A Briefing on the Child Poverty Strategy

The UK Government published its Child Poverty Strategy in December 2025. The strategy has been broadly welcomed across the faith and charitable sectors as an important step forward, especially the removal of the morally unsound and poverty-inducing two child limit for Universal Credit.

Although this is a fantastic first step which will have a significant impact, the strategy is less clear about how the government intends to make further major inroads into child poverty. It includes many very welcome measures that begin incremental improvements to some of the many policies that fail families and lead to child poverty. But without targets or timelines, the scale of the government's ambition remains unclear.

Prior to the strategy, by the end of this Parliament child poverty was expected to approach 5 million; taking into account the measures in the strategy it is likely to be around 4.3 million. While the reduction is significant and welcome, it's not acceptable that so many will continue to live in poverty, and that there is no plan to drive further reductions.

The strategy begins by outlining the government's understanding of the nature and scale of child poverty in the UK. This is followed by policy sections under the headings of partnerships, boosting incomes, driving down costs and strengthening local support.

In this briefing we briefly summarise each chapter and offer a short description of the significant individual measures it includes. None are new for the strategy, having been announced in the 2025 Budget or before. This is not a criticism, as the strategy is designed to draw together policy from across government into a coherent package that impacts upon child poverty in the UK.

First, we offer two observations on how the strategy changes the direction of policy and policy development:

- ### A significant change in the government's understanding of poverty

  The Child Poverty Strategy speaks unequivocally about the existence of poverty in the UK, uses quantitative data to outline its extent, and working alongside those who experience poverty, seeks to describe how poverty is experienced in the UK today.

  This is a significant departure from the approach of governments from 2010-24 which tended avoid the word poverty (e.g. renaming poverty measures "low-income family" measures and renaming the Child Poverty Commission the Social Mobility Commission). In their discourse around poverty, lack of money was discussed as a symptom of personal characteristics and behaviours such as "worklessness".

  This Child Poverty Strategy is unequivocal that lack of money is a primary issue for families that experience poverty. It acknowledges that the lack of resources reduces a family's ability to thrive and progress, independent of other factors.

  To some this may seem obvious or unimportant. Its significance is that government is more likely to view financial or other support as helping to solve a family's long-term problems rather than as a sticking plaster, or even an encouragement to engage in the unhelpful behaviours viewed as the root cause of poverty.

- ### Much greater engagement with people directly affected by poverty

  The strategy marks a step change in how government develops policy alongside people who experience poverty, whose voices are prominent throughout the document. Previously such voices have been largely illustrative, with genuine policy engagement left to others. Here, from the initial sections describing poverty in the UK to the later sections outlining policy proposals, there is evidence of ongoing engagement with lived experience.

  This is something that the Churches alongside many others have long called for. It is a matter of basic dignity to include the voices of those most directly affected by anti-poverty policy in its design. Moreover, is a matter of efficiency as those who live with poverty have vital insights into how policy could be best designed to combat poverty; with history being littered with examples of well-intentioned policy failing because it was based on bad assumptions about the realities of poverty in the UK.

Chapter 1: The scale of the challenge and the case for change

Poverty affects 4.5 million children in the UK, and almost three quarters are in families where one or both parents work. Without action, child poverty is predicted to increase to almost 5 million by the end of the parliament.

These levels[1] are at a post war high, with the poverty rate doubling during the 1980s, showing smaller falls in the early 2000s before rising again post 2010. During this period employment rates steadily increased, making in-work poverty an increasing problem.

The measures in the strategy are estimated to reduce child poverty by around 550,000 by the end of the decade – 450,000 by the elimination of the two-child limit, 100,000 by expanding free school meals, with all other measures contributing a 50,000[2] reduction.

The strategy points out the significant variations by region and locality in both the occurrence of child poverty and its effects of families.

A supplementary report reviews the evidence on the impacts of poverty on education, health, employment and earnings. It clearly shows that low income, independent of other factors, has profound negative effects on children's life chances. Moreover, the evidence shows that interventions increasing incomes improve life chances both short and long term.

Chapter 2: Reducing child poverty in partnership

This chapter outlines a number of schemes where poverty is tackled in partnerships, including central government, regional government, civil society and charities. There is a particular mention for philanthropic donors.

There is no new or additional policy in this area beyond the promise of "continuing to create the right conditions" for such partnerships.

Chapter 3: Boosting family income

The emphasis in this section is on increasing income through work. However, the most significant policies are around increasing income via social security payments. All the individual policy proposals had previously been announced.

Changes to the social security system:

The two-child limit will be removed from April 2026

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[1] In absolute numbers; the overall poverty rate was higher 1991 to 1996.
[2] Overlapping policies and rounding mean that reductions of 450k, 100k and 50k total to 550k

This will affect 2 million children in low-income families, lifting around 300,000 children out of poverty immediately and 450,000 by the end of the decade.

In most circumstances the two-child limit denies benefits support to low-income families for their third or subsequent children. Its removal is the single most cost-effective method of reducing child poverty, and was called for by churches, charities and civil society for both moral and practical reasons. It will cause the first significant fall in the numbers of children experiencing poverty for two decades.

It is worth noting that a key reason given for removing the two-child limit is because it "breaks the link between need and entitlement". The household benefit cap, affecting 300,000 children, also breaks this link, but remains in place. The vast majority of these children experience poverty, and 143,000 are affected by the two-child limit but will see no support from its removal, because the household benefit cap will prevent families from receiving any additional benefits income.

Universal Credit childcare support

Currently families in receipt of Universal Credit can be reimbursed up to 85% of their approved work-related childcare costs for their first two children. Third and subsequent children will be supported from April 2026.

The reimbursement process has created persistent problems both for those who don't have the money upfront and for those that can pay, with delays and processing errors leading to families losing childcare places and facing large debts. The strategy acknowledges this, and pledges to "streamline processes" and make clear the upfront support that is available – but does not make upfront support universally available.

Real terms increase in the standard rate of Universal Credit (offset by a substantial decrease in the Universal Credit Health Element) beginning April 2026

The standard allowance that is the core of every family's Universal Credit payment will be increased by 2.4% above inflation in April 2026, rising to 4.8% above inflation in April 2029. This represents a real-terms increase of £250 per year for a single adult, costing £1.9Bn.

This is the first above inflation rise to Universal Credit standard allowance. However even after this increase, the basic level of support will remain low by historical and international standards, as well as falling below what is needed to reliably afford essentials.

At the same time the Universal Credit Health Element, paid to people who have a health condition or disability that limits how much work they can do, is being halved. This represents a much larger individual loss (over £2,600 from April 2026) to a much smaller number of families, and is forecast to cut spending in 2029-30 by £2.0Bn; thus completely offsetting the additional spend on the standard allowance.

Those already receiving the Health Element will have their higher rate protected, meaning that this cut will impact gradually. By 2030 less than 1 in 3 UC Health Element claimants will be receiving the new lower rate[3].

The overall effect of this on child poverty is not set out in the strategy. Substantial losses for around 800,000 people will be offset by smaller gains for 6.5 million people, suggesting an overall reduction in the headline poverty numbers.

Reducing the rate of deductions from Universal Credit from 25% to 15%

The DWP deducts money from Universal Credit to repay loans – commonly the advance given to cover the initial 5 weeks at the start of a claim between the application being accepted and the first payment. Such deductions are a major cause of hardship, reducing already low benefit levels even further. In April 2025 the rate was reduced from 25% of the standard allowance to 15%, affecting over 1 million families.

Previously debts to DWP were prioritised, but Child Maintenance debts are now the first to be repaid via deductions.

Reviewing Child Maintenance payments

Currently child maintenance payments can be agreed and paid within the separating couple in what is termed a family arrangement, or they may use the Child Maintenance Service**.** This uses a formula to calculate what is owed and it can administer payments – but charges a 20% fee to the payer and a 4% fee to the receiver. Paying direct reduces fees but there are significant issues with non-payment.

The entire system is being reviewed including the calculation formula. As a first step, fees will be halved.

Crisis and Resilience Fund

In England, from April 2026, the Household Support Fund will be replaced by the Crisis and Resilience Fund. The HSF was money given to local government to support families in crisis. It had evolved piecemeal with no guarantee of funding from one year to the next. The Crisis and Resilience Fund will have similar levels of funding of £1Bn annually, but guaranteed for three years, to enable more effective structures and planning. The guidance for the scheme is expected in January 2026.

Increasing income through work:

Employment Support

Most of the changes to employment support discussed in the strategy were outlined in the 2024 ‘Get Britain Working’ White Paper, and the June 2025 Spending Review subsequently allocated £3.8Bn annual spending to this by 2028-29.

[3] This also means that unless there are later adjustments over the long-term the cut to government expenditure from the Universal Credit Health Element, will far outweigh the increases to the Universal Credit Standard Allowance.

It is as yet unclear what the employment support offer for parents will look like, and several trials of potential schemes are currently underway.

The White Paper and the strategy also envisage Jobcentres providing a comprehensive careers service, offering “respectful”, “impactful conversations”, “without stigma” both to claimants and others seeking to enter the job market. This is an important aim, but as yet there are no public plans nor significant changes either in resourcing or procedures to make this a reality.

It is important to note that governments of all colours tend to emphasise employment support, because it is a lever they can use to potentially reduce the numbers receiving benefits. The impact of employment support schemes are usually modest, and even highly successful schemes, such as New Labour’s drive to increase parental employment in the early 2000s, are revenue-neutral as the costs of employment support are similar to the gains in reduced benefits payment and additional taxation.

Better employment conditions

These are mainly contained in the recent Employment Rights Act 2025. Specific to parents are measures closing loopholes in protections for pregnant women and new mothers, and paternity rights starting from day one of employment. There are also restrictions on zero hours contracts, a “reasonableness test” to be applied to requests for flexible working and a requirement to give notice of shift patterns – all in part designed to make work fit more easily with childcare responsibilities.

Reviews of the Carers Leave Act and Parental Leave and Pay are also underway.

Increased childcare provision, to enable more work

These policies are devolved and only apply to England, although funding increases are shared between the four nations. The increases in childcare provision are largely a universal and non-means tested and all pre-exist the strategy.

For children from 9 months to starting school – 30 hours per week funded childcare in term time for parents earning between ~£10k and £100K per year. This may be stretched over 52 weeks but with a commensurate drop in hours per week. Across the country there are price and availability issues, which the strategy begins to address with the schools-based nurseries programme encouraging and part-funding primary schools to open nurseries.

Further resources are targeted towards low-income families through a 45% increase in the Early Years Pupil Premium, which boosts childcare providers funding by £570 for every child from a family in receipt of low-income benefits.

Primary School Breakfast clubs: 30 minutes of pre-school childcare and breakfast will be offered to all primary school students. Trials commenced April 2025, and the scheme is expanding in phases with the aim of reaching universal provision in 2027.

Primary School National Wraparound Care Service: This was announced in 2023. It provides funding to local authorities to work with schools and others to provide affordable childcare before and after school (~8am to 6pm).

Children from Reception to Year 11: Holiday Activities and Food Programme. This is an extension of an existing programme providing childcare and lunch to low-income families. It is delivered through local authorities, and its levels of provision vary across England. As a guide it provides lunch and 4 hours childcare, 4 days a week for 1 week during the Christmas and Easter holidays and for 4 weeks during the long summer break.

Chapter 4: Reducing the cost of essentials

Housing:

The Child Poverty Strategy overlaps with a number of housing related policy areas. In some of these the policy is announced, including the Housing Strategy which aims to increase the provision of social rented and affordable accommodation[4], and the Homelessness Strategy (which was published in December 2025 after the Child Poverty Strategy).

Housing costs are typically the largest expense of a household. An undersupply of social housing means that increasingly low-income families must rely on the private rented sector, which is less secure, more expensive and on average provides less energy-efficient housing. The strategy notes that the Renters Rights Act adjusts the law to reflect this reality by increasing the security of private tenants, in particular by preventing no-fault evictions and limiting some unreasonable rent rises.

The Child Poverty Strategy itself highlights action on temporary and emergency accommodation. The initial press release led with the launch of small-scale Emergency Accommodation Reduction Pilots, to look for best practice that will be rolled out, at a cost of £8 million.

By developing best practice, statutory guidance and redirecting local authority funding, the government aims to reduce the use of B&Bs, including eliminating their illegal use for families, and reduce the number of families in all forms of temporary accommodation. Alongside this there is a new £11m fund for local authorities to better support children in temporary accommodation, recognising how this instability has effects on children's health and education.

[4] It should be noted that all governments this century have had this ambition; it is as yet unclear if this government will be more successful its predecessors.

Utilities:

Policy applies to England only, as this area is largely devolved.

The Warm Homes: Social Housing Fund began under a different name in 2021, offering grants to schemes improving the energy efficiency of social homes rated as EPC D or below. The most recent allocation of £1.5Bn over 2 years is a significant increase over the previous phases of the scheme.

The Warm Home Discount of £150 per year is paid by energy suppliers to low-income pensioners receiving pension credit, and other low-income families living in energy inefficient housing and in receipt of some means tested benefits. The scheme is redistributive, targeting money at lower income families while increasing everyone's bill marginally. In 2025 the scope of the scheme was substantially increased to cover 45% of families experiencing fuel poverty.

Food:

Expansion of free school meals in England: Announced in April 2025, all children from families in receipt of Universal Credit are eligible for free school meals. Children legally obliged to be in education, in any setting including sixth forms and further education, are now eligible. This will lead to 500,000 more children receiving meals and 100,000 fewer children experiencing poverty by 2028-29.

Health Start Scheme (called Best Start Foods in Scotland): Provides a payment card to families in receipt of some income related benefits to buy healthy food for those 10 weeks pregnant or later and those with children up to the age of 4. This has been increased 10% and the NHS plan envisages further above-inflation increases.

As it is an NHS scheme it is available to people with no recourse to public funds who meet qualifying criteria.

Chapter 5: Strengthening local support for families

The strategy notes the extensive cuts in English local authority budgets over the past 15 years, falling disproportionately on deprived areas, including a 73% cut in family services. The Fair Funding Review does not restore funding levels but will redistribute the funding pot prioritising areas of higher poverty.

There is a recognition of the importance of local collaboration between different agencies as well voluntary and other civil society groups, indeed most of the examples of effective partnership cited in Chapter 2 fall into this category. Much of this chapter outlines how government can encourage such collaboration.

Best Start Family Hubs will be rolled out across England, supported by £500m over 4 years. These will house targeted interventions for referred families as well as providing universal services to the community. They are anticipated to link to a wide range of support including housing, employment, debt and welfare advice.

Families First Partnership. A budget of £2.4Bn has been created to fund local family help schemes, multiagency child protection and Family Group Decision Making[5]. This appears not to be new funding but repurposed from existing budgets.

Pride in Place: This a £5bn fund distributed between 244 of the most deprived areas in the country. The areas are relatively small (~10,000 people) and local boards will have wide discretion as to how to invest the money to improve their local area.

Trial areas began May 2025, with the next tranche of areas starting in April 2026.

No recourse to public funds (NRPF):

Approximately 200,000 children are subject to NRPF conditions as a result of their immigration status and are therefore excluded from many public services including the benefit system. They are entitled to compulsory schooling and free school meals, and parents of children under 4 may be entitled to some free childcare provision. Unsurprisingly such children experience high rates of poverty and deep poverty.

Their slightly anomalous inclusion in the "locality" section is perhaps indicative of this group being largely absent from any consideration in government policy making outside of the Home Office, beyond receiving a National Insurance number to ensure if in work their taxes are collected.

The strategy notes this and proposes improved data collection via the Family Resources Survey from 2026-27 to inform later policy making.

> **"It is clear that this strategy alone will not deliver the lasting change we hope to see. That will require sustained political focus, sufficient resources, and the ongoing involvement of those who bring direct lived experience of poverty. In our communities and places of worship we will continue to play our part, alongside national and local government, businesses, charities and people of goodwill, in pursuit of a better future for all our children."**
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> Faith leaders response to Child Poverty Strategy, December 2025

This briefing was produced by the Joint Public Issues Team of the Baptist, Methodist and United Reformed Churches in January 2026. Learn more about our work at **jpit.uk**

[5] A process for families experiencing difficulties to make decisions collaboratively with professionals.