1 **Over 2 million families with children are now relying on Universal Credit**

* The number of households with children on Universal Credit has more than doubled since just before the pandemic, with numbers rising by 1.1 million between November 2019 and November 2022.

Number of households with children on UC

|  |  |
| --- | --- |
| November 2019 | 1,039,638 |
| November 2020 | 1,742,283 |
| November 2021 | 1,944,589 |
| November 2022 | 2,177,571 |

* Less than half of this rise appears to be explained by the Universal Credit rollout, where families have moved onto Universal Credit from the six legacy benefits like Housing Benefit and the Tax Credits system, as they are gradually phased out.
* According to DWP data obtained through a Freedom of Information request in March 2023, an estimated 506,000 households with children migrated to Universal Credit from the legacy benefit system over the period from November 2019 to November 2022. This suggests that there are an additional 630,000 households with children now claiming Universal Credit who were not previously reliant on the legacy benefits system.[[1]](#endnote-2)

**Need has increased during the pandemic and cost-of-living crisis – particularly among single-adult households**

* The growth in the number of households claiming Universal Credit has occurred against a backdrop of two major crises, the COVID-19 pandemic and the rising cost of living, that put immense pressure on the finances of low-income families.
* During the pandemic, there was a big spike in households coming on to Universal Credit from the beginning of the March 2020 lockdown. The total number of all households on Universal Credit receiving a payment peaked at **4.3 million** **in March 2021**. This was mostly driven by **single adult, childless households** – who accounted for 59% of the increase between March 2020 and March 2021. **Single-parent households with children** accounted for a further 22% of the rise over this period.[[2]](#endnote-3)
* By October 2021, the total number of households on Universal Credit had fallen to 4 million, coinciding with the widespread rollout of the vaccine programme and the end of most coronavirus restrictions. However, numbers soared again as the cost-of-living crisis unfolded from late 2021 onwards, **this** **time largely driven by single-parent families with children coming onto Universal Credit**.
* The total number of households on Universal Credit increased by 321,000 between October 2021 and November 2022, rising back to 4.3 million. The majority of those households – 232,000 - were single-parent families with children (72%). A further 43,000 households were couple-parent families with children (13%). In total, **families with children make up 86% of the households that have come onto Universal Credit during the cost of living crisis** (October 2021 to November 2022).

**Many of these households face barriers to raising their income through work**

* Recent research from Action for Children found that up to 1.95 million UK children could be trapped on low-incomes as their parents face at least one major barrier to working or taking on extra work - including 440,000 children who are in poverty despite their parent(s) working full-time.[[3]](#endnote-4)

**Universal Credit is not adequate to meet families’ essential needs**

* The estimated 630,000 families with children who have come onto Universal Credit since November 2019 independent of the move over from the legacy benefits system will now be relying on payments that many will find are inadequate to meet their needs.
* Despite benefits rising by 10.1% this month, previous cuts and freezes during the 2010s mean that the value of Universal Credit has fallen by around 5% in real terms since 2013/14.[[4]](#endnote-5) Separate analysis from The Joseph Rowntree Foundation has shown that the basic rate of Universal Credit is around £35 a week below what’s needed for a single person to afford a list of basic essentials, or £66 a week below what’s needed for a couple.[[5]](#endnote-6)

**Action for Children is calling on the Government to:**

* Raise the Child Element of Universal Credit by at least £15 a week andabolish the Benefit Cap to lift nearly 320,000 children out of poverty. Both reforms together would cost the government an estimated £4 billion a year:
1. A Freedom of Information request was submitted to the Department for Work and Pensions (DWP) in March 2023 requesting data on the number of households with children that had migrated from the six legacy benefits to Universal Credit via natural migration, voluntary migration, or managed migration, arranged by month.

The DWP cannot definitively tell whether a household has migrated directly from legacy benefits to Universal Credit - a household might have had one change in circumstances that meant they left legacy benefits and a further change that means they claim Universal Credit. The estimates provided in their response therefore included households whose Universal Credit start date is within 45 days of their legacy benefit closing. In their estimates, DWP used Child Tax Credit receipt as a proxy for the number of households who have migrated with children. There may be further households who have migrated with children that were not claiming their Child Tax Credits or not eligible.
 [↑](#endnote-ref-2)
2. Between March 2020 and March 2021, the total number of households on Universal Credit (with a payment) increased by 1.8 million, from 2.5 million to 4.3 million. 1.056 million of these households were single adult households with no children – accounting for 59% of the rise. A further 389,000 were single parent households with children (22%).
 [↑](#endnote-ref-3)
3. Action for Children (February 2023) *All Worked Out? The limits of work as a route out of poverty and hardship.* Available at: <https://www.actionforchildren.org.uk/our-work-and-impact/policy-work-campaigns-and-research/policy-reports/all-worked-out-the-limits-of-work-as-a-route-out-of-poverty-and-hardship>  [↑](#endnote-ref-4)
4. Ibid.  [↑](#endnote-ref-5)
5. + Joseph Rowntree Foundation (February 2023) *The Essentials Guarantee.* Available at: <https://www.jrf.org.uk/report/guarantee-our-essentials> [↑](#endnote-ref-6)