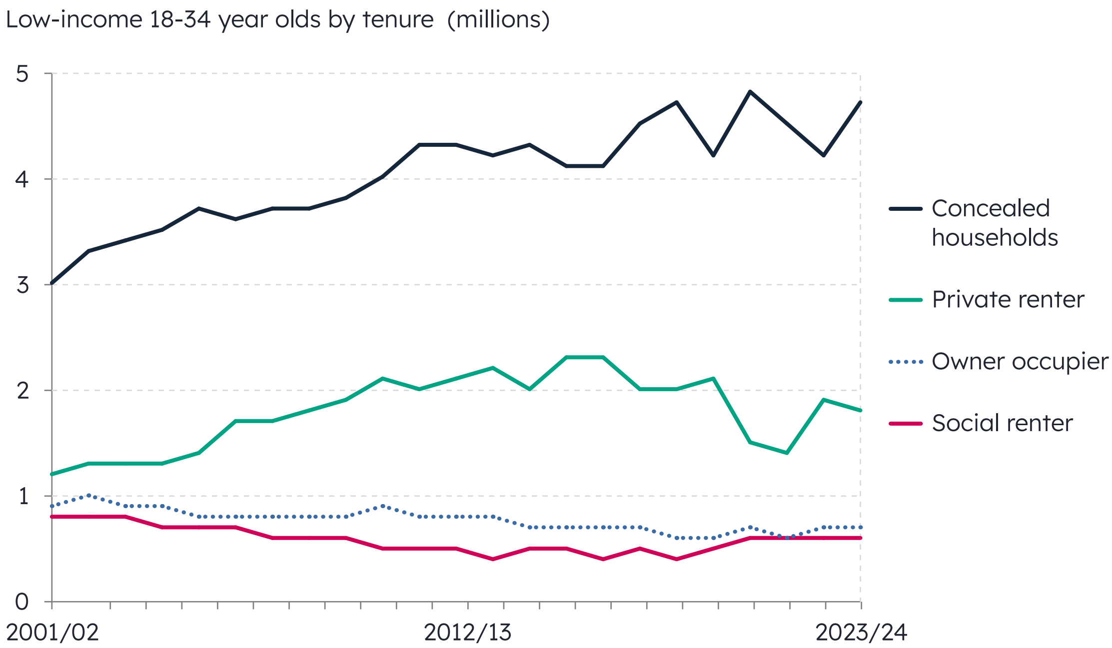
There has been a large shift in the housing tenure lived in by the UK population over the past 20 years. There has also by extension been a shift in tenure lived in by those in poverty. Since 2000, the contraction of the social rented sector has continued, the share of homes that are owner-occupied has fallen slightly, and the private rented sector has doubled in size.

In 2000, just under half (45%) of people in poverty lived in the social rented sector, 15% lived in the private rented sector and 40% lived in owner-occupied housing, either owned outright or buying with a mortgage. Now, those in poverty are fairly evenly split across the 3 tenures, with 34% in private rented housing, 36% in owner-occupied housing and 31% in social rented housing. This change in tenure, with increased reliance on the private rental market and a diminished role of the social rented sector, has brought with it increased insecurity of tenure and higher housing costs for families in poverty. Had the size of the social rented sector been maintained, the depth of poverty experienced by those now in the private rented sector, who otherwise would have been social renting, would be ameliorated, and we would likely see a lower overall rate of poverty.

The growing number of adults living in concealed households over the last few decades is a striking long-term trend in housing, and a symptom of housing scarcity and unaffordability, and inadequate incomes. The number of young adults (18–34-year-olds) living with their parents or other family member (not in 'shared household' arrangements) has grown by 1.7 million since 2001/02 to 5.2 million. For this age group, living as a concealed household is now the most common housing arrangement: 37% live in concealed households, compared with 28% in private renting, 26% in owner occupation and just 9% in social renting.

Most of these young adults are in employment, with just under two-thirds in work (63%), while a further 14% are students and 9% are not looking for work due to ill health. When we look at their own incomes (BHC) rather than the wider households', concealed young adults are heavily concentrated at the bottom of the income distribution: 61% fall within the lowest fifth of incomes, compared with just 18% of private renters and 5% of young owner-occupiers. 90% are in the bottom 40% of incomes. One in 3 (34%) of all young adults today are both living as a concealed household and in the bottom 40% of incomes – up from a quarter (24%) in 2001/02.

Figure 35: There are 1.7 million more low-income young adults living in concealed households than in 2001/02, the living arrangement that 60% of low-income young adults now find themselves in



Source: Households Below Average Income, 2023/24, DWP

Note: Low-income here means bottom 40% of before housing cost family incomes.

On the surface, poverty rates for concealed households look much lower (17%) than for young social renters (44%) or private renters (28%). This is because poverty is measured at the **household** level: while individual concealed adults have very low incomes, their parents' or householders' incomes lift the combined household income above the poverty line. In addition, we measure poverty rates **after housing costs** – and by remaining in the parental home, concealed adults avoid fully taking on housing costs.

Living in a concealed household is therefore both a shield and a symptom. It protects many young people from falling into poverty and experiencing material deprivation by pooling incomes with other household members and avoiding housing costs, but they are also a stark symptom of low earnings, lack of economic opportunities, and a chronic shortage of available and affordable homes. The growth in young adults living in this way marks a generation increasingly unable to achieve the milestones that previous generations took for granted, leaving the family home and becoming independent.

What are the future prospects?

Rents and mortgage interest rates have increased notably in recent months and years and, if unabated, risk increasing poverty rates.

While the latest rental growth statistics show that rental inflation has been slowing, rents are still increasing year-on-year at well above normal levels, while renters needing support with housing costs have continually had this undermined by freezes to LHA and the benefit cap. Private rents have increased at 5% across the UK (to October 2025, ONS, 2025g) and are currently increasing much faster than average inflation. High private rental growth is seen across the 4 UK nations and every region in England. Rents are currently growing fastest in the North East of England (8.9%), Wales (6.7%), the North West, East and the South West of England (6.5%, 5.9% and 5.9% respectively). Meanwhile, LHA has been refrozen from April 2025, exerting pressure on private rented sector tenants in need of support whose rents are above the LHA level, meaning they have to make up the difference from other incomes.

The Renters Rights Act, which passed into law in October 2025, represents a generational change in improving the rights of private renters in England. The Act improves the security of tenants and seeks to improve the quality of homes through new requirements on landlords. The bill may also help tackle housing insecurity by giving tenants greater protection from and ability to challenge unreasonable in-tenancy rent increases and ending the unfair practice of rental bidding. However, the bill does not include specific measures to tackle affordability pressures; while increased security and improved quality homes are welcome, the role of high rents in driving poverty amongst private renters still remains unaddressed.

Social rents have continued to be increased at above inflation levels. Many social tenants are protected from these increases as rents are covered entirely or in part by housing benefit. However, those affected by the benefit cap, particularly those in larger families and in more expensive areas, will feel the impact of these increases, as will those paying their rent in full. Rent increases that are not accompanied by equivalent increases in incomes through earnings and benefits will increase poverty rates and deepen poverty. The Government has committed substantial additional funding to deliver more social and affordable homes. Expanding the supply of, and widening access to, social housing will provide families with secure, affordable and quality homes and help to reduce poverty.

We have not yet seen increases in mortgage interest rates feed through into higher poverty rates for those buying their home with a mortgage, however these higher rates have substantially increased housing costs for many buyers. Mortgage rates continue to fall from the highs they hit in late 2022, however they still sit at levels well above those seen in the early 2020s. The OBR forecasts the average interest rates on the stock of mortgages to climb from 3.7% in 2024 to 5% in 2029 as fixed-rate mortgages expire and households move to higher rates (OBR, 2025b). These rates are likely to feed through into increases in the rate of poverty among households on lower incomes who are buying with a mortgage.

How does this section interact with other sections?

Geography is an important determinant of housing costs. Private rents and house prices are much higher in the south of England and larger cities, and even social rents, set based on local property values and earnings, are higher than average in these areas.

As is the case for the majority of this report, this section has provided UK-wide numbers, the sample for which, reflecting the population, is dominated by figures for England. It is worth noting, however, that the substantial differences in housing policy and outcomes in the different nations of the UK mean that these figures are more pertinent to the English housing system than they are in Scotland and Northern Ireland in particular.

5 The experience of being in poverty

The experience of being in poverty

Cost of living

Why is this important?

The cost of living is how much households spend on goods and services that help them fulfil their everyday lives. People who live in households that can afford to meet the cost of living can participate more fully in society. If the price of goods, especially of essentials, increases at a rate faster than incomes, this squeezes household budgets and puts pressure on those already on lower incomes.

Across the UK, the cost of living rose sharply from 2021, with annual inflation peaking at 11.1% in October 2022, returning to target by May 2024, but climbing again to 3.8% by September 2025 (ONS, 2025e), before falling to 3.6% in October 2025. Overall, inflation rose 27% between April 2021 and October 2025 (ONS, 2025h). The cost of essentials rose even faster: over the same period, food prices rose by 38% (ONS, 2025i). Energy costs surged early on in the crisis and remain elevated; under the June to September 2025 energy price cap the average annual bill for typical gas and electricity consumption is 42% higher than in winter 2021/22 (Bolton, 2025).

Housing costs also surged. The Bank of England base rate peaked at 5.25% in August 2023 and while it has since fallen, it remained at the historically elevated rate of 4% in August 2025, producing substantial hikes in mortgage payments (Bank of England, 2025a). Average rents hit record annual growth of 9.1% in March 2024 and were still rising by 5% in October 2025 (ONS, 2025g).

As we begin to see improvements in economic indicators, some households will start to feel their financial situation improve, particularly those on higher incomes. However, this is not the case for everyone, with many households on the lowest incomes still stuck in the grip of the cost of living crisis 4 years on, with incomes unable to meet their costs. Millions of people are being forced to go without essentials, falling behind on their bills and taking on additional debt. In addition to causing deep hardship today, this will also damage the future and long-term financial resilience of millions of people in poverty.

What's the headline story in the latest data?

JRF has been tracking the impact of the cost of living crisis so far on low-income households, with 9 bespoke large-scale surveys at 6-month intervals since October 2021. In this report we focus on households on the lowest incomes (in the bottom 20% of equivalised household incomes BHC). In our latest data from October 2025, families on the lowest incomes continued to experience disproportionately high levels of hardship, although abating slightly from the peak of the crisis in October 2022.

Going without essentials

In our October 2025 survey, a persistently high 69% of households on low incomes (4.1 million) are recorded as going without essentials. Our definition here includes going without essentials such as heating, adequate clothing and furniture in the last 6 months or not having enough money for food in the last 30 days. The most commonly reported essential forgone was food, with half (51%) of low-income households cutting back or skipping meals. 4 in 10 (40%) reported going hungry in the last 30 days due to not being able to afford enough food. A quarter reported they had been unable to afford to keep their home warm in the last 6 months, and a fifth said that they had not had essential dental treatment or were unable to replace or repair major electrical items that had broken in the last 6 months.

Figure 36: Food is the most common essential low-income households are going without

Source: JRF cost of living tracker, Savanta, October 2025

Note: Here low-income households are those whose equivalised income BHC is in the bottom 20% of household incomes across the UK.

Those on low incomes and in receipt of UC are particularly vulnerable to going without essentials; the vast majority reported going without at least one of the listed essentials (85%), and around half (50%) going without 3 or more of these. 69% were cutting back on the size of meals or skipping meals and 60% reported going hungry at some point in the last 30 days. The particularly elevated levels of hardship amongst this group demonstrates the inadequacy of the rates of benefits they are receiving, with families forced to make impossible choices.

Struggling to cope

Beyond going without essential items, around a fifth of low-income households have taken on new borrowing or used a credit card to cover essential bills, and 44% were behind on at least one bill. This is covered further in the Savings and Debt section. We also know households have tried to cut back on a range of costs or tried to increase their incomes to make stretched budgets go further. In the latest wave of the cost of living tracker, we found that:

- 3.4 million low-income families (58%) have heated their home less than they needed to, to reduce costs
- 3.2 million low-income families (54%) have reduced their use of appliances to bring down bills
- 1.9 million low-income families (32%) have sold their belongings to generate extra income
- 1.1 million low-income families (20%) stopped or reduced pension contributions from their salary to try and meet their costs.

These actions will have lasting consequences for many families, who have been forced to compromise their economic security now and in the future, as they try to keep up with their costs.

Health impacts

The strain of the cost of living crisis has affected all parts of people's lives, including their health and social lives. Over half (53%) of low-income households said the cost of living crisis had very or somewhat negative impacts on their mental health, 43% reported the same for physical health, and half (50%) reported very or somewhat negative effects of the crisis on their sleep.

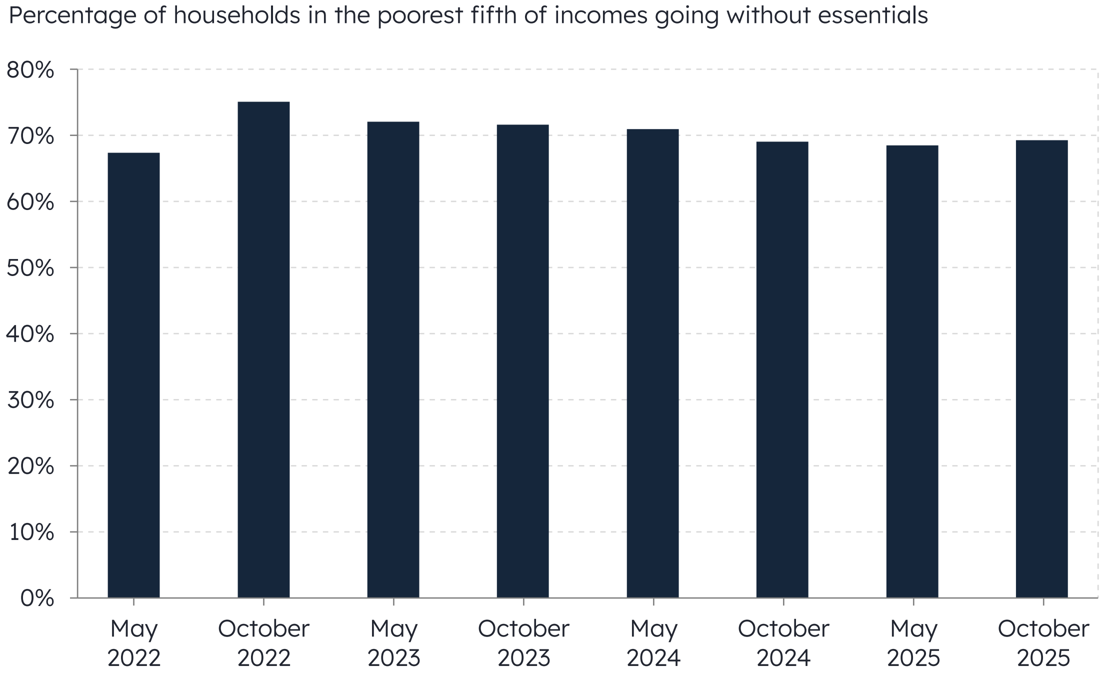
Living financially precarious lives can also be very isolating, with around half (48%) of low-income respondents saying they had stopped or reduced socialising over the last 6 months because of the crisis and a similar proportion saying it has had a very or somewhat negative impact on their social life. A quarter of respondents reported that they often felt lonely (25%). Financial precarity can cut people off from their relationships, shrink their social worlds and drive ill health.

How has this changed over time?

Over the course of the cost of living crisis we have seen some improvement in our key metrics relative to the peak of the crisis captured in our data in October 2022. This is likely due to a combination of economic conditions easing, earnings growth, benefits being uprated in line with inflation and an unfreezing of LHA (although this has since been re-frozen at April 2024 levels). Nonetheless, an incredibly high share of households across the UK are struggling to make ends meet.

While there has been a fall in the share of low-income families going without essentials from 75% in October 2022, over the past few waves the proportion has remained fairly constant, standing at around 69% in October 2025. The slight reduction since October 2022 was driven by a reduction in the proportion and number of low-income households experiencing food insecurity, however over half of low-income households continue to report being food insecure (55%).

Figure 37: The proportion of low-income families going without essentials has remained consistently at around 7 in 10 since May 2023



Source: JRF cost of living tracker, Savanta, October 2025

Note: Low-income households are those whose equivalised income before housing costs is in the bottom 20% of household incomes across the UK.

Our survey also shows improvements across several other metrics, such as the share of low-income families unable to heat their home, which fell from 31% in May 2024 to 26% in October 2025. However, across many of our metrics the rates of hardship have held at fairly consistent levels over the last year. It is unacceptable that such a substantial share of families continue to experience such devastating levels of hardship.

What are the future prospects?

While inflation has reduced to well below its peak in late 2022, reaching target inflation in mid-2024, it started to climb again to around 4% by late 2025, although there was a fall in October 2025 as noted earlier. The OBR forecasts inflation to fall throughout 2026 and return to around the 2% target in 2027 (OBR, 2025b). A return to higher-than-targeted inflation, albeit anticipated to be relatively short-lived, will continue to exert more pressure on families. As inflation fell from its very dramatic heights, the effects of the cost of living crisis eased slightly, however far too many low-income families continue to feel the pressure of permanently higher prices. Overall, while there has been a downward trend on some indicators, progress has been slow and fairly limited, with measures such as the uprating of benefits in line with inflation only having a modest impact.

While inflation has crept up again, there have been a number of positive steps over the last year that should bolster the incomes of low-income households. These include a boost to the basic rate of UC above inflation (although noting this is coupled with cuts detailed below), and a capping of the amount that can be taken from benefit payments in deductions (Mackley et al., 2025). Moreover, the extension of the Household Support Fund, and its replacement from 2026 with a Crisis and Resilience Fund, can lessen the brunt of the impact. However, once inflation is accounted for, the £1 billion annual settlement, now expected to cover both the Crisis and Resilience Fund and Discretionary Housing Payments (DHPs), amounts to a real-terms cut compared to previous years. April 2024 and April 2025 saw substantial increases in the minimum wage, and young people (16–20-year-olds) in particular saw large increases in their minimum wage rates, which should feed through to higher earnings (Low Pay Commission, 2025a). In the longer run, the injection of more money into the affordable homes programme should see the delivery of more social homes which will provide greater security and affordability of housing for low-income families (National Housing Federation, 2025).

Other policies, such as continuing the freeze of LHA at April 2024 levels and cutting the value of the health element in UC for new claimants (HM Government, 2025), constrain the incomes of low-income families. Over the previous year, we have seen little real earnings growth, a trend which if it continues could see reduced purchasing power for earners. The pressures have been intensified by sharp increases in housing costs, with private rents and mortgage costs in particular climbing substantially in recent years.

As this section makes clear, many households are continuing to face unacceptably high levels of hardship and disadvantage. It is vital that the Government prioritises reducing these levels and takes decisive action to strengthen our social safety net, ensuring that every household has the means to at least meet basic living standards.

How does this section interact with other sections?

The value of benefits, as well as of wages and the amount of work available to those in employment or seeking work, is crucial to ensure that low-income families can still afford essential costs in the face of high inflation.

Savings and debt

Why is this important?

Savings can help to provide a degree of financial resilience for households when unexpected expenses arise, when there is a gap between receiving your income and paying your bills, or when there is a loss of income. Being able to draw down on savings can therefore help to prevent families from falling behind on their bills, taking on additional debt (often with interest attached) to cover the bills, or going without essentials like enough food or a warm home. In addition to this, having savings can enable families to take 'risks' that could improve their economic security, such as starting their own business, moving cities to find better-paying jobs or taking time out of work to upskill or engage in further education (JRF, 2025). Too many households are currently grappling with negative budgets (Citizens Advice, 2025), not having enough money for food and essential bills, let alone finding enough left over to save each month.

Falling behind on bills or going into debt has a negative financial impact and places huge stress on the mental well-being of a household (Evans and Davies, 2024), which can lead to depression, anxiety and a greater chance of strained or ended relationships with partners, family and friends. This is why it is so important for households to have a buffer of savings to call on at short notice.

Households on low incomes are disproportionately less likely to have savings and relatively high interest rates look set to further entrench these inequalities into the future. As interest rates remain at higher rates than we have seen over the last 15 years, those who have savings and are able to put more money aside each month do not just benefit from a savings buffer now, but they will see their financial stability improve in the longer term, while those who have had to turn to debt or have had a borrowing lifeline removed because of affordability constraints, will continue to struggle.

What's the headline story in the latest data?

This analysis focuses on the levels of savings and debt among households with very low incomes, rather than strictly those in poverty. This approach is necessary due to data limitations, particularly the lack of up-to-date datasets that allow for detailed analysis of households falling below the relative poverty threshold that we use in the report (defined as 60% of median income AHC adjusted for different household types).

The main data source used here is the Financial Lives Survey (FLS),[6] which includes information on household income. However, unlike the HBAI dataset, the FLS does not equivalise incomes to account for household size and composition. As a result, we cannot determine with certainty whether a household's income falls below the poverty threshold.

The FLS defines its lowest household income category as '£15,000 and under', which, as shown in Annex 1, is fairly close to the poverty line for a couple with no children[7] (£17,600). Therefore, the analysis in this section uses the FLS category of households earning £15,000 or less as a proxy for low-income households. However, because the poverty threshold (£17,600) is slightly higher, this approach inevitably excludes some groups experiencing poverty, specifically, couples without children earning between £15,000 and £17,600, and larger families whose higher needs push their poverty threshold above £17,600. Conversely, it will also include some single adults who are not in poverty, since their individual poverty threshold is lower.

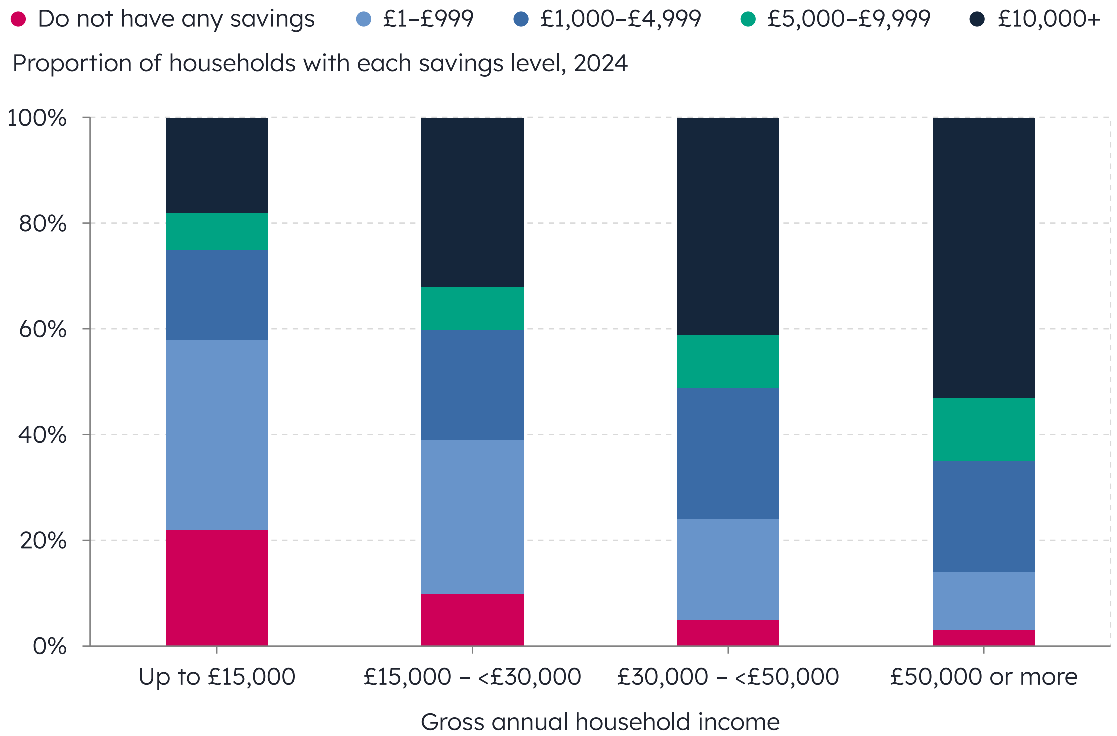
This analysis also draws on the JRF cost of living tracker. This dataset is representative of low-income households across the UK, as it surveys households in the lowest 40% of equivalised household income, BHC. This approach captures the vast majority of households living below the poverty threshold of 60% of median equivalised income. The main limitation, however, is that because JRF's dataset is based on incomes BHC, it may exclude some households that fall into poverty after accounting for their housing expenses. In the sections where we discuss findings from the JRF cost of living tracker, we focus specifically on households in the **lowest 20% of incomes**. This group provides the most reliable proxy for households experiencing low income and financial hardship.

Savings

The latest data shows that households on low incomes are disproportionately likely to hold low levels of savings or no savings at all. According to the FCA's Financial Lives Survey (Financial Conduct Authority, 2025), 10% of all UK adults had no savings in 2024. However, this rate varied significantly between respondents in low- and high-income households.

In 2024, 22% of adults living in households with an income below £15,000 a year reported having no savings. This fell starkly to 10% for those with an income of at least £15,000 but less than £30,000, and to just 3% for those with an income of £50,000 or more. Just over a third of households with an income below £15,000 a year had less than £1,000 in savings (36%), compared with 1 in 10 of those with incomes of £50,000 or more (11%). The chart below highlights the stark differences in savings levels across the income distribution.

Figure 38: Households with annual incomes under £15,000 are around 7 times more likely than households with incomes of £50,000 or more to have no savings



Source: JRF analysis of Financial Lives Survey, 2024, FCA

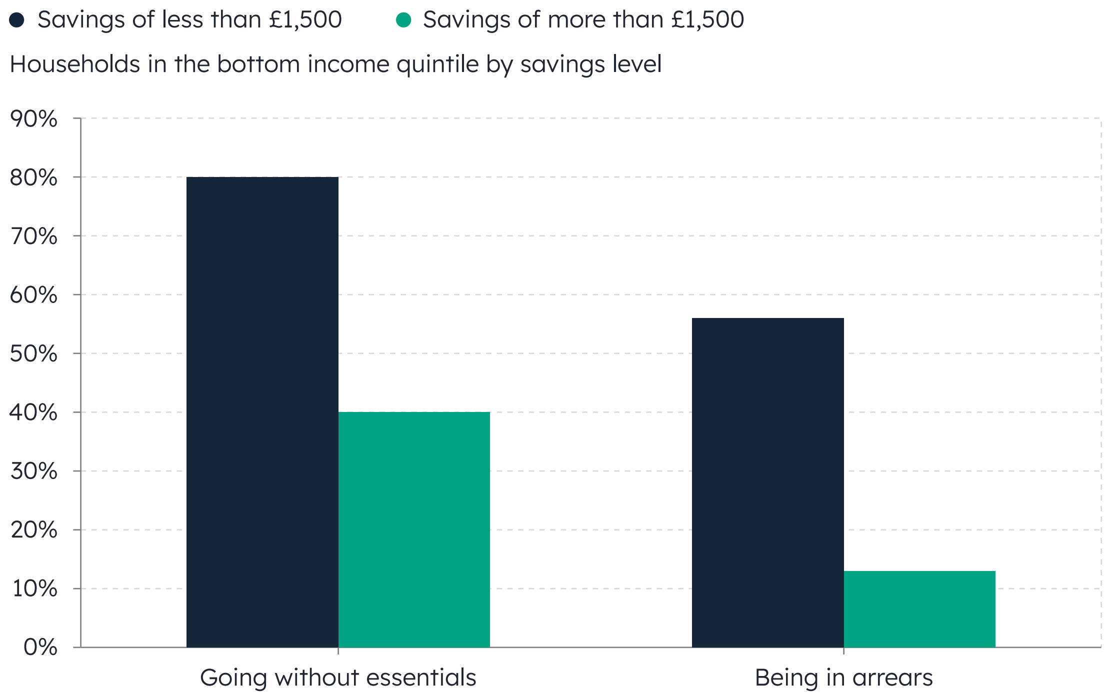
JRF's cost of living tracker allows us to look at a wider group of people living in poverty, as we can analyse households in the bottom 20% of equivalised household incomes, BHC. We found that in October 2025, around half of households held less than £200 in savings (51%), including 20% reporting having no savings at all. However, there were notable differences in the levels of household savings reported by different groups.

Looking at those in the bottom 20% of household incomes, we again find that some groups are more likely to have lower levels of savings. Within this income bracket:

- around 8 in 10 (79%) of all UC recipients have less than £200 in savings, with 37% having none
- around 6 in 10 (58%) of households with children have less than £200 in savings, compared to 48% for those without children
- three-quarters (75%) of social renters, 65% of private renters, and 39% of those with a mortgage have less than £200 in savings, compared with 22% of those who owned their own homes outright
- over half of Black and Asian respondents (55% and 52% respectively) reported their household had less than £200 in savings, as did half of white respondents (50%).

Savings can serve as a protective buffer against financial hardship, reducing the risk of deprivation and arrears. JRF's survey shows that even among households in the lowest income quintile, having savings of more than £1,500 significantly improves financial resilience. Those with savings above this threshold are less likely to go without essentials (40% compared with 80% of those with savings below £1,500). Similarly, they are less likely to fall into arrears (13% compared with 56%). These findings highlight the crucial role that even modest savings can play in protecting low-income households from financial vulnerability.

Figure 39: Savings of more than £1,500 help to keep households on low incomes from experiencing hardship



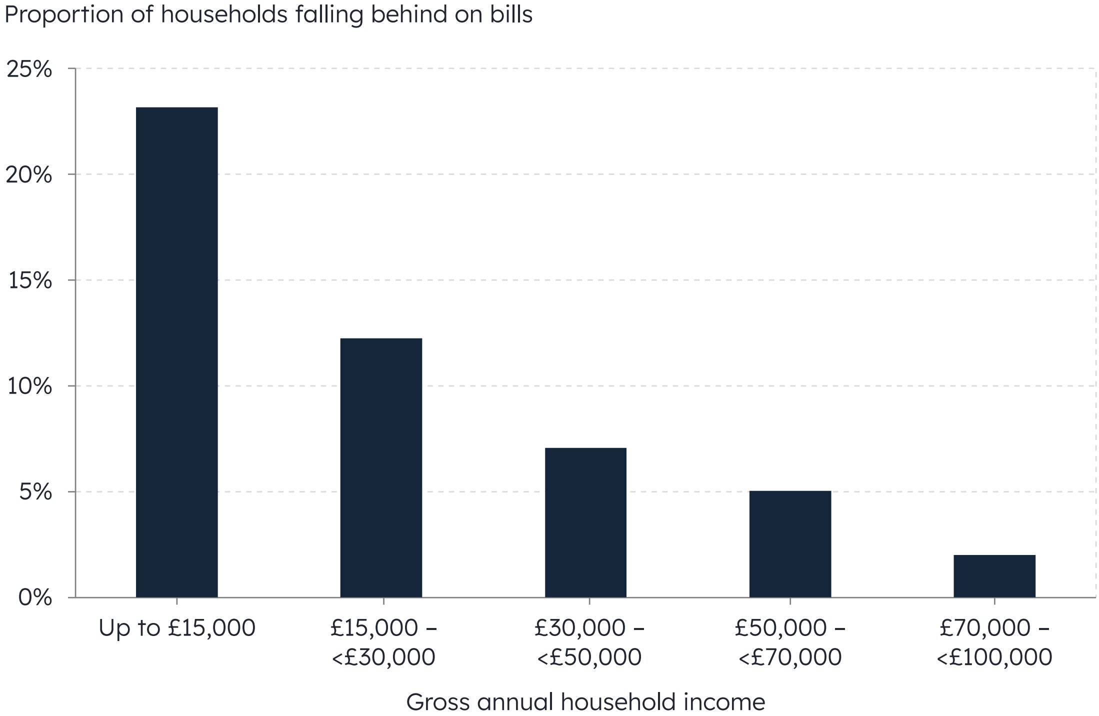
Source: JRF cost of living tracker, Savanta, October 2025

Note: The savings of less than £1,500 category includes households with no savings. Low-income households are those whose equivalised income before housing costs is in the bottom 20% of household incomes across the UK.

Debt

Households on very low incomes are also more likely to be experiencing heavy burdens related to debt. In the FCA's Financial Lives Survey, around 1 in 4 households (23%) with annual incomes under £15,000 reported that they had fallen behind on or missed payments for credit commitments or domestic bills in at least 3 of the 6 months before May 2024. Unsurprisingly, the proportion of those experiencing this form of financial hardship fell significantly as household incomes increased, with just 5% of households with incomes of £50,000–£70,000, and 2% of households earning £70,000–£100,000, experiencing this.

Figure 40: Households with annual incomes under £15,000 are around 5 times more likely than households with incomes between £50,000–£70,000 to have fallen behind on their bills



Source: JRF analysis of Financial Lives Survey, 2024, FCA

In October 2025, JRF's cost of living tracker showed a similar trend. Among households in the lowest 20% of household incomes, 44% reported being in arrears (being behind on household bills or credit commitments) and nearly half of these households were behind on 3 or more bills (45%). By contrast, households in the second income quintile (those in the 20th–40th percentile of household incomes) were much less likely to be in arrears, with 28% reporting being behind on their bills.

Unsurprisingly, being in arrears with fewer bills tends to mean owing less money overall. For example, the average amount owed for a household in the bottom income quintile in arrears with one bill is £480, compared to owing an average amount of £2,150 if they were behind on 3 or more bills.

Similar to the savings picture above, while all households in the bottom 20% of incomes face poorer outcomes than immediately higher-income groups, some groups in this lower-income bracket are faring even worse than others, including:

- 61% of all UC recipients were in arrears with at least one household bill and 46% of this group were in arrears with 3 or more bills or commitments
- 63% of households with children were in arrears with at least one household bill and 51% of this group were in arrears with 3 or more bills or commitments
- 58% of social renters were in arrears with at least one household bill, closely followed by 56% of private renters and 54% of mortgage holders, compared to just 19% of those who owned their own homes outright
- 64% of Black respondents were in households in arrears with at least one household bill, as were 56% of Asian respondents and 38% of white respondents.

Many also reported having used credit to pay their bills and cover their essentials. Over a third (37%) of households in the bottom 20% of incomes report currently holding a loan or credit that was originally taken out to pay for essential bills like rent, food, energy or council tax.

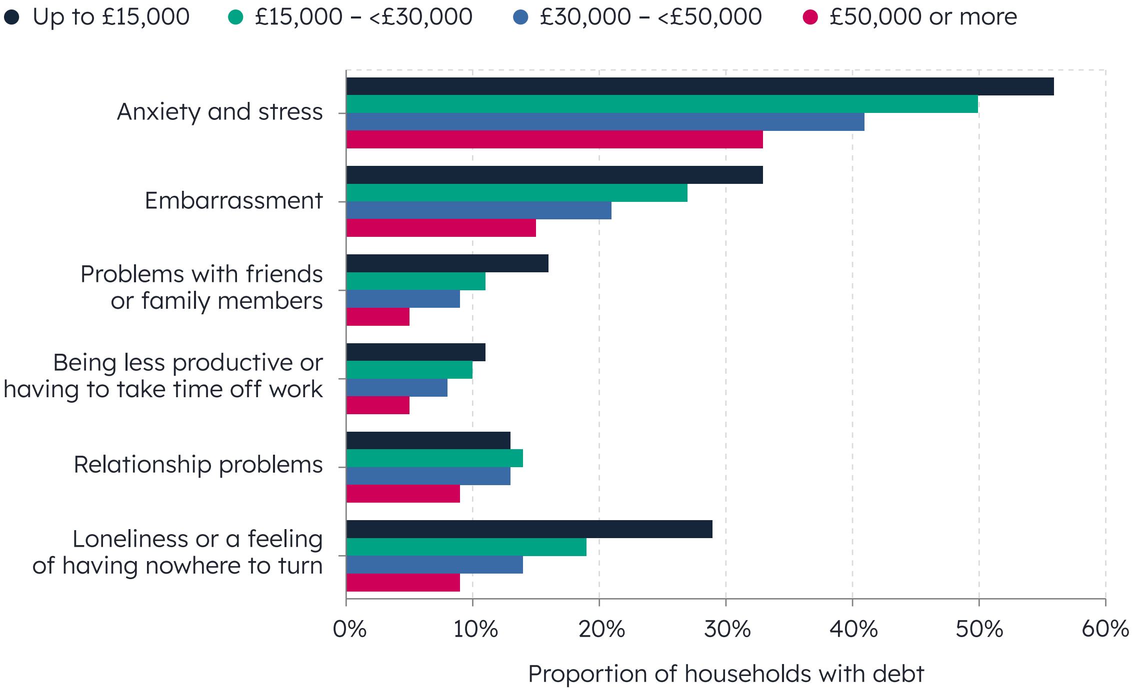
Some groups were disproportionately likely to have relied on loans to pay their essential bills. We find that over half of households (57%) with an adult aged 18–34 had done this, alongside 51% of families with children and 48% of households with ethnic minority adults. From a tenure lens, this is 51% for mortgage holders, 48% for private renters and 41% for social renters.

Unsurprisingly, taking on these loans has not helped these households avoid arrears. Three-quarters (75%) of households in the bottom 20% of incomes who used a loan to pay their bills were still in arrears, and 56% of these households were in arrears with 3 or more bills. They are also not escaping going without essentials; 89% of those taking out loans to pay for their essentials also reported going without at least one essential, such as enough food, a warm home, or adequate clothing for the weather, in the 6 months before the survey.

Falling behind on certain types of bills can have significant consequences for families struggling to stay afloat. For example, if someone cannot pay their rent, they could be evicted and made homeless. This is particularly worrying when social housing has record waiting lists and councils are struggling to house many presenting as homeless.

The impact that going into debt has on a household can be significant. The FLS found that people in households on low incomes were disproportionately more likely to feel anxious, stressed and embarrassed, have relationship problems with friends and family members, be less productive at work or to take time off, experience loneliness and feel like there is nowhere to turn as a result of holding debt. Holding debts where repayments can take up a significant proportion of your income can be enormously stressful. As we have shown above, this is particularly the case for households who need to rely on debt to meet their basic needs, including 8% of those in the bottom 20% of incomes who hold a loan with a loan shark, payday lender, doorstep lender or pawnshop to pay for their essentials, often at very high interest rates.

Figure 41: Households with annual incomes under £15,000 are noticeably more likely than households with incomes of £50,000 or more to be experiencing anxiety and stress as a result of holding debt



Source: JRF analysis of Financial Lives Survey, 2024, FCA

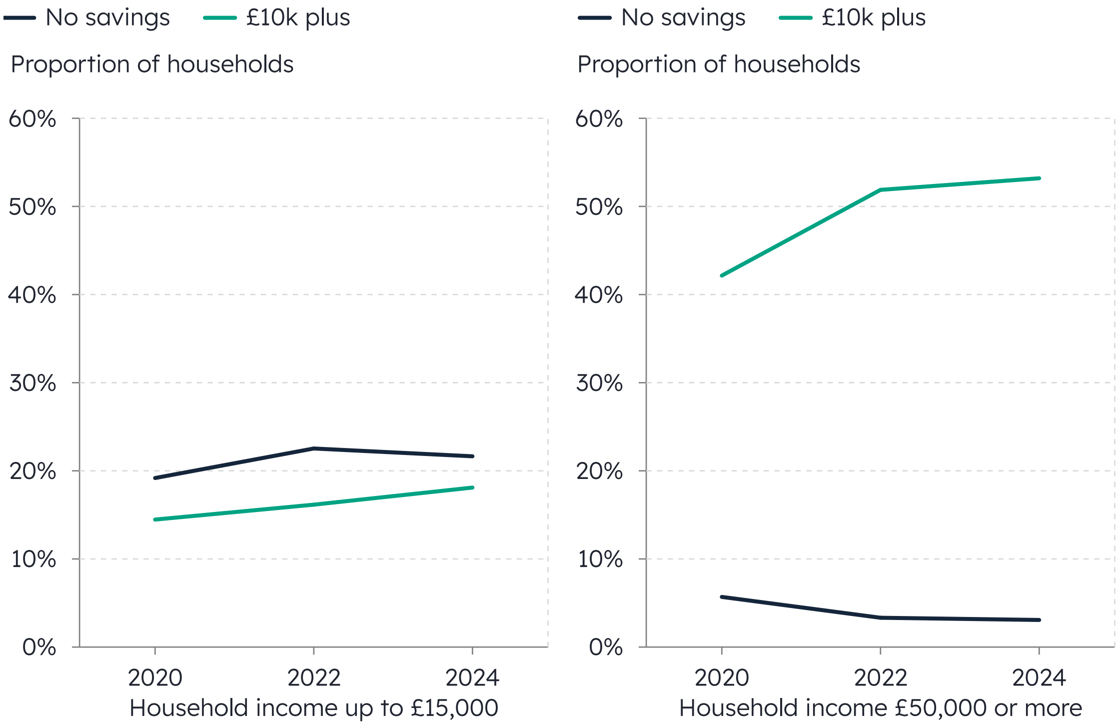
How has this changed over time?

Savings trends over time

Throughout the Covid-19 pandemic, the average level of savings across Britain increased. However, this did not hold true for all households, with those on the lowest incomes least likely to be able to build a safety net of savings. This is unsurprising, as low-income households were disproportionately more likely to have lost work, to have been furloughed or to have used up savings to meet their bills. The Bank of England's survey of household finances in 2022 found that households who had been able to maintain their expenditure through the cost of living crisis were primarily able to do so by drawing down on savings (Bank of England, 2022). But of course, many low-income households did not have savings available for this.

In the latest FLS, the proportion of low-income households (with incomes less than £15,000 a year) who had no savings at all has very slightly decreased from 23% in 2022 to 22% in 2024 but is still well above 2020 levels (19%). Conversely, the proportion of low-income households who had savings of more than £10,000 has increased by 3 percentage points (from 15% to 18%) since 2020, but there has been a much bigger increase for households with incomes of £50,000 or more a year, with an increase of 11 percentage points, from 42% in 2020 to 53% in 2024.

Figure 42: Higher-income households managed to increase their savings levels after the pandemic 4 times as fast as lower-income households



Source: JRF analysis of Financial Lives Survey, 2024, FCA

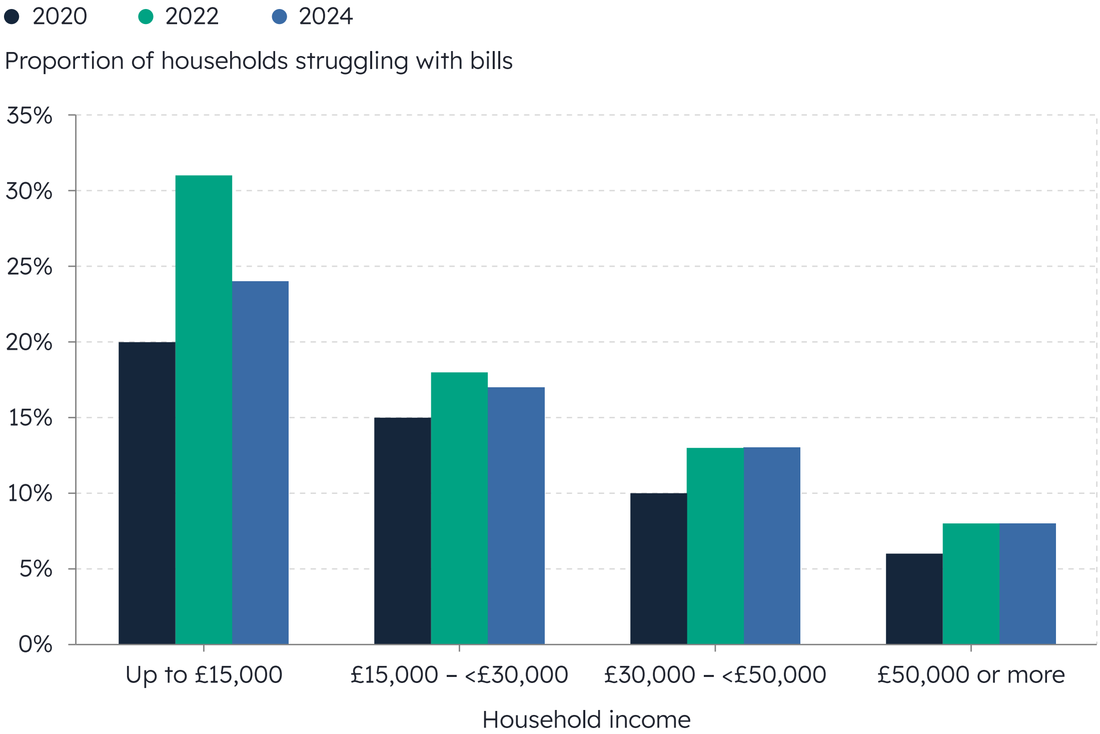
Note: High-income households are those with an annual income of £50,000 or more, while low-income households are those with an annual income of up to £15,000.

Debt trends over time

The latest FLS found a significant decrease in the proportion of households with incomes under £15,000 who reported that keeping up with their bills was a heavy burden, falling from 31% in 2022 to 24% in 2024. Nonetheless, lower-income households continue to be amongst the hardest hit by rising living costs. This helps to explain why, despite the improvement, the proportion feeling heavily burdened remains at 24%, which is still 4 percentage points higher than 2020 levels. With little to no savings to cushion the rise in living costs, many have been forced to take on debt to keep up with their essential bills.

Unlike households with incomes below £15,000, households with incomes of £50,000 or more, have seen an increase in the proportion of households who reported that keeping up with their bills was a heavy burden. This group has experienced a modest increase of 2 percentage points from 6% in 2020 to 8% in 2024. Despite these shifts, the gap across the income distribution remains consistent: higher-income households continue to experience far less financial strain than lower-income ones. In 2024, lower-income households were still 3 times more likely to report that keeping up with their bills was a heavy burden, a ratio that has remained nearly unchanged since 2020.

Figure 43: Across all years, households with incomes of less than £15,000 remain about 3 times more likely to struggle with bills than higher-income households



Source: JRF analysis of Financial Lives Survey, 2024, FCA

Note: The chart shows the proportion of households that answered ‘a heavy burden’ to the following question: To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?

Meanwhile, the JRF cost of living tracker finds that there has been no improvement in the proportion of households on the lowest incomes facing arrears, compared to a year ago. In October 2025, 44% of households in the lowest income quintile were in arrears, unchanged from October 2024. Among those in arrears, 64% were behind on 3 or more bills, a 2-percentage point increase compared with the previous year. However, the average amount owed by households in arrears has decreased, down from around £1,400 in October 2024 to £1,340 in October 2025.

Compared with a year ago, there has been a very marginal improvement in the proportion of households in the bottom income quintile reporting that they currently hold a loan used to pay for essentials such as food, housing (rent or mortgage), or bills like energy and council tax, down from 38% in October 2024 to 37% in the latest data. Within this group, the share of households holding a high-cost credit loan (such as from a loan shark, pawnshop, payday lender, or doorstep lender) to cover these essential expenses has increased, from 59% in October 2024 to 65% in October 2025, showing that some low-income households continue to experience growing financial strain and an increased reliance on borrowing to meet basic needs.

What are the future prospects?

High interest rates help savers but make life harder for people in debt or with low incomes. While interest rates have started to fall from their peak of 5.25% in August 2023 to 4.0% at the time of writing (Bank of England, 2025b), they remain at some of the highest levels we have experienced in the last 15 years. People who can save each month are likely improving their financial stability, while those relying on debt or falling behind on bills continue to struggle.

Our latest Cost of Living Survey shows a modest improvement in the proportion of low-income households in arrears. However, these households remain disproportionately affected compared with those on higher incomes. Despite this slight progress, the average level of debt has continued to rise, and more low-income families are relying on borrowing to cover essential costs. Without relief from high living costs and interest rates, these households will come under even greater financial pressure, particularly as low-income families have little savings to fall back on.

Future prospects will depend on wider economic conditions and the design of benefit policies. The recently published Budget includes several measures aimed at easing the cost of living. Policies such as scrapping the 2-child limit, reducing energy bills, freezing rail fares, and increasing the minimum wage are expected to support household finances, particularly for low-income families, by raising disposable incomes and lowering essential expenses.

However, the state of the economy will play an equally important role in shaping household finances, savings behaviour, and debt levels. Downward revisions to productivity growth, weak earnings growth, inflation remaining higher for longer, and flat employment rates all point to challenging conditions ahead. Real household disposable income is projected to grow only slowly toward the end of the parliament, largely held back by subdued real earnings growth, higher taxes, and rising housing costs that are expected to outpace inflation (OBR, 2025b).

While the Chancellor has introduced several important measures to help households manage day-to-day costs, the overall impact on savings and debt will depend on whether this additional support for low-income families can outweigh the pressures generated by broader economic and labour-market trends. Whether families are ultimately able to build savings or fall further into debt will hinge on the balance between strengthened social support and the lingering effects of a still-difficult economic environment.

How does this section interact with other sections?

Living in poverty affects people’s ability to build up, and sustain, household savings and increases their risk of getting into problem debt. This is worsened further when the cost of living – and so the prices of essentials such as housing, energy and food – rises. Furthermore, the stress caused by low savings and high levels of debt can contribute to mental health issues, with people who are behind on bills or have low levels of savings more likely than more financially resilient people to report indicators of mental distress.

Food insecurity

Why is this important?

Food is an essential human need. If people are living in food insecurity because they are unable to afford enough nutritious and varied food or because there is a risk of this, their health and well-being will suffer. This will have knock-on effects on other areas of their lives, such as their ability to work, which can lead to a vicious cycle.

People living in food-insecure households are more likely to develop a range of physical and mental health conditions (Bash, 2023). Food insecurity can be particularly detrimental for children since an inadequate diet can impede their physical (Alves and Alves, 2024), cognitive and emotional development (Belsky et al., 2010), leading to poorer educational attainment (Heflin et al., 2022). All of which deprives them of a fair start in life. These effects can take place even before the child is born. Research shows children are at a higher risk of premature delivery (Dolatian et al., 2018), low birth weight (de Freitas Rocha et al., 2024) and slow cognitive development (de Oliveira et al., 2020) if their mother has experienced food insecurity during pregnancy.

Since the ability to afford food is determined by prices as well as income, food insecurity became especially critical during the cost of living crisis. Indeed, increases in the cost of essentials, including food, have driven increases in the overall price level. Lower-income households are more exposed to these increases as they tend to spend a higher proportion of their income on essentials (ONS, 2025j).

What's the headline story in the latest data?

One in 4 people in poverty (25%) were food insecure in 2023/24, meaning they were either not able to afford enough food, were at risk of this or could not afford enough nutritious food for a healthy and varied diet (full details of how food security is measured in the FRS is described below). This represents around 3.5 million individuals. In comparison, only 8% of individuals who were not in poverty were food insecure.

The experience of food insecurity is widespread among people on low incomes, but its prevalence appears to grow the worse off people are. Research by Heriot-Watt University for JRF found that a majority (61%) of people who experienced destitution – the severest form of hardship – lacked food in 2022 (Fitzpatrick et al., 2023). JRF's cost of living tracker for October 2025 found that in the 30 days before being surveyed, over half of households in the bottom fifth of incomes (55%) had either cut down on or skipped meals or gone hungry because there was not enough money for food. That is 3.2 million households in the bottom fifth of incomes going without the food they need. The high prevalence of food insecurity in the UK is also reinforced by other work, such as polling by evidence (The Food Foundation, 2025).

Table 12: Food security status of individuals in poverty after housing costs, 2023/24

Household food security status	In poverty		Not in poverty		Poverty rate by food security status
	(%)	(millions)	(%)	(millions)	(%)
High	63	8.8	87	45.6	16
Marginal	12	1.6	6	3.0	35
Low	12	1.7	4	1.9	46
Very low	13	1.9	4	2.0	48
Food secure	75	10.5	92	48.6	18
Food insecure	25	3.5	8	4.0	47
All	100	14.0	100	52.5	21

Source: Households Below Average Income, 2023/24, DWP

Note: Shared households (such as a house shared by a group of professionals, summing to 1.0 million individuals in 2023/24) are excluded from household food security tables as there is no food security status available for those households. Figures may not sum due to rounding.

Food security questions in the FRS

In the FRS, the respondent who is best placed to answer questions about food shopping and preparation is read 3 statements about food security and asked whether the statement was 'often true', 'sometimes true' or 'never true' for them in the last 30 days.

1. [I or we] worried whether our food would run out before [I or we] got money to buy more.
2. The food that [I or we] bought just didn't last, and [I or we] didn't have money to get more.
3. [I or we] couldn't afford to eat balanced meals.

Unless all 3 questions are answered as being 'never true', the respondent is then asked the following questions:

4. Did you (or other adults in your household) skip or cut meals because there wasn't enough money for food? How many days did this happen?
5. Did you (or other adults in your household) ever eat less than you felt you should because there wasn't enough money for food?
6. Were you (or other adults in your household) ever hungry but didn't eat because there wasn't enough money for food?
7. Did you (or other adults in your household) lose weight because there wasn't enough money for food?
8. Did you (or other adults in your household) ever not eat for a whole day because there wasn't enough money for food? How many days did this happen?

From the questions, a 10-point household score is generated. One point is scored for each 'positive' answer, that is, answers of 'often true', 'sometimes true' and 'yes' (with an additional point if '3 days or more' is selected for the second part of questions 4 and 8).

High food security (score = 0): the household has no problem, or anxiety about, consistently accessing adequate food.

Marginal food security (score = 1 or 2): the household sometimes had problems accessing adequate food or experienced anxiety about it, but the quality, variety and quantity of their food intake were not substantially reduced.

Low food security (score = 3 to 5): the household reduced the quality, variety and desirability of their diets, but the quantity of food intake and normal eating patterns were not substantially disrupted.

Very low food security (score = 6 to 10): at times during the past 30 days, the eating patterns of one or more household members were disrupted, and food intake was reduced because the household lacked money and other resources for food.

Food-secure households are those with a high or marginal food security status.

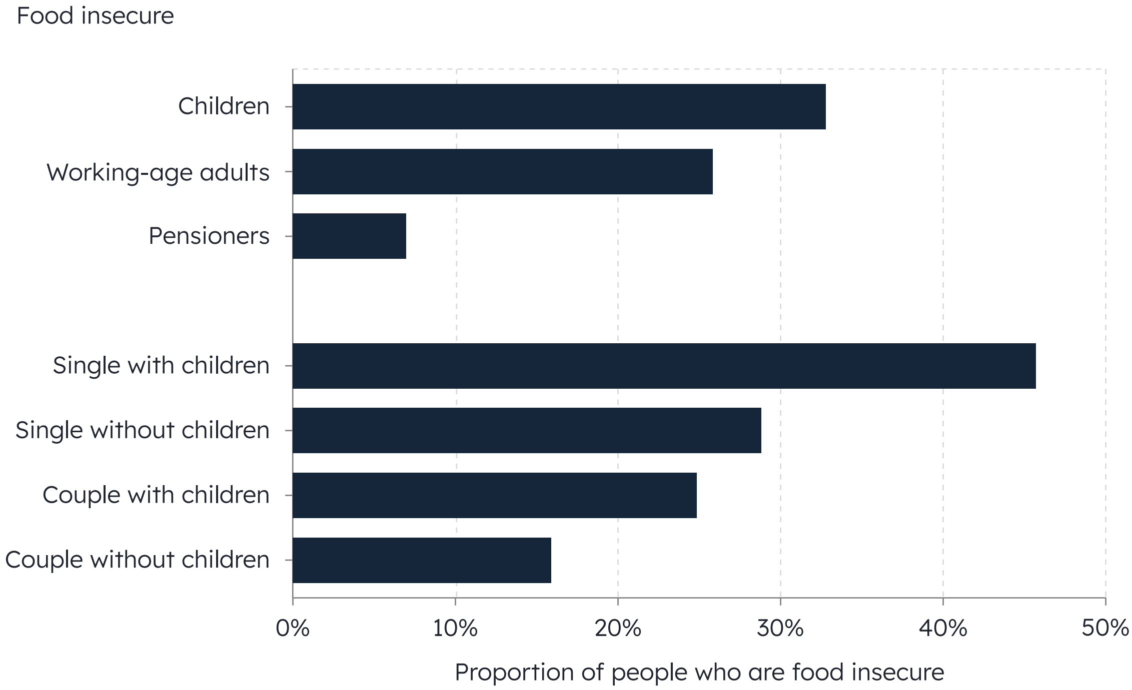
Food-insecure households are those with a low or very low food security status.

The prevalence of food insecurity varies between different groups of people in poverty. In 2023/24, 1 in 3 children in poverty (33%) experienced insecurity, compared with 26% of working-age adults. However, both children and working-age adults had similar likelihoods of experiencing very low food security (17% and 14%). Meanwhile, only 7% of pensioners in poverty were food insecure, and 2% had very low food security.

Comparing family types, people in poverty in lone-parent families were the most likely to experience food insecurity. More than 4 in 10 people in lone-parent families in poverty (46%) were food insecure, although single adults without children also had an elevated risk (29%) compared with people in working-age couples with children (25%).

Children and people in lone-parent families face a higher risk of being in poverty than other groups. Even among those already in poverty, they face higher levels of food insecurity, showing they experience extra hardship not reflected in standard poverty statistics.

Figure 44: Among people in poverty, food insecurity is most common among children and for people in lone-parent families



Source: Households Below Average Income, 2023/24, DWP

Note: Shared households are excluded from household food security tables.

People in households receiving means-tested benefits are also more likely to be food insecure: 43% of people who were in poverty and on UC or legacy benefits faced food insecurity in 2023/24. This was around 3 times the rate of those who were in poverty but not on UC or legacy benefits (15%). More recently, JRF's cost of living tracker found that almost three-quarters of households in the bottom fifth of incomes who were on UC (73%) reported cutting back on food or going hungry in the previous 30 days, compared with an average of 55% across all low-income households.

This highlights how the UK's benefits system is failing to ensure a basic standard of living. Not only is the basic rate of benefits insufficient to cover the cost of essentials, but there are also a number of policies and design features that can leave recipients with a shortfall of cash with which to buy food. These include the 5-week wait for the first UC payment, deductions from UC to pay off debts and arrears, freezes to the LHA, the benefit cap and the social sector size criteria (also known as the 'Bedroom Tax') (Schmuecker and Bestwick, 2023).

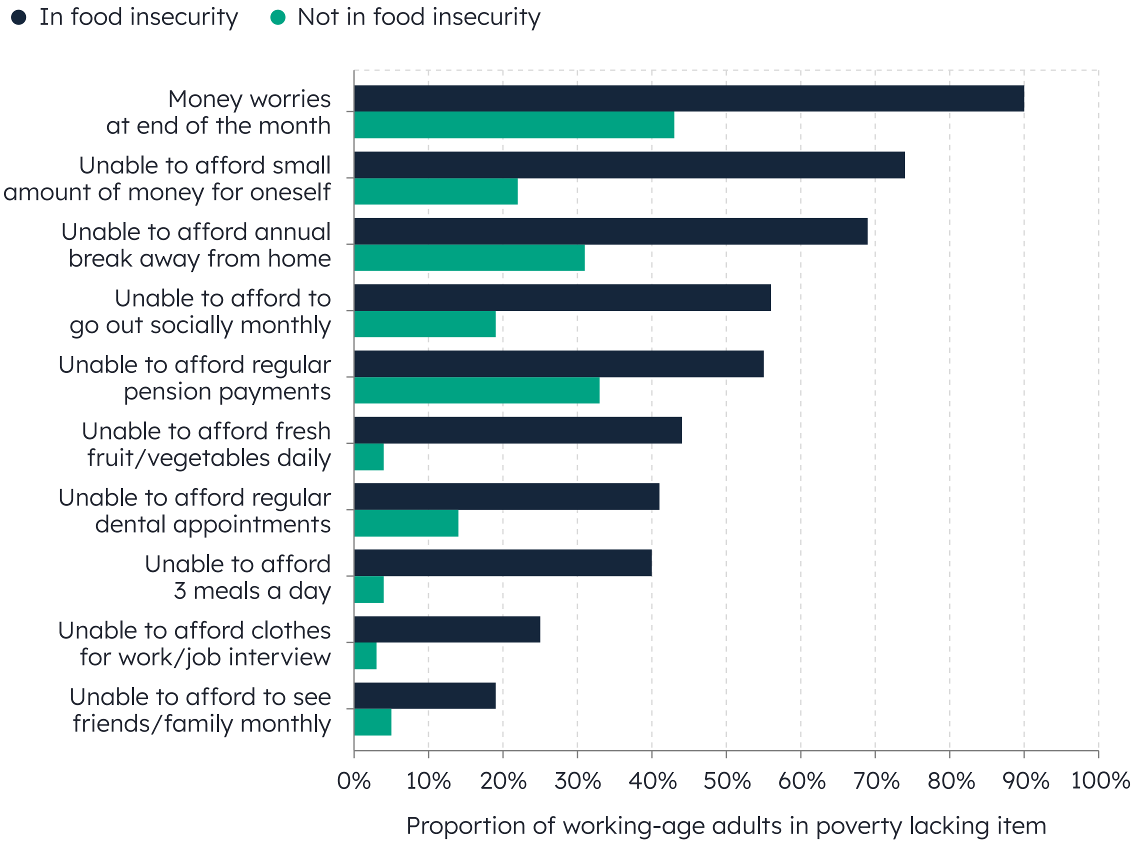
Disabled people and their families in poverty also face elevated risks of food insecurity. Around 1 in 3 people living in a household in poverty with someone who is disabled (33%) faced food insecurity in 2023/24, compared with around 1 in 5 people in poverty with no one disabled in the household (18%). JRF's cost of living tracker reinforces this finding, with 63% of households in the bottom fifth of household incomes with a disabled member cutting back on food or going hungry in November 2025, compared to 49% of households in the bottom fifth of household incomes with a disabled member. Disabled people are less likely to be in paid work and more likely to be in receipt of benefits. They can also face additional disability-related costs, which disability benefits are intended to cover. However, the quality of disability assessments and the lengthy application process for these benefits can result in shortfalls (Schmuecker and Bestwick, 2023). Even when people are in receipt of these benefits, their entitlement may not cover all of their disability-related costs, and they may need to cut back in other areas to pay for these (Wright et al., 2024).

In 2023/24, according to the FRS, around 600,000 people in poverty had used a food bank in the previous 30 days, and 1.6 million people in poverty had used one in the previous 12 months. Unsurprisingly, there is a strong relationship between food insecurity and the use of food banks: 19% of people in poverty facing very low food security had used a food bank in the previous 30 days, and 37% had used one in the previous year. By contrast, among those with high food security, 1% had used a food bank in the previous 30 days, and 4% had used one in the previous year.

At the same time, it is possible that some people facing marginal food security would have fallen into low food security if they did not have access to a food bank, and some facing low food security may have fallen into very low food security. However, if food insecurity is defined as not being able to afford food in a socially acceptable way, anyone who has to rely on charity for food can be considered food insecure, even if they do not appear as such in the official data.

Being in food insecurity tends to be associated with lacking other items in addition to food. The chart below shows the proportion of working-age adults in poverty who reported lacking an item used in the material deprivation calculation, depending on whether they were or were not in food insecurity. People in poverty often lack particular items, even if they are not experiencing food insecurity, but this is particularly pronounced among those who are food insecure. For example, whereas just over one-fifth (22%) of working-age adults in poverty who have food security were unable to afford a small amount of money on themselves each week, around three-quarters (74%) of those who were food insecure were unable to do so. These findings echo more recent data from JRF's October 2025 cost of living tracker, which found that 81% of households in the bottom fifth of incomes who were food insecure had gone without other essentials in the previous 6 months.

Figure 45: People in poverty who experience food insecurity often lack other items too



Source: Households Below Average Income, 2023/24, DWP

Note: Shared households are excluded from household food security tables.

Since the ability to afford food is determined by prices as well as income, food insecurity has become especially critical since the beginning of the cost of living crisis. Even though food prices are not currently increasing quite as sharply as they were during the highs of that time, they are still rising quickly. Not only does this mean families are facing ever-increasing prices of the food they need, the increases in prices experienced during the height of the cost of living crisis are becoming more and more entrenched into the everyday cost of food.

Between the beginning of the cost of living crisis, when prices started to rise in April 2021 and October 2025, prices of food and non-alcoholic beverages have grown by 38%, more than any other broad category of consumer goods and services and 11 percentage points more than the rate of increase in consumer prices overall (27%).

Lower-income households are more exposed to these increases, as they tend to spend a higher proportion of their income on essentials. In 2023/24, food and non-alcoholic drinks made up 14.3% of household spending among the poorest 20% of households, compared with 8.6% among the richest 20% (ONS, 2025k). The only broad category of spend that made up a greater proportion of low-income households' spending was housing, water and electricity. Given high food inflation since then (food and non-alcoholic beverages inflation was 4.9% in October 2025) and overall inflation running at not far from twice target level, these households will inevitably have faced deeper hardship since then.

How has this changed over time?

Among people in poverty, the number of people who are food insecure increased by 1.1 million between 2021/22 and 2023/24 (a 46% increase), as part of an increase of 2.8 million in the total number of people who are food insecure (a 60% increase in just 2 years). The increases in people in poverty who are food insecure have affected some groups more than others. Since 2021/22, for those in poverty, the number of food insecure children increased by 57% (from 0.9 million to 1.4 million), as part of an increase from 1.7 million to 2.6 million overall. For very low food security, the increase is even greater, with numbers of children both in poverty and with very low food security almost doubling from 2021/22 to 2023/24, with a 94% increase (and rounded figures increasing from 400,000 children to 800,000).

These patterns feed through into family types. The number of people in single-parent families in poverty with very low food insecurity increased between 2021/22 and 2023/24 by 45% (with a 42% increase across all lone parents). For people in poverty in families made up of couples with children, there was a 72% increase in food insecurity (a 74% increase across all people in that family type). All family types, with or without children, saw an increase of at least 40% in the number of people in them suffering food insecurity over those 2 survey years.

Increasing food insecurity comes as no surprise. A decade of cuts and freezes to benefits, a pandemic that hit the worst off hardest, the removal of the uplift to UC introduced to help families during the Covid-19 pandemic, and then the cost of living crisis all constituted a tragic, perfect storm for millions of people which shows no sign of abating.

Food parcel data is another indicator of growing food insecurity. As the cost of living crisis continues, with food prices playing a central role, food banks in the Trussell network distributed 2.9 million emergency parcels across the UK in 2024/25, one million of which were for children (Trussell, 2025a). This increase in total food parcels distributed represented a 32% increase since 2021/22. The magnitude of this change varied across the nations and regions of the UK. The lowest increase was in the East Midlands at 10%; the highest increase was 60% in London. While there has been an increase in the number of total food parcels distributed since 2021/22, there was an 8-percentage-point decrease between 2023/24 and 2024/25 (Trussell, 2025b). However, the increase over the last few years remains a concern. Firstly, Trussell is just one (albeit major) food parcel provider, and we do not know about food parcels from other providers. Secondly, Trussell report this decrease could be due to having to manage resources and capacity at a time of ever-increasing need. The cutting back of provision at Local Authority level may also be making it more difficult for people in need to be referred to the Trussell community.

Research shows that increases in food bank use are directly related to inadequacies in the social security system, which are leaving evermore people with no choice but to rely on food banks and other charitable responses (Fitzpatrick et al., 2023). Scotland's lower rate may be an example of how the social security system can help protect families from food insecurity. The Scottish Child Payment addition to UC (which, as the name suggests, is only available in Scotland) may in part explain its much smaller increase in the need for food parcels (Scotland saw the smallest proportional rise in the number of food parcels distributed by Trussell, as well as the smallest proportional rise in overall food insecurity).

The broad pattern of endemic food insecurity is mirrored in data collected in JRF's cost of living tracker, which found that the number of households in the bottom fifth of incomes that cut back on food or went hungry in October 2025 was 55%.

What are the future prospects?

There is no reason to believe that the UK will witness reducing food insecurity in the near future without interventions to address it. The almost 40% increases in the price of food and non-alcoholic beverages witnessed since April 2021 are locked into the prices we pay for food. On top of that, in every month between May 2025 and October 2025, annual increases in food prices have been over 4% (ONS, 2025l). With food prices forecast to rise even further in the coming months (Bank of England, 2025c), those already struggling with the cost of food will face deeper challenges. Many people who are just about able to afford their food now may not find that to be the case in the future.

Despite millions of people being unable to afford adequate diets, there continues to be no definitive UK Government strategy to tackle food insecurity. While positives such as benefits being given a real-terms boost in their uprating in April 2026, and the new Crisis and Resilience Fund providing food support to families, the negative features of the social security system that actively contribute to food insecurity – such as the 5-week wait for UC, deductions and sanctions – remain in place.

The Government was elected on a pledge of ‘food security being national security’ as well as pledging to ‘end mass dependence on emergency food parcels’ and stating food banks were a ‘moral scar on our society’ in their manifesto (Labour, 2024). However, significant change is yet to be seen from the UK Government since coming to power. The Scottish Government dropping its Human Rights Bill from September 2024’s Programme for Government was change of the wrong kind. This bill was set to place statutory responsibilities on the Scottish Government to ensure all people in Scotland could access food and end the need for food banks (Chworow, 2024). If lack of action by both the UK and Scottish Governments is an indication of how they will act towards tackling food insecurity, then there is a danger that the problem may only get worse. Governments across the UK need to set out comprehensive plans for how they are going to address very high food insecurity and foodbank use.

How does this section interact with other sections?

Food insecurity is closely linked to poverty and the cost of living. As high food inflation makes food even more unaffordable for people on low incomes, it is disproportionately experienced by people on benefits and people living in households with at least one disabled person. In turn, it can lead to, or exacerbate, poor physical and mental health and, as it is linked to cognitive ability, it can also make it harder for children to concentrate at school and lead to poorer educational attainment.

Health and poverty

Why is this important?

The circular relationship between health, income and deprivation is long established. Poor health limits the possibility of better life outcomes and opportunities. It can restrict employment prospects, reduce earnings and bring on additional living costs associated with long-term illness and disability. In turn, these can lead to living in deprivation, low income and poverty. People in poverty or those who find themselves living in deprived areas with one or more health condition endure reduced access to health-promoting services or assets, such as preventative care and better housing (NHS Providers, 2024).

All people living in poverty, whether they have existing health conditions or not, suffer extra stresses that can cause or exacerbate existing health conditions – perpetuating the poor health and poverty cycle (Inglis et al., 2024). Health has become more closely linked with poverty, given the impact Covid-19 had on people on low incomes and those living in areas with higher levels of deprivation. This report draws on the latest data available, much of which includes data from post Covid-19. However, longer-term health impacts take time to develop, which means that the full impact of the pandemic on the health of people in poverty cannot be understood fully from available data.

What's the headline story in the latest data?

Amongst working-age adults, people living in poverty are more likely to suffer from poor general health, with the biggest gaps for 35–49-year-olds and 50–64-year-olds, who are 14 percentage points more likely to be in poor health if they are in poverty compared to those not in poverty. The gap is smaller for older age groups, with people aged over 65 in poverty just 3 percentage points more likely to be in poor health compared to those not in poverty. These differences are likely driven by multiple factors, including the ability to work, availability and uptake of health screening, or the longer life expectancy of higher-income households who may nevertheless have health issues towards the end of their life.

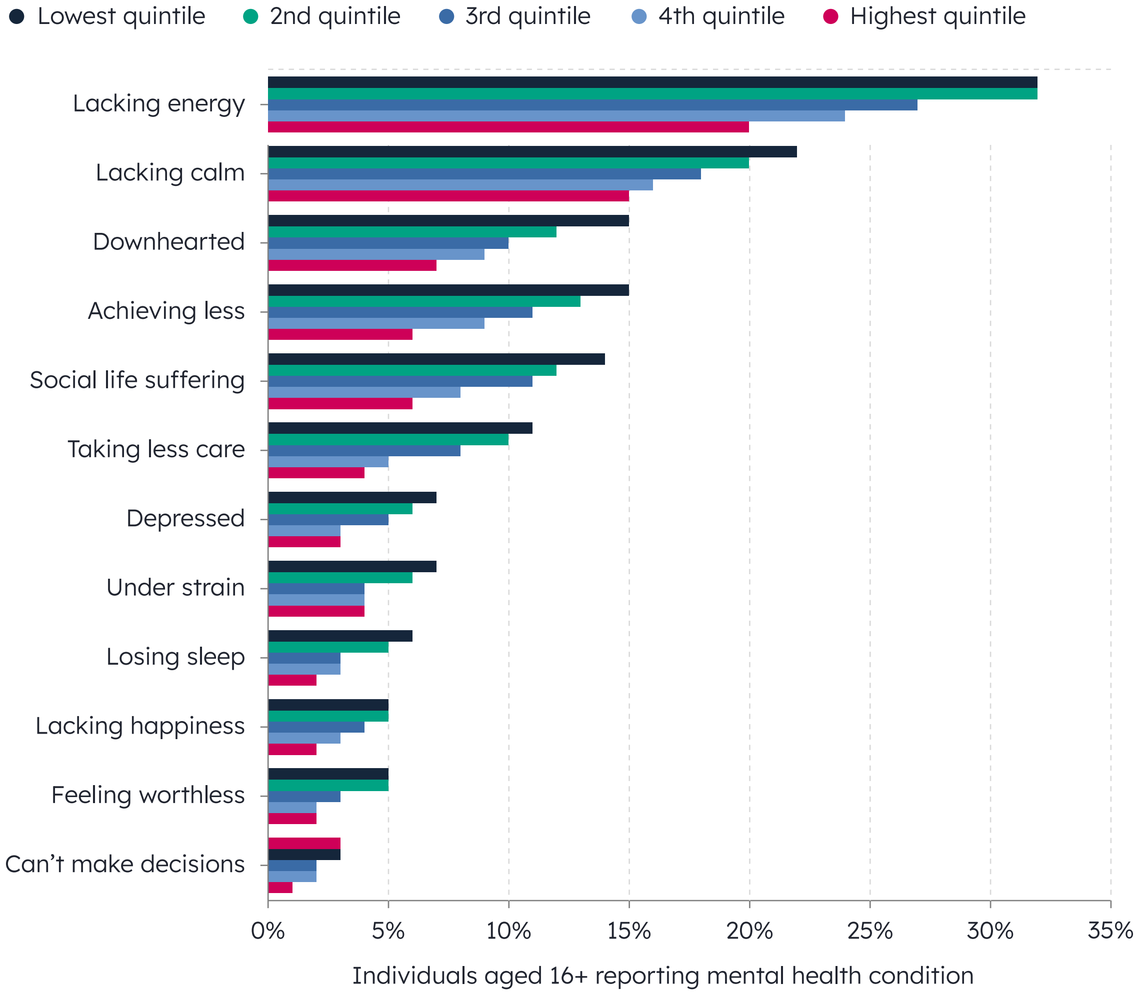
Table 13: Percentage of adults living in less than good health by poverty status and age

Age range	In poverty (%)	Not in poverty (%)
16–34 years old	29	19
35–49 years old	39	25
50–64 years old	50	36
65+	48	45

Source: Households Below Average Income, 2023/24, DWP

These patterns are also seen in mental health outcomes specifically. Individuals in the lowest household income quintile (calculated BHC) are more likely to experience conditions associated with a mental health difficulty, such as anxiety, than those with higher household incomes. For example, 6% of people in the poorest fifth of households report losing sleep compared with 2% of those in the richest quintile; 32% report lacking energy compared with 20% in the richest quintile and 7% report feelings of depression compared with 3% in the richest quintile.

Figure 46: The lower a person's income, the more likely they are to experience a symptom of anxiety



Source: Understanding Society, 2022–2023

Health inequalities exist from birth and continue throughout an individual's life. In 2020–2022 (the latest data available), females born in the 10% least deprived areas in England were expected to live on average 8.4 years more than females born in the 10% most deprived areas. The gap for males is even greater, at 10.4 years (ONS, 2025m). In Scotland, these differences are more pronounced; male life expectancy in the most deprived areas is 13.2 years less than in the least deprived areas, while the gap in female life expectancy was 10.5 years in 2021–2023 (National Records of Scotland, 2024).

In Wales and Northern Ireland, data comparing the 20% most and least deprived areas also shows gaps in life expectancy. These gaps are smaller than those in England and Scotland, though this is probably due to having to look at 20% rather than 10% bands. In Wales in 2020–2022, female life expectancy in the least deprived 20% of areas was 6.5 years longer than in the most deprived areas, and male life expectancy was 7.8 years longer (ONS, 2025m). In Northern Ireland in 2021–2023, the female life expectancy at birth gap between the least and most deprived 20% of areas is 5.2 years, and the male life expectancy gap is 7.3 years (Northern Ireland Department of Health, 2025).

The same pattern emerges when comparing the healthy life expectancy of people in the most and least deprived areas of England. On average, a female living in the least deprived areas will spend 82% of their life in good health, compared with 65% for a female living in the most deprived areas. Given the shorter life expectancy of women from deprived areas, this equates to 20 fewer years lived in good health. For a male, this gap is 19 years; a male born in one of the most deprived areas will live in good health for just 70% of their life compared with 85% for those in the least deprived area (ONS, 2025m).

In Scotland, the gaps in healthy life expectancy are once again larger; a female living in the least deprived area of Scotland will live 85% of their life in good health, compared with 63% in the most deprived areas. In comparison, a male in the least deprived areas will spend 87% of their life in good health compared with 67% in the most deprived areas. This means that both men and women in the most deprived areas of Scotland are expected to have 26 fewer years in good health than their counterparts in the least deprived areas (National Records of Scotland, 2023). When comparing the 20% most and least deprived areas in Wales and Northern Ireland, the healthy life expectancy gap is 16.4 years for males and 20.2 years for females in Wales in 2020–2022 and 13.6 years for males and 14 years for females in Northern Ireland in 2021–2023 (ONS, 2025m; Northern Ireland Department of Health, 2025).

JRF research talks to the impact of hardship on healthcare providers, with healthcare staff in very or somewhat deprived areas more likely to report patients experiencing poor mental, physical and dental health due to hardship than average. More than three-quarters of all healthcare staff said they had seen an increase in patients experiencing poor mental health because of hardship over the last 2 years, and more than 6 in 10 (62%) had seen an increase in poor physical or dental health (Schmuecker and Bestwick, 2024).

However, there is also evidence that despite a greater need for services, people in poverty may struggle to access them. JRF's cost of living tracker found just over 1 in 5 (21%) of households in the bottom 20% of incomes going without essential dental treatment in the 6 months to October 2025 due to cost. Similarly, people living in the most deprived areas are more than twice as likely to wait more than a year for non-urgent treatment (Mallorie, 2024). The King's Fund found this can lead to people in poverty getting sicker and waiting longer to access services, with the number of Accident and Emergency visits nearly twice as high among the most deprived groups and emergency admissions 68% higher (Mallorie, 2024).

The combination of poorer health, greater need and difficulty accessing care for people in poverty results in greater pressure on the NHS and worse outcomes for patients. For example, people aged under 20 from the most deprived quintile were nearly 3.5 times more likely to have hospital tooth extractions than those in the least deprived quintile, which cost the NHS £3,915 per surgery compared to £192 for general dental care (Mallorie, 2024).

How has this changed over time?

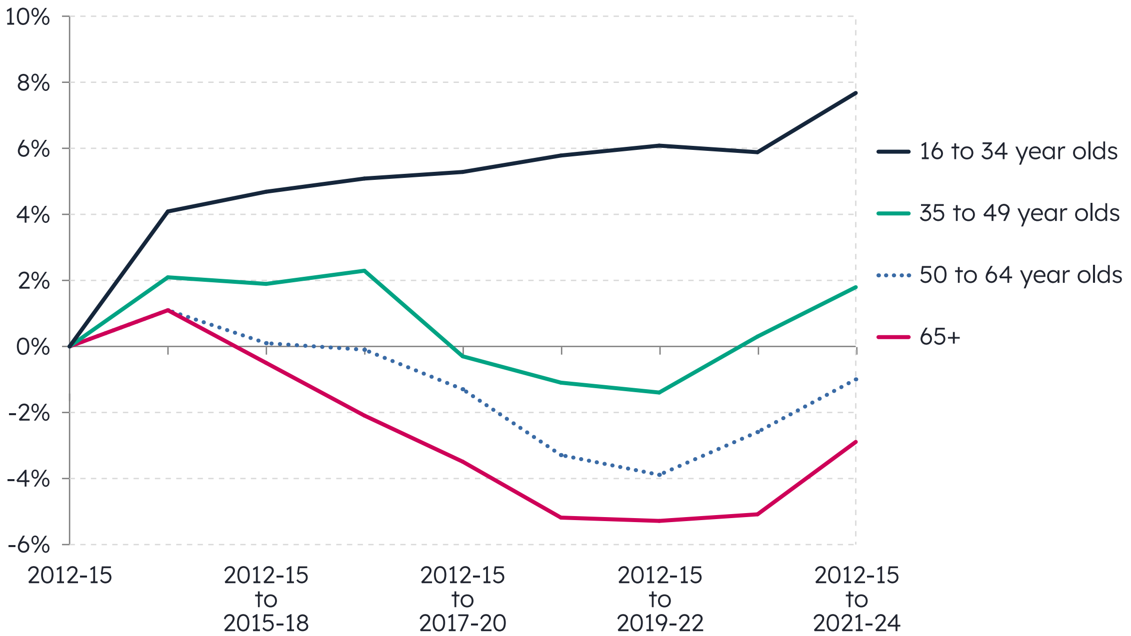
Life expectancy for those living in the most deprived areas of England has never been lower than since first reported in 2011. This is the case for both females and males. In 2020–2022, females and males were expected to live, on average, for 1.3 years less than they had been in 2011–2013. In contrast, the life expectancy of both men and women living in the least deprived areas had seen no change over the same period (ONS, 2025m).

In Scotland, data on life expectancy by deprivation is only available over a shorter period. Male life expectancy in the most deprived areas fell by 12 months, and female life expectancy fell by 17 months between 2013–2015 and 2021–2023 (National Records of Scotland, 2016; 2024). In Wales, where data is only available to compare the 20% most and least deprived areas, male life expectancy in the most deprived areas has fallen by under a year, and female life expectancy by 1.1 years since 2011–2013 (ONS, 2025m). In Northern Ireland, where life expectancy data by level of deprivation goes back to 2015–2017, male life expectancy at birth in the most deprived areas increased by 4 months by 2021–23. Females on the other hand, experienced a 4-month decrease between 2015–2017 and 2021–2023 (Northern Ireland Department of Health, 2023; 2025).

Compared to 2012–15, people in poverty in the age groups 35–49, 50–64, and 65-plus have all seen small changes to their likelihood of living with less than good health. The 50–64 age group have seen a 3-percentage point decrease. The 65-plus age group have experienced a one percentage point decrease. The 35–49 age group has seen a 2-percentage point increase. The group of most concern is those aged 16–34, who have seen the greatest increase by far. They are now 8 percentage points more likely to live in less good health than they were in 2012–2015. A point of concern for all age groups is the appearance of an uptick in the likelihood of living with less than good health from the timepoint 2019–22. It is not unreasonable to suggest that these increases will have been caused by ongoing medical issues linked to Covid-19, but there could also be other factors at play, such as the UK's increasing levels of very deep poverty, which exacerbate poor mental health (Schmuecker, 2023), and which, in turn, can exacerbate poor physical health (De Hert et al., 2011).

Figure 47: The likelihood of living with less than good health has increased dramatically for people in poverty aged 16–34

Change in rate of adults in poverty living with less than good health



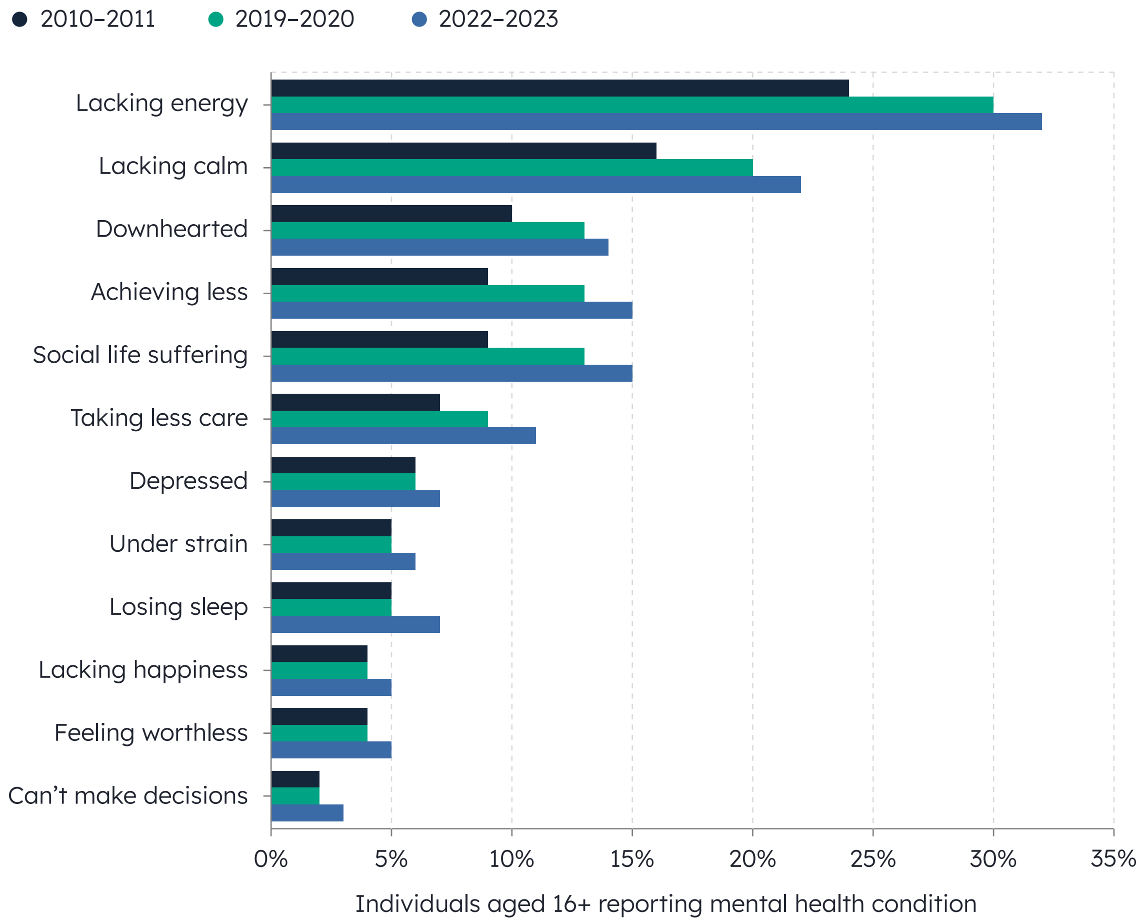
Source: Households Below Average Income, 2023/24, DWP

Symptoms of mental health difficulties amongst individuals in the lowest household income quintile (calculated BHC) have increased significantly since 2010–2011 according to analysis of Understanding Society. For example, the rates of people in the lowest income households feeling that they are achieving less have increased by just under three-quarters between 2010–2011 and 2022–2023 (from 9% to 15%). Increases were seen across all symptoms measured (see chart below).

Some rates of people experiencing symptoms of mental health difficulties such as taking less care, feeling downhearted, and lacking energy were relatively stable up until the mid-2010s. From that point onwards they started to increase. Although impossible to know for sure why, it can be hypothesised that these increases in mental health difficulties may have been driven by rising loneliness and weaker social connections (OECD, 2021), the impact of austerity measures on mental health services (Cummins, 2018), and the 'scarring' effect of the Great Recession (Blanchflower et al., 2024).

Perhaps significantly, some rates of symptoms including lacking happiness, losing sleep, and feelings of strain and worthlessness, remained relatively similar between 2010/11 and 2019/20. Since then, many rates have increased. It is not unreasonable to suggest that some part of these increases might have been caused by issues linked to Covid-19, as well as other factors that could have affected people's mental health towards the beginning of the decade, such as the cost of living crisis.

Figure 48: Individuals aged 16 and over in the poorest households have higher rates of mental health problems than in 2010/11 and the impact of Covid-19 may have exacerbated some of those conditions



Source: Understanding Society, 2022–2023

What are the future prospects?

These findings show worrying trends of growing poor health. Moreover, the total impact of the Covid-19 pandemic is not fully represented in some of the data used in this report, which adds more concern. Whether these trends are due to growing levels of poor health before Covid-19, an early sign of what its impact will be on health, or a combination of the 2, the findings in the years ahead could show even worse results.

More than ever, the inequalities that lead to disparities in health across the UK will not disappear without government intervention. Without policies aimed at improving health conditions through prevention and treatment, and improving the other causes of ill health, such as poor housing, further decreases in life- and healthy-life expectancy must be expected.

As poverty causes ill health, reducing levels of poverty will also have a positive impact on health outcomes. Any exposure to poverty in childhood is associated with worse health outcomes in adolescence and into adulthood (Lai et al., 2019), and the potential impact is greater for children in persistent poverty. This is particularly worrying given the impact of the cost of living crisis on living standards and years of chronically high poverty levels.

How does this section interact with other sections?

The most obvious link is with disability, but health could be considered to have a relationship with all other areas of this report. For example, we know that people from minority ethnic groups have higher rates of poverty and are more likely to live in deprived areas, and we know people living in both of those face a greater risk of poor health. Many people struggling with poor health face loss of earnings through employment and, indeed, may be unable to work, leading them to interact with the benefit system. As well as impacts on well-being, those in poor health may also have increased living costs, and children suffering from poor health may see an impact on their education and future prospects.

Education and poverty

Why is this important?

A good-quality education can transform lives, opening up the world of work and wider opportunities for a fulfilling and healthier life. Schools and colleges help us learn essential skills that we need to interact with the world around us, for example to pay bills or to read a bus timetable, and too many children are leaving school without these skills, including being able to confidently read and use numbers. Educational qualifications are needed to access a significant amount of employment and higher qualifications are related to higher pay and lower levels of poverty. Attainment gaps between the most and least advantaged children are found from early years through to graduate outcomes across the UK (CLS, 2017; Kaye, 2023; HESA, 2025).

Across the last 20 years, the depth of poverty for children has been increasing. This means that children in poverty now are further from the poverty line than they were in 2002/03. Since the Covid-19 pandemic, costs have risen, with dramatic increases in families with children having to go without the essentials (Milne et al., 2025) and needing to use emergency provision such as food banks (Trussell Trust, 2025a). This leads to strain on children, parents and schools, with schools having to tackle and overcome the effects of greater hardship on families (Schmuecker and Bestwick, 2024).

Education is a devolved power and this means that education systems vary across the 4 countries in the UK and so are not directly comparable. In most cases, schools and governments do not collect information on the incomes of parents, so we need to use other information that is available to identify when children might be growing up in a household in poverty or low/lower incomes.[8] In this section, we mainly use free school meals (FSM) data. At present, students are commonly eligible for FSM if their parents receive social security support for low incomes. In Scotland, the government uses the Scottish Index of Multiple Deprivation (SIMD), which measures the level of deprivation in someone's neighbourhood, rather than within the individual family (Scottish Government, 2020). At some points, we use parental occupational status if there is no income data available. Lower occupational status is associated with lower incomes and is therefore used as an alternative measure.[9]

What's the headline story in the latest data?

Even at a young age, there is a gap in educational attainment for young people by parental income level, and this continues throughout the different stages of a child's education. The Centre of Longitudinal Studies follows children over their life and has found that, in the UK, children born in the millennium had lower attainment in cognitive tests in the early years and do worse at school at 17 if their parents had lower incomes. The gap in vocabulary development between children in the richest and poorest families (top and bottom 20% of incomes) was, on average, 10 months at age 3 and 15 months at age 5 (CLS, 2017). These inequalities carried through to secondary school with children whose family income was in the bottom 20% of incomes more likely to receive lower grades at the end of secondary school (Villadsen et al., 2023).[10]

As well as supporting child development, good-quality, affordable and flexible early years care can also allow parents living on a low income to access work (or more work) (Jarvie et al., 2023; Bevan Foundation, 2024; Employers for Childcare, 2024), increasing their household incomes, and ultimately reducing the number of children living below the poverty line (Cebula, 2024). Although childcare systems vary over the 4 nations, improvements are needed in Early Years Childcare across the UK to support low-income families and their children. We also know that taking time out to care for young children has long-term negative effects on care givers' future earnings. In 2023, people providing unpaid childcare experienced an average pay penalty of £1,264 per month, reaching £1,785 after 6 years of providing unpaid childcare (Thompson et al., 2023).

At the time of writing, the latest data available for Scotland, Wales and Northern Ireland is for 2023/24, compared to England which has published 2024/25 attainment data.

The gap seen in the early years is carried through to the beginning of primary school. In 2024/25 in England, we see that 84% of children not known to be disadvantaged reached the expected standard in the phonics screening check in their first year of primary school (Year 1). In comparison, just 67% of disadvantaged children met expected standards at the phonics screening check. At a similar age in Scotland, in 2023/24, 67% of children in the most deprived neighbourhoods (Scottish IMD quintile 1) reached the expected level in literacy compared to 87% in the least deprived neighbourhoods (SIMD quintile 5). We see a slightly narrower gap in children in Scotland reaching expected levels in numeracy, with 77% of children in the most deprived neighbourhoods reaching expected levels compared to 93% of children from the least deprived neighbourhoods.

In Scotland, at the end of primary school, there is a 20-percentage-point gap in literacy and a 19-percentage-point gap in numeracy between children from the most and least deprived neighbourhoods (based on the SIMD). At age 11, in 2024/25, there is a 21-percentage-point gap in the proportion of children reaching expected levels at Key Stage 2 (KS2) reading, writing and maths (combined) in England. There is no equivalent primary school data currently available for Northern Ireland or Wales. However, Wales do provide analysis of the FSM attainment gap in terms of 'months of learning' for a number of key skills for children. In Year 6, in 2023/24, Welsh children in receipt of FSM are over 2 years behind students not on FSM in numeracy (reasoning) and reading (English and Welsh), and just less than 2 years behind in procedural numeracy (Welsh Government, 2025).

Table 14: Attainment in England

2024/25		Disadvantaged	Not known to be in disadvantage	Attainment gap
Aged 11	Proportion of pupils meeting the expected standard in reading, writing and maths at KS2	47%	69%	22 percentage points
Aged 16	Proportion of students achieving a grade 5 or above in both GCSE English and maths	26%	53%	27 percentage points

Source: Department for Education, (2025a) and (2025b)

Note: Disadvantaged pupils are those who were registered as eligible for free school meals (FSM) at any point in the last 6 years, children looked after by a local authority or who have left local authority care in England and Wales through adoption, a special guardianship order, a residence order or a child arrangements order.

Table 15: Attainment in Northern Ireland

2023/24		FSM	Non-FSM	Attainment gap
Aged 16	Proportion of school leavers achieving at least 5 GCSEs A*–C (or equivalents) including GCSE English and Maths	52%	77%	25 percentage points

Source: NISRA, (2025)

Note: Primary attainment by FSM is not regularly published in Northern Ireland.

Table 16: Attainment in Scotland

2023/24		Most deprived 20% of areas	Least deprived 20% of areas	Attainment gap
Aged 11	Percentage of primary 7 achieving literacy	65%	85%	20 percentage points
	Percentage of primary 7 achieving numeracy	70%	89%	19 percentage points
Aged 16–18	1 or more at SCQF level 5 upon leaving school	78%	96%	18 percentage points

Source: Scottish Government, (2024) and (2025)

Table 17: Attainment in Wales

2023/24		FSM	Non-FSM	Attainment gap
Aged 16	Percentage of GCSE entries awarded A*–C	40%	68%	29 percentage points

Source: StatsWales, (2025)

Note: Teacher assessment of KS2 is no longer published by FSM status (Welsh Government, 2019), however, they do show the attainment gap across skills levels by FSM as described in the text. Attainment gap does not equal non-FSM minus FSM due to rounding.

Attainment gaps persist from primary into secondary education. In Northern Ireland, there is a gap of 25 percentage points between children on FSM and those not on FSM in attaining 5 GCSEs at A*–C including maths and English. In Wales, there is a 29-percentage-point gap in the GCSE entries awarded an A*–C grade. In England, just 1 in 4 disadvantaged young people (26%) get a pass at GCSE in both English and maths compared to just over half of young people (53%) not known to be disadvantaged. In Scotland, the gap between children in the most and least deprived neighbourhoods seems smaller (18 percentage points) but the level of attainment being measured is lower at just one qualification at Level 5.

Across education systems, we also know that there exist intersectional attainment gaps with variation in attainment for children in low-income families by ethnicity, gender and whether they have any additional support needs (Shaw et al., 2016; Strand, 2021). Children with additional support needs experience a significant attainment gap across the nations of the UK. We also know that children living in poverty are more likely to be identified as having an additional support need[11] and are often unable to access the support that they require (Shaw et al., 2016; Carmichael & Riddell, 2017; Hutchinson, 2021; Azpitarte & Holt, 2023).

Table 18: Proportion of Higher Education 1st degree undergraduate enrolments by highest parental occupational status, UK, 2023/24

Highest parental occupational status	Percentage of first-degree undergraduate enrolments
Higher managerial and professional occupations	31
Lower managerial and professional occupations	24
Intermediate occupations	12
Small employers and own account workers	9
Lower supervisory and technical occupations	5
Semi-routine occupations	8
Routine occupations	10
Long-term unemployed or never worked	1

Source: Higher Education Statistics Agency, (2025) In the UK, over half (55%) of entries into first undergraduate degrees have a parent whose highest occupational status is a professional or managerial occupation. Around 1 in 5 (18%) entrants to higher education from the UK have a parent whose highest occupational status is working in a routine or semi-routine occupation. Just 1% of young people starting a degree in 2023/24 had a parent whose highest occupational status is long-term unemployed or never worked (this could be due to a range of reasons including disability and caring responsibilities).

We know that people with higher qualifications are less at risk of living in poverty. Just over 1 in 10 working-age adults (12%) with an undergraduate degree or above are living in poverty, compared with more than 1 in 3 (36%) working-age adults with no qualifications. Adults with no qualifications have double the risk of experiencing very deep poverty, compared to all working-age adults.

Qualifications affect people's access to good work and having no qualifications increases working age adults' risk of being inactive and unemployed. In 2023/24, 87% of working-age adults with a higher degree were in employment compared to 52% of working-age adults with no qualifications (or who did not know what their qualifications were). However, it is important to note that the proportion of individuals with no qualifications who are disabled is more than 2 times the rate found for people with a degree qualification. This is likely to contribute to the higher inactivity rate for this group. Disabled children often have additional learning needs and face an education attainment gap and, as noted in earlier chapters, disabled people face significant barriers to accessing the labour market. These factors highlight some of the ongoing structural disadvantages faced by disabled people through their life course, contributing to their greater risk of experiencing poverty.

In 2023/24, the gross weekly pay for working adults aged 16–64 with no qualifications (or who did not know what their qualifications were) was £390 a week. This increases to £460 a week for someone with a qualification below degree level and to £670 a week for someone with a higher degree.

How has this changed over time?

As each of the UK's education systems are distinct and have made changes to their structure, examinations and measurements of success, it is difficult to track comparable changes over time. However, we can be certain that there has consistently been a gap between the least and most disadvantaged children and that this is not new, nor will it change any time soon with current rates of progress. The Organisation for Economic Co-operation and Development's (OECD) Programme for International Student Assessment measured students' mathematics ability in 2022. It showed no improvement in the socio-economic mathematics attainment gap in the UK between 2012 and 2022 (OECD, 2023a). In previous years, when the study focused on reading attainment, it showed some improvement in the socio-economic reading attainment gap in the UK between 2009 and 2018, falling from a 92 score point gap to an 80 score point gap (OECD, 2019).

In 2020, students in each UK education system did not undertake normal exams due to the Covid-19 pandemic; instead teachers evaluated their work, meaning that there is a break in attainment data over this period. The OECD found that the UK was 'resilient in equity' over the pandemic, because there was no widening in the attainment gap between deprived and not-deprived students' attainment in mathematics between 2018 and 2022 (OECD, 2023b). At the same time, children in UK schools scored lower on their resilience in well-being than the OECD average. Education systems, schools and teachers have been required to continue extra efforts to support students to overcome the impact of the Covid-19 pandemic on their learning, which is likely to contribute to sustained attainment gaps in the following years.

There has been a widening in the attainment gap at KS2 level for children in England between 2017/18 (19 percentage points) and 2024/25 (22 percentage points). This is because attainment for disadvantaged pupils has fallen further than for children not known to be disadvantaged, increasing the disadvantage attainment gap. At GCSE level we have comparable data from 2018/19, which shows a widening of the attainment gap from 25 percentage points to 27 percentage points in 2024/25. The gap widened during the Covid-19 pandemic, where students not known to be disadvantaged improved their attainment faster than disadvantaged students. Since then, attainment for both groups has fallen at a similar pace, with no progress in the latest year of data. Work by the Education Policy Institute (Hunt, 2023) reflects these findings on disadvantage gaps, suggesting a continuing widening of the gaps at all levels since 2017. They also found that at GCSE level, young people who experience persistent disadvantage (meaning that they were eligible for FSM for at least 80% of their education) have been almost 2 years behind students who have not experienced persistent disadvantage between 2011 and 2022.

In Scotland, the attainment gap in literacy and numeracy at age 11 was narrowing prior to the Covid-19 pandemic. In 2020/21, towards the end of the pandemic, the gap widened again but we have since seen good progress in closing this gap, with children from the most deprived neighbourhoods improving faster than children in the least deprived neighbourhoods (with the gaps closing from 23 to 19 percentage points in numeracy and from 24 to 20 percentage points in literacy). At age 16, the gap between young people in the most and least deprived neighbourhoods achieving one pass at SCQF Level 5 reduced between 2009/10 and 2014/15, through increases in the attainment of children from deprived neighbourhoods. The attainment gap fell after the pandemic to 16 percentage points but has since increased to 18 percentage points, as attainment fell slightly more for children from the most deprived neighbourhoods.

In Wales, there is no clear trend in the attainment gap (measured in months) between children in Year 6 in Welsh reading or procedural numeracy between 2018/19 and 2023/24 (Welsh Government, 2025). The gap has fallen for English reading and numeracy reasoning. At secondary level, the attainment gap between students in receipt of FSM and students not in receipt of FSM in achieving A*–C grades awarded at GCSE level remained relatively constant between 2016/17 and 2018/19, sitting at around 28 percentage points. In 2019/20, the year most affected by the Covid-19 pandemic, the attainment gap fell to 25 percentage points. However, this has steadily increased since then to 30 percentage points in 2022/23, with attainment falling faster for children on FSM than children not on FSM. There has been a slight fall in the latest year, but the gap is still sitting above pre-pandemic levels.

In 2018/19 in Northern Ireland, the FSM and non-FSM attainment gap in achieving at least 5 GCSEs at A*–C (or equivalents) including GCSE English and maths sat at 29 percentage points. The gap closed to 24 percentage points in 2020/21, due to FSM students improving faster than non-FSM students. It has since widened slightly to 25 percentage points, where it has sat since 2021/22.

What are the future prospects?

The challenges faced by families with children due to the cost of living crisis are likely to impact young people's learning and attainment. As families cut back on essentials as they struggle to keep up with rising costs, the number of children attending school hungry is likely to rise, affecting children's ability to take part and thrive in school. In 2024, almost three-quarters (73%) of staff in primary schools across Great Britain say supporting pupils who cannot afford the essentials is a challenge in their school and one-third of primary schools are providing a school food bank (Schmuecker and Bestwick, 2024). Parental stress and worry is also known to have a negative impact on young people's ability to learn in school, and this is very concerning given the number of families worrying about making ends meet.

Taking part fully in school, from having the right school uniform to attending school trips, also comes with costs that a growing number of families will struggle to cover, as the cost of essentials rise (CPAG, 2025).

While governments in the UK have condemned the widening socio-economic attainment gap, no education system in the UK is making sufficient progress in closing this gap. Closing this gap is made harder by growing levels of child poverty and destitution in the UK.

How does this section interact with other sections?

Education is both affected by poverty and a cause of poverty, making it a crucial policy area in poverty reduction. As the depth of child poverty and destitution grows, this will make it harder for education systems, curriculums, schools and teachers to close the attainment gap.

Educational attainment is also linked to poverty in adulthood, with the main link being with employment outcomes, where low qualifications are a key driver of low pay. However, our experience and level of education often affect other aspects of our lives such as our health and where we live.

6 Annexes

Annexes

Annex 1: Poverty definitions

Being in poverty is when your resources are well below what is enough to meet your minimum needs, including taking part in society. There are a range of ways of measuring poverty. The headline measures we use in this report include the following:

- **Relative poverty after housing costs (AHC)** – this is our main measure of poverty and is where someone's household income after they have paid their housing costs is below 60% of the median, adjusted for family size and composition – this looks at whether the incomes of poorer households are catching up with average incomes
- **Relative poverty before housing costs (BHC)** – similar to relative poverty (AHC), this is where someone's household income is below 60% of the median, adjusted for family size and composition, but it does not remove housing costs – this looks at whether the incomes of poorer households are catching up with average incomes, but does not account for differing housing costs between families
- **Absolute poverty AHC** – that is, where someone's household income is below a fixed line based on an inflation-adjusted 2010/11 poverty line (set at 60% of median income AHC in 2010/11) – this looks at whether the incomes of poorer households are increasing faster than inflation; there is no analytical reason as to why it is set in 2010/11, instead this is from a historic policy choice.

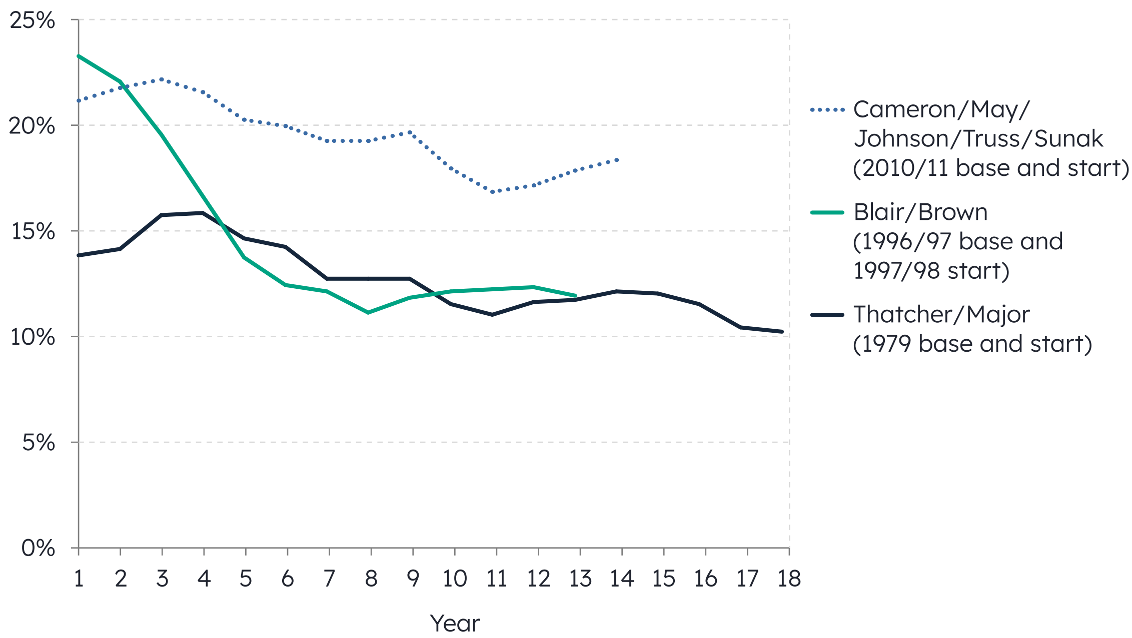
One important thing to note is that these measures are based on household income and vary in how sensitive they are to changes in the cost of living and high inflation. Of these measures, absolute poverty is most directly affected by immediate changes in the cost of living, as the poverty line rises by inflation each year. Relative poverty (before and after housing costs) is less sensitive to changes in the cost of living, with changes in both mainly determined by how the incomes of poorer households compare to those with higher incomes.

In this report, when we use the term 'poverty' we are using the relative poverty rate AHC to measure poverty unless otherwise stated.

There has been little recent progress in reducing relative poverty (see Overall Poverty Rates and Figure 4). Reducing relative poverty tends to be more difficult than reducing absolute poverty, as this requires the incomes of lower-income households to catch up with the average household, while absolute poverty just requires incomes to grow faster than inflation.

Absolute poverty in 2023/24 was 1 percentage point higher than in 2020/21. There have been periods when incomes have been falling, not least recently during the period of very high inflation, which has fed into rising absolute poverty (see Figure 49). In the longer term, incomes do tend to rise faster than inflation, and absolute poverty tends to fall, shown by the chart below which is the equivalent of the relative poverty chart in the overall poverty rates section, earlier in this report.

Figure 49: Absolute poverty rates tend to fall over time and ended up lower at the end than at the start for all 3 periods shown



Source: Households Below Average Income, 2023/24, DWP

Adjustments (known as equivalisation) are made to incomes to make them comparable across households of different sizes and composition. For example, the process of equivalisation would adjust the income of a single person upwards, so their income can be compared directly to the standard of living of a couple. Larger households need more income to achieve the same standard of living as smaller households. Yet, a couple do not need twice what a single person needs, because a couple will share some resources such as housing. By equivalising household incomes, we can account for these shared costs and compare across different households. The relative poverty thresholds AHC and what the median household income would be if adjusted to correspond to various family types are given in the table below.

Table 19: Poverty thresholds for 2023/24 by family type

	Median income		Poverty threshold (60% of median)		Deep poverty threshold (50% of median)		Very deep poverty threshold (40% of median)	
Household type	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
Lone parent with 2 children: one 14 and over and one under 14	£675	£35,200	£405	£21,100	£337	£17,600	£270	£14,100
Couple with 2 children: one 14 and over and one under 14	£911	£47,500	£547	£28,500	£456	£23,800	£364	£19,000
Couple with 2 children both under 14	£787	£41,100	£472	£24,600	£394	£20,500	£315	£16,400
Adult, no children	£326	£17,000	£196	£10,200	£163	£8,500	£130	£6,800
Couple with no children	£562	£29,300	£337	£17,600	£281	£14,700	£225	£11,700

Source: Households Below Average Income, 2023/24, DWP

Other indicators that you might see in this report are covered in Table 20 below. These are used for a variety of reasons, including due to a lack of information to calculate one of the poverty measures above or to show a slightly different perspective of people's experiences.

Table 20: Definitions of measures of poverty, low-income and deprivation

Measure	How is it measured?	What does this show?
Income deciles	We often talk about people living on a low income who are in income deciles 1 and 2 (the bottom 20% of incomes otherwise known as the bottom quintile). We calculate this by equivalising household incomes and then ordering them from lowest income to highest income and selecting the bottom 20% of people.	This measure is often used when there is not enough information to measure relative poverty. It is a relative measure based on how the income distribution changes over time and it allows us to compare the experiences of low-income households over time. It is also a good proxy for relative poverty, as over the last 20 years, the AHC poverty rate has been between 20% and 23%, so mostly overlaps with the bottom 2 deciles.
Combined low-income and material deprivation	The proportion of people living in families that cannot afford a range of basic goods and services, such as 'having 3 meals a day' and 'home adequately warm in cold weather', as well as having a low-income BHC (less than 70% of the median). How we measure this has changed in the latest year of data, so this means that we cannot compare the latest combined low-income and material deprivation rate to previous years. You can read more about this change in the Data Quality section of this report.	Material deprivation is likely to rise if relative poverty (BHC) rises and/or the cost of essentials increase.
Index of multiple deprivation	Multiple deprivation is measured at a local level to capture the advantages and disadvantages experienced, on average, by people living in that area. As it is an index it includes multiple aspects of deprivation. For example, it includes income deprivation, as well as other areas such as employment, education, health and housing.	Indices of multiple deprivation are good at showing the opportunities or barriers that people living in a local area may face. This is helpful for identifying areas that may need additional support through local service provision, as well as highlighting areas where people may have to overcome additional barriers. It is not good at identifying challenges faced by specific families, for instance it is still possible for families in an area with a very low level of deprivation to be in poverty.

Measure	How is it measured?	What does this show?
Persistent poverty	Persistent poverty looks at people who have lived in poverty over a period of time, normally measured as being in relative poverty (AHC) in 3 or more of the last 4 years.	Persistent poverty shows the extent to which families remain trapped in poverty over time.
Deep and very deep poverty	Deep and very deep poverty are variations of relative poverty (AHC). Deep poverty is when someone's household income is below 50% of the median and very deep poverty is when their household income is below 40% of the median.	Deep and very deep poverty capture how far families in poverty are from the poverty line. If deep or very deep poverty increase but poverty stays the same, it shows that people in poverty are getting further away from the median income and deeper into poverty.
Social Metrics Commission's core measure of poverty	The Social Metrics Commission's measure captures whether someone has low material resources compared with inescapable costs, including housing costs. This looks beyond income at all material resources, assesses extra costs, including those due to disability and childcare, and includes people sleeping rough (Social Metrics Commission, 2018). It also uses a smoothed poverty line to avoid potentially misleading year-on-year changes.	This measure is more comprehensive and therefore useful in understanding incomes relative to both the incomes of others and relative to the inescapable costs that families must spend their income on, such as childcare and housing.

Annex 2: Economy

In looking at how poverty is changing, it is important to consider the performance of the wider economy. The health of the economy will have a bearing on many of the factors that determine poverty levels. This includes:

- tax revenues to fund public services, social security and other state support
- the performance of the labour market in terms of the number of jobs available and going wage rates
- the impact of inflation on the cost of living
- the impact of interest rates on household debt payments and housing costs.

This annex draws on the OBR's latest Economic and Fiscal Outlook report (OBR, 2025b) and compares this to the previous assessment which was published before our last UK Poverty report (OBR, 2024). The relationship between macroeconomic variables and poverty is complex, and forecasts always come with a degree of uncertainty, so this should be seen as indicative.

Gross Domestic Product (GDP)

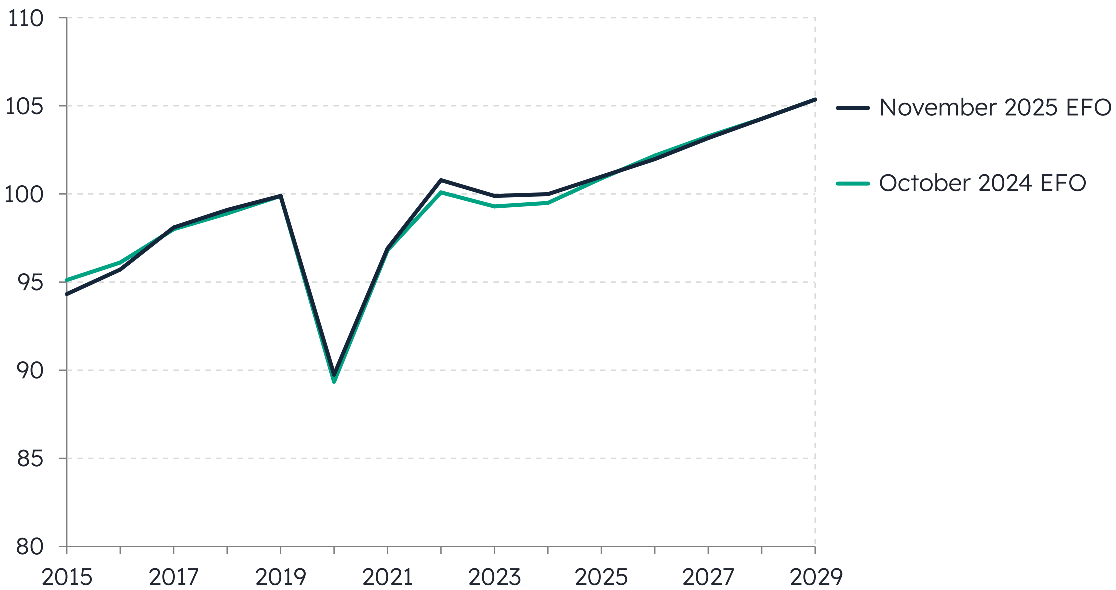
While not a comprehensive measure of the economy, real GDP per head of the population gives an indication of how the economy is faring over time.

After rebounding from a sharp fall during the Covid-19 pandemic, real GDP per person faltered, falling by 1.0% in 2023 and then growing by just 0.1% in 2024, instigated by a sharp rise in energy prices in 2022, which constrained economic activity and fuelled rising inflation, in turn reducing household disposable incomes and consumption. The OBR are now projecting growth of 1.0% in both 2025 and 2026 – lower than the 1.4% and 1.3% previously forecast, due to weaker underlying productivity growth.

Real GDP per person is then projected to grow by an average of 1.1% over the rest of the forecast period, ending up at broadly similar levels to previous forecasts as we approach the end of the decade, due in large part to lower growth being offset by upward revisions to historical data. The 1.1% growth in real GDP per person forecast over the rest of the decade is down slightly on the average growth seen in the decade before the pandemic (1.3% over the period from 2010 to 2019), and down significantly on the average growth of 2.3% during the decade before the 2008 financial crisis (1998–2007).

Figure 50: Although the economy is forecast to grow from 2025 onwards, lower productivity means expected growth continues to be relatively modest

Outturn and projected real GDP per person (2019 = 100%) between 2015 and 2029



Source: Office for Budget Responsibility Economic and Fiscal Outlook (EFO), October 2024 and November 2025

Inflation

Inflation rose sharply in the 2 years following the Covid-19 pandemic – with the CPI hitting a peak of 11.1% in October 2022 (ONS, 2025e) – but then fell just as swiftly through 2023 and 2024, driven by global energy costs falling and the Bank of England increasing the Bank Rate to bring inflation back under control.

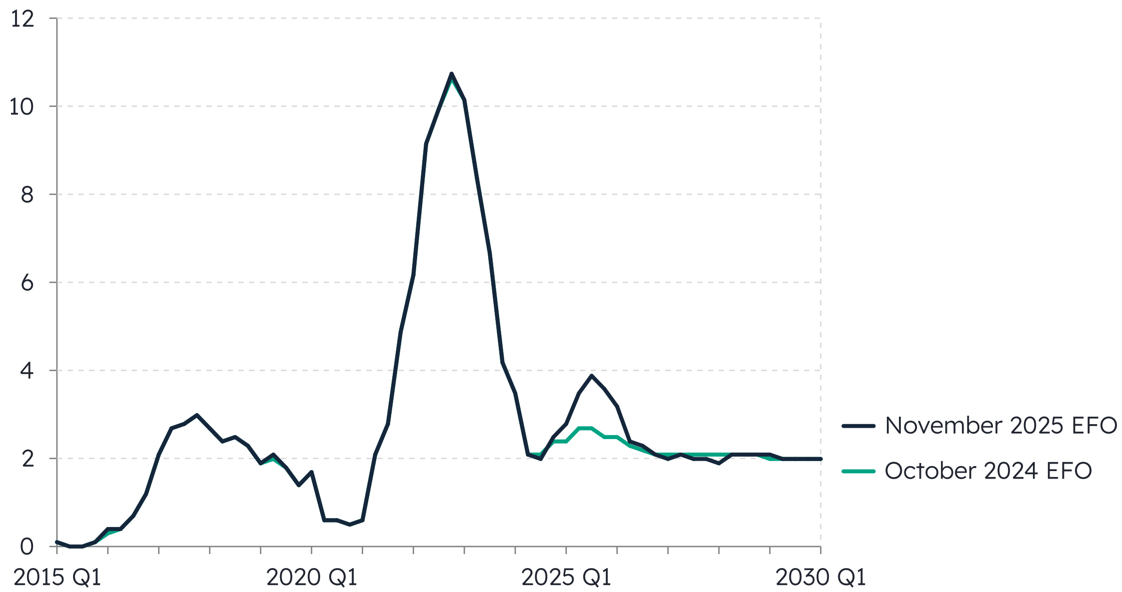
However, the return of inflation towards the Bank's target of 2% in 2024 only provided partial relief to households facing a cost of living crisis, since although prices were no longer rising at such a fast rate, they remained at their new elevated level.

CPI inflation then began to tick up again in 2025, rising to 3.8% in the summer, before dipping back slightly to 3.6% in October. Food price inflation has been even higher at 4.9% (ONS, 2025n). As a result, inflation is forecast to be higher over the course of 2025 than previously expected.

Although government policy is expected to reduce inflation in 2026, and inflation is projected to return to its target rate of 2% in 2027, the risk of higher inflation remains elevated due to uncertainty around wage settlements, inflation expectations, and ongoing geopolitical developments. As a result, the OBR forecast there is a 1 in 5 chance that CPI inflation in 2026 will be above 3.7%.

Figure 51: Inflation continues to put pressure on household budgets, with prices rising faster than previously expected throughout 2025

Outturn and projected CPI inflation between Q1 2015 and Q1 2030 (%)



Source: Office for Budget Responsibility Economic and Fiscal Outlook (EFO), October 2024 and November 2025

Interest rates

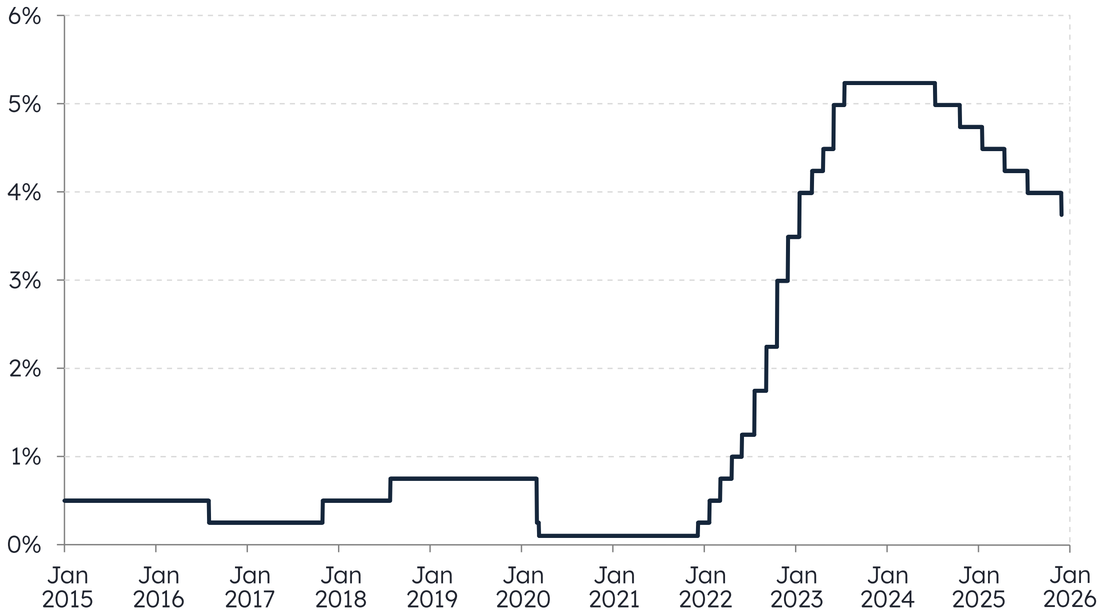
The Bank of England's decision to increase the Bank Rate to combat rising inflation from 2021 – as shown in Figure 52 – led directly to an increase in the borrowing costs facing households on their mortgages, credit cards and personal loans.

In the latest (October 2025) edition of JRF's cost of living tracker (which surveys households in the bottom 40% of incomes), average mortgage arrears were found to have increased from £725 in October 2024 to £990 in October 2025. JRF have projected that the average mortgage holder in the bottom 40% of incomes will be paying an extra £1,460 on their mortgage per year in real terms by 2030 (Milne et al., 2025).

Although rates have been cut on several occasions over the last year, higher interest rates are still feeding through into higher housing costs, as fixed-rate mortgages come to an end and private rents continue to rise ahead of inflation – increasing by 5% in the year to October 2025 (ONS, 2025o) – at the same time as the LHA has been refrozen.

Figure 52: Although interest rates have started to come down, rate rises since 2021 continue to feed through into higher rents and mortgage costs

Official Bank Rate between 2 January 2015 and 18 December 2025



Source: Bank of England Database (IUDBEDR)

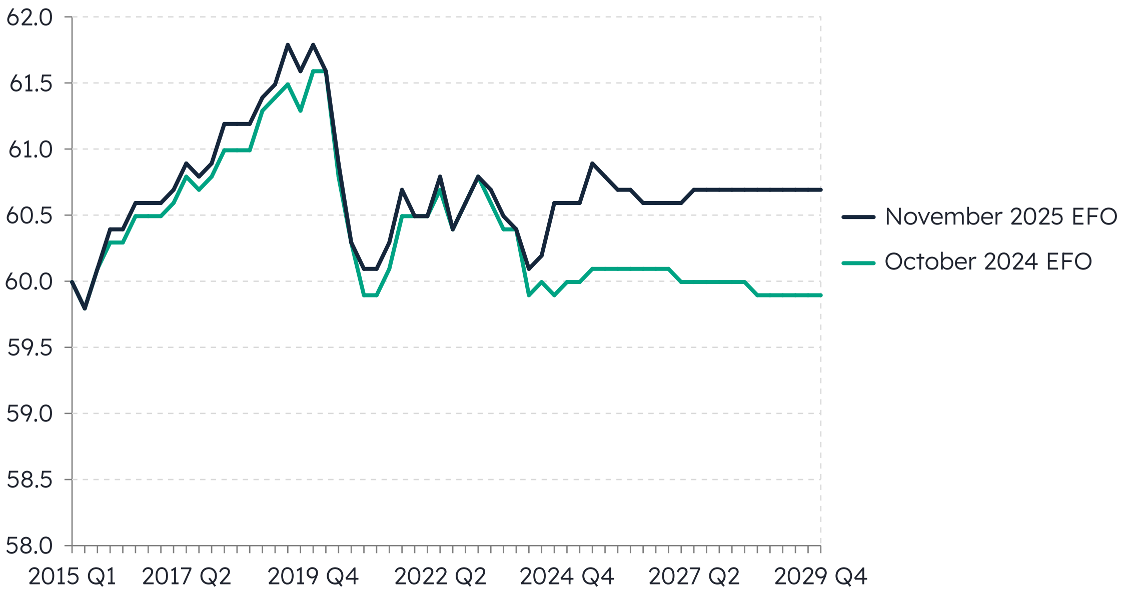
Employment

Employment rates amongst those aged 16 and over have – like GDP – largely stagnated since 2022, meaning that the progress made prior to the pandemic remains lost. Meanwhile, unemployment has increased to 5% in the 3 months to September 2025, while economic inactivity, which declined steadily in the decade before the Covid-19 pandemic but rose sharply during it, remains above pre-pandemic levels in 2025. Long-term sickness has been a key factor, with the number of people reporting economic inactivity due to long-term illness increasing steadily between 2019 and 2024 (Francis-Devine et al., 2025).

The OBR forecast employment rates to stay broadly flat throughout the rest of this decade to 2030. Although the rate is higher than previously forecast, the OBR note that this is mainly due to a higher starting point, which reflects improvements to the quality of the Labour Force Survey (LFS) data and its increasing convergence with other employment measures (rather than labour market prospects improving significantly).

Figure 53: Employment rates remain below pre-pandemic levels and are projected to stay broadly flat

Outturn and projected employment rate (for those aged 16+) between Q1 2015 and Q4 2029 (%)



Source: Office for Budget Responsibility Economic and Fiscal Outlook (EFO), October 2024 and November 2025

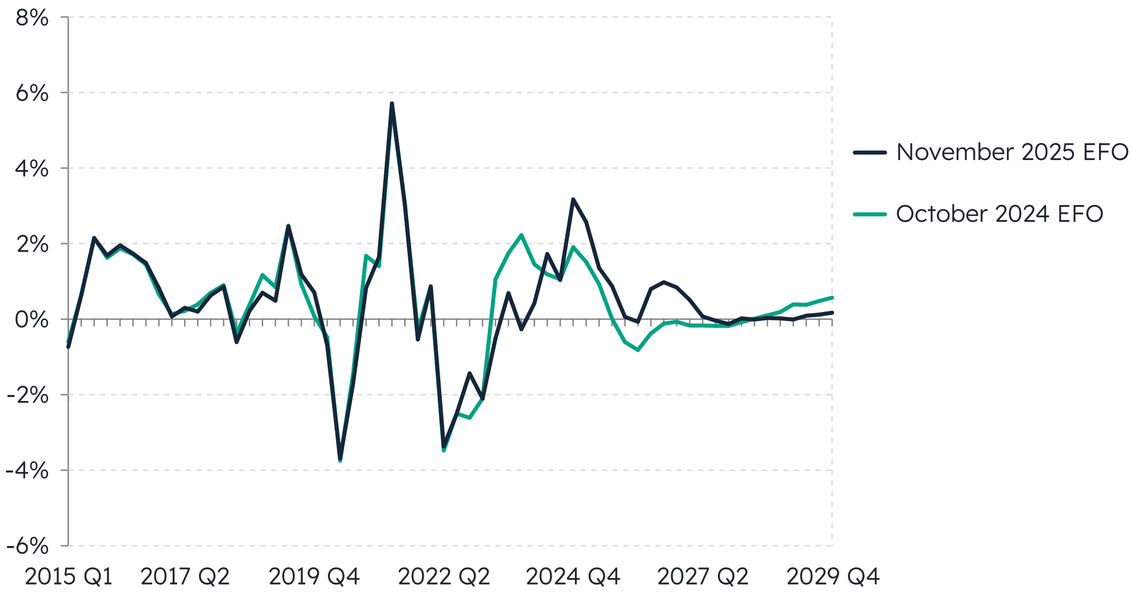
Earnings

While earnings grew strongly following the Covid-19 pandemic, high inflation rates quickly eroded this growth, with real earnings falling in both 2022 and 2023.

Real earnings growth has been positive since then and is forecast to grow more strongly than previously expected over 2025 and 2026. However, growth is then projected to fall and levels to become stagnant over the rest of the forecast period. This tepid outlook for earnings growth is a contributing factor behind JRF modelling showing that household disposable incomes (AHC) are set to fall across the rest of this parliament (Tims et al., 2025a).

Figure 54: Earnings have been eroded by high inflation in recent years, and real earnings growth is expected to be stagnant over the coming years

Outturn and projected real earnings growth between 2015 Q1 and 2029 Q4



Source: Office for Budget Responsibility Economic and Fiscal Outlook (EFO), October 2024 and November 2025

Note: CPI has been used to deflate gross earnings. Figures will differ from the OBR who deflate earnings using the consumer expenditure deflator.

Annex 3: Average incomes and inequality

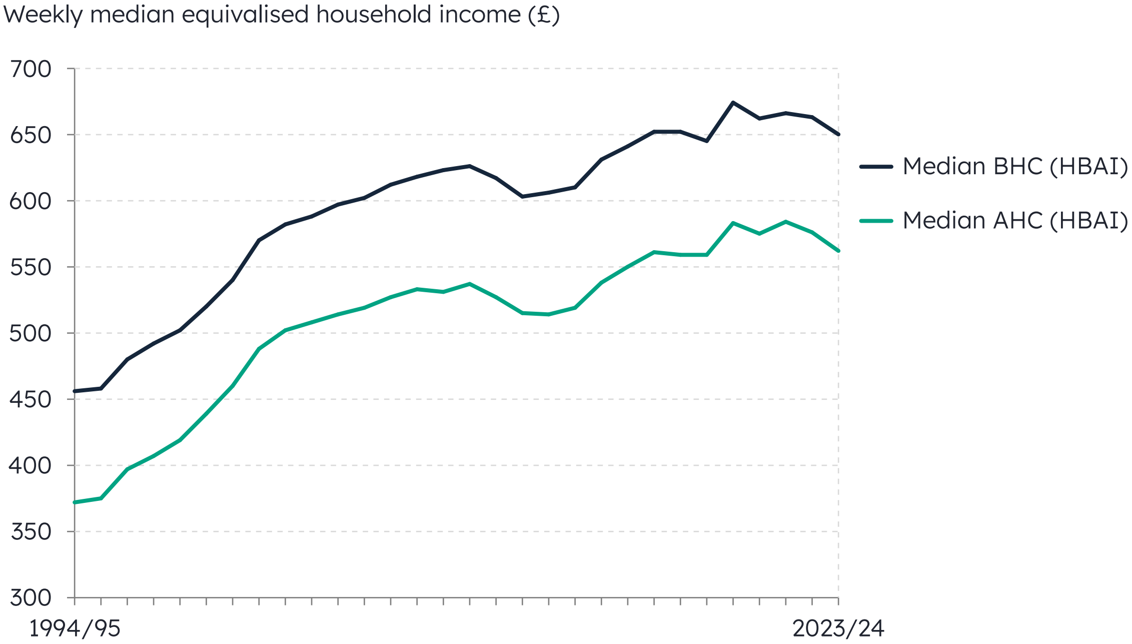
Trend in household average incomes

One way to measure changes in overall living standards is to track average incomes. This also helps us understand changes in poverty, since the relative measure of poverty that we use in this report is based on median household income. In particular, increases in the median incomes will move the poverty line up, which in turn will lead to increases in poverty if the incomes of low-income households do not grow as quickly. This is a deliberate and important feature of the relative poverty measure, ensuring it captures how the living standards of those on lower incomes evolve in comparison with the typical household, thereby reflecting shifts in relative deprivation rather than only absolute deprivation.

Figure 55 shows how average incomes have changed since 1994/95 according to 2 measures:

- median equivalised household[12] income AHC (the basis of the threshold used for our poverty statistics) as measured in the HBAI dataset
- median equivalised household income BHC measured in the HBAI dataset.

Figure 55: Household incomes continued to fall in 2023/24 and remain below their pre-pandemic levels

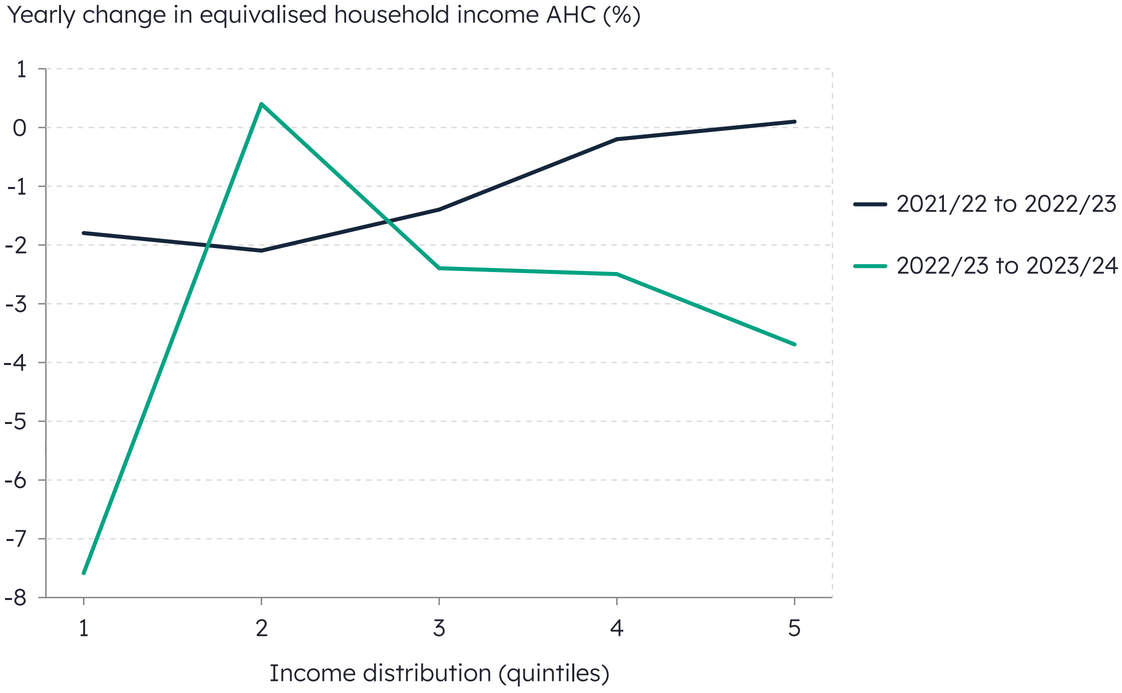


Source: Households Below Average Income, 2023/24, DWP

Note: AHC = after housing costs. BHC = before housing costs. HBAI = Households Below Average Income. HBAI figures are for Great Britain up to 2001/02, and for the United Kingdom from 2002/03.

Outside of major economic shocks, such as the global financial crisis or the Covid-19 pandemic, real household incomes typically grow over time. Between 2011/12 and 2019/20, both household incomes BHC and AHC increased. However, since the onset of the coronavirus pandemic, household incomes have declined. The latest data shows that in 2023/24, median income AHC was 2.4% lower than in 2022/23, following a 1.4% fall in the previous year. As a result, household incomes remain below pre-pandemic levels.

Figure 56: Across almost all quintiles, median household income AHC fell between 2022/23 and 2023/24, but this decline was not evenly distributed



Source: Households Below Average Income, 2023/24, DWP

Examining changes across the income distribution reveals that at almost every income level, household income AHC fell between 2022/23 and 2023/24. The decline was particularly severe for the poorest households: those in the first quintile (the bottom 20% of the income distribution) saw their household income fall by 7.6%, well above the 2.4% decline at the median. Higher-income households also experienced reductions in income, though to a lesser extent. The top quintile recorded a 3.7% decrease between 2022/23 and 2023/24, following a small 0.1% increase the previous year. Several factors have contributed to these declines, including inflation remaining above the Bank of England's target and housing costs rising faster than other prices. However, the primary driver has been the fall in earnings (Ray-Chaudhuri & Wernham, 2025). With limited real income growth, many lower-income households are facing increasing financial pressure and struggling to stay afloat.

The HBAI data provide one of the highest-quality sources on disposable household incomes. However, as with all survey data, the estimates should be interpreted with some caution, as changes may partly reflect variations in the sample composition. While HBAI data are reweighted to ensure representativeness and reduce the impact of random sampling error, there remains a risk that unobserved changes in the respondent sample are not fully captured by the reweighting process. Since the onset of the pandemic, response rates have declined and remain below pre-pandemic levels. In the latest year, the response rate was 32%, compared with around 50% before the pandemic. Moreover, the sample size for the 2023/24 data was 8,000 households lower than for 2022/23 (DWP, 2025n). These factors can introduce sampling bias, as response rates may not be randomly distributed, and inaccuracies in reported income could further distort the results (Ray-Chaudhuri & Wernham, 2025). Therefore, it remains to be seen the extent to which the recent declines in household income reflect statistical sampling effects versus more structural, underlying economic causes.

Trends and outlook for income inequality

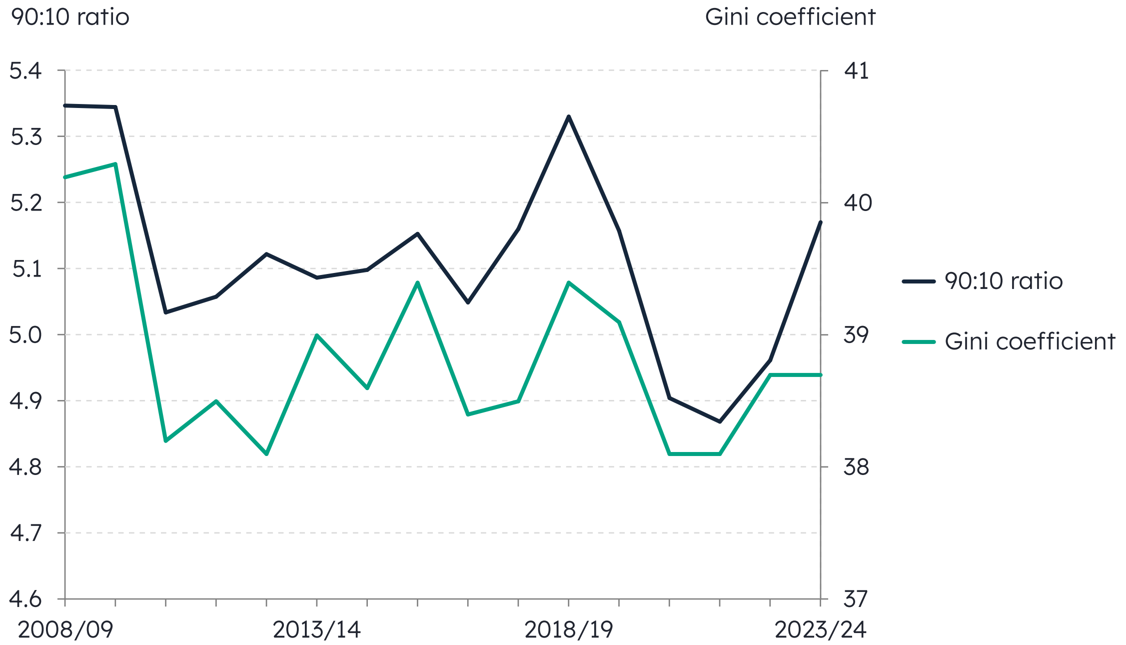
Two widely used measures of income inequality, the Gini coefficient and the 90:10 ratio, illustrate how equally incomes are distributed:

- the Gini coefficient shows how incomes are distributed across all individuals – it ranges from 0 (when everybody has identical incomes) to 100% (when all incomes go to only one person)
- the 90:10 ratio is the median income of the top 20% (quintile 5) divided by the median of the bottom 20% (quintile 1).

As shown in Figure 57, inequality typically falls during economic downturns, as higher income households receive more of their income from earnings, which are typically harder hit, and because of government support measures which often focus on lower-income households. The fall in inequality up to 2021/22 is particularly notable, likely due in part to the introduction of temporary benefit measures during the pandemic.

In 2022/23 and 2023/24, despite various cost of living payments, both measures of inequality rose. The 90:10 ratio is nearly back to pre-pandemic levels, indicating that the poorest households are falling further behind the richest. This is consistent with the pattern of the largest income falls being at the bottom of the income distribution.

Figure 57: Income inequality is rising and is almost at pre-pandemic levels



Source: Households Below Average Income, 2023/24, DWP

Note: Both inequality measures are on an AHC basis.

The future trajectory of inequality will depend on changes in employment, earnings, and the design of tax and benefit policies. The recent November Budget outlines a series of measures that are likely to influence inequality levels. Policies targeted specifically at supporting low- and middle-income households should help reduce inequality. Among these, the scrapping of the 2-child limit is particularly significant, as it is the main element of a package expected to reduce child poverty by around 400,000 children over the course of the Parliament.

Furthermore, other policies announced that focused on targeting the cost of living crisis like lowering energy bills and holding down transport cost will also help to reduce inequality, as essentials take up a higher proportion of low-income households' incomes (Pittaway and Try, 2025).

Increases in employment rates typically reduce inequality by raising the incomes of individuals and households who are out of work and therefore tend to be on lower incomes. The most recent Economic and Fiscal Outlook projects a higher employment rate than the previous forecast published in March 2025 (OBR, 2025b). However, this upward trend should be interpreted with caution, as much of the increase appears to stem from methodological improvements in the Labour Force Survey rather than from underlying labour-market changes. Participation rates are projected to decline toward the end of the parliament, driven by population ageing and rising inactivity due to long-term sickness (OBR, 2025b). These developments could place upward pressure on inequality, as more people exit the workforce and experience lower, or non-existent earnings.

Earnings growth is another important determinant of inequality. Real earnings growth is projected to slow over the remainder of the parliament, with the ultimate impact on inequality depending on which segments of the income distribution are most affected. Nonetheless, recent increases in the minimum wage have disproportionately benefited lower earners and will continue to do so, following the Government's announcement of further real-terms increases in both the living and national minimum wage in the latest Budget. These measures are likely to narrow income disparities. By contrast, freezes in income tax thresholds will affect the entire income distribution by pushing more individuals into higher tax bands and reducing disposable incomes. However, the burden of these freezes will fall more heavily on higher earners, who will contribute a larger share of their income in tax compared with low- and middle-income households, which should have an inequality-reducing effect.

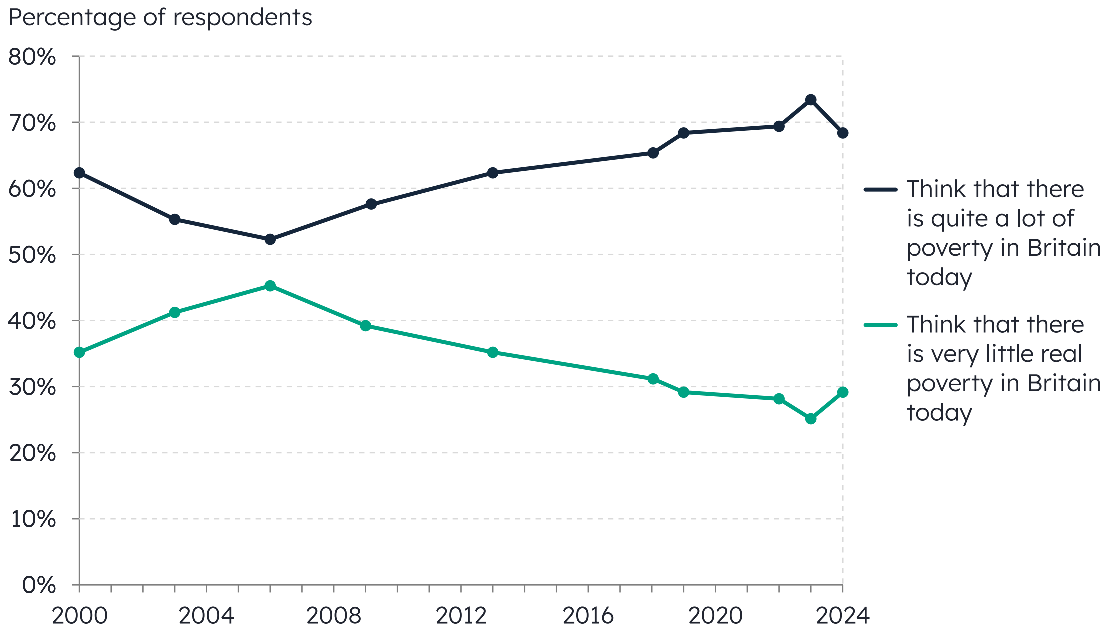
Taken together, these developments suggest a mixed outlook for inequality. While targeted policy interventions and minimum wage increases are likely to provide meaningful support for those on lower incomes, structural labour-market challenges and slowing real earnings growth may offset some of these gains. The overall direction of inequality in the coming years will therefore hinge on how effectively policy measures can counterbalance broader economic and demographic pressures.

Annex 4: Public attitudes to poverty

It should be a fundamental responsibility of government to provide adequate support to people on low incomes or who are out of work. This should not be reliant on public attitudes. Nevertheless, the British public continues to be more supportive of government action to help people on low incomes and to provide an effective social security system to support those in need, rather than weakening this safety net.

The British Social Attitudes (BSA) Survey has looked at public attitudes on a wide range of topics, including perceptions of poverty, government spending, social security and employment, since 1983. Data from the latest wave of the survey found that around two-thirds of people (68%) think that there is quite a lot of real poverty in Britain, up from 52% in 2006, the lowest point in the last 20 years, but down on 73% the previous year (Curtice et al., 2025). In contrast, fewer than 30% thought there was very little real poverty in Britain today. Furthermore, the previous year's survey found over three-quarters of people thought that poverty has increased over the last 10 years (77%) (Montagu and Maplethorpe, 2024).

Figure 58: The proportion of people who think there is quite a lot of real poverty in Britain has increased by 16 percentage points since 2006

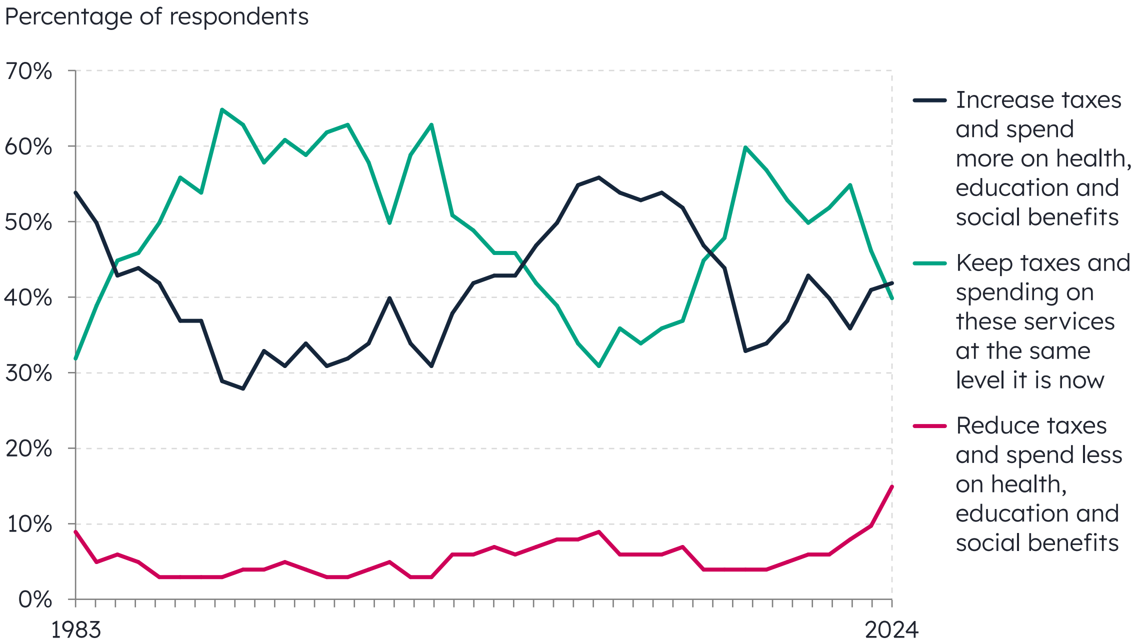


Source: British Social Attitudes survey, 2000–2024

The British public also continue to be supportive of government action to help people in need. Attitudes towards government tax and spending on health, education and social benefits remain more favourable than they were during the late 2000s and early 2010s. However, in the latest data, the share being supportive of increasing taxes and spending more on health, education and social benefits is much lower than it had been through the late 2010s and early 2020s, falling from a peak of 60% in 2017 to 40% by 2024. A climbing but still small share of the population, at 15%, reported being supportive of cuts to tax and spending in 2024.

The majority of the public believes that the government has a responsibility for managing levels of inflation, ensuring that people who are unemployed have a decent standard of living, and reducing income differences between the rich and poor. In the latest data in 2024, the share of the public saying it was definitely the responsibility of the government to do each of these fell back from recent highs seen in the 2022 survey. However, the levels of support for these statements remained very high. 63% and 29% respectively said that it was definitely or probably the government's responsibility to keep prices under control (total of 92%, just slightly lower than the 94% in 2022). 76% in total agreed it was government's responsibility to reduce income differences between rich and poor (81% in 2022), and 74% agreed government had a responsibility to provide a decent standard of living for the unemployed (81% in 2022).

Figure 59: 40% of the British public agreed that the Government should increase tax and spending on health, education and social benefits, while a small but growing share (15%) thought Government should reduce taxes and spend less



Source: British Social Attitudes survey, 1983–2024

In a More in Common survey asking respondents their top 3 most important issues facing the country today, the cost of living was the most frequently cited issue. Looking across 7 ‘voting segments’ (grouping voters based on their core beliefs, values and behaviours, rather than party affiliation) they have identified, all but one segment reported cost of living most frequently as a top issue (Tryl et al., 2025). Even among the ‘traditional conservatives’, who most frequently cited immigration as a top issue, cost of living was the second most frequently cited issue. Moreover, across all voting segments with the exception of ‘established liberals’, finances were among the most commonly cited ‘cause of most stress in life at the moment’. The More in Common report concludes that, while the cost of living crisis has been felt most acutely by those on low incomes, at every level, with the exception of the most secure, rising prices are affecting people’s quality of life. These findings underscore the urgent need for the Government to prioritise actions addressing cost of living pressures and alleviating hardship.

Annex 5: Family Resources Survey data quality and future data developments

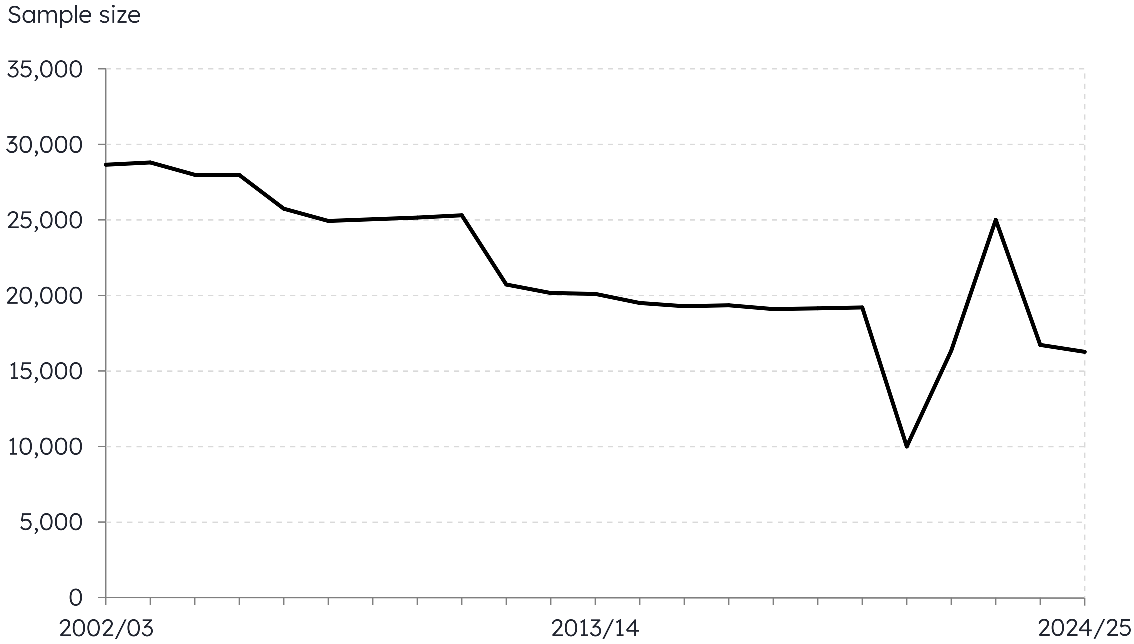
Data quality

The majority of findings in this report come from data collected in the FRS in 2023/24 and the HBAI data that was generated from this. These datasets are the UK's official source of poverty estimates. They are used to estimate current levels of poverty across the UK, and whether and how the poverty rate has changed over time. Our previous UK Poverty reports have also drawn extensively on analysis that the DWP has made available from these datasets.

There is inevitable uncertainty in any statistics derived from a survey, and that is why we commonly round HBAI and FRS totals to the nearest 100,000 and percentages to the nearest percentage point. Fieldwork for the 2022/23 and 2023/24 surveys was similar to that used before the pandemic, being conducted mainly face-to-face, unlike in 2020/21 and 2021/22, when restrictions in place during the Covid-19 pandemic affected data collection, and interviews were carried out by telephone. The sample size for the HBAI in 2023/24 was less than 17,000 households, a large fall from 2022/23, when over 25,000 households were interviewed. This is because DWP cancelled a planned sustained boost in the FRS sample size. The 2023/24 sample is below pre-pandemic sample sizes, which were between 19,000 and 21,000 households in the survey years from 2011/12 to 2019/20, and not much bigger than the sample size in the second pandemic year of 2021/22, when around 16,000 households were included. The situation for the 2024/25 survey year is similarly disappointing, with an achieved sample of around 16,300 households.

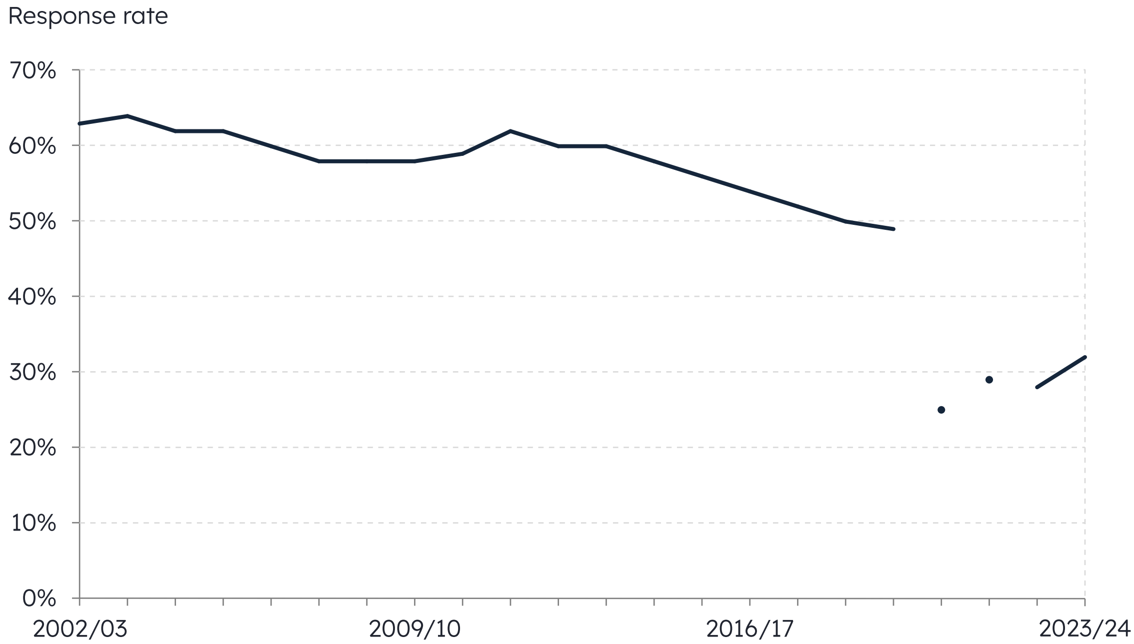
As well as the smaller sample sizes in these years, there is also a much lower survey response rate, which has reduced from around half of eligible households responding pre-pandemic to just a third in the latest survey year. These 2 factors combined heighten the risk that the survey fails to capture some key groups and gives biased figures. It also means a lot of pressure is placed on how results are adjusted for non-response.

Figure 60: The FRS sample size has been progressively eroded since 2002/03, with the 2024/25 sample size the lowest over the period with the exception of the pandemic year of 2020/21



Source: JRF analysis of FRS publications from 2004 to 2025 and FRS Release Strategy, 2025

Figure 61: Response rates fell steadily between 2011/12 and 2019/20, before collapsing during the Covid-19 pandemic and are yet to recover



Source: JRF analysis of FRS publications from 2004 to 2025

Note: Indicative response rates have been calculated for 2020/21 and 2021/22 based on historic ratios of the set sample (how many addresses were selected) to the number of addresses found to be eligible. This is necessary due to the use of telephone interviews in these years meaning the number of eligible addresses is not available.

Our assessment is that the 2023/24 FRS data is of inferior quality to the pre-pandemic surveys, given it has a lower response rate and smaller sample size.

In terms of data quality concerns for earlier years, DWP only published a limited number of tables from the 2020/21 FRS and HBAI due to concerns about the impact of moving to telephone interviewing on response rates and significant survey biases (see Annex 5 of the UK Poverty 2023 report). DWP has advised that the 2020/21 data should not be included in calculations of any 3-year averages for estimates, which are used primarily for breakdowns by UK nation or region, and by ethnic group.

The 2021/22 sample was much more representative than 2020/21, and DWP published a full set of tables based on this dataset. However, there remained some residual issues in terms of representativeness which were outlined in Annex 5 of the UK Poverty 2024 report (this includes an over-representation of pension-age respondents, owner-occupiers and working-age respondents educated to university degree level or higher).

In terms of other points to note, for the 2022/23 and 2023/24 survey data, income data includes imputed cost of living payments. The imputation looked at eligibility at the interview date, and the payment was assumed to last until the next payment of that type was received by the respondent. DWP have revised income data for 2022/23, as they had missed out one element of the low-income benefits and tax credits Cost of Living Payment, meaning some figures we derived for UK Poverty 2025 will have changed marginally.

Material deprivation estimates for 2023/24 are based on updated material deprivation measures, following a review of material deprivation by the London School of Economics and Political Science and the inclusion of updated material deprivation questions in the Family Resources Survey. It is important to note the old and updated material deprivation measures are not comparable. Improvements include the same household-based questions being asked across all groups, items being more relevant to the current time and some simplifications to the calculation methodology, such as using a simple count of items lacked and items (mostly) only being counted as lacked if this was due either to not having the money for them or the item not being a priority on the family's current income.

Future data developments

There are significant planned developments in poverty and related statistics coming up, beginning with the next publications of the HBAI and FRS, which we expect to come out in March. The most substantive of these is the intention to replace the information people give themselves about how much income they get from benefits with information from administrative data systems which DWP can (with the respondent's consent) link to the survey response.

This will improve benefit coverage in the FRS, which currently shows a far lower number of recipients of and expenditure on benefits than what is actually recorded or paid out. As an example, the number of families recorded as being in receipt of UC on the FRS is only two-thirds of the actual number of recipients (FRS (2025), Table M5) (DWP, 2025o). To fully correct for the survey undercounting benefits, the way data is scaled up (which is referred to as grossing) also needs to be adjusted so that the grossed-up number of benefit recipients adds up to the correct totals. More details of the complexities of the changes are given in the paper on Family Resources Survey Transformation: integrating administrative data into the FRS (DWP, 2024b). We do not know at this point whether both the replacement of the information the respondent has given on benefits with administrative data and the adjusted grossing will happen in March's data or whether just the former will happen.

One further grossing change is that DWP is still yet to include UK population and private household estimates based on the 2021 Census (2022 for Scotland) in their grossing up of the sample to population estimates and do not plan to do this until at least March 2027. When this is done, there are very likely to be revisions of the survey results from 2011/12 onwards. DWP are also looking at replacing individual responses on other income components with other administrative data sources, with earnings being a key area of development.

This means we know that poverty rates from 2018/19 will be revised in March 2026 (probably downwards – see Corlett and Try, (2024) which suggests fully correcting for this undercount in 2016/17 could have reduced headline poverty rates by 4 percentage points or 2.5 million people). Our assessment of how poverty has changed may also need to be revised, especially if how the FRS is capturing benefits has changed over the period (which is possible given the falling survey data quality over the period).

We also know that March 2026 will be the first of a series of revisions to our understanding of poverty and how it has changed over the last 8 years. The end destination will be a more robust set of statistics, but in the interim, we will have to exercise some caution when describing what the latest pictures are with respect to poverty levels in the UK.

Useful background information:

- Households Below Average Income series: Quality and methodology information: https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2024/households-below-average-income-series-quality-and-methodology-information-report-fye-2024
- Family Resources Survey: Background information and methodology: https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2023-to-2024/family-resources-survey-background-information-and-methodology
- Family Resources Survey: Release strategy: https://www.gov.uk/government/publications/family-resources-survey-release-strategy/family-resources-survey-release-strategy

Notes

1. Figures do not sum, due to rounding each group separately.
2. Excludes children who are not in full-time work or education or training as they are classified as working-age adults.
3. An additional category including people from ‘any other Black background’ is also included in the data. However, the number of people in this category is too small to report findings for this group alone, although these individuals are included in results shown for the overarching ‘Black or Black British’ category.
4. Racialisation is the process by which social meanings are attached to physical or cultural characteristics like skin colour, leading to the categorisation and treatment of people as members of distinct racial groups.
5. Disability is defined according to the core definition within the Equality Act 2010: ‘a physical or mental impairment which has a substantial and long-term adverse effect on the ability to carry out normal day-to-day activities’.
6. A total of 17,950 people took part in the 2024 survey. The data collection for the Financial Lives 2024 survey was carried out between 5 February and 16 June 2024, with nearly 45% of participants completing it in May, the busiest month for responses. As the fourth edition since the first survey in 2017, FLS 2024 offers an updated view of consumers’ financial situations and attitudes, enabling comparisons of how UK adults’ financial products, circumstances, and experiences have evolved over the past 7 years (Financial Conduct Authority, 2025).
7. This is the base scenario used for the equivalisation of income used in HBAI.
8. In 2023/24, people are eligible for free school meals for a variety of reasons. This includes, in some cases, receiving low-income benefits such as UC (if your household income after tax is less than £7,400) or other means-tested benefits (Turn2Us, 2025). However, eligibility and universalism varies across the 4 nations.
9. While these measures offer a sufficient amount of information to think about the impact of poverty on education, they are not a perfect match for poverty or a low income (Siddiqui & Gorard, 2022).

10. This analysis defined poor educational achievement as not achieving 5 or more GCSEs, including in maths and English, graded C or above, or 5 or more National 5s, including in maths and English, graded D or above.
11. Each education system in the UK uses different terminology around supporting students who are disabled and/or have additional learning needs at school. This is referred to as SEND in England, ASN in Scotland, ALN in Wales and SEN in Northern Ireland.
12. The process of income equivalisation involves adjusting a household's income based on its size and composition, allowing a fair comparison of income of different household types. The reference household is defined as a couple with no children, and all other household types are scaled relative to this reference (DWP, 2025b).

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