2024

The Cost of Hunger and Hardship

Interim report

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Trussell
Ending hunger together

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Trussell would also like to acknowledge the financial support from Coronary Prevention Group for the delivery of this project.

Executive summary

Change can often seem far off and a long and difficult journey. Yet this report shows that the ambitious vision of ending the need for emergency food is achievable – and we have the policy levers to hand to start creating change now.

Understanding the need for emergency food needs a meaningful measure

This report moves beyond emergency food parcel data and destitution measures to understand the need for emergency food more fully. This report focuses on a measure which best captures both people who are likely to need to turn to a food bank now, and people who are at high risk of needing food bank support in the future. Only by increasing people's financial resources to the point that events like a job loss or an unexpected bill don't push them into a position where they need to turn to a food bank, will we see a significant reduction in the need for emergency food. We call this our measure of 'hunger and hardship'.

Measuring the need for emergency food

A family faces hunger and hardship if they are more than 25% below the Social Metrics Commission poverty line.

The poverty line is defined by the total resources available to the family. This considers the money families have coming in, their housing costs, savings and other inescapable costs such as childcare or debt repayments. By taking all of these into account, it reflects the financial resources people actually have to cover daily living costs.

More people than ever are facing hunger and hardship

A record 9.3 million people face hunger and hardship across the UK. This includes 6.3 million adults and 3 million children. This represents one in seven (14.0%) people across the UK, and one in five (20.9%) children. Current levels are more than a third higher than they were 20 years ago, when 6.7 million people faced hunger and hardship.

A million more people are facing hunger and hardship than in 2019/20 and, without change, a further 425,000 people are projected to face hunger and hardship by 2026/27. This would increase the rate of hunger and hardship from 14.0% in 2022/23 to 14.6% in 2026/27.

Over this period, without action, an additional 170,000 children are projected to face hunger and hardship. This increases the rate of hunger and hardship from 20.9% to 22.1% for children.

Some groups across society are bearing the burden more than most

More than half (53%) of people facing hunger and hardship live in a disabled family. One in three (32%) people in single parent families face hunger and hardship. Children aged 0-4 face the highest risk of hunger and hardship of any age group (24%). Over a quarter (28%) of people living in Black, African, Caribbean, and Black British families face hunger and hardship, compared to just 11% of people in White families.

Making our social security system fit for purpose will shift the dial

The policy modelling shows there are a range of tools that would make a tangible difference to hunger and hardship in the UK. Importantly, the levers to pull resulting in the biggest impact are those which invest in social security to boost people's incomes.

Setting standard allowances within Universal Credit at the Essentials Guarantee level would ensure 1.9 million fewer people would be at risk of facing hunger and hardship in 2025/26. This would include 580,000 fewer children expected to face hunger and hardship. The policy would reduce the overall rate of hunger and hardship by 2.8 percentage points (a reduction of a fifth) at a cost of £19.3bn in 2025/26.

If the social security system was simplified and more support provided to ensure that every family claimed the support they were eligible for, 635,000 fewer people would face hunger and hardship in 2025/26 – including 180,000 children. This would cost the UK government £12.8bn in direct provision of payments in 2025/26.

Change may not happen overnight, but there is immediate action the UK government can take

The UK government has committed to end the need for emergency food and heal this "moral scar on society". There is no time to waste. The sheer scale of hunger and hardship in our communities is holding back people, communities, and our economy. If the UK government intends to significantly reduce the need for emergency food across this parliamentary term, it must start drawing on the available evidence to bring together a clear plan to deliver on its commitment, and it must act soon.

These findings underline the urgent need to update our social security system as a priority so that it better protects people from needing emergency food. The UK government need not wait for its promised review of Universal Credit to act. There are steps it can take now to start fixing the foundations of our social security system – particularly introducing a protected minimum floor, setting a threshold below which payments cannot fall. This would offer an immediate sign of progress from a government seeking change and renewal, be a step towards the Essentials Guarantee, and ensure people receive the maximum benefit of any future updates to the system.

This project will continue to shed light on the case and options for action. In the meantime, we need to see progress now to build hope the UK government is serious in its intent to build a better future.

Introduction

The 'Cost of Hunger and Hardship' project

This report is the first from a project exploring the full scale of the need for emergency food in the UK, its costs to society, and the impact of potential solutions. It is led by Trussell in partnership with WPI Economics and Humankind Research.

The project will provide robust evidence to help determine how we can meaningfully tackle hunger and hardship across the UK and work toward a future without the need for food banks.

This is the first report from the project, with the next report due Spring 2025. Subsequent analysis will focus on the personal, social, and economic cost of facing hunger and hardship. This will include findings from extensive participatory research exploring the day-to-day experience of facing hunger and hardship, and economic analysis of how these experiences drive additional costs for individuals, society, and governments.

This interim report explores:

- How we **define the full scale of need for emergency food**, measured by our 'hunger and hardship' indicator
- The scale of hunger and hardship **across the UK**, including historic and future trends
- **Who is most likely to face hunger and hardship**
- Impact assessments of a range of policies, including **the fiscal cost and the impact** on the scale of hunger and hardship.

Context

This research is published in a time of change for people across the UK with a new government in Westminster, a recently returned Northern Ireland Executive, and changes in the leadership of the Welsh and Scottish Governments. It is also published at a time when the deepest forms of financial hardship are reaching historic highs.

The dual trends of the Covid-19 pandemic and the cost-of-living crisis have contributed to driving hardship across the UK to record levels. The provision of support from food banks in the Trussell community reached its highest ever level in 2023/24, with over 3.1 million food parcels distributed in this period. This was a 94% increase – nearly double – on the numbers provided just five years ago in 2018/19.[1] Alongside this, Joseph Rowntree Foundation (JRF) research has shown the shocking

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[1] Trussell, (2024), *End of Year Stats*, https://www.trussell.org.uk/news-and-research/latest-stats/end-of-year-stats

scale and rise of the deepest and most damaging form of poverty, destitution.[2] In 2022 around 3.8 million people experienced destitution, a level that has more than doubled since 2017.[3]

However, current levels of hardship cannot solely be explained by these two crises. The use of food banks was growing rapidly before the Covid-19 pandemic. Over 1.9 million emergency food parcels were distributed by food banks in the Trussell community in 2019/20, a significant increase from the 1.1 million distributed in 2014/15. This growth was fuelled primarily by weaknesses in the social security system: the roll out of Universal Credit (and particularly the five week wait for the first payment), caps to the amount people could receive, and successive freezes and cuts to the real value of social security payments.[4]

Wider evidence also highlights the long-term deepening of poverty for people across the UK precedes the Covid-19 pandemic. Analysis from the Social Metrics Commission (SMC) shows that 4.3 million people (7% of the population) were experiencing deep poverty (more than 50% below the poverty line) in 2019/20. This compares to 2.7 million people or 5% of the population in 2000/01.[5]

In looking at how we might turn the tide on deepening hardship, we know that the mass distribution of emergency food is not the answer. Food banks are a lifeline for the people who need them, but they aren't the solution to the drivers of food bank need:

- An emergency food parcel does not solve the problem of people having incomes that are simply too low to cover the essentials.
- Many people going without essentials do not access food banks or other charitable support.
- No charity can make up for the failings of inadequate social security, insecure and low paid work, unaffordable housing and barriers accessing support such as mental health care.
- Food-based solutions cannot address the broader system and service delivery issues that we know drive food bank need.[6]
- They cannot ensure that people are able to afford not only food but other essential bills and daily living costs.
- And they do not offer the dignity and agency that having sufficient income to afford the essentials provides.

The current UK government has called the need for emergency food a "moral scar" on our society and committed to end the need for emergency food. It has also committed to tackling child poverty, review Universal Credit so that it tackles poverty and promised a decade of renewal. Taken together, these pledges require a clear plan for tackling the hunger and hardship driving food bank need in the

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[2] Destitution means that you have an income so low that you cant afford essential items. These are narrowly defined within this measure and include housing, toiletries, clothing, heating, lighting, and food.

[3] Fitzpatrick, S, et al, (2023), *Destitution in the UK 2023,* Joseph Rowntree Foundation, https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023

[4] Sosenko, F, et al, (2019), *State of Hunger: A study of poverty and food insecurity in the UK,* Trussell, https://www.stateofhunger.org/wp-content/uploads/2019/11/State-of-Hunger-Report-November2019-Digital.pdf

[5] Social Metrics Commission, (2021), *Measuring poverty before the Covid-19 pandemic,* *https://socialmetricscommission.org.uk/wp-content/uploads/dlm_uploads/2022/03/SMC-2021-Measuring-Poverty-Before-Covid19-Pandemic.pdf*

[6] Weekes, T, et al (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

UK. This is not only a moral imperative but is also vital to achieving many of the government's other goals. There is considerable evidence showing how significantly these levels of hunger and hardship are holding back individuals, communities, public services, and the economy.[7,8]

This report provides the UK government and governments across the UK with the evidence needed to prioritise the development and implementation of policies to effectively reduce the need for emergency food in the UK.

Future publications from this project will detail the economic cost of inaction on tackling hunger and hardship, building on previous work to estimate the cost of poverty (public service costs estimated at £69 billion in 2016)[9] and the cost of child poverty (estimated at £39 billion per year in 2023).[10] The wider impact of inaction will also be explored through in-depth qualitative work exploring the lived experience of hunger and hardship. Future reports will also explore the potential impacts of further policy solutions.

This report is a first step towards a clear plan of action that shows how and when we can create sustained reductions in the number of people facing hunger and hardship in communities across the UK.

> **It's 2024 and we're facing historically high levels of food bank need. As a society, we cannot allow this to continue. We must not let food banks become the new norm**

Emma Revie
Chief Executive Trussell

[7] Joseph Rowntree Foundation, (2024), *Public services staggering under the weight of hardship as politicians urged to fix it "at source"*, https://www.jrf.org.uk/news/public-services-staggering-under-the-weight-of-hardship

[8] Whyte, P, et al, (2023), *Tipping the scales: the social and economic harm of poverty in Scotland,* IPPR, https://www.ippr.org/articles/tipping-the-scales

[9] Bramley, G, et al, (2016), *Counting the cost of UK poverty,* Joseph Rowntree Foundation, https://www.jrf.org.uk/counting-the-cost-of-uk-poverty

[10] Hirsch, D, (2023), *The cost of child poverty in 2023,* CPAG, https://cpag.org.uk/news/cost-child-poverty-2023

1. Meaningful measurement

What is a meaningful measure of ending the need for emergency food?

Identifying the best measure

Trussell has focused much of its work over the last five years on the policy changes needed to reduce destitution across the UK. People are destitute if their income is so low that they cannot afford a specific and narrowly defined set of essential items such as food, clothing, lighting or shelter. Consistent evidence has shown that the vast majority (86%) of people referred to food banks in the Trussell community are destitute.[11] Of people who are destitute, a third (35%) had used a food bank in the previous month.[12] Alleviating destitution is therefore a strong measure of reducing the number of people in immediate need of turning to a food bank.

If we are to meaningfully reduce the need for emergency food, we need to recognise the likelihood of future destitution, and how a family's income may vary over time. Trussell research has highlighted that adverse life experiences, one-off costs, debt repayments, and losing employment commonly contribute to pulling someone into destitution. Only by increasing people's financial resources to the point that these events don't push them into a position where they need to turn to a food bank, will we see a significant reduction in the need for emergency food.

To end the need for emergency food we are therefore focusing on a population of people which includes people who are facing significant financial hardship and are already cutting back on essentials or needing to turn to food banks for support, *and* people who may in part be cutting back already and are at high risk of increasingly going without essentials or needing to turn to a food bank. Focusing on both of these groups reflects the main factors that tend to drive people to have to turn to food banks and the fluctuations in family incomes and costs which play a significant role in this.

Initial work to define this population was led by WPI Economics who reviewed three potential measures based on data from the Family Resources Survey (FRS):[13]

- SMC's deep poverty measure: A family is in "deep poverty" if they are more than 50% below the SMC poverty line, which is set at 54% of the (smoothed) median Total Resources Available (TRA). This is equivalent to having a TRA which is less than 27% of the (smoothed) median TRA.

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[11] Weekes, T, et al (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[12] Fitzpatrick, S, et al, (2023), *Destitution in the UK 2023,* Joseph Rowntree Foundation, https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023

[13] For more information on how the SMC has begun to calculate poverty and deep poverty rates please read: https://socialmetricscommission.org.uk/social-metrics-commission-2023-report/

- SMC's adjusted poverty measure: A family is in "adjusted poverty" if they are more than 25% below the poverty line. This is equivalent to having a TRA which is less than 40.5% of the (smoothed) median TRA.
- JRF's very deep poverty measure: A person is in "very deep poverty" if they are living in a household with an equivalised income, measured after housing costs, that is less than 40% of the contemporary, in-year UK median.

The principal difference between the two SMC measures and the JRF measure is that the latter does not account for some inescapable costs (e.g. costs related to disability, childcare costs) and assets (e.g. liquid assets and available savings). All three measures take housing costs into account. The former two build on this by taking a slightly wider range of inescapable costs into account and adding liquid savings which can help people cope with additional lumpy or unexpected costs. They then calculate a residual TRA which reflects the financial resources people actually have to cover daily living costs, after paying fairly fixed inescapable costs and including assets, such as savings, which can be accessed quickly if needed for either daily or unexpected costs.

For this analysis and subsequent reporting, data is taken from the 2022/23 Family Resources Survey and associated Households Below Average Income dataset. At the time of analysis this was the most recent data collection for this survey.

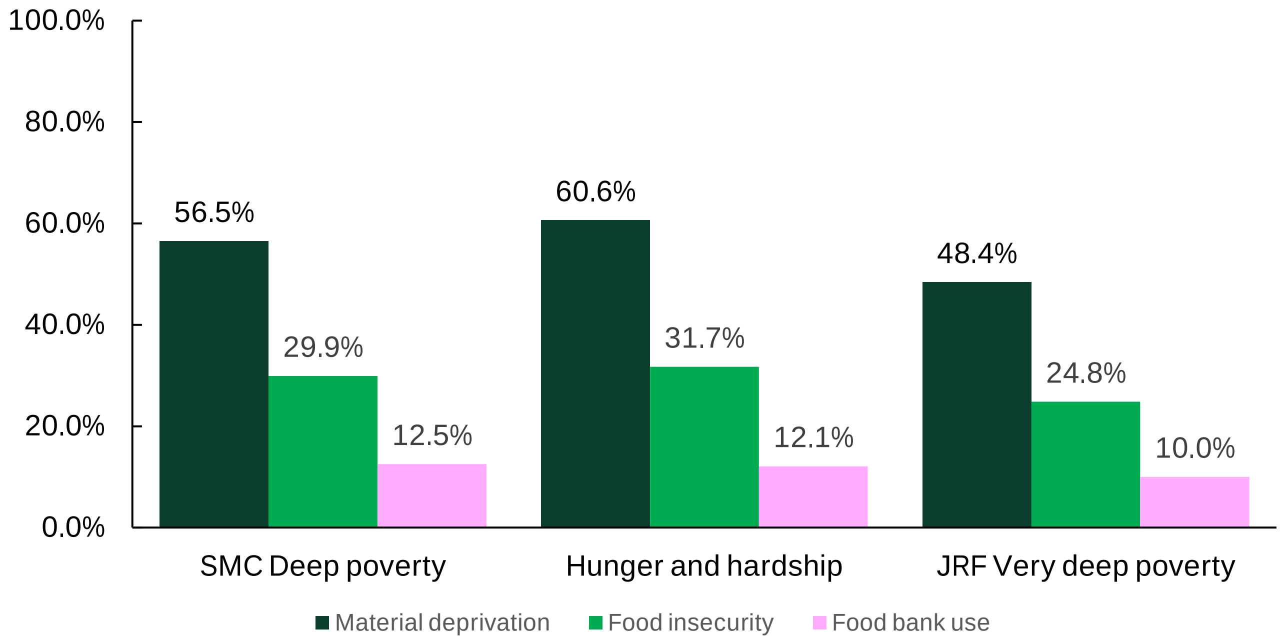
On review, the 'adjusted poverty' metric was a best fit for our population measure and we define it as our 'hunger and hardship' measure. As explored in the following sections, this decision was based on the scale of material hardship (food bank use, food insecurity, and material deprivation) faced by the different populations, the proportion of the total population of people who had experienced material hardship covered amongst the different metrics, and the population size and composition.

Deprivation rates and population by different measures

Looking across the three measures, the hunger and hardship measure has the highest rate of material deprivation (60.6% of people facing hunger and hardship live in a materially deprived family[14]), the highest rate of food insecurity (31.7% of people facing hunger and hardship experienced food insecurity in the last 30 days), and a similar rate of food bank use to the SMC deep poverty measure (12.1% of people facing hunger and hardship had used a food bank in the last year). This suggests that either the SMC deep poverty or the hunger and hardship measure would best represent people who have used or are at risk of needing to turn to a food bank.

[14] Family material deprivation is based on HBAI definitions of child, pensioner, and working-age adult deprivation. A family is considered to be material deprived if it contains a child, working-age adult or pensioner who meets the relevant criteria. For more information on material deprivation please review: https://www.gov.uk/government/statistics/combined-working-age-absolute-low-income-and-material-deprivation-estimates-fye-2011-to-fye-2021/quality-and-methodology-information-report

Figure 1.1 Rates of food bank use, food insecurity, and material deprivation by measure, 2022/23

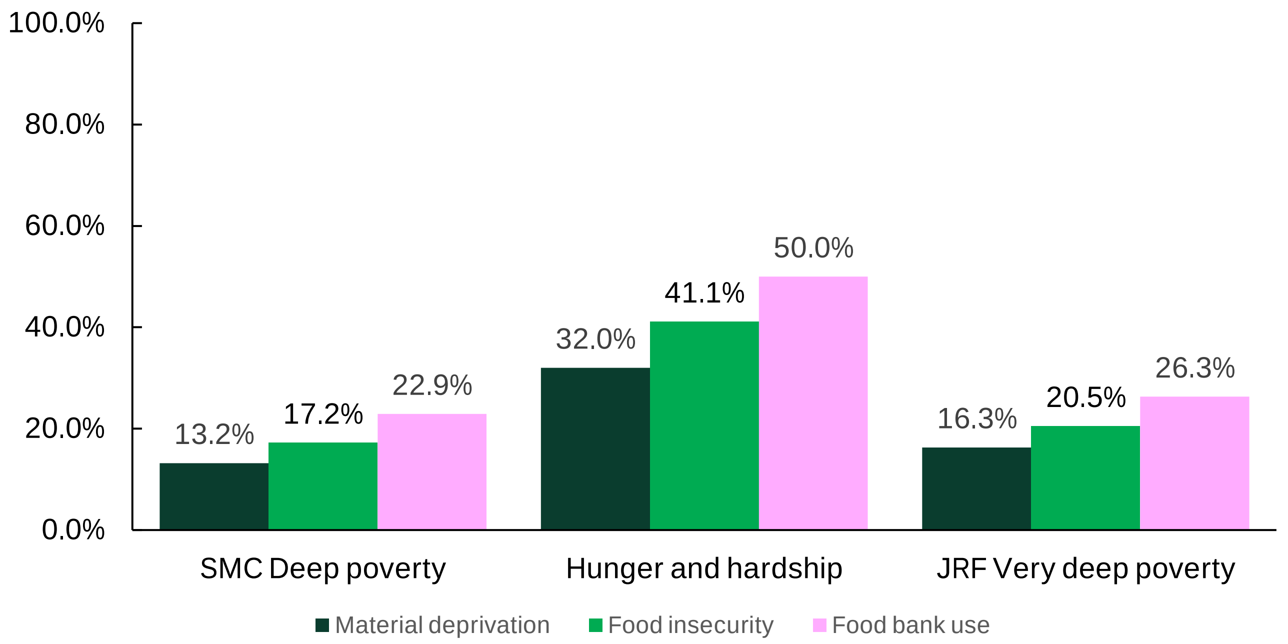


Source: FRS and HBAI dataset (1998/99-2022/23), WPI Economics analysis.

Flipping this analysis and instead looking at the population of people who have used a food bank, were food insecure or who were materially deprived suggested that the hunger and hardship measure was most effectively capturing the groups we are concerned about:

- Half (50.0%) of people living in families supported by a food bank in the last year are included within our hunger and hardship measure. This is more than double of the population captured by the SMC deep poverty measure (22.9%), and almost double that captured by JRF very deep poverty measure (26.3%).
- Similarly, the coverage of all who have experienced food insecurity in the previous 30 days was significantly higher at 41.1% under the hunger and hardship measure than the other measures (Figure 1.2). Likewise, one in three (32.0%) of people living in a materially deprived family are included within the hunger and hardship measure, much higher than the other measures.

Figure 1.2 Proportion of people who had used a food bank, were food insecure, and were materially deprived captured by each measure 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

Population size and demographics

The size of population covered by the different measures varies significantly, with the SMC Deep poverty measure closest to the number of people experiencing destitution. This may mean that it captures many people who are currently using Trussell food banks but is likely to fail to cover the somewhat wider group not yet accessing charitable food support but going without essentials and at high risk of being forced to turn to a food bank in the future.

Table 1.1 Population size by measure in 2022/23

	SMC Deep poverty	Hunger and hardship	JRF Very deep poverty
Number of people	4,100,000	9,300,000	5,900,000

Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

The prevalence of key demographics across the measures was also explored, to ensure there was representation of the people most likely to turn to food banks in the Trussell food bank community. The hunger and hardship measure has a clear correlation with the groups who are over-represented at food banks, recording the highest proportion of people living in single parent families, families with three or more children, and people living in social homes among the three measures. It does, however, have a lower overall percentage of people living in disabled households than the JRF measure and a lower rate of people living in single adult families.

Table 1.2 Rates of key demographics by measure in 2022/23

	SMC Deep poverty	Hunger and hardship	JRF Very deep poverty
% of people in single parent families	15%	18%	14%
% of people in single adult families	33%	25%	28%
% of people in families with three or more children	20%	25%	17%
% of people in disabled families	52%	47%	57%
% of people renting in social homes	32%	38%	29%

Source: FRS and HBAI dataset (1998/99-2022/23), WPI Economics analysis.

Based on this data, the hunger and hardship measure appears to be the best fit for how we fully understand ending the need for emergency food – that is, people who are either currently being supported by food banks or at risk of using them. It captures a significant proportion of this population, contains a high proportion of families more likely to need emergency food (single parents, families with three or more children, disabled families, and social renters), and it is a size where meaningful change could be seen over the course of this Parliament.

2. The scale of hunger and hardship

It is an injustice that more people than ever are facing hunger and hardship across the UK. This is driving a level of need for food banks which is leaving them stretched to breaking point. Without action, our research shows that the scale of the problem is likely to increase further over the next four years.

This section explores the scale of the problem, how that differs across the UK, and how many people are projected to face hunger and hardship by 2026/27 if no action is taken. It sets the foundation and parameters for ending the need for food banks in the UK.

Key findings

1. In 2022/23 a record 9.3 million people faced hunger and hardship across the UK. This includes 6.3 million adults and 3 million children.

2. This represents one in seven (14.0%) people across the UK, and one in five (20.9%) children.

3. Without change, a further 425,000 people are projected to face hunger and hardship by 2026/27. This would increase the rate of hunger and hardship from 14.0% in 2022/23 to 14.6% in 2026/27.

4. Over this period, without action, an additional 170,000 children are projected to face hunger and hardship. This increases the rate of hunger and hardship from 20.9% to 22.1% for children.

More people than ever currently face hunger and hardship

A record 9.3 million people face hunger and hardship across the UK. This includes 6.3 million adults and 3 million children. This translates to a high of 14.0% of the UK population, meaning one in every seven people across the UK faces hunger and hardship. Shockingly this is even higher for children, one in five (20.9%) children face hunger and hardship (Table 2.1).

This analysis uses the latest available information on people's income and expenditure, which covers the financial year 2022/23. There is no indication that the situation has improved since this data was collected. Indeed, recent data from the third sector suggests that the number of people facing hunger and hardship is likely to be at least this level, for 2023/24, if not slightly higher. In 2023/24, food banks in the Trussell community provided 3.1 million emergency food parcels to people facing financial hardship, a slight increase from the number provided in 2022/23.[15] Similarly, Citizens Advice's National Red Index – a measure of the number of people whose essential expenditure is higher than their income, found that 5 million people were in a negative budget in 2023/24. This is again, a slight increase from the previous year.[16]

Hunger and hardship are far too common across all the nations and regions of the UK (Table 2.1). The overall rates for people facing hunger and hardship are relatively similar across the UK. With a clear trend of rates of hunger and hardship being higher for children across all of the UK.

The proportion of children facing hunger and hardship is significantly lower in Northern Ireland (13.8%) than Scotland (17.1%) and Wales (16.7%), and particularly in England at 20.0%.

Reporting from JRF indicates that differences in poverty rates across the UK are driven by variation in labour markets (including the levels of employment, the sectors worked in and rates of pay), housing markets (including the composition of tenures and housing costs), rates of benefit receipt, and other demographic factors (age, family types and sizes, prevalence of ill health and disability).[17] In Northern Ireland for instance rates of absolute poverty are relatively similar to the UK as a whole before housing costs. However, once housing costs are considered the rates in Northern Ireland are much lower - the same is true of rates of relative poverty.[18]

Differences between the nations and regions and the overall UK figures may also in part be because of the use of three-year rolling averages for England, Northern Ireland, Scotland and Wales. This

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[15] Trussell, (2024), *End of Year Stats*, https://www.trussell.org.uk/news-and-research/latest-stats/end-of-year-stats

[16] Citizens Advice, (2024), *The National Red Index: how to turn the tide on falling living standards*, https://www.citizensadvice.org.uk/policy/publications/the-national-red-index-how-to-turn-the-tide-on-falling-living-standards/#h-2-the-national-red-index-what-is-it-and-why-does-it-matter

[17] Joseph Rowntree Foundation, (2024), *UK Poverty 2024*, https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk

[18] Orme, S, (2023), *Income and inequality: How does Northern Ireland compare with the UK as a whole?*, https://commonslibrary.parliament.uk/income-and-inequality-how-does-northern-ireland-compare-with-the-uk-as-a-whole/

boosts the sample size for each nation and region to improve the accuracy of the figures but will smooth out more recent increases in hunger and hardship. For the UK, the rate of hunger and hardship has increased from 12.6% in 2019/20 to 14.0% in 2022/23. The figures for England, Wales, Northern Ireland, and Scotland are the averages for 2019/20, 2021/22, and 2022/23 so will not as significantly represent this more recent increase.[19][20]

Table 2.1 Number of people facing hunger and hardship by nation and region in 2022/23

	Total		Working age adults		Pension age adults		Children	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
England	7,500,000	13.4%	4,600,000	13.4%	500,000	5.1%	2,400,000	20.0%
Scotland	670,000	12.4%	450,000	13.4%	45,000	4.5%	170,000	17.1%
Northern Ireland	200,000	10.9%	130,000	11.4%	12,000	4.3%	62,000	13.8%
Wales	420,000	13.4%	270,000	14.8%	38,000	6.1%	110,000	16.7%
UK	9,300,000	14.0%	5,700,000	14.1%	625,000	5.3%	3,000,000	20.9%

Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

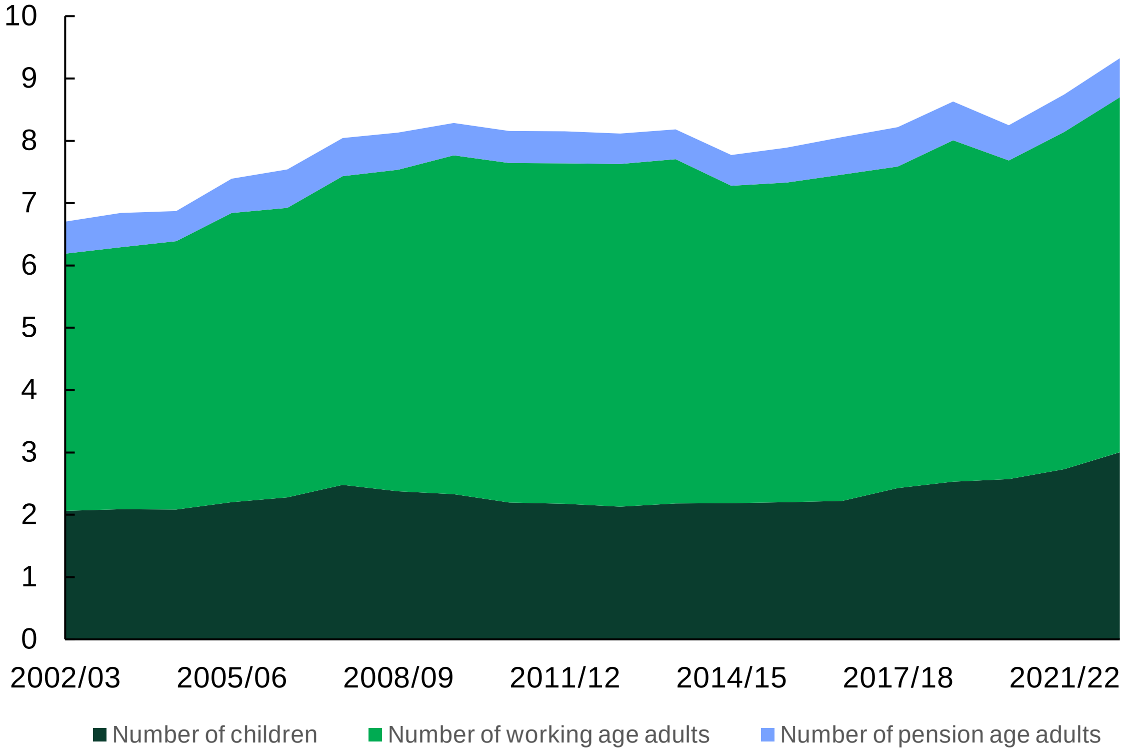
Figure 2.1 reflects the trends over time noted in the last chapter. The short-term impact of the Covid-19 pandemic and the cost-of-living crisis is evident with 1 million more people across the UK facing hunger and hardship in 2022/23 than 2019/20. But it is clear that the rising trend predates these drivers.

Two decades ago, in 2002/03, 6.7 million people faced hunger and hardship across the UK. As Figure 2.1 shows, the problem has significantly grown in scale since. The increases since 2002/03 have been particularly pronounced for children, with 46% more children now facing hunger and hardship compared to two decades ago. In the same period there has been a 38% increase in the number of working age adults facing hunger and hardship, and a 21% increase for pension age adults.

[19] 2020/21 data is excluded due to known data quality issues with that years Family Resources Survey.

[20] In 2022/23 for instance median household income fell by 5% in Northern Ireland from the previous year. Compared to a 1% fall in the UK as a whole. Department for Communities (2024), *The Northern Ireland Poverty and Income Inequality report (2022/23)*. https://www.communities-ni.gov.uk/news/northern-ireland-poverty-and-income-inequality-report-2022-23-released

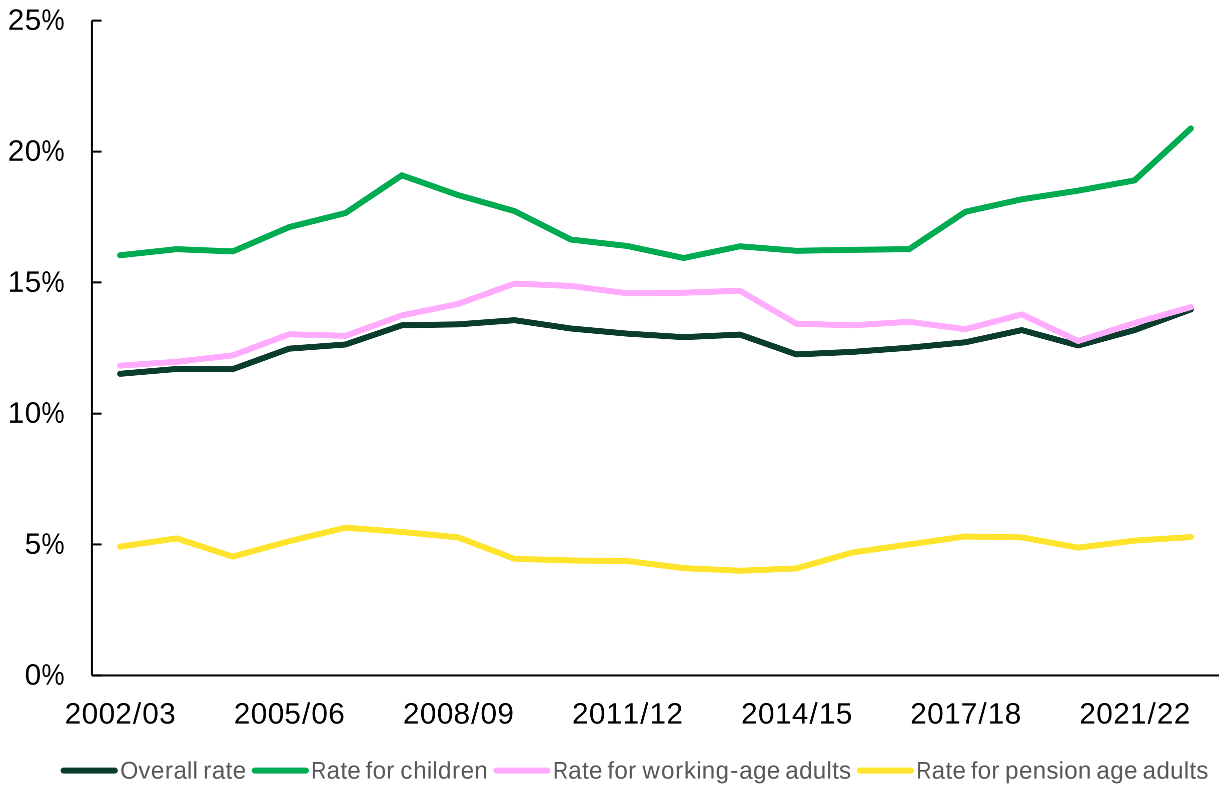
Figure 2.1 Number of people facing hunger and hardship from 2002/03 to 2022/23 - millions



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

Figure 2.2 highlights how these trends are mirrored in the rate of hunger and hardship, which has sharply increased for children over the last decade. In 2012/13, 15.9% of children faced hunger and hardship across the UK – rising to 20.9% in 2022/23.

Figure 2.2 Rate of hunger and hardship from 2002/03 to 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

The rate for working age-adults (14.1%) is substantially higher than that for pension age adults (5.3%) across the UK. There are however concerning signs that hunger and hardship is increasing for this latter group. In 2012/13, 4.1% of pension age adults faced hunger and hardship, increasing to 5.3% in the latest year (2022/23).

This reflects trends in wider related data. Trussell has previously reported that the provision of emergency food parcels in its community for pension age households has rapidly increased in recent years. Between 2018/19 and 2023/24, emergency food parcels provided for this group more than quadrupled (an increase of 345%), compared to an 81% rise amongst households without someone of pension age.[21] JRF research also highlighted a sharp increase in the number of pension age people facing destitution.[22]

[21] Trussell, (2024), *Emergency food parcel distribution in the UK 1 April 2023 to 31 March 2024,* https://www.trussell.org.uk/news-and-research/latest-stats/end-of-year-stats

[22] Fitzpatrick, S, et al, (2023), *Destitution in the UK 2023,* Joseph Rowntree Foundation, https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023

Without change more people projected to face hunger and hardship

Without action, an additional 425,000 people are expected to face hunger and hardship by 2026/27. If current spending plans are maintained, and economic forecasts of inflation and wage growth remain at similar levels, the proportion of people across the UK facing hunger and hardship is likely to rise from 14.0% in 2022/23 to 14.6% in 2026/27. The projected rate for children would reach 22.1% meaning an additional 170,000 children would face hunger and hardship.

Table 2.2 Projections on rate and scale of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Overall rate	14.0%	13.9%	14.6%	14.2%	14.6%
Number of people (millions)	9.3	9.3	9.8	9.5	9.8
Rate for working age-adults	14.1%	14.0%	14.9%	14.5%	14.8%
Number of working-age adults	5.7	5.7	6.0	5.9	6.0
Rate for pension-age adults	5.3%	4.9%	5.0%	4.7%	4.8%
Number of pension-age adults	0.6	0.6	0.6	0.6	0.6
Rate for children	20.9%	21.0%	21.8%	21.4%	22.1%
Number of children (millions)	3.0	3.0	3.1	3.1	3.2

Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics and Centre for Social Policy Studies, using IPPR Tax-Benefit Model.

Some families are expected to face higher rates of increases than others over this period. Table 2.3. highlights notables increases for different demographics projected from 2022/23 to 2026/27.

Table 2.3 Projections on rate of hunger and hardship 2022/23 to 2026/27 by demographic group

	2022/23	2026/27	Percentage point increase
People living in single parent families	32.1%	34.9%	2.8

People living in families with three or more children	30.7%	33.0%	2.3
People living in families with a disabled child	21.9%	25.2%	3.3
People living in families without anyone working	52.8%	55.6%	2.8
People in homes owned with a mortgage	8.0%	11.7%	3.7

Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics and Centre for Social Policy Studies, using IPPR Tax-Benefit Model.

3. Who is most at risk of hunger and hardship

Understanding the different risks faced across the population – who is most likely to face hunger and hardship – is critical to designing effective policy interventions to end the need for food banks. The data shows that the experience of hunger and hardship falls disproportionally on particular groups of society, including single parents, families with three or more children, younger people, people with health conditions, and people from racialised communities.

Key findings

1. Our social security system should protect people from hunger and hardship. But Universal Credit is failing to do so. Four in ten (39%) people in families claiming Universal Credit face hunger and hardship – 5.4 million people.
2. Over half (58%) of people facing hunger and hardship live in a working family. One in three (35%) live in families without anyone working and 5% live in retired families.
3. Strikingly, one in four (24%) children aged 0-4 face hunger and hardship, the highest rate for any age category. The lowest rate is faced by people aged 70 and over (5%).
4. People living in families with three or more children (31%) and single parent families (32%) are at greater risk of facing hunger and hardship.
5. The majority (70%) of people facing hunger and hardship are renters. The number of people facing hunger and hardship in the private rented sector has doubled in the last two decades.
6. Five million people who live in disabled families now face hunger and hardship. An increase of 1.2 million since 2012/13. People living in a disabled family are much more likely to face hunger and hardship than if you live in a non-disabled family (17% vs. 11%).
7. Racialised communities are far more likely to face hunger and hardship.

Universal credit fails to protect people from hunger and hardship

Our social security system should ensure that everyone in receipt of payments has enough to afford the essentials. But far too often this is not the case. Almost four in ten (39%)[23] people living in families claiming Universal Credit face hunger and hardship – 5.4 million people. This rate is over two and a half times the rate for all people across the UK (14%). People living in families claiming Universal Credit make up 58% of all people facing hunger and hardship across the UK.

A lack of data means it isn't possible to track how hunger and hardship has affected families claiming Universal Credit over the last decade. It is difficult to estimate what the change over time could have been due to the significant changes in the composition of people claiming Universal Credit. In particular, the migration of over half a million households claiming tax credits in 2023/24 has changed the balance of characteristics of people claiming Universal Credit.

What we do know is that the value of the standard allowance for Universal Credit has fallen over the last decade compared to the rising cost of living. In eight of the ten instances of uprating social security payments between 2012 and 2022, the basic rate of unemployment payments lost value relative to inflation, meaning that the real value of these payments was reduced.[24]

Alongside the fall in the real value of payments, people claiming Universal Credit are also subject to caps and deductions to their payments which can significantly reduce their income. Deductions from the standard allowance, often paying back an advance payment (or loan) from the Department for Work and Pensions to cover the five week wait, drive significantly higher levels of hardship for people affected. Trussell's survey of people claiming Universal Credit found that 85% of Universal Credit claimants with money deducted from their payments had gone without the essentials in the previous six months, compared with 70% for people claiming Universal Credit without deductions. People who'd had money deducted from their social security payments were also more likely to have run out of food in the previous month and to have not had enough money to buy more (64% vs. 43% of people without deductions).[25]

The rate of hunger and hardship for people living in families claiming Universal Credit is significantly higher than that for people living in a family where someone receives the means tested benefit for pensioners – Pension Credit (24%), and many times higher than the rate for people living in families in receipt of the State Pension (6%).

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[23] Throughout this section we switch to rounded numbers compared to the previous sections which used single decimal place reporting. This is to reflect the smaller sample sizes inherent in demographic analysis.

[24] Matejic, P, (2022), *Fifty years of benefit uprating,* Joseph Rowntree Foundation, https://www.jrf.org.uk/social-security/fifty-years-of-benefit-uprating

[25] YouGov survey on behalf of Trussell. Total sample size was 2,077 adults currently claiming Universal Credit. Fieldwork was undertaken online between 20th July – 23rd August 2024. The figures have been weighted and are representative of all adults on Universal Credit (16+).

Disabled families in receipt of disability benefits face high rates of hunger and hardship. Over a quarter (27%) of people living in a disabled family claiming the Disability Living Allowance or a Personal Independence Payment face hunger and hardship – 1.7 million people.

The process of applying for and receiving disability benefits has often been identified as a driver of hardship, and can leave people facing hardship even after receiving support.[26] Many disabled families will also be receiving income replacement payments such as Universal Credit, but the level of payment received through Universal Credit is so low that disabled people often have to use disability benefits (designed to cover the **additional** cost of their disability) to afford essentials such as food or rent.[27]

Finally, for some disabled people the level of payments from their disability benefits don't cover the additional cost of their disability leaving them with insufficient income to cover their essential living costs.[28] The disproportionate impact of hunger and hardship on disabled families is explored in more detail later in this section.

Hunger and hardship are also far too common for people providing unpaid care and their families. Over one in three (36%) people living in families in receipt of Carer's Allowance are facing hunger and hardship – 900,000 people. Carer's Allowance is the lowest payment of its kind, and the inflexible and strict earnings limits in place if in receipt of it reduce carers' ability to work extra hours to make ends meet.[29]

Work is not always route out of hunger and hardship

Claiming social security and working are not separate experiences - millions of people receive Universal Credit whilst working. About half of the annual spend on working-age benefits goes to families in work.[30] Our findings highlight the fact that for far too many people work is not providing a reliable route out of hunger and hardship. Strikingly 5.4 million people in working families face hunger and hardship. This represents the majority (58%) of people facing hunger and hardship, with one in three (35%) living in families not in paid work, and 5% living in retired families.

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[26] Latimer, E, et al, (2021), *The cost of not getting Personal Independence Payment decisions right first time,* Pro Bono Economics, https://www.probonoeconomics.com/Handlers/Download.ashx?IDMF=94c43d92-77e6-44ba-ad2d-ad124692a885

[27] Bigg, H, et al, (2023), *Disability and financial hardship: How disability benefits contribute to the need for food banks in the UK,* Scottish Centre for Social Research, https://www.trussell.org.uk/news-and-research/publications/report/disability-and-financial-hardship-how-disability-benefits

[28] Vereute-McKay, L, et al, (2023), *The disability price tag,* Scope, https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023v

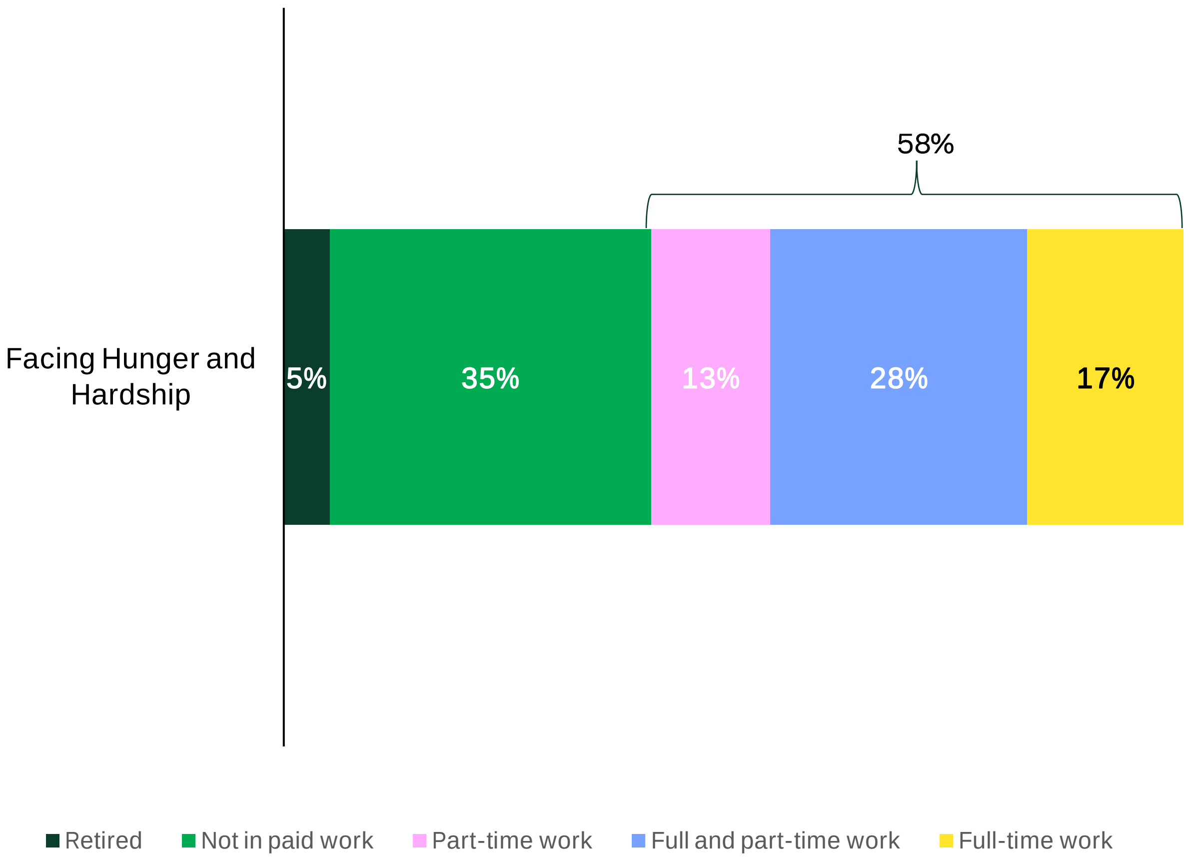
[29] Carers UK, (2023), *State of Caring 2023: The impact of caring on finances,* *https://www.carersuk.org/media/ktmpiuwl/cuk-soc-finance-report-2023.pdf*

[30] Hoynes, H, Joyce, R and Water, T, (2023), *Benefits and tax credits,* IFS Deaton Review of Inequalities, https://ifs.org.uk/inequality/benefits-and-tax-credits/

Using five different categories this section explores how work intensity relates to the risk of facing hunger and hardship. We have defined these groups as follows:

- Full-time working family: All adults in the family work full-time.
- Full / part-time working family: Some adults in the family work full-time, others work part-time.
- Part-time working family: Some or all adults in the family work part-time, others may not work.
- Families not in paid work: None of the adults undertakes any paid work, often these families include sick, disabled people, people with health conditions, and people caring for family members.
- Retired family: All adults in the family are retired.

Figure 3.1 Composition of people facing hunger and hardship by family work status



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

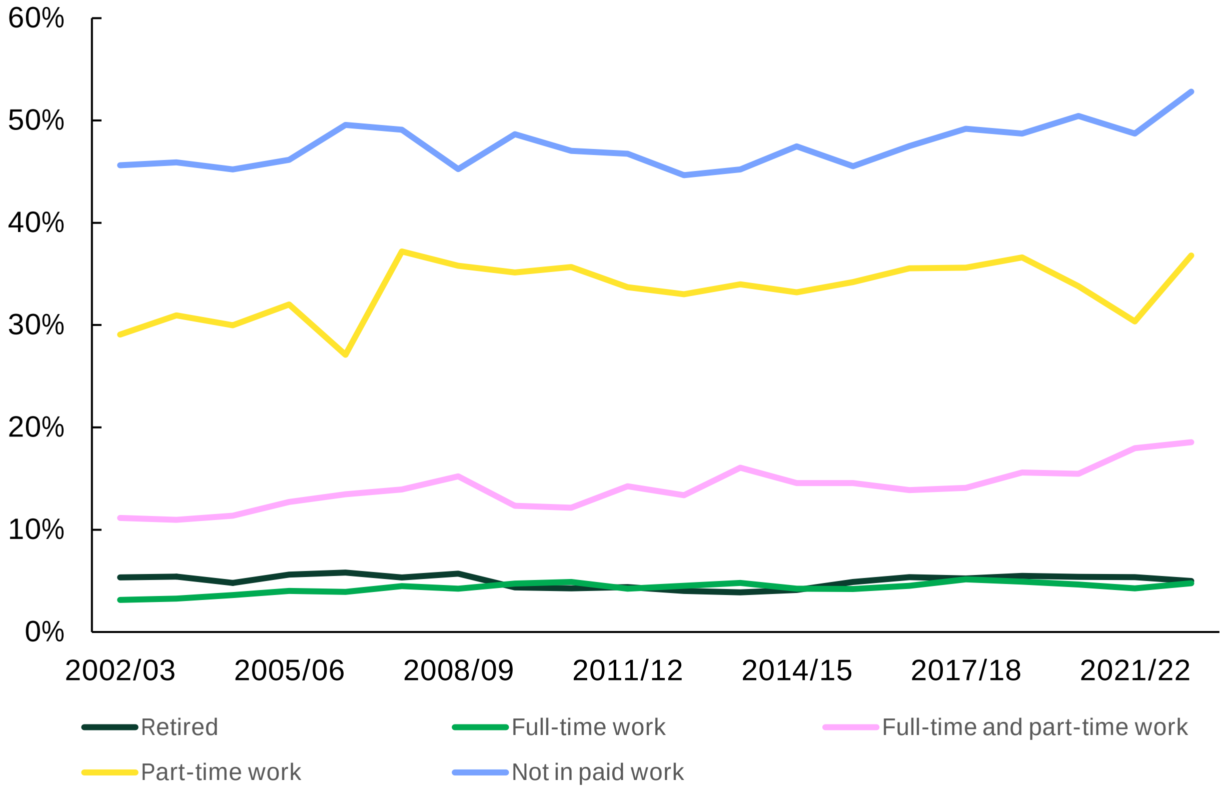
Work intensity matters when looking at the rate of hunger and hardship amongst families. By far the highest rates are for people living in families not in paid work – over half (53%) face hunger and hardship. But the rates are still extremely high for people living in families where there are only part-time workers. Over one in three (37%) face hunger and hardship.

The introduction of at least one family member working full-time reduces the rate of hunger and hardship to a still high 19%. When all adults in the family are working full time the rate falls significantly to 5%. A similar rate is seen for people living in a retired family (5%).

Over the last two decades the rates for people living in full-time working and retired families have remained stable peaking at 5% and 6% respectively across 2002/03 to 2022/03. Increases have been seen for other families. In proportional terms the largest increase has been seen for families which have both full-time and part-time workers (increasing from 11% to 19%), followed by families with only part-time workers (increasing from 29% to 37%), and families who are not in paid work (46% to 53%).

In total there are now 1.7 million more people facing hunger and hardship living in families with either only part-time workers or including both full-time and part-time workers than there were two decades ago. This may, in part, be due to reforms to social security and employment support which led to big increases in employment among groups where rates had been low, but often meant those workers moved into part-time, low paid work with little prospect of progression.[31] It is clear that it isn't just any job that is important, but work that provides a genuine route out of poverty and hardship.

Figure 3.2 Rates of hunger and hardship by family work status from 2002/03 to 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

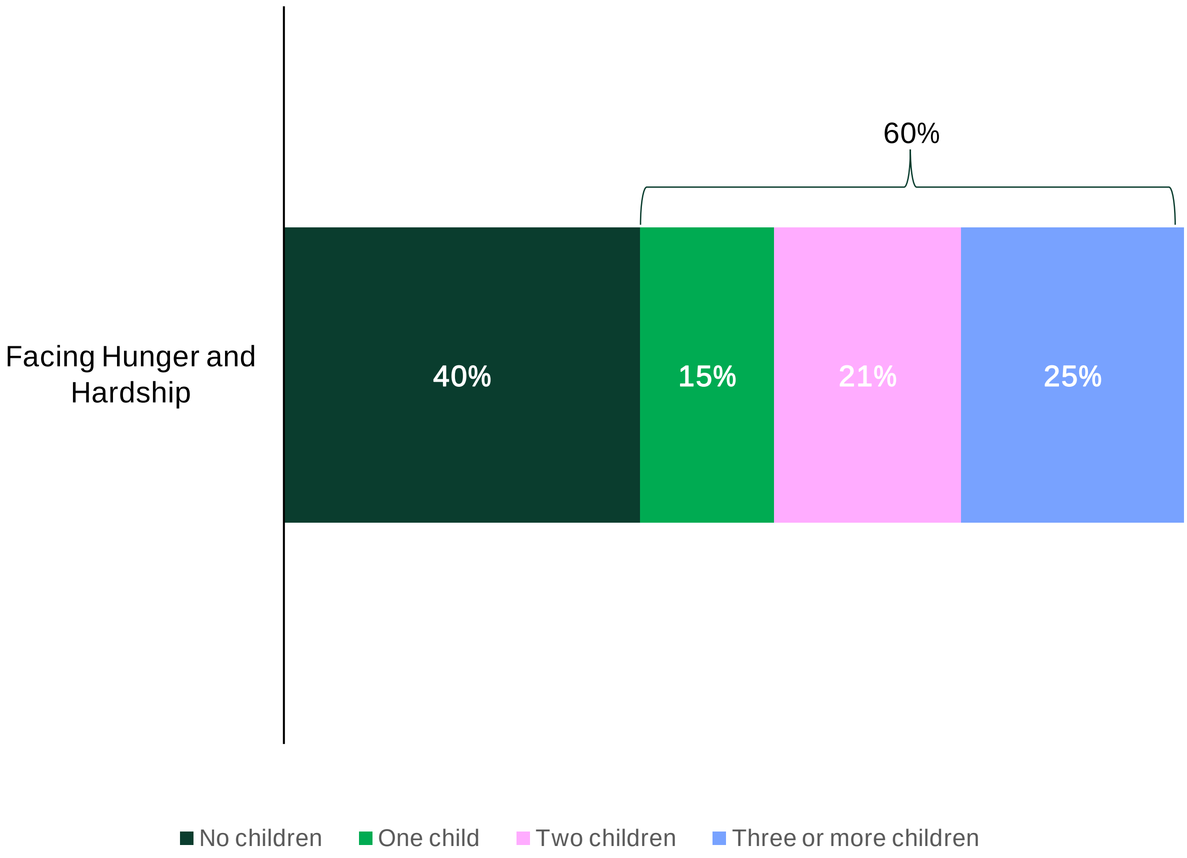
[31] Waters, T, (2023), *Decades of benefit reforms have pushed more people into work*, https://ifs.org.uk/inequality/press-release/decades-of-benefit-reforms-have-pushed-more-people-into-work-but-very-often-into-part-time-low-paid-work-with-little-prospect-of-progression/

Families with children, and younger people are most likely to face hunger and hardship

Most (60%) people facing hunger and hardship live in families with children. This is a finding that has been consistently reported across various studies of financial hardship, including Trussell's Hunger in the UK research[32], JRF's Destitution in the UK[33], and Citizens Advice's National Red Index.[34]

Figure 3.3 highlights that one in four people facing hunger and hardship are living in families with three or more children, one in five live in families with two children, and 15% in families with one or more children.

Figure 3.3 Composition of people facing hunger and hardship by number of children in family



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

[32] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[33] Fitzpatrick, S, et al, (2023), *Destitution in the UK 2023,* Joseph Rowntree Foundation, https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023

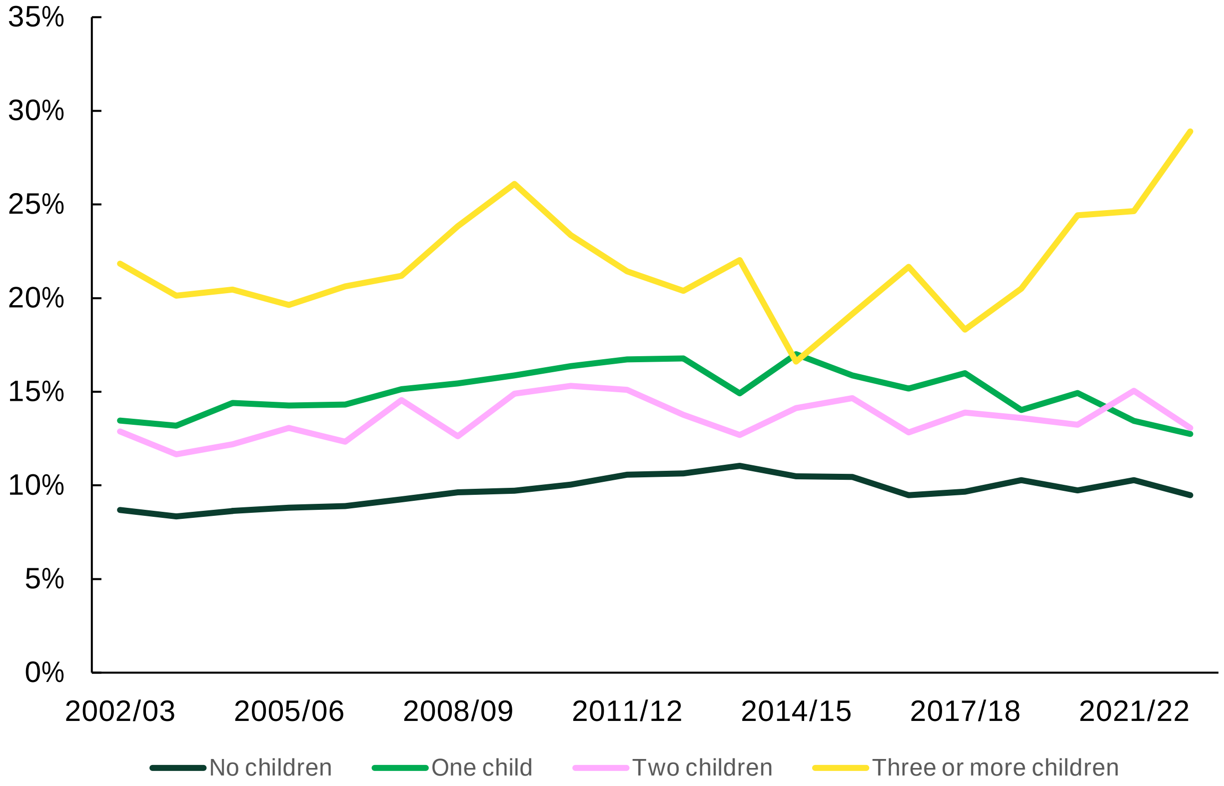
[34] Citizens Advice, (2024), *The National Red Index: how to turn the tide on falling living standards, https://www.citizensadvice.org.uk/policy/publications/the-national-red-index-how-to-turn-the-tide-on-falling-living-standards/#h-2-the-national-red-index-what-is-it-and-why-does-it-matter*

The proportion of people facing hunger and hardship who live in families with three or more children has more than doubled in the last decade. In 2012/13 just 11% of people facing hunger and hardship were living in families with three or more children. By 2022/23 this had increased to 25%. In the same time the proportion of all people living in families with three or more children across the UK has remained relatively stable (9% in 2012/13 and 11% in 2022/23).

This change means that much of the growth in the number of people facing hunger and hardship has been driven by the experiences of families with three or more children. In 2012/13, 17% of people living in families with three or more children were facing hunger and hardship. This was the same as the rate experienced by one child families (17%) and only somewhat higher than that experienced by two child families (14%). Yet by 2022/23, almost one in three (31%) people in families with three or more children faced hunger and hardship. Meanwhile the rates for people in two child families had risen only very slightly (from 14% to 15%), and those for one child families had fallen (from 17% to 14%).

Over the same period the rate for people living without children has also remained stable, at 10% in both 2022/23 and 2012/13.

Figure 3.4 Rates of hunger and hardship by number of children lived with from 2002/03 to 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

Given the higher risk faced by people in families with children it is perhaps unsurprising that the risk of hunger and hardship generally decreases with age. Shamefully, children aged 0-4 face the highest rate of hunger and hardship (24%) with people aged 70 and over facing the lowest rate (5%).

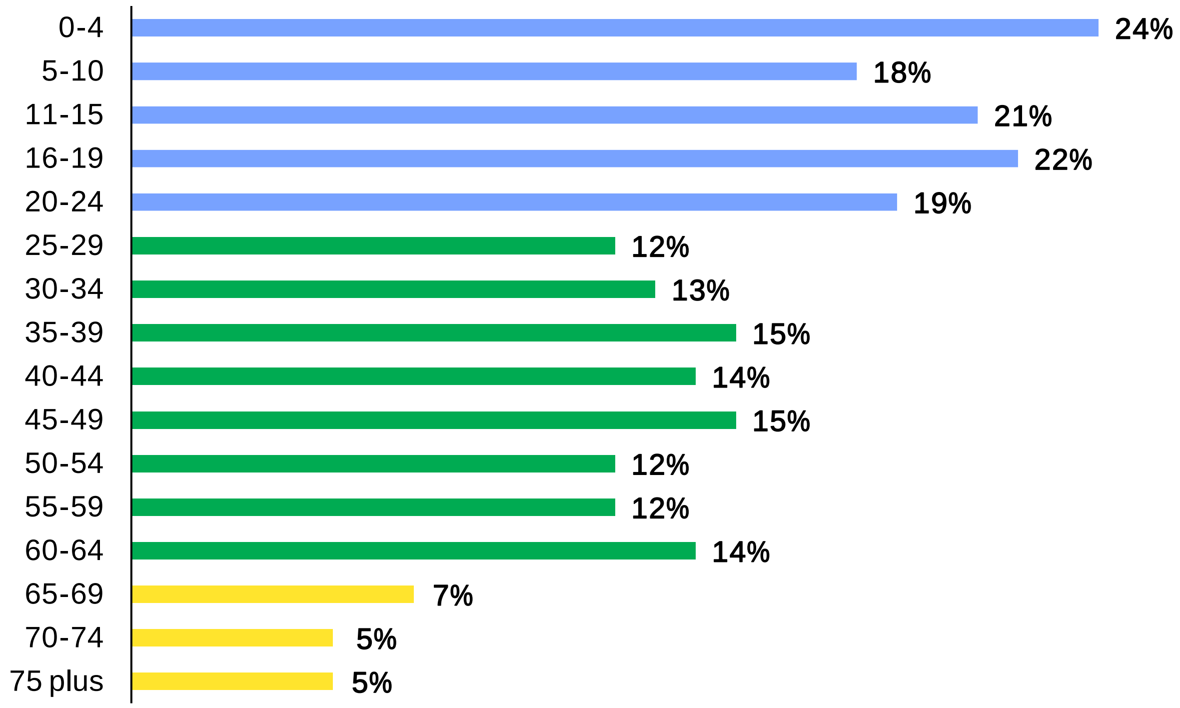
Figure 3.5 shows that experiences of hunger and hardship vary across three relatively distinct life stages. Through childhood to young adulthood (0-24) the risk of hunger and hardship is extremely high with the lowest rates being for children aged 5-10 (18%) and young adults 20-24 (19%).

The risk then falls in middle life. Between the ages of 25 and 64 – most of the working age population – the rates are lower, ranging from 15% for people aged 45-49 to 12% for other age ranges.

Finally, there is a sharp drop in the rate of hunger and hardship for people aged 65 and over. It falls to 7% for people aged 65-69 (from 14% for people aged 60-64), and further still for people aged 70+ (5%). As noted in the previous chapter, however, there are concerns about recent increases in the risk of hunger and hardship for this group. The data indicates this is particularly true for pensioner families still renting in older age. One in five (21%) pension age adults living with a partner in social homes accommodation face hunger and hardship, significantly higher than the rate for people of pension age (5%).

This rate has more than doubled since 2012/13 (when it stood at 8%) – driving a 135% increase in the number of pensioner couples living in social rented homes facing hunger and hardship. Similar trends are seen for pensioners living as a couple in the private rented sector. Since 2012/13 the rate of hunger and hardship for this group has grown from 7% to 18% - with an 181% increase in the number of people facing hunger and hardship living in these families.

Figure 3.5 Proportion of people facing hunger and hardship by age



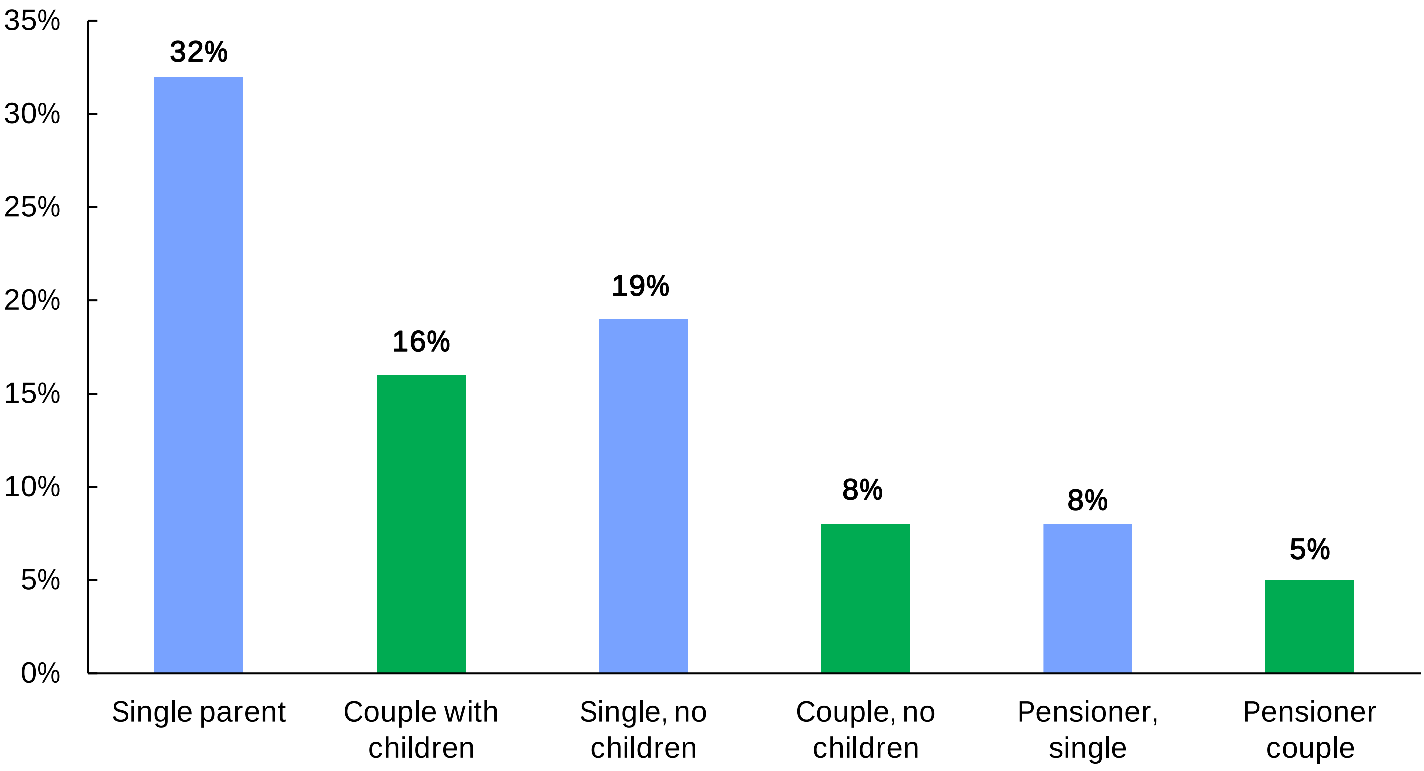
Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

Age, and the number of children in a family, clearly play a key role in the risk of facing hunger and hardship but other compositional differences can also be seen. Our data indicates the risk of hunger and hardship is consistently higher for families with only a single adult (living with or without children):

- One in three (32%) people living in a single parent family face hunger and hardship, compared to one in six (16%) people living as a couple with children.
- One in five (19%) single adults living without children face hunger and hardship, compared with one in twelve (8%) people living as a couple without children facing hunger and hardship.
- One in twelve (8%) pension age adults living alone face hunger and hardship, compared with one in twenty (5%) of pensioner couples.[35]

Research highlights adults living alone face a higher poverty premium than families with two or more adults – meaning their income doesn't stretch as far to cover their costs.[36] Single parents face particular challenges accessing affordable childcare and finding flexible work which will allow them to balance work with their parenting responsibilities.[37]

Figure 3.6 Proportion of people facing hunger and hardship by family type



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

[35] Pensioner couples are defined as a couple where one or more of the adults are state pension age or over.

[36] Davies, S, et al (2016), *Paying to be poor: Uncovering the scale and nature of the poverty premium,* University of Bristol – Personal Finance Research Centre, https://www.bristol.ac.uk/media-library/sites/geography/pfrc/pfrc1615-poverty-premium-report.pdf

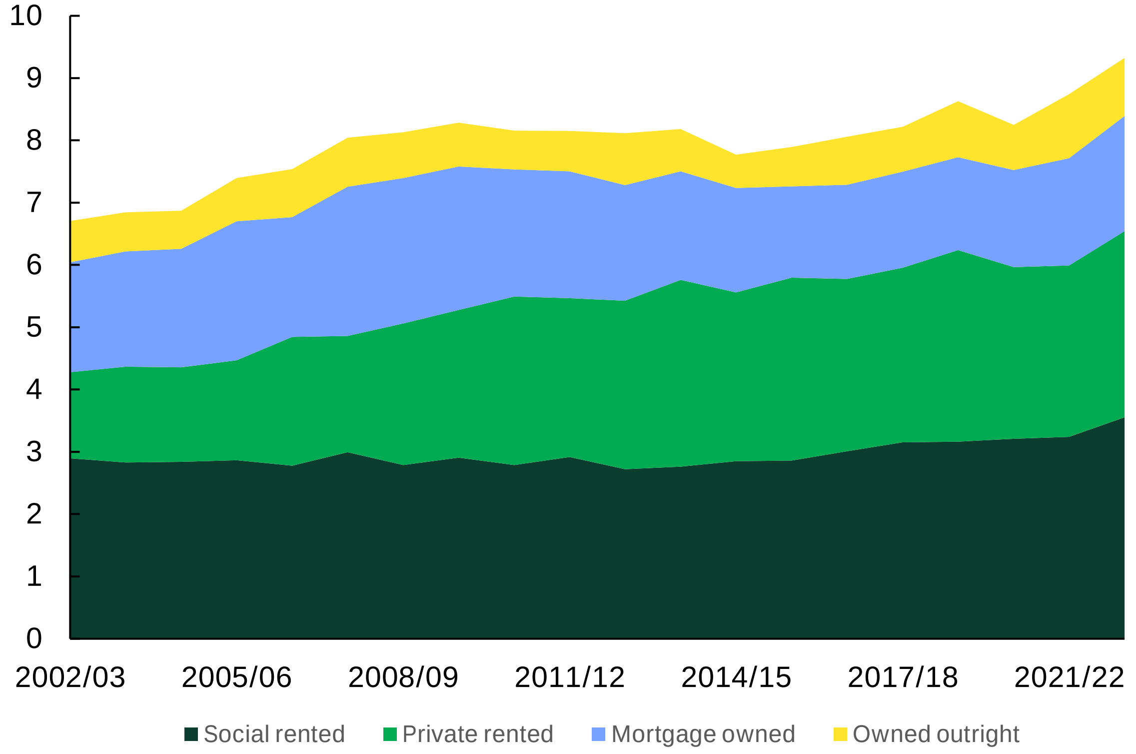
[37] Clery, E, et al, (2023), *The Single Parent Employment Challenge,* Gingerbread, https://www.gingerbread.org.uk/wp-content/uploads/2023/01/The-Single-Parent-Employment-Challenge-Report-SPEC.pdf

Hunger and hardship is faced most often by renters

More people than ever face hunger and hardship while living in the private rented sector (PRS). In total 3 million people who live in the PRS face hunger and hardship – representing 32% of all people facing it. This is slightly less than the total renting in the social home sector and facing hunger and hardship – 3.6 million making up 38% of the population. The numbers in this situation are lowest among people living in mortgage owned housing (1.8 million) and housing which is owned outright (930,000).

The number of people facing hunger and hardship in the PRS has doubled in the last two decades as the housing crisis has trapped more and more people in this sector. However, while the number of people facing hunger and hardship in the PRS has grown significantly, the overall rate for private renters has remained stable. In 2002/03, 24% of people living in the PRS faced hunger and hardship – a similar proportion to that seen two decades later in 2022/23 (23%). Conversely, there has been a significant increase in the rate for people living in social housing, from 27% in 2002/03 to 34% in 2022/23. Compositional changes in both sectors are likely to partially account for this. With higher income households staying in the PRS for longer, and the shortage of social housing meaning it is increasingly restricted to people in the greatest need.

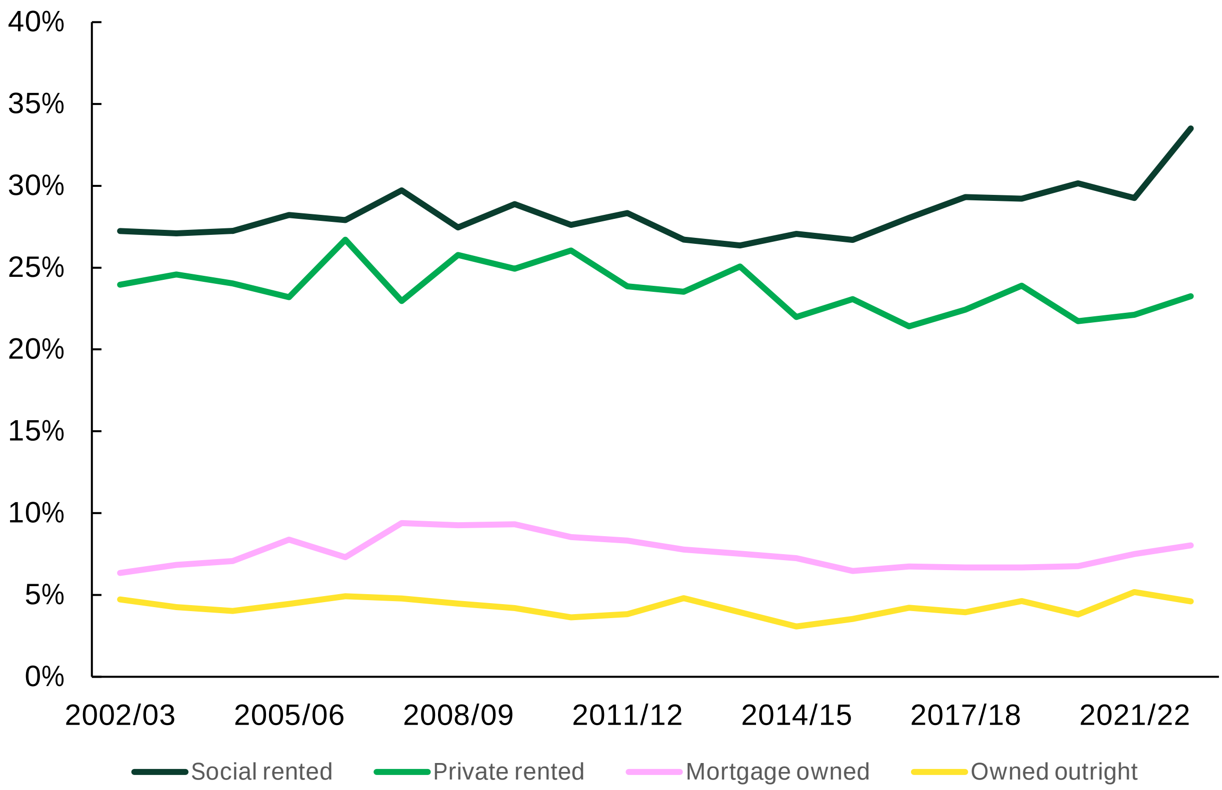
Figure 3.7 Number of people facing hunger and hardship by housing sector from 2002/03 to 2022/23 - millions



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

A lack of data also prevents us from looking specifically at private renters in receipt of Local Housing Allowance or the housing element of Universal Credit. With successive freezes and caps to the housing allowance rates, and recent uprating of the payment, it is likely that the rate of hunger and hardship for renters in receipt of the payment would have increased and decreased over time.

Figure 3.8 Rates of hunger and hardship by housing sector from 2002/03 to 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

One further limitation of this analysis is the data coverage for people living in non-private dwellings or people who are rough sleeping. The Family Resources Survey does not collect information for instance on all people living in temporary accommodation (particularly people living in B&Bs, hostels, or hotels), or people who are rough sleeping.

The latest data, from Autumn 2023, shows 3,898 people were sleeping rough in England on a given night.[38] This is a 61% increase from the equivalent figure in 2013. There has also been a rapid increase in the number of people living in temporary accommodation in England. At the end of March 2024 over 300,000 people were living in temporary accommodation – a 91% increase since 2014.[39]

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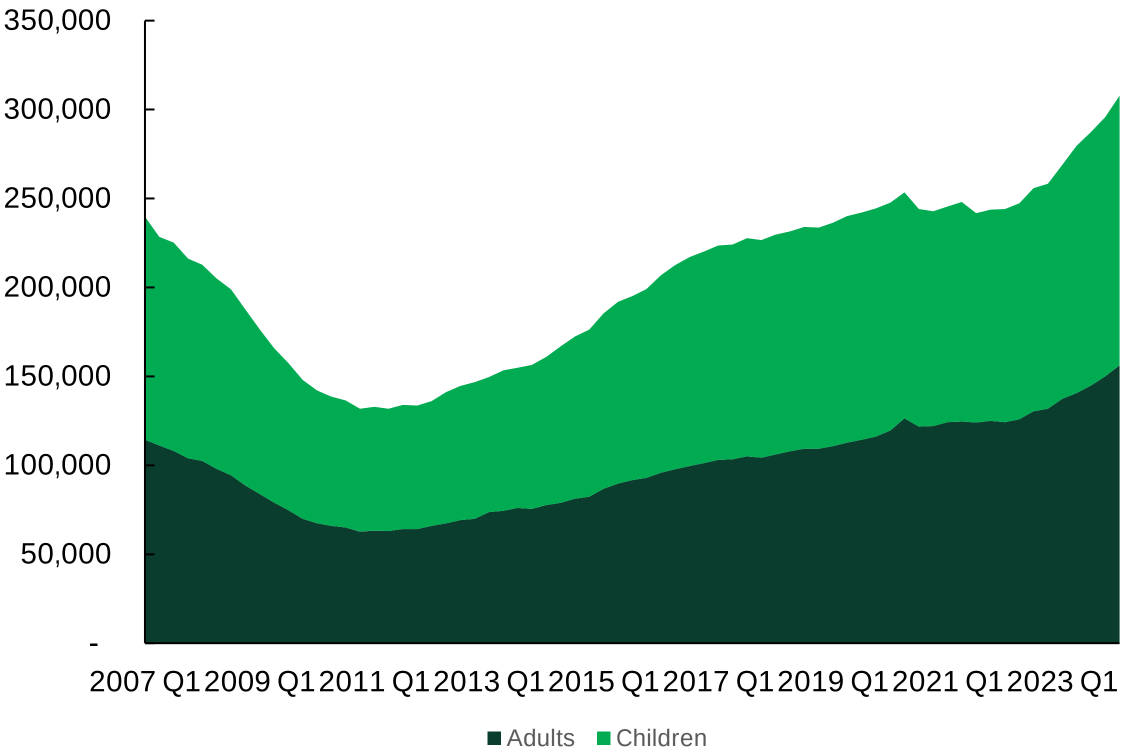
[38] MHCLG, (2024), *Rough sleeping snapshot in England: Autumn 2023*, *https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2023/rough-sleeping-snapshot-in-england-autumn-2023#:~:text=There%20were%203%2C898%20people%20estimated,since%20the%20peak%20in%202017*.

[39] Calculated using the method detailed here: https://england.shelter.org.uk/media/press_release/at_least_309000_people_homeless_in_england_today from figures

Figure 3.9 Number of people in England living in temporary accommodation from 2007 to 2024



Source: Live tables on homelessness - MHCLG (2007-2024), Trussell analysis.

This number of people is small in relation to the total number of people facing hunger and hardship across the UK. But it must be acknowledged, particularly in policy development, that the experience of hunger and hardship would be widespread for this group. Trussell's Hunger in the UK research finds that one in three (34%) of people referred to food banks were either currently homeless or had experienced homelessness in the previous 12 months.

Most people facing hunger and hardship live in disabled families

If you live in a disabled family (with either a disabled adult or child) you are more likely to face hunger and hardship than if you live in a non-disabled family (17% vs. 11%). The rate of hunger and hardship for disabled families was the same in 2022/23 as it was in 2012/13 (17%).

Just over half (53%) of people currently facing hunger and hardship live in disabled family, a proportion which has substantially increased over the last decade (rising from 46% in 2012/13).

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reported here: MHCLG, (2024), *Live tables on homelessness*, https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

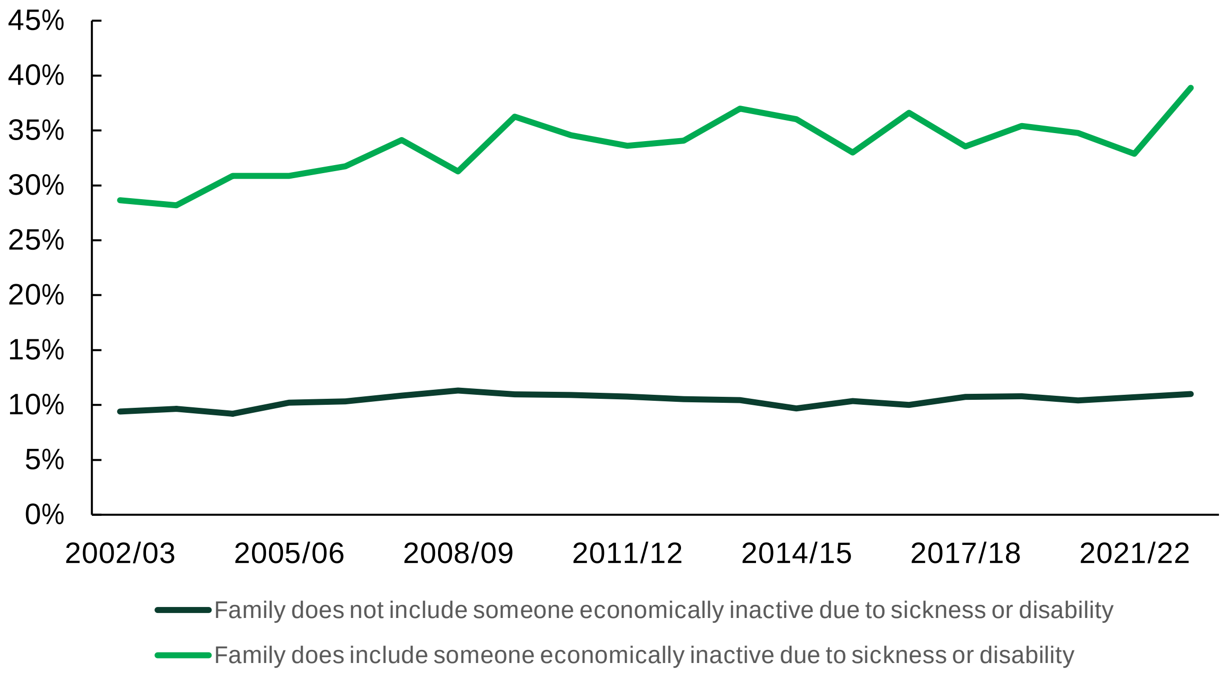
Five million people in disabled families now face hunger and hardship, an increase of 1.2 million people since 2012/13. Over the same period the number of people facing hunger and hardship in non-disabled families has remained constant at 4.4 million people in both 2012/13 and 2022/23.

The impact of disability on the need for emergency food is something that has been consistently flagged. Trussell's Hunger in the UK research found that three quarters (75%) of people referred to food banks live in a disabled household, significantly higher than the level seen in the general population (34%).[40]

Almost two in five (39%) people living with someone who is economically inactive due to sickness or disability face hunger and hardship, an increase over the last two decades from 29%. This represents 2.8 million people. This is over three times the rate for people in families without someone economically inactive due to sickness or disability in 2022/23 (11%).

Illness or disability can often make it harder to find or sustain employment. For others, it will mean that they are not able to work. Over half (54%) of people referred to food banks who were not currently working said that they had a health condition which meant that they could not work.[41] Additionally, disabled people who are in work are more likely to be in low paid jobs and to work part-time, increasing their risk of in-work poverty. And many disabled people incur additional costs, which means they are more likely to struggle to afford essentials such as food and bills, as well as restricting their ability to participate in the labour market and in wider society.

Figure 3.10 Rates of hunger and hardship by economic activity status from 2002/03 to 2022/23



Source: FRS and HBAI dataset (1998/99–2022/23), WPI Economics analysis.

[40] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[41] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

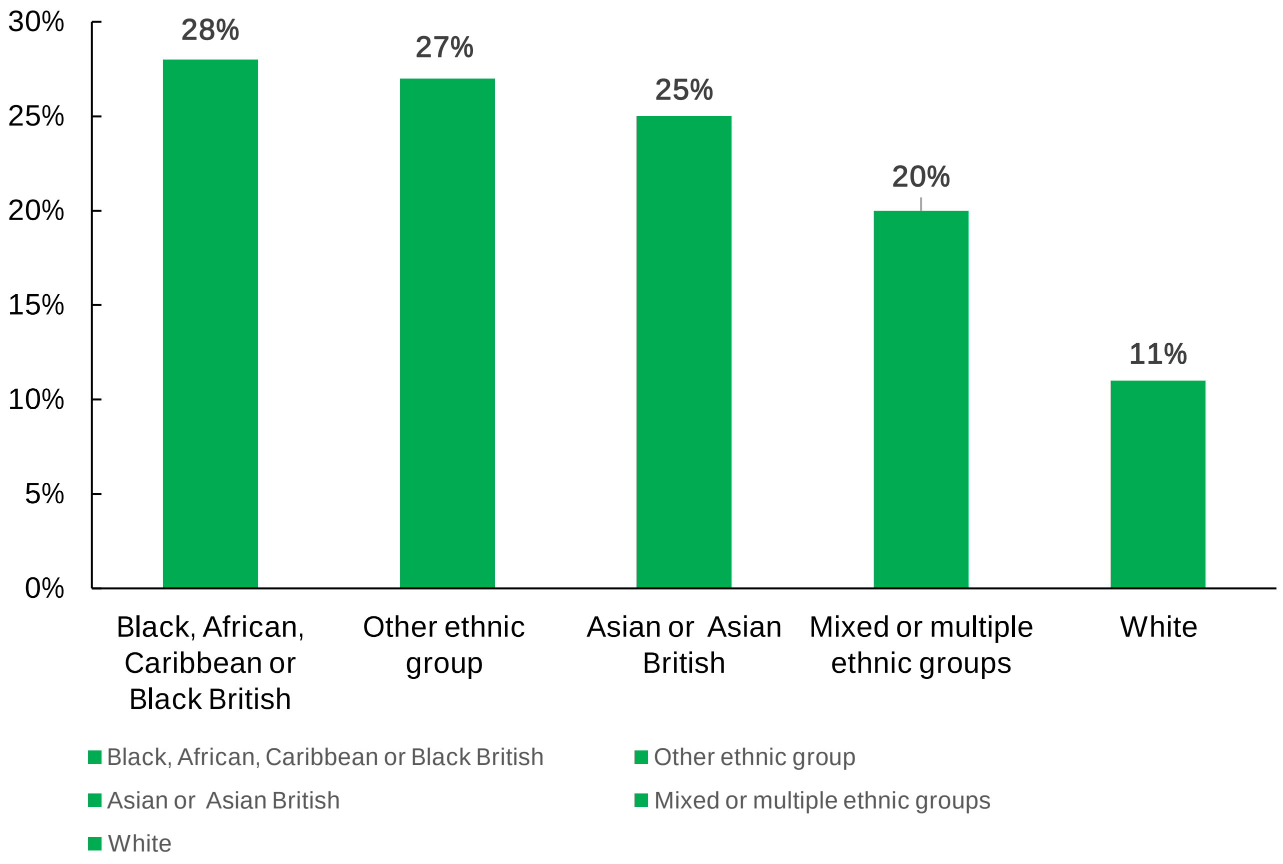
Racialised communities are far more likely to face hunger and hardship

The majority (67%) of people experiencing hunger and hardship, representing 6.2 million people, live in White families. However, they are under-represented among people in this situation as people in White families make up around 84% of people across the UK.

The rate of hunger and hardship is highest for people living in Black, African, Caribbean, or Black British families.[42] Over a quarter (28%) of people living in these families face hunger and hardship, compared to just under one in eight (11%) for people living in White families.

All other ethnic groups including mixed or multiple ethnic families (20%), Asian or Asian British families (25%), and families from another ethnic group (27%) have a higher rate of hunger and hardship than people living in White families.

Figure 3.11 Rates of hunger and hardship by ethnicity of head of household 2022/23



Source: FRS and HBAI dataset (1998/99-2022/23), WPI Economics analysis.

[42] Throughout this section the ethnicity of the family is based on the reported ethnicity of the 'head of the household' a technical term used within the Family Resources Survey used to describe the person who has answered the questionnaire on behalf of the household. Ethnicity data is only captured for that person and not the rest of the household.

Looking at all people facing hunger and hardship, one in seven (15%) live in Asian or Asian British families, 7% in Black, African, Caribbean, or Black British families, 4% in other ethnic families, and 2% in mixed or multiple ethnic families.

4. How to reduce the scale of hunger and hardship

A future without the need for food banks is possible. We can build a society where everyone has the security we all need to unlock opportunities and have hope for the future. The following section reviews a range of policies which could be implemented to reduce the number of people facing hunger and hardship and the need for food banks.

Across every policy area there are measures which are challenging to model well, despite good evidence that they are likely to be effective in achieving our goal. Where traditional policy modelling isn't possible, we have included some discussion on the evidence of the impact of those policies.

Key findings

1. Introducing the Essentials Guarantee would see the largest reduction in the number of people facing hunger and hardship – a 20% decrease – a fall of 1.9 million people.

2. Ensuring that everyone received their full social security they are eligible for would lift 635,000 people out of facing hunger and hardship. This policy is the most effective for supporting people of pension age.

3. Scrapping both the two-child limit and the benefit cap would reduce the number of people facing hunger and hardship by 9% - a reduction of 825,000 people including 570,000 children.

4. If the Scottish Child Payment was uprated to £40 a week and extended UK wide over a million children would no longer face hunger and hardship – a 33% reduction.

5. The expansion of free school meals to all primary and secondary school children in families claiming Universal Credit would reduce the number of people facing hunger and hardship by 2% or around 225,000 people, including 135,000 children.

6. Initial modelling to explore the impact of reforms to improve wages show little impact on the rate of hunger and hardship, this may reflect potential challenges in effectively modelling this policy.

The modelling discussed below presents the impact of policies on the number of people projected to face hunger and hardship in 2025/26 and examines the impact on those groups who face the highest risk of being in this situation. Where possible the cost of implementing each policy is included below. Policies have been grouped into categories including increasing people's incomes, greater support for families with children, reducing housing costs, and decent, secure and rewarding work. Further information on our modelling approaches can be found in the Appendix.

Increasing people's incomes

Increasing the sufficient and timeliness of the social security system and ensuring everyone receives the support they are eligible for

Trussell's evidence consistently shows that hunger in the UK is not about food, it is about income. People come to food banks because they don't have enough money to afford the essentials. The evidence shows that insufficient income is the most immediate and significant driver for almost all people forced to use a food bank. The vast majority (86%) of people referred to food banks in the Trussell community in mid-2022 had an income so low that they were experiencing destitution when they were supported by the food bank.[43]

Overwhelmingly this is caused by the design and delivery of the social security system. We know that increasing social security payments can protect people from hardship. The temporary £20 a week increase to Universal Credit during the pandemic played a critical role in protecting families from facing hunger.[44] Trussell has also repeatedly seen reductions in the use of food banks in its community when additional Cost of Living payments were provided to people receiving some social security payments.[45]

The following policy modelling examines a range of reforms which would increase the adequacy of support provided through the social security system and ensure everyone receives the support they are eligible for.

Introducing an Essentials Guarantee

Ensuring everyone has a protected amount of support in Universal Credit to afford the essentials

Overview of policy

The Essentials Guarantee is a policy developed by Trussell and JRF that would embed in the social security system the principle that Universal Credit should protect people from going without the

[43] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[44] Baumberg Geiger, B, (2021), *Food insecurity and the welfare state: Food insecurity amongst benefit claimants in the UK*, Welfare at a Social Distance, https://www.distantwelfare.co.uk/food-insecurity-report

[45] Trussell, (2024), *End of Year Stats, https://www.trussell.org.uk/news-and-research/latest-stats/end-of-year-stats*

essentials.[46] The policy would ensure everyone has a protected minimum amount of support in Universal Credit which enables them to afford the essentials.

It would enshrine in legislation:

- A legal minimum (the 'Essentials Guarantee') in Universal Credit- the standard allowance would need to at least meet this amount and deductions (such as debt repayments to government, or as a result of the benefit cap) would not be allowed to reduce support below that level;
- An independent process to regularly recommend the Essentials Guarantee level, based on the cost of essentials (such as food, utilities and vital household items) but excluding rent and council tax which are addressed through other parts of the social security system).

The UK government would set the level of the Essentials Guarantee annually, based on the recommendation of the independent process. The policy modelled here assumes it would need to be set at £120 a week for a single adult and £200 for a couple.

Key results

In 2025/26 the introduction of the Essentials Guarantee would reduce the number of people facing hunger and hardship by 20% - 1.9 million people across the UK. This would include over half a million (580,000) children, with a 19% decrease in the number of children facing hunger and hardship compared to the level projected without the introduction of this policy.

The policy would boost the incomes of eligible families expected to face hunger and hardship by an average of £3,171 in 2025/26. Over a third (37%) of the total gains from the policy (across everyone benefiting from it) would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 11.4%. This is the lowest rate achieved for any individual policy considered in this report.

Table 4.1 Reduction in the number of people facing hunger and hardship, resulting from the policy, and the (percentage-point) reduction in overall rate from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	1,520,000	1,775,000	1,780,000	1,870,000	2,005,000
Rate (percentage point reduction)	2.3	2.7	2.7	2.8	3.0

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

[46] Bannister, L, et al, (2024), *Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times,* Trussell and Joseph Rowntree Foundation, Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times | Joseph Rowntree Foundation (jrf.org.uk)

The Essentials Guarantee is particularly impactful for people living in disabled families. If introduced, the policy would reduce the number of people in disabled families facing hunger and hardship by 1,185,000 accounting for well over half the headline reduction for this period. There are also large decreases among social renters (940,000), people living in families not in paid work (705,000), and children (580,000).

When looking at the change in the rate at which people in different families experience hunger and hardship, percentage point decreases are particularly large for social renters (an 8.9 percentage point reduction) and families not in paid work (an 11.3 percentage point drop). The policy also leads to large drops in the rate of hunger and hardship among people in mixed or multiple ethnic families (a drop of 7.1 percentage points), families headed by someone from another ethnic group (also a drop of 7.1 percentage points), and single parents (a drop of 6.6 percentage points).

Table 4.2 Change from projected baseline for 2025/26 with implementation of the Essential Guarantee by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	1,870,000	2.8
Change for children	580,000	4.0
Change for single parents	345,000	6.6
Change for families with three or more children	375,000	5.2
Change for disabled families	1,185,000	4.1
Change for social renters	940,000	8.9
Change for private renters	535,000	4.1
Change for families not in paid work	705,000	11.3
Change for Mixed and Multiple ethnic groups	65,000	7.1
Change for Asian and Asian British	185,000	3.0
Change for Black, African, Caribbean, and Black British	110,000	5.0
Change for other ethnic groups	90,000	7.1

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of the Essentials Guarantee would be roughly £19.3 billion in 2025/26.

Introducing a protected minimum floor to Universal Credit

Introducing a protected minimum floor at a level which ensures that no one's Universal Credit payment can be reduced by more than 15% by debt deductions or the benefit cap

Overview of policy

Introducing a protected minimum floor for Universal Credit payments would act as a first step towards enacting a full Essentials Guarantee. In line with the principles of the Essentials Guarantee, it would establish an income threshold below which people should not fall. The policy would be implemented by creating a protected minimum floor at a level which means that no one's payments could be reduced to more than 15% below the household's usual Universal Credit standard allowance amount through debt deductions or the benefit cap.

Deductions from Universal Credit payments to repay debts are an important driver of hunger and hardship. For example, 57% of people in receipt of Universal Credit when referred to Trussell food banks are having their or their partner's income reduced by automatic government debt repayments.[47] Debts can be owed to government as a result of historic overpayments, or advances (effectively a loan from the government) to cover the five week waiting period for a first Universal Credit payment or an emergency household cost. Deductions may also be taken to repay debts to other third parties such as rent arrears or arrears on energy bills.

If the total household income from social security for a family without anyone working exceeds the limit set by the benefit cap, then a deduction (known as the 'capped amount') is made from their Universal Credit. This deduction is equal to the difference between the household's total income from social security and the benefit cap limit.

A protected minimum floor could be enacted through amending Universal Credit regulations to limit the 'capped amount' in accordance with the protected minimum floor threshold, and guidance on allowable debt deductions to ensure both debt deductions and any benefit cap deductions were combined before applying the protected floor. A more concrete approach would be to use primary legislation to introduce the protected floor. A suggested combined limit would mean deductions can be a maximum of 15% of the Universal Credit standard allowance. This level reflects the debt sector consensus on a level which would allow 'priority debts' such as rent or energy bills to continue to be collected and sustain service provision.

In 2024/25, the introduction of a protected minimum floor in Universal Credit would mean four minimum levels being created in the system (each reflecting 15% below the different Universal Credit rates for different household compositions):

- £77 a week for a household headed by a single adult aged 25 or over.

[47] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

- £61 a week for a household headed by a single adult aged under 25.
- £122 a week for a household headed by a couple with at least one adult aged 25 or over.
- £96 a week for a household headed by a couple with both adults aged under 25.

Modelling a protected minimum floor for Universal Credit payments is challenging within existing microsimulation models due to the lack of high-quality data on which households are facing deductions from their social security payments and the size of those deductions. This section instead provides an overview of the available evidence on the impact of the policy on different families.

Key results

In February 2023 2.25 million households had deductions to their Universal Credit payments – representing 45% of households claiming Universal Credit. The average deduction was £61 a month.[48] Higher rates of deductions are faced by many of the priority groups identified in the previous section including:

- **Families with children** – 49% of families with children on Universal Credit face debt deductions, compared to 41% of families without children.[49] Families with children are also more likely to face larger deductions (over 20% of their standard allowance) than families without children (27% vs. 13%).[50]
- **Families with no one in paid work** – 55% of families with no one in work claiming Universal Credit face debt deductions, compared to 33% of families with someone in work on Universal Credit. Families without someone in work also face larger deductions (21% vs. 18% of families with someone in work claiming Universal Credit).[51]
- **Disabled families or families with someone in ill health** - 53% of households containing someone who the DWP has assessed as having 'limited capability for work' (LCW) or 'limited capability for work-related activity' (LCWRA) face debt deductions, compared to 42% of households without LCW or LCWRA.[52]

The benefit cap affects far fewer claimants than debt deductions; in February 2024, 73,000 households on Universal Credit were capped.[53] However, the amount lost varies significantly. The latest average weekly loss was £51, but 15% of capped households lost more than £100 a week.[54]

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[48] Kennedy, S, et al, (2023), *Universal Credit deductions,* House of Commons Library, https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0166/#:~:text=Of%20the%204.96%20million%20households,%C2%A361%20million%20(44%25).

[49] Opperman, G MP (2023) Response to written Parliamentary Question UIN117527 by Rt Hon. Stephen Crabb MP, answered 16 January 2023 https://questions-statements.parliament.uk/written-questions/detail/2023-01-06/117527

[50] Ibid.

[51] Ibid.

[52] Ibid.

[53] DWP, (2024) Benefit cap: number of households capped to February 2024 https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-february-2024

[54] Ibid

As with debt deductions, the benefit cap is also more likely to impact the families most at risk of needing emergency food:

- The majority (88%) of households affected by a benefit cap reduction have children
- Single parent families make up 71% of affected families
- Families with three or more children make up 56% of affected families on Universal Credit.[55]

For households affected by both debt deductions and the benefit cap, the combined impact can be very significant and is highly likely to greatly increase a households' risk of hunger and hardship. A worked example illustrates this:

Example household – current position
A single person aged 25 or over currently receives a headline Universal Credit standard allowance of £91 a week. If they have no other income, this already puts them below JRF's destitution income line of £95 a week. Debt deductions of up to 25% of the standard allowance can be taken, pulling support £23 a week further below this. Reductions arising from the benefit cap vary widely according to family circumstances, but the average reduction is £51 a week[56], again pulling people's basic support well below what's needed to afford essentials. If this person was subject to both the maximum debt deduction and the average benefit cap reduction then they would be left with just £17 a week to cover essentials.[57]

Beyond these basic calculations, we know from wider evidence that debt deductions pull people into deeper hardship. Some people will have little or no buffer to manage deductions. In mid-2022 research by Trussell found that 65% of people claiming Universal Credit with deductions had no savings – compared to 45% of people without deductions.[58]

Further research confirms that these financial constraints pull people into hunger and hardship. In August 2024, the vast majority (85%) of people claiming Universal Credit with deductions had gone without essential items like food, clothing, or heating in the previous six months. This was significantly higher than the rate for people claiming Universal Credit without benefit deductions (70%). Shockingly, two in five (41%) people claiming Universal Credit with deductions had used a food bank in the previous 12 months – more than two and half times the rate for people without deductions (15%).[59]

[55] Ibid.

[56] DWP, (2024) Benefit cap: number of households capped to February 2024 https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-february-2024

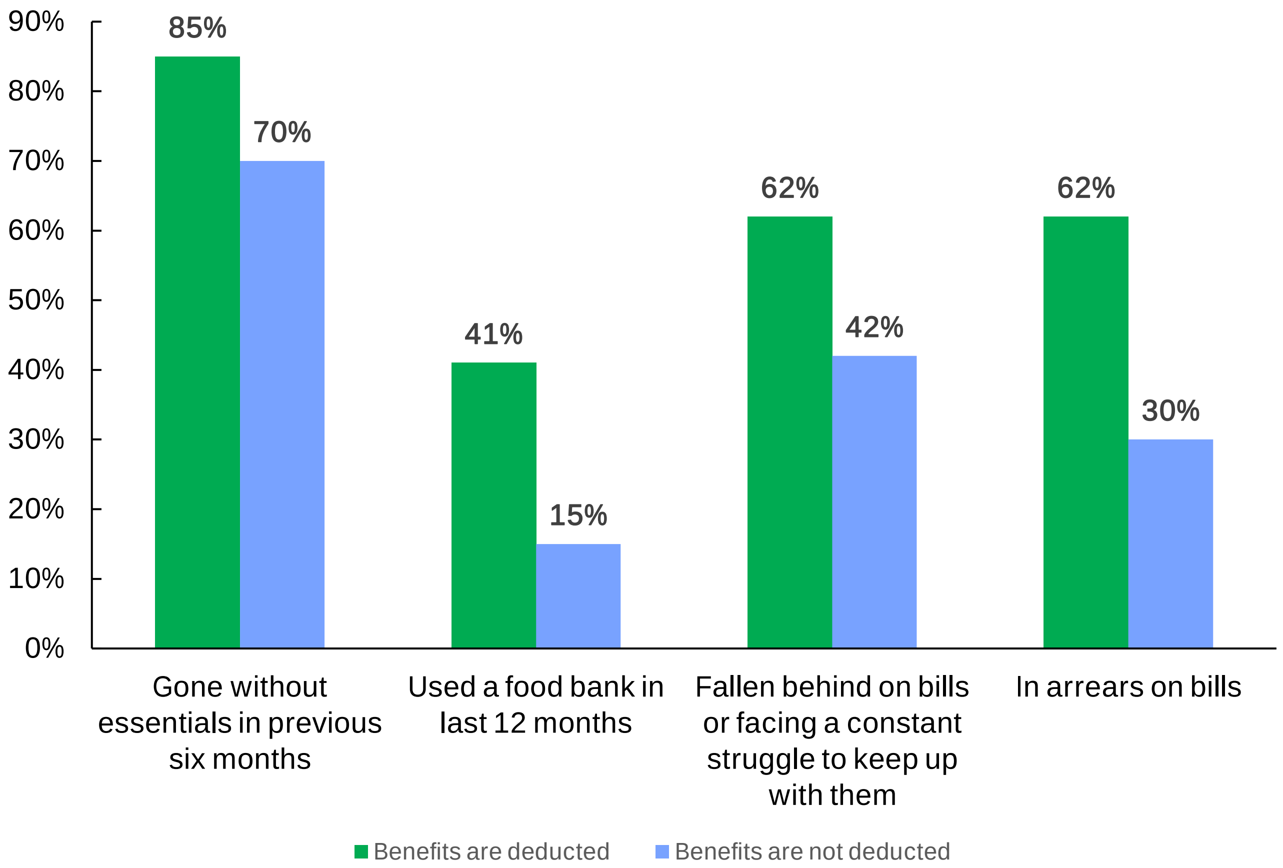
[57] JRF and Trussell, (2024) *A protected minimum floor in Universal Credit*. https://www.jrf.org.uk/social-security/a-protected-minimum-floor-in-universal-credit.

[58] Trussell, (2023), *Hunger in the UK, 2022 [data collection]*, UK Data Service, http://doi.org/10.5255/UKDA-SN-9110-1

[59] Survey of people claiming Universal Credit by YouGov on behalf of Trussell Total. sample size was 2,077 adults. Fieldwork was undertaken between 29th July - 23rd August 2024. The survey was carried out online. The figures have been weighted and are representative of all adults on Universal Credit (aged 16+).

Qualitative research also gives a strong indicator that families facing deductions and/or caps to their benefits are more likely than not to be within the hunger and hardship group.[60]

Figure 4.1 Lived experience of people claiming Universal Credit with and without deductions



Source: YouGov survey of people claiming Universal Credit on behalf of Trussell. Trussell analysis.

Given the available evidence on the impact of deductions and capped amounts we can be confident that policies which target them will reduce the scale of hunger and hardship. Analysis carried out by JRF indicates that implementing the protected minimum floor would result in around 1.9 million families seeing their reductions to Universal Credit lowered, by around £48 a month on average[61]:

- For families where the floor acts solely to reduce their debt deductions, they would see their Universal Credit payment increase by around £42 a month on average.

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[60] Bennet-Clemmow, et al, (2022), *Debt to Government, deductions and destitution,* Trussell, https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/02/Debt-to-government-deductions-and-destitution-qualitative-research-report.pdf

[61] Our proposal is to implement the floor at this level via a flat reduction in the maximum rate of debt deductions for households on Universal Credit with any level of earnings. All impacts and costs are estimates based on JRF modelling and assumptions, drawing on data from Parliamentary Questions, tax-benefit microsimulation modelling, and reports from DWP, HM Treasury and the Office for Budget Responsibility. All impacts have been estimated for 2024/25, assuming full Universal Credit rollout. Further details can be provided upon request.

- Around 800,000 families would see their monthly Universal Credit payment increase by between £30 and £40, around 300,000 would see it increase by £60 to £70, and around 100,000 would see it increase by over £70.
- For the 1.1 million families with children where the floor acts solely to reduce their debt deductions, monthly Universal Credit payments would increase by around £48 on average.
- Around 60,000 families with a benefit cap reduction would see their Universal Credit payment increase by around £210 a month on average.

The only cost of a protected minimum floor that would be scored in a Budget would be an annual cost of around £150 million a year due to benefit cap reductions. It would also lead to a total £3.1 billion increase in steady state public sector net debt due to limiting debt deductions.

Income maximisation policies

Ensuring people of working and pension age receive all the support they are eligible for

Overview of policy

In addition to increasing the sufficiency of social security payments, ensuring that everyone receives the existing support they are eligible for would make a significant contribution to reducing levels of hunger and hardship. It is estimated that the total amount of unclaimed income related to social security and social tariffs could be as high as £22.7 billion a year.[62] Lack of awareness, the complexity of the social security system, as well as the stigma associated with receiving state support are all reported to contribute to this underclaiming.[63]

Here we model the impact on hunger and hardship from helping people access the support they are eligible for. There are a range of ways this could be achieved, learning from past successes in increasing take up of specific social security payments and the impact of impact maximisation services provided by both local authorities and charities (including food banks in the Trussell community). Improving interactions between the Department for Work and Pensions and people claiming social security, making better use of data to identify people who are likely to be eligible for specific benefits and ensuring advice services are suitably funded and well-targeted would all contribute to achieving this goal.

This modelling uses the IPPR Tax-Benefit Model, which estimates that £12.8 billion a year of social security payments remain unclaimed.[64] Given that other estimates put the level of underclaiming much higher, it is possible that our modelling under-estimates the impact of this policy.

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[62] Ghelani, D, (2024), *Missing out 2024: £23 billion of support is unclaimed each year,* Policy in Practice, https://policyinpractice.co.uk/missing-out-2024/

[63] Ghelani, D, (2024), *Missing out 2024: £23 billion of support is unclaimed each year,* Policy in Practice, https://policyinpractice.co.uk/missing-out-2024/

[64] Institute for Public Policy Research and Manchester Metropolitan University, (2024), *The IPPR Tax-Benefit model*

Key results

In 2025/26 ensuring that people receive all the social security payments they are eligible for would reduce the number of people facing hunger and hardship by 7% - a reduction of 635,000 people across the UK. This would include 180,000 children, with a 6% decrease in the number of children facing hunger and hardship against the projected level for 2025/26.

The policy would boost the incomes of affected families expected to face hunger and hardship by an average of £5,539. Over a third (36%) of the total gains from the policy (across everyone benefiting from it) would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% to 13.3%. When considered over the five-year period, the impact is highest in the early years, where there is most underclaiming to address. Our modelling assumes that the policy is introduced in 2022/23 and is in place for every subsequent year. Here the absolute decrease in the number of people facing hunger and hardship is largest in its second year of implementation (2023/24).

Table 4.3 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	765,000	810,000	635,000	635,000	565,000
Rate (percentage point reduction)	1.1	1.2	0.9	1.0	0.8

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

Over a third of people who gain from this policy are living in disabled families (240,000). The policy also leads to large decreases in the numbers of private renters (270,000), children (180,000), and people living in families with three or more children (175,000) facing hunger and hardship.

In addition, a significant number of people lifted out of the risk of hunger and hardship by this policy are pension-age, with a reduction of 140,000. This is in large part driven by increased claiming of Pension Credit, a payment with particularly low levels of take up. This represents a 1.2 percentage point decrease in the projected rate of hunger and hardship for people of pension age in 2025/26 – with this policy delivering the largest decrease for this group of all those modelled.

Rates of hunger and hardship fall by more for people living in Asian or Asian British families (with a 2.6 percentage point reduction), families with three or more children (a 2.5 percentage point drop), and private renters (a 2.1 percentage point drop).

Table 4.4 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	635,000	1.0
Change for children	180,000	1.2
Change for single parents	0	0.0
Change for families with three or more children	175,000	2.5
Change for disabled families	240,000	0.8
Change for social renters	25,000	0.2
Change for private renters	270,000	2.1
Change for families not in paid work	110,000	1.8
Change for Mixed and Multiple ethnic groups	+5,000	+0.4
Change for Asian and Asian British	160,000	2.6
Change for Black, African, Caribbean, and Black British	10,000	0.4
Change for other ethnic groups	10,000	0.8

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of full take up of social security payments is around £12.8 billion in 2025/26. This does not include the costs of implementing the policies which could achieve this outcome, such as training for social security advisors or investment in the advice sector.

Investment in crisis support schemes

Investment in line with the Household Support Fund (annual funding of £842 million) to ensure discretionary crisis support is available in every local authority in England. Increase funding for the Scottish Welfare Fund and the Discretionary Assistance Fund in Wales by 10%. Increase funding in Northern Ireland for Discretionary Support to £40 million annually.

Overview of policy

This policy provides local crisis support services for people on low incomes needing support with an unexpected cost or income shock. These services are not intended to help people plug gaps in chronically low incomes or negative budgets. There are significant differences in the delivery of crisis support across the UK nations and regions, most notably in whether they are delivered by local authorities or centrally administered by devolved governments or authorities.

In Wales, the Discretionary Assistance Fund was established in 2013, a national scheme administered for the Welsh Government by Northgate Public Services & Family Fund Trust. It provides two types of non-repayable, non-taxable grants to people facing financial crisis. The Emergency Assistance Payment helps pay for essential costs, such as food and energy bills, and is usually a cash transfer or voucher. The Individual Assistance Payment can be used for white goods and home furniture, delivered by approved retailers.

In Scotland, the Scottish Welfare Fund provides crisis grants for living expenses in the event of an emergency or disaster, and community care grants to enable and support independent living. It is funded centrally by the Scottish Government but delivered locally by Scotland's 32 local authorities, in recent years authorities have begun topping this up to meet growing local need for crisis support. The scheme provides crisis grants, normally in the form of direct cash transfers. Central funding for the Scottish Welfare Fund has been frozen in the Scottish Government's most recent 2024/25 Budget at £35.5m; this equates to a real terms cut at a time of substantial need. The administration budget was also static at £5.5m.

Northern Ireland has the Discretionary Support scheme which is managed by central government through the Department for Communities. In 2023/24, the Department for Communities significantly reduced the funding for the scheme when funding was cut from £40m to £20m. The budget for 2024/25 has been increased by 10% to £22m. It now restricts grant awards to only those items deemed absolutely essential and extending the exclusion period in which an item can be re-awarded to a period of 24 months except in the event of a disaster or a 'setting up' home situation.

In England, the picture is more varied. When the Social Fund was abolished in 2013, the UK government did not replace it with a like-for-like scheme in England (in contrast with Scotland, Wales, and Northern Ireland). Instead, the responsibility to deliver crisis support was devolved to local authorities, through Local Welfare Assistance (LWA) schemes. The level of funding provided was cut significantly and there was no statutory obligation for councils in England to run a Local Welfare Assistance scheme and no ring-fenced funding or guidance for use. As a result, some local authorities did not provide any replacement for the Social Fund, whilst many others provided a scheme with far less funding, more restrictive access criteria and some moved to provide in-kind support or vouchers rather than grants.

The Covid-19 pandemic and cost-of-living crisis saw funding for local crisis support bolstered, with the UK government investing significant sums through the Household Support Fund (HSF). The HSF has propped up a system of discretionary local crisis support which is on the brink of collapse. In 2023/24, 65% of spending on LWA schemes was funded via the HSF.[65] The HSF has shone a spotlight on how investment in locally delivered support can make a tangible difference to people's financial security. The £1 billion per year HSF has enabled local authorities in England to provide targeted

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[65] Peake, D and Donovan, C, (2024), *A bleak future for crisis support,* End Furniture Poverty, https://endfurniturepoverty.org/wp-content/uploads/2024/08/A-Bleak-Future-for-Crisis-Support-vr2-2.pdf

discretionary support to smooth one-off emergencies and put people on a more preventative pathway.

However, short-term funding rounds, each one accompanied by new guidance, have limited the effectiveness of the HSF as local authorities have had very little time to make decisions on how to spend the money and put the necessary arrangements in place.

At the time of writing, the HSF was recently extended until March 2025, but with no clarity over the long-term future of this funding or type of local crisis support.

Key results

In 2025/26 the extension and increased funding for crisis support schemes across the UK would reduce the number of people facing hunger and hardship by 1%, 50,000 people. This would include 10,000 children, with a 0.3% decrease in the number of children facing hunger and hardship.

This policy is particularly difficult to model using a tax-benefit model as it is not intended to increase people's regular incomes, but rather to prevent short-term crisis or unexpected costs tipping people into longer-term hardship through a spiral of debt, physical and mental health impacts and other consequences of difficult life events or income shock.

The absence of effective local crisis support schemes can be seen on the ground in communities and in wider research which shows people are at greater risk of falling deeper into poverty, experiencing homelessness, and using additional public services including the NHS and social care.[66] But it is challenging to reflect in stylised modelling of the kind used in this report. It is likely therefore that the impacts of the policy on preventing hunger and hardship have been under-estimated by this research.

Table 4.5 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	45,000	60,000	55,000	50,000	80,000
Rate (percentage point reduction)	0.1	0.1	0.1	0.1	0.1

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The majority of the people highlighted by this modelling as potentially benefiting from local crisis support are people living in disabled families, (a 30,000 reduction). Other groups seeing the greatest

[66] Local Government Association, (2024), *Westminster Hall Debate, Household Support Fund, 31 January 2024*, https://www.local.gov.uk/parliament/briefings-and-responses/westminster-hall-debate-household-support-fund-31-january-2024

decreases include, private renters (a 25,000 reduction), people living in families not in paid work (a 20,000 reduction), and people living in single parent families (a 15,000 reduction).

Table 4.6 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	50,000	0.1
Change for children	10,000	0.1
Change for single parents	15,000	0.3
Change for families with three or more children	0	0.0
Change for disabled families	30,000	0.1
Change for social renters	15,000	0.2
Change for private renters	25,000	0.2
Change for families not in paid work	20,000	0.3
Change for Mixed and Multiple ethnic groups	0	0.1
Change for Asian and Asian British	5,000	0.1
Change for Black, African, Caribbean, and Black British	10,000	0.5
Change for other ethnic groups	0	0.0

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The total cost of the policy changes across the UK would be c. £940 million per financial year.

Reducing housing costs

The increasingly unaffordable cost of housing is a key issue for people facing hunger and hardship, with these costs often leaving people without enough to afford other essentials. In 2021, the poorest 25% spent 3.5 times more on housing as a fraction of their income than the richest 25%.[67] Housing costs, especially unaffordable rents, play a key role in driving hunger and hardship and leading to

[67] Cribb, J, (2023), *Housing costs and income inequality in the UK*, Institute for Fiscal Studies, https://ifs.org.uk/news/housing-costs-take-three-and-half-times-much-budgets-poor-rich-significant-implications-their#:~:text=Indeed%20in%202021%2C%20the%20relative,you%20account%20for%20housing%20costs.

people having to turn to a food bank.[68] The average income after housing costs for people referred to a food bank in the Trussell community is just £87 amongst single adults living on their own or with children, and £145 amongst couples with or without children.[69]

Ensuring Local Housing Allowance reflects changes to the local cost of renting

Permanently link Local Housing Allowance (LHA) rates to the 30th percentile of local rents

Overview of policy

Local Housing Allowance (LHA) is the mechanism used to determine the level of support someone receives when renting from a private landlord. It is used to work out the level of Housing Benefit or Universal Credit Housing Element that private renters receive. The level of payment is determined by how old the claimant is, who lives in the household, the area a person lives in, and disability or caring responsibilities.

Over one in five (22%) people referred to food banks in the Trussell community are private renters.[70] Alongside the spiralling cost of other essentials, rents have risen steeply during the cost-of-living crisis, piling pressure on low-income households.

The impact of rising rents is exacerbated by the failure of Housing Benefit for private renters to keep pace with rises in private rents. Local Housing Allowance was frozen several times in recent years, driving up homelessness, hunger and hardship, with governments deciding each year whether it will be uprated and by how much.

After a freeze of several years, in April 2024 LHA was linked again to the 30th percentile of rents in each area. However, current spending plans assume that it will be frozen again from 2025, meaning many will again face a shortfall in the future. Figure 4.2 shows very clearly that the proportion of private renters facing a shortfall between the housing element of Universal Credit and their rent is primarily driven by the extent to which LHA keeps pace with rents.

In April 2020 LHA rates were uprated in line with housing costs to match the 30th percentile of private rents, leading to the proportion of Universal Credit claimants with a shortfall falling from 64% in March 2020 to 51% in April 2020.

However, subsequent freezes led to the proportion rising again by April 2023 to 61%, with hundreds of thousands more families facing shortfalls between their Housing Benefit and their rent.[71] In April

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[68] Trussell, (2024), *Safe, secure, and affordable housing*, https://trusselltrustprod.prod.acquia-sites.com/sites/default/files/wp-assets/safe-secure-and-affordable-housing-building-block-briefing.pdf

[69] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

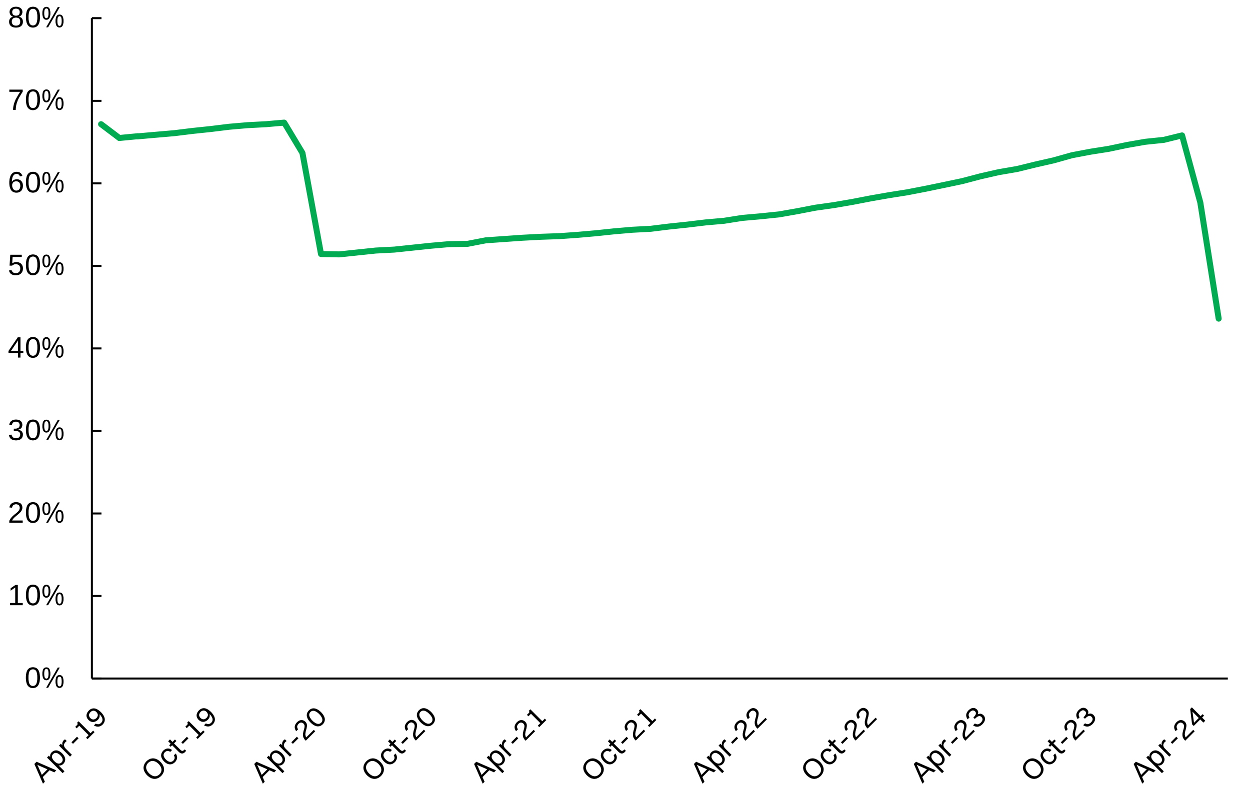
[70] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[71] DWP, (2024), *Households on Universal Credit – Local Housing Allowance indicator*, https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml

2024, when LHA was again linked with the cheapest 30% of rents in each area, the proportion of private renters facing a shortfall fell sharply from 66% (March) to 44% (May).

Unless the link between LHA and the cheapest 30% of rents is maintained, we can expect to see the proportion of people facing a shortfall increase again, and this is likely to fuel homelessness, hunger and hardship.

Figure 4.2 Proportion of privately rented families claiming housing element of Universal Credit with a shortfall between the payment and their housing costs April 2019 to May 2024



Source: Households on Universal Credit – Local Housing Allowance indicator, Stat-Xplore. Trussell analysis.

It is challenging to model the impact of the policy of maintaining the link between LHA rates and rents.[72] The below section instead sets out the evidence of the impact of decisions not to increase LHA in line with rents over the last few years.

[72] The IPPR tax benefit model calculates the amount of Universal Credit housing element that a benefit unit is entitled to based on their self-reported eligible rent, or, if this is not available, on their full rental payment. This is because the LHA rate that is relevant to a benefit unit cannot be calculated with the level of geographical data that is available in the version of FRS that is used by the IPPR tax benefit model. This known limitation of the IPPR tax benefit model means the impact of changing LHA rates cannot be modelled within this platform.

Key results

In May 2024, over 628,000 privately renting families receiving the housing element of Universal Credit had a shortfall between their housing allowance and their housing costs.[73] A large proportion of these families would benefit from a policy which ensured that LHA kept pace with rents.

However, some families not in paid work would not benefit from this policy unless the Benefit Cap was also lifted, as the increase in housing support would take them above the limit imposed by the cap. One study estimated that an out of work couple with two children in receipt of the full Universal Credit award would hit the Benefit Cap in the majority (83%) of local areas when the rates were uprated in April 2024.[74]

Maintaining LHA in line with rents would particularly benefit families with children (other than people affected by the Benefit Cap) and single people:

- Over half (59%) of families affected by a shortfall have children. One in 11 (9%) are families with three or more children.
- Two in five families affected by a shortfall are single parents and just over one in three (36%) are single people living alone.[75]

There are also some groups particularly affected by shortfalls between LHA and rent who have not been highlighted in previous sections:

- Couples without children have the highest rates of shortfalls (61%), followed by couples with children (46%), single parents (43%), and single adults living alone (42%).
- Two in five (43%) families without children face shortfalls to their Housing Benefit – the same rate as families with children (44%).
- Just over three in ten (31%) of families with three or more children face shortfalls – lower than the rate for families with no children (43%).[76]

The impact of shortfalls between LHA and rents is well documented, particularly the role of this in driving up homelessness. The National Audit Office stated that *'changes to Local Housing Allowance are likely to have contributed to the affordability of tenancies for those on benefits, and are an element of the increase in homelessness'*.[77] Policy in Practice report that for every 1,000 households

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[73] Further households claim the legacy benefit for private renters and are not included in this figure.

[74] Clegg, A, (2023), *A temporary thaw – An analysis of Local Housing Allowance uprating over time,* Resolution Foundation, https://www.resolutionfoundation.org/app/uploads/2023/12/A-temporary-thaw.pdf

[75] DWP, (2024), *Households on Universal Credit – Local Housing Allowance indicator*, https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml

[76] DWP, (2024), *Households on Universal Credit – Local Housing Allowance indicator*, https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml

[77] Comptroller and Auditor General, (2017), *Homelessness,* National Audit Office, https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf

experiencing a shortfall between their LHA rate and rent, 44 households will require temporary accommodation.[78]

Shortfalls between LHA and rents also drive hunger and hardship as people often have to use their Universal Credit or other income to cover their rent, leaving them even less able to afford other essential items. In November 2023, Shelter reported that people were facing an average shortfall of £164.[79] If a household had to use their other Universal Credit income to make up for this shortfall this would:

- Halve the amount of standard allowance someone who was single and under 25 would have available to spend on other day to day costs (cutting it from £311.69 to £148.68).
- Reduce the amount available for daily living costs by 41% for single people who are 25 and over (from £393.45 to £230.45).
- Reduce the amount available by 33% for people living as a couple who are both under 25 (from £489.23 to £326.23).
- Reduce the amount available by 26% for people living as a couple with at least one person 25 and over (from £617.60 to £454.60).

Ensuring that LHA rates cover the 30th percentile would not fully eliminate these shortfalls due to the interaction with the benefit cap, and because many renters live in homes above the 30th percentile of local rents (often due to the lack of more affordable homes for them to move into).

Modelling from Alma Economics on behalf of Crisis in 2019 indicated that the financial benefits of ensuring that LHA rates are aligned with the 30th percentile of market rents are concentrated amongst people in the lower part of the income distribution. They found that about a third of the financial benefits would go to LHA claimants in the bottom quintile of the income distribution with another third would go to the second lowest quintile[80]

They found that the annual re-alignment of LHA rates with rents would lift over 55,000 households out of poverty by 2025/25 at a cost of £1.9 billion, with households with dependent children particularly benefiting.

Increase the supply of social homes

90,000 new social homes a year in England with the introduction of similar targets for Wales and Scotland

[78] Charlesworth, Z, (2020), *New analysis: Evidencing the link between the Local Housing Allowance freeze and homelessness,* Policy in Practice, https://policyinpractice.co.uk/new-analysis-evidencing-the-link-between-the-local-housing-allowance-freeze-and-homelessness/

[79] Shelter, (2023), *Shelter submission for the Autumn Statement 2023, https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/evidence_submission_shelter_submission_for_the_autumn_statement_2023*

Overview of policy

At the heart of the housing crisis is the fact that there are simply not enough affordable homes being built. There is an urgent need to build social homes at the levels required across the country, in communities where they are most needed.

Last year in England, 22,023 social homes were either sold or demolished and just 9,561 social homes were built – a net loss of 12,462 homes.[81] In the past ten years, there has been a total loss of 177,487 social homes across England.[82] In March 2023, there were 1.28 million households in England on council waiting lists for a social home.[83]

This policy envisions an increase in social homes across Great Britain:

- An additional 90,000 units a year in England.
- An additional 38,500 units in Scotland by 2026.
- An additional 20,000 units in Wales by 2026.

This policy is modelled based on the assumption that these targets will be met. At the time of writing in both Scotland and Wales these targets are unlikely to be reached by 2026, and a similar picture is seen for the yearly target in England.

Key results

In 2025/26 this level of social home building would reduce the number of people facing hunger and hardship by 1% - 85,000 people across the UK. This would include 30,000 children, with a 1% decrease in the number of children facing hunger and hardship.

Families projected to face hunger and hardship would gain around £4,330 financial benefits a year from this policy. Of the total gains from the policy (across everyone benefiting from it) 42% would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 14.1%. The impact of the policy in absolute terms increases over the five-year period. Our modelling assumes that the policy is introduced in 2022/23 and is in place for every subsequent year. Here the absolute decrease in the number of people facing hunger and hardship is largest in its final year of implementation (2026/27). This is due to the cumulative increase in the number of social homes.

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[81] GOV.UK, (2024), *Live tables on social housing sales,* Department for Levelling up, Housing and Communities, https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales#full-publication-update-history

[82] GOV.UK, (2024), *Live tables on social housing sales,* Department for Levelling Up, Housing and Communities, https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales#full-publication-update-history

[83] GOV.UK, (2024), *Social housing lettings in England, tenants, April 2022 to March 2023,* Department for Levelling Up, Housing and Communities, https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2022-to-march-2023/social-housing-lettings-in-england-tenants-april-2022-to-march-2023

Table 4.7 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	25,000	55,000	65,000	85,000	95,000
Rate (percentage point reduction)	0.0	0.1	0.1	0.1	0.1

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The number of people facing hunger and hardship in the private rented sector would fall by 90,000 people in 2025/26. This is partially offset by small increases in the number of people facing hunger and hardship in other housing sectors – meaning that the overall decrease is smaller. Reductions in the numbers of people facing hunger and hardship are greatest among people in disabled families (a drop of 35,000), families not in paid work (a drop of 30,000), and children (a drop of 30,000).

Reductions in the rate of hunger and homelessness are greatest for private renters (a 0.7 percentage point reduction), people in families not in paid work (0.5 percentage point reduction), and people in single parent families (0.4 percentage point reduction).

Table 4.8 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	85,000	0.1
Change for children	30,000	0.2
Change for single parents	20,000	0.4
Change for families with three or more children	25,000	0.3
Change for disabled families	35,000	0.1
Change for social renters	+5,000	0.0
Change for private renters	90,000	0.7
Change for families not in paid work	30,000	0.5
Change for Mixed and Multiple ethnic groups	5,000	0.3
Change for Asian and Asian British	20,000	0.3

Change for Black, African, Caribbean, and Black British	10,000	0.5
Change for other ethnic groups	5,000	0.4

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The costs of implementing this policy have not been modelled here, but research from Shelter and the National Housing Federation estimates that the cost for building 90,000 social homes in a given year would be £35.4 billion.[84]

As with the modelling for the impact of crisis support funds the full benefit of building more social housing is likely to be significantly underestimated in the analysis for this report. Net benefits of £51.2 billion for the UK are estimated to arise from social home building at this scale. This includes aspects such as the economic impact from construction and management, direct benefits to the Exchequer, and the indirect benefits to the Exchequer and wider society.[85]

More support for children, families and people with caring responsibilities

Families with children are at a greater risk of experiencing hunger and hardship. Households with children make up a much larger proportion of people who are food insecure and who turn to food banks than the general population. Nearly half (47%) of all households experiencing food insecurity include children under the age of 16, and 39% of people referred to food banks in the Trussell community are living with children.[86] Two thirds (66%) of all emergency food parcels provided by food banks in the Trussell community go to families with children.

A significant proportion of unpaid carers are struggling financially, with many unable to afford the cost of food or bills. One in five households in receipt of Carer's Allowance face food insecurity – nearly twice the rate across the general population.[87]

In this section, we explore the potential impact of improved support for families with children and people with other caring responsibilities.

Removal of the two-child limit and the benefit cap

Reversing policies that place arbitrary limits on support for families with children

[84] Cebr, (2024), *The economic impact of building social housing,* Cebr on behalf of Shelter and the National Housing Federation, https://www.housing.org.uk/globalassets/files/cebr-report-final.pdf

[85] Cebr, (2024), *The economic impact of building social housing,* Cebr on behalf of Shelter and the National Housing Federation, https://www.housing.org.uk/globalassets/files/cebr-report-final.pdf

[86] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[87] Carers UK, (2023), *State of Caring 2023,* *https://www.carersuk.org/media/ktmpiuwl/cuk-soc-finance-report-2023.pdf*

Overview of policy

Two policies play a particularly strong role in reducing the incomes of families with children, particularly families with more than two children.

The two-child limit, introduced in 2017, prevents parents from claiming Child Tax Credit or Universal Credit for more than two children (depending on the age of the third child) and affects families where parents are in work as well as those where no adult is working. The number of households affected by the policy is increasing over time as more children are born after the point at which support for third and subsequent children is removed.[88] By April 2024, 1.6 million children were living in a family who were not receiving support for at least one child due to the policy.[89]

The benefit cap is a limit to the total amount of social security payments that families not in paid work can receive, even if they have been assessed as being eligible for more than this because of their circumstances. In February 2024, 78,000 households had their social security payment capped.[90] The maximum amount you can receive under the cap depends on your circumstances, for a single person it is £283.71 per week. The benefit cap is currently mitigated in Northern Ireland through administrative Welfare Supplementary Payments. In Scotland the benefit cap is mitigated through Discretionary Housing Payments although people have to apply for these, meaning some households will still have their payments capped.

Some households are subject to the combined impact of both policies - over one in four families who are benefit capped are also subject to the two-child limit.[91]

Here we model the joint impact of reversing both of these policies.

Key results

In 2025/26 scrapping the two-child limit and the benefit cap would reduce the number of people facing hunger and hardship by 9% - 825,000 people. This would include 570,000 children, with a 19% decrease in the number of children facing hunger and hardship.

Families facing hunger and hardship would see financial gains of £5,737 on average. Over half (54%) of the total gains from the policy (across everyone benefiting from it) would be realised by people

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[88] GOV.UK, (2024), *Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children,* Department for Work & Pensions, Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children, April 2024 - GOV.UK (www.gov.uk)

[89] GOV.UK, (2024), *Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children,* Department for Work & Pensions, Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children, April 2024 - GOV.UK (www.gov.uk)

[90] GOV.UK, (2024), *Benefit Cap Statistics,* Department for Work and Pensions, Benefit cap: number of households capped to February 2024 - GOV.UK (www.gov.uk)

[91] Patrick, R, (2023), *Doubly punished: 1 in 4 hit by benefit cap and two-child limit,* Child Poverty Action Group, https://cpag.org.uk/news/doubly-punished-1-4-hit-benefit-cap-and-two-child-limit#:~:text=The%20ways%20the%20two%20policies,cruel%20aspect%20of%20this%20regime.

expected to face hunger and hardship. This is the only modelled policy where over half of the expected gains are realised by families expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 13.0%. The impact is slightly greater in the final year of the policy changes with 875,000 people taken out of facing hunger and hardship.

Table 4.9 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	370,000	610,000	770,000	825,000	875,000
Rate (percentage point reduction)	0.6	0.9	1.2	1.2	1.3

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

Twice as many children (570,000) are lifted out of facing hunger and hardship than working age adults (255,000) through the removal of the benefit cap and two-child limit.

Most of the impact is seen among families with three or more children (765,000). Other groups seeing large falls in the numbers facing hunger and hardship include people in disabled families (a fall of 420,000), social renters (a fall of 340,000), and people in single parent families (a fall of 325,000).

Removing these policies reduces the projected rate of hunger and hardship in 2025/26 for people in families with three or more children from 32.0% to 21.3%, a 10.7 percentage point change. Large rate decreases are also seen for people in single parent families (a 6.3 percentage point drop), families not in paid work (5.1 percentage point reduction), and people in families headed by someone in other ethnic groups (4.6 percentage point reduction).

Table 4.10 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	825,000	1.2
Change for children	570,000	4.0
Change for single parents	325,000	6.3
Change for families with three or more children	765,000	10.7
Change for disabled families	420,000	1.5
Change for social renters	340,000	3.2

Change for private renters	290,000	2.3
Change for families not in paid work	315,000	5.1
Change for Mixed and Multiple ethnic groups	30,000	3.3
Change for Asian and Asian British	105,000	1.7
Change for Black, African, Caribbean, and Black British	45,000	2.1
Change for other ethnic groups	60,000	4.6

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The additional spend on social security payments for scrapping the two-child limit and the benefit cap would be c£4.0 billion in 2025/26.

Implementing and uprating the Scottish Child Payment

This policy models an extension of the Scottish Child Payment to the whole of the UK, at the higher level of £40 a week

Overview of policy

In 2021 the Scottish Government introduced the Scottish Child Payment (SCP) as part of their work to tackle child poverty. The scheme was initially introduced for children under the age of six, at a value of £10 per week per child, with no limit to the number of eligible children. In April 2022, the payment was doubled to £20, before being increased to £25 a week and rolled out to cover every child under 16 years of age (for households who meet the criteria for support) from November 2023. The payment is currently £26.70 a week. To receive the SCP, a person has to apply and meet criteria including being responsible for a baby or child under 16, being in receipt of certain social security payments, nobody else receiving a SCP for the child, and living in Scotland.

As of 31 March 2024, 329,055 children aged 0-15 years were actively supported by the SCP.[92] The evidence on the impact of the SCP is currently mixed. Scottish Government modelling has suggested that the Scottish Child Payment could reduce child poverty by six percentage points, meaning it will keep 60,000 children out of relative poverty in 2024/25.[93] However, analysis of Trussell's food bank

[92] Gov.scot, (2024), *Scottish Child Payment: high level statistics to 31 March 2024,* Social Security Scotland Statistics, https://www.socialsecurity.gov.scot/asset-storage/production/downloads/Social-Security-Scotland-Scottish-Child-Payment-Statistics-to-31-March-2024-Publication-53303282712.pdf

[93] Cabinet Secretary for Social Justice, (2024), *Child poverty cumulative impact assessment: update,* Tackling Child Poverty and Social Justice Directorate, https://www.gov.scot/publications/child-poverty-cumulative-impact-assessment-update/

statistics by the Fraser of Allander Institute only finds limited evidence of relatively small percentage point changes in the use of food banks by eligible households.[94]

There is currently no equivalent payment in England, Wales or Northern Ireland. The Scottish Child Payment is additional to Child Benefit, a UK wide scheme that pays £20.70 per week for the first child and £13.70 for each additional child.[95]

Key results

The uprating and expansion of the SCP to the rest of the UK has a large impact in reducing the number of people facing hunger and hardship – an estimated 17% decrease representing over 1.6 million people across the UK. Of the policies we examine only the Essentials Guarantee lifts more people out of hunger and hardship.

This would include over a million children, with a 33% decrease in the number of children facing hunger and hardship. This means that almost twice as many children (1,020,000) will be lifted out of hunger and hardship than working age adults (590,000).

This targeting of families with children is the key difference to the Essentials Guarantee which is a policy which increases support for families with and without children.

Eligible families expected to face hunger and hardship in 2025/26 would benefit by £5,632 on average from the introduction of the policy. Over a third (38%) of the total gains would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 11.8%. The impact is slightly greater in the final year of the policy implementation - 1.7 million people prevented from facing hunger and hardship.

Table 4.11 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23*	2023/24	2024/25	2025/26	2026/27
Number of people	640,000	1,715,000	1,685,000	1,620,000	1,710,000
Rate (percentage point reduction)	1.0	2.6	2.5	2.4	2.6

[94] Randolph, H, Congreve, E, and Milne, K, (2024), *The impact of the Scottish Child Payment on the need for food banks,* https://www.trusselltrust.org/wp-content/uploads/sites/2/2024/05/Impact-of-the-Scottish-Child-Payment-on-the-Need-for-Food-Banks-The-Trussell-Trust-2024.pdf

[95] The SCP has targeted eligibility compared to child benefit which is a universal payment (with some restrictions based on means testing).

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis. Notes: Estimates in year 1 are based on an eligibility cutoff at age 5. This is increased to age 16 in year 2 and subsequently.

Excluding children, the largest impact in terms of population in 2025/26 is for people in disabled families. Over 900,000 people living in disabled families would no longer face hunger and hardship if the SCP was uprated and introduced across the UK. Families with three or more children (885,000), people in single parent families (780,000), and families not in paid work (735,000) all see large reductions from the policy.

Introducing this policy reduces the projected rate of hunger and hardship in 2025/26 for people in single parent families from 33.2% to 18.2% a 15 percentage point change. Large rate decreases are also seen for people in families with three or more children (12.4 percentage point reduction), families not in paid work (11.9 percentage point reduction), and people in families headed by someone in other ethnic groups (9.2 percentage point reduction).

Table 4.12 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	1,620,000	2.4
Change for children	1,020,000	7.1
Change for single parents	780,000	15.0
Change for families with three or more children	885,000	12.4
Change for disabled families	910,000	3.2
Change for social renters	895,000	8.4
Change for private renters	500,000	3.9
Change for families not in paid work	735,000	11.9
Change for Mixed and Multiple ethnic groups	55,000	6.3
Change for Asian and Asian British	280,000	4.5
Change for Black, African, Caribbean, and Black British	90,000	4.0
Change for other ethnic groups	120,000	9.2

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The additional spending on social security payments for uprating and expanding the SCP would be c£12.8 billion in 2025/26.

Expand the provision of Free School Meals to all children in families in receipt of Universal Credit in state-funded primary and secondary schools

Providing free school meals to all children in state-funded primary and secondary schools in receipt of Universal Credit

Overview of policy

Provision of Free School Meals (FSM) is currently dependent on a child's age, where they live in the UK, and the household's income. In England, all children in reception, year 1 and year 2 receive a free school lunch as part of the infant universal free school meals scheme. Once a child leaves year 2, eligibility for FSM is determined by their parent, carer (or themselves) being in receipt of certain benefits and having an income under a certain threshold. For example, being in receipt of child tax credit, as long as you don't also receive working tax credit and earn no more than £16,190.

There are also areas within England where provision of universal FSM has been expanded. In London, all primary school aged children receive free school meals for the 2023/2024 and 2024/2025 academic years. York Council has also recently announced a pilot scheme offering universal FSM.

In Scotland all children in primary 1 to 5, at schools run by their local council or funded by the Scottish Government, can get free school lunches during term-time. After primary 5, children can still receive free school meals if they are from a low-income household that meets certain criteria (for example, being in receipt of Universal Credit with a monthly income of less than £796). The Scottish government had pledged to expand free school meals to all primary six and seven pupils by August 2022. However, this has been delayed and instead a more targeted approach is being taken, with free lunches being expanded from February 2025 to cover primary six and seven pupils in receipt of the SCP.

In Wales, all primary school age children in Wales can get a free school meal, as of September 2024. For secondary school, FSM are available for children from low-income households, under similar eligibility criteria. Northern Ireland does not offer universal free school meals. All non-universal schemes across the UK require eligible households to apply to receive the support.

There are currently 2.1 million children eligible for FSM in England, or 24.6% of pupils.[96] Research by the Child Poverty Action Group finds that there are currently 900,000 children living in poverty who are not currently eligible for FSM.[97]

Key results

Expanding FSM to all children in families claiming Universal Credit would reduce the number of people facing hunger and hardship by 2% in 2025/26 - representing 225,000 people across the UK. This would include 135,000 children, with a 4% decrease in the number of children facing hunger and hardship against the projected level.[98]

The policy would provide support worth £1,026 on average for eligible families expected to face hunger and hardship in 2025/26. A third (32%) of the total gains from the policy would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 13.9%. The impact is slightly greater in the final year of the policy changes with 240,000 people taken out of facing hunger and hardship.

Table 4.13 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	215,000	155,000	170,000	225,000	240,000
Rate (percentage point reduction)	0.3	0.2	0.3	0.3	0.4

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

Families with three or more children see particularly large reductions, with a reduction of 140,000 in the number of people facing hunger and hardship. Disabled families also see a significant drop in the numbers facing hunger and hardship (100,000 fewer).

Significant decreases in the rate of hunger and hardship are also seen for people in families with three or more children (2 percentage point reduction), Black, African, Caribbean, or Black British

[96] GOV.UK, (2024), *Schools, pupils and their characteristics: Academic year 2023/24,* School Census, Department for Education, https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics/2022-23

[97] Child Poverty Action Group, (2024), *New official data shows 900,000 children in poverty don't qualify for free school meals under national policy,* https://cpag.org.uk/news/new-official-data-shows-900000-children-poverty-dont-quality-free-school-meals-under-national-policy

[98] This policy assumes a benefit-in-kind transfer to families with children of £12.10 a week per eligible child, which increases in subsequent years roughly in-line with inflation. This amount if multiplied by 38/52 to annualise, accounting for school holidays.

families (1.6 percentage point reduction), and people in single parent families (1.2 percentage point reduction).

Table 4.14 Change from projected baseline for 2025/26 by key demographics

Population	Reduction in number of people	Percentage point reduction in the rate of hunger & hardship
Overall change	225,000	0.3
Change for children	135,000	0.9
Change for single parents	60,000	1.2
Change for families with three or more children	140,000	2.0
Change for disabled families	100,000	0.3
Change for social renters	95,000	0.9
Change for private renters	50,000	0.4
Change for families not in paid work	20,000	0.4
Change for Mixed and Multiple ethnic groups	5,000	0.4
Change for Asian and Asian British	10,000	0.2
Change for Black, African, Caribbean, and Black British	35,000	1.6
Change for other ethnic groups	15,000	1.3

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of extending FSM to all primary and secondary age children in families in receipt of Universal Credit would be around £1.42 billion in 2025/26. This is the total increase in FSM funding required to deliver the policy and is expected to cover the costs of food and labour.

Expand the provision of Free School Meals to all children in in state-funded primary and secondary schools

Within this modelling we also reviewed the impact of rolling out FSM to all children in state-funded primary and secondary schools with no eligibility requirements.

This policy has a number of reported benefits broader than those covered within our modelling, including promoting adequate nutrition through increasing access to a school lunch which may be healthier than the alternatives and reducing the stigma that prevents some families from taking up means-tested free school meals.[99] Some studies have also suggested possible impacts on educational attainment and reduced absenteeism.[100]

The policy would provide financial support for eligible families expected to face hunger and hardship worth £1,037 on average in 2025/26. A far smaller proportion (17%) of the total gains from the policy would be realised by people expected to face hunger and hardship, as would be expected from a universal policy.

The results of our modelling show slightly smaller impacts on the number of people facing hunger and hardship in 2025/26 than if FSM eligibility was only expanded to families claiming Universal Credit. This is because a whole population measure will shift the income thresholds at which someone is classified as experiencing hunger and hardship.

Table 4.15 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	320,000	205,000	190,000	200,000	180,000
Rate (percentage point reduction)	0.5	0.3	0.3	0.3	0.3

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of extending FSM to all secondary and primary age children would be c. £3.87 billion in 2025/26.

Introduce the Carer's Allowance Supplement across the UK

This policy considers the extension of the Carer's Allowance Supplement – a policy currently implemented in Scotland – across the UK

Overview of policy

The Carer's Allowance Supplement (CAS) was introduced in 2018 to meet the Scottish Government's commitment to increase Carer's Allowance to the level of Jobseeker's Allowance. Carers receive a payment of about £288.60 twice a year. Eligibility is based on receipt of Carer's Allowance or the Carer Support Payment.

[99] Anstey, K, (2023), *Why universal school meals is the right move*, CPAG, https://cpag.org.uk/news/why-universal-free-school-meals-right-move

[100] Food Foundation, (2022), *Expanding Free School Meals would generate up to £41.3 billion for the economy*, *https://foodfoundation.org.uk/press-release/expanding-free-school-meals-would-generate-ps413-billion-economy*

There is currently no equivalent payment in England, Wales or Northern Ireland.

Key results

The introduction of this policy would lead to a reduction of around 70,000 in the number of people facing hunger and hardship, a decrease of 0.1 percentage points.

Eligible families expected to face hunger and hardship in 2025/26 would receive an average financial gain of £605. Over a third (37%) of the total gains from the policy would be realised by people expected to face hunger and hardship.

The introduction of the policy would reduce the projected rate of hunger and hardship from 14.2% in 2025/26 to 14.1%.

Table 4.16 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	45,000	65,000	70,000	70,000	35,000
Rate (percentage point reduction)	0.1	0.1	0.1	0.1	0.1

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of this policy would be around £430 million in 2025/26.

Decent, secure, and rewarding work

One in five (20%) people referred to food banks in the Trussell community are in working households.[101] Work is, as discussed previously, not always a reliable route out of severe hardship.

In the UK, 3.5 million workers are paid below the Living Wage Foundation accredited real Living Wage. This leaves people more at risk of hardship when income shocks or rising costs hit, and leaves people without enough to afford the essentials. In the Living Wage Foundation survey in September 2022, four in 10 (39%) low paid workers reported regularly skipping meals for financial reasons, with individuals also falling behind on rent or mortgage payments and taking loans to afford essentials costs.[102]

[101] Weekes, T, (2023), *Hunger in the UK,* Trussell, https://www.trussell.org.uk/publications/hunger-in-the-uk

[102] Witteveen, A, (2023), *Life on Low Pay as Inflation Begins to Ease,* Living Wage Foundation, https://www.livingwage.org.uk/sites/default/files/2023-09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf

There are also concerns about the service provided by Jobcentre Plus (JCP). JCPs are the UK's main state-funded provider of job search assistance, with most Universal Credit claimants required to engage with JCP's service. There have long been concerns that JCPs are prioritising getting people into any work, regardless of job quality or progression.[103] This approach means JCPs may fail to maximise the long-term earnings potential of the people they support.

In addition to a social security system that is fit for purpose, decent, secure and rewarding employment being available to people who can work is a necessary step to raising people's incomes to an acceptable level, where they can afford the essentials we all need.

Improve the job-search offer provided by Jobcentre Plus

Refocus Jobcentre Plus's (JCP) remit to focus on long-term earnings progression for the people they are supporting

Overview of policy

The current job search offer is too reliant on a model of generalist high volume and compulsory job-seeking. A new framework to expand voluntary, specialist employment support, encouraging integration at the local level to provide joined-up interventions, has the potential to deliver better outcomes for people facing significant barriers to work.

An overhauled model of employment support would require more work coach capacity and a new framework for JCP outcomes beyond compliance, with an emphasis on enabling people to build on their strengths, provide personalised support, and find decent work.

The assumptions underlying this approach is that refining the job search offer might lead to slightly longer periods of unemployment, but better and more sustainable job matches when they are achieved. Improved job matches and improved sustainability of position should improve the productivity and earnings of people who move into employment.

Later reports will consider the potential impact of improved employment support on increasing employment rates for groups at high risk of hunger and hardship and where barriers to work have resulted in lower numbers moving into employment. The analysis below focuses solely on the potential impacts of better job matching and progression among people who do move into work.

Key results

The impact of refining JCP's remit differs across the implementation period. Initially there are overall reductions in the number of people facing hunger and hardship (50,000 if in place for 2024/25). But in

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[103] Tomlinson, D, (2024), *'Work first' can work better,* Joseph Rowntree Foundation, https://www.jrf.org.uk/work/work-first-can-work-better

2025/26 increases are seen in the overall number of people facing hunger and hardship (45,000 increase). This is because of the large number of people modelled to move into full-time employment and a change in the composition of the hunger and hardship group. In 2025/26 for example, the policy would reduce the number of people facing hunger and hardship who live in families in full time work by 100,000. This pushes up the income threshold at which people are deemed to be facing hunger and hardship – pulling more people from other employment statuses into facing hunger and hardship.

The modelling suggests the introduction of the policy would have little impact on the rate of hunger and hardship over the projected timeframe. In the final year of the projection window, the number of people at risk of hunger and hardship is reduced by 30,000. Just 6% of the expected gains from the policy in 2025/26 are for families expected to face hunger and hardship.

There is significant variability between years, with random movements seemingly dominating the effect size. A lack of effect is likely due to the broad targeting of the increases considered. This illustrative policy modelling suggests that, for this policy to have a significant impact on the number of people facing hunger and hardship, targeting of support is a key consideration. As with all policies, the impact in terms of increased incomes for people whose outcomes improve, but remain at risk of facing hunger and hardship, should also be considered.

Table 4.17 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	40,000	5,000	50,000	+45,000	30,000
Rate (percentage point reduction)	0.1	0.0	0.1	+0.1	0.0

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The cost of implementing this change has not been modelled due to the limitations of the modelling approach used.

Employers paying the Real Living Wage

Ensuring that all employers pay the Real Living Wage in and outside of London

Overview of policy

The Real Living Wage is an hourly rate calculated by the Living Wage Foundation charity, based on the amount they believe people need to earn to keep up with the costs of living. It is aimed at UK workers aged 18 and over, but is not a legal requirement, and businesses choose whether to pay it. The rate for workers in London - sometimes called the London Living Wage - is £13.15 an hour. In the rest of the UK, it is £12. There are currently around 15,000 UK employers who pay the Real Living Wage.[104]

The Low Pay Commission estimates that there were around 1.6 million workers paid at or below the minimum wage in April 2023, around 5% of all UK workers.[105] Jobs paid around the minimum wage are concentrated within a small number of low-paying occupations. The Low Pay Commission estimates that 54% of all jobs paying at or below the minimum wage are in retail, hospitality, and cleaning & maintenance occupations.[106] Workers in the private sector, in part-time employment, in temporary jobs, from a Bangladeshi or Pakistani background are more likely to have a minimum wage job.[107]

Table 4.18 Required increases in the NLW to meet the Real Living Wage, in London and outside of London, in the financial year 2022/23.

(£ per hour, 2022/23)	National Living Wage	Real Living Wage	Required Increase
Outside of London	9.50	10.90	1.40
In London	9.50	11.95	2.45

Source: Living Wage Foundation 2024.[108]

Key results

Notably, the impact of this policy diminishes over time: the net reduction in the first year of implementation (2022/23) is 135,000, falling to 20,000 in the final year of the projection window (2026/27).

This is due in part to the nature of the poverty measure. Under the SMC framework, the poverty line is based on an average of median resources in a given year, and in the two years previous. This means that broad, positive income shocks in a given year can reduce poverty in that year, as they do not immediately update the poverty line (which retains memory of lower living standards in the two years pre-shock). However, in the long run, the poverty line is updated to reflect higher general living standards, as pre-shock years fall out of the averaging. This means that a policy can be modelled as having a large initial impact as it raises incomes for those groups affected whilst the average income

[104] Living Wage Foundation, (2024), *Accredited Living Wage Employers,* https://livingwage.org.uk/accredited-living-wage-employers, Accessed on 16/08/24

[105] Francis-Devine, B, (2024), *National Minimum Wage Statistics,* House of Commons Library, https://commonslibrary.parliament.uk/research-briefings/cbp-7735/#:~:text=The%20Low%20Pay%20Commission%20estimates,of%20the%20National%20Living%20Wage.

[106] Francis-Devine, B, (2024), *National Minimum Wage Statistics,* House of Commons Library, https://commonslibrary.parliament.uk/research-briefings/cbp-7735/#:~:text=The%20Low%20Pay%20Commission%20estimates,of%20the%20National%20Living%20Wage.

[107] Francis-Devine, B, (2024), *National Minimum Wage Statistics,* House of Commons Library, https://commonslibrary.parliament.uk/research-briefings/cbp-7735/#:~:text=The%20Low%20Pay%20Commission%20estimates,of%20the%20National%20Living%20Wage.

[108] Living Wage Foundation, (2024), *What is the real Living Wage?* https://livingwage.org.uk/what-real-living-wage.

of the population remains constant. However, income rises (especially for a broad group within the population) will then feed into the average over time, blunting the apparent impact of the policy.

These modelling results also reflect a longstanding challenge when considering hourly wage rates as a mechanism to tackle poverty. Hourly wage rates reflect what an individual worker earns, but their standard of living (and risk of poverty, hunger and hardship) is usually determined by their household income. Many workers on low pay live with people who earn more than themselves, and so their combined income lifts them out of poverty and protects them from the risk of hunger or hardship.

By contrast, some workers who earn more than the lowest hourly rate are supporting a family, facing higher costs, may not be able to work full time, and may not have another earner in the household, and therefore are pulled into poverty and risk hunger and hardship despite their higher hourly wage. It has long been the case therefore, that policies which focus on increasing the minimum hourly wage boost the incomes of many people in the middle of the income distribution, whilst some on lower incomes gain less than might be expected at first glance.

Table 4.19 Impact of policy on scale and rate of hunger and hardship from 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
Number of people	135,000	105,000	55,000	+40,000	20,000
Rate (percentage point reduction)	0.2	0.2	0.1	+0.1	0.0

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

Increasing the level of NLW provides a positive income boost that increases earnings across the income distribution but is not targeted at the bottom of the income distribution.[109] In 2022/23, the number of people at risk of hunger and hardship in working families falls (see Table 4.20). The poverty line does not immediately increase, so there is little impact on the number of people in non-working families at risk of hunger and hardship. By 2026/27 (the fifth year of the implementation of the policy), the decreases seen among working families persist, but the poverty line is updated to reflect higher societal living standards. This leads to a significant increase in the number of people in families not in paid work at risk of hunger and hardship.

[109] Note that the benefits of increasing NLW are targeted at the bottom of the individual earnings scale (by definition), but that this is not true for families. There are a significant number of NLW earners who are second-earners in middle-income families.

Table 4.20 Reduction in the number of people facing hunger and hardship, in year 2022/23 and 2026/27, by family work type.

	2022/23	2026/27
Full-time working family	45,000	45,000
Full-time / part-time working family	80,000	60,000
Part-time working family	20,000	5,000
Families not in paid work	+5,000	+80,000
Retired family	-	+15,000

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

In short, this modelling suggests that increasing the NLW reduces the number of people at risk of hunger and hardship in its early years, but its long-term impact may be disappointing as the gains are diffused across the middle of the income distribution rather than being targeted at people at high risk of hunger and hardship.

Conclusion

The findings in this report on the levels of hunger and hardship in the UK are stark. When looking ahead to our prospects for addressing the deep hardship in our communities, the future is unclear. The UK government's clear manifesto commitment to end the "moral scar" of the need for emergency food is positive. Since its election, there have been encouraging words on the UK government's related ambitions for tackling child poverty and delivering a decade of renewal. However, we have yet to see a clear plan for delivery, or immediate action that would start to shift the dial on hunger and hardship.

This evidence starts to build a clear understanding that a vision to end the need for food banks is achievable. There are three key themes which should underpin any plan to end the need for emergency food.

First, kickstarting progress must involve investment in our social security system as the bedrock of ending the need for emergency food, and tackling hunger and hardship in our communities. Given the fiscal constraints the UK government faces, some of the policies modelled here are unlikely to be implemented immediately, even if vital to progress. Nevertheless, the UK government does have an opportunity to make real inroads quickly without spending huge sums.

A protected minimum floor in Universal Credit should be a clear priority for a government seeking to set out steps towards a more positive future for Britain. It prepares the ground for future updates following the UK government's planned review of Universal Credit, by ensuring the DWP does not give with one hand and take with another. It introduces a positive commitment to people claiming Universal Credit, and a recognition of the reality for people managing essential outgoings on very limited incomes. Crucially, it can be implemented quickly and at minimal cost.

Second, there are wider investments that will have a direct and likely indirect impact on hunger and hardship. Even policies that seem smaller scale or less directly relevant, like local crisis support or social housing, would see tens of thousands of people lifted out of hunger of hardship, even before the indirect impact is taken into account (for example, through reducing the risk of homelessness).

Third, we must pay heed to the inequalities in the experience of hunger and hardship – some groups are bearing the burden more than most. We must prioritise solutions which will avoid perpetuating these divides – and ideally start to reduce them. Investment for families with children and disabled people are obvious priorities. There are clear options like lifting the two-child limit which, if not taken immediately, the UK government cannot afford to delay too much longer.

For too long, food banks and other community organisations have been picking up the pieces of hunger and hardship in our communities. We now have an opportunity across the UK government, devolved and local governments, employers, and civil society, to work together. The UK government must act on the evidence building here and elsewhere on its options for change, to bring together immediate and medium term action in a plan to deliver sustained change across this parliamentary term.

The next report from this project will continue to explore the case for change, the experience of hunger and hardship, and the policy options on the table. In the meantime, people facing hunger and hardship need the UK government to start delivering promised change.

Appendix

Modelling approaches

The policy modelling for this project was conducted using the IPPR tax-ben model.

The IPPR tax benefit model is owned by the Institute for Public Policy Research and is maintained by researchers at Manchester Metropolitan University. Analysis using the IPPR tax benefit model is completed by WPI Economics on behalf of the Centre for Social Policy Studies (CSPS).

This IPPR tax benefit model is a static microsimulation model that, working off Family Resources Survey (FRS) microdata, calculates tax liability and benefit entitlement for each household, benefit unit, and family. These estimates are then grossed to give population level estimates of tax liability and benefit entitlement.

The model allows the user to change the details of the UK's tax and benefit system. By comparing these scenarios to a baseline – calculated under the existing system of taxes and benefits – the fiscal and distributional impacts of policy reforms can be estimated. Additionally, CSPS analysis converts IPPR tax benefit model outputs into SMC-like microdata for calculation of additional poverty indicators. This allows estimation of the impact of policy reforms on SMC poverty levels, and levels of hunger and hardship.

Projections up to 2026/27 are based on the IPPR tax-benefit model uprating of the 2022/23 FRS microdata. This uprating is completed using a variety of uprating series: for example, wages, rents and prices. These are derived from Office for Budget Responsibility and Bank of England macroeconomic forecasts.

See more detail on our modelling approaches to the following policies:

- The Essentials Guarantee
- Income maximisation
- Investment in crisis support schemes
- Building more social homes for rent
- Removing the two-child limit and the benefit cap
- Extending the Scottish Child Payment (SCP)
- Extending Free School Meals
- Introducing the Carer's Allowance Supplement
- Improving the JCP job search function
- Introducing a Real Living Wage.

The Essentials Guarantee

This policy is modelled using the IPPR Tax Benefit Model (IPPR TBM).

The policy is modelled by setting standard allowances in Universal Credit to the level of the Essentials Guarantee: £120 a week for a single person, and £200 for a couple, in the financial year 2024/25.[1] This is true for both under 25s and over 25s, effectively removing the lower level of young-persons standard allowance.

Awards in earlier years and subsequent years are downrated/uprated with CPI, such that this level is maintained in real terms. Please note that this policy would introduce a process to regularly reset the level of the Essentials Guaranteed based on a calculation of essential living costs. This could result in the level increasing (or decreasing) in real terms, depending on how the price of essentials moves relative to the overall CPI consumption basket. We lack data to credibly forecast this and have assumed that this level will remain constant in real terms.

This policy also involves reforms to deductions and the benefit cap, so that people are not brought below the level of the Essentials Guarantee. Deductions cannot be credibly modelled within IPPR TBM and are therefore omitted. This means that these estimates likely understate the true impact (and potential costs) of the policy. The EG would also limit the benefit cap, but for simplicity, this aspect has not been modelled.

Income Maximisation

This policy is modelled using the IPPR Tax Benefit Model.

The policy is modelled by disabling take-up modelling in the model (which ensures that take-up estimates in the model meet assumed administrative levels). This means that all families in the Family Resources Survey that qualify for social security payments are considered to be in receipt of those, even where this leaves the total claimant counts in excess of current admin totals.

Investment in crisis support schemes

This policy is modelled using the 2022/23 FRS and HBAI microdata. In each year, a fixed proportion of the overall fund budget is committed to cash allocations. It is assumed that, in years 1 and 2, 40% is committed to non-cash allocations (for example, grants to charities). This falls to 15% from year 3 onwards, as policy delivery pivots to cash grants. In each year of the window, 10% of the total fund is assumed to be spent on administrative overheads.

Table A.1 Proportion of total budget dedicated to cash awards

	2022/23	2023/24	2024/25	2025/26	2026/27
Assumed cash allocation	50%	50%	75%	75%	75%

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

For each year, and in each nation and region, the available funds are allocated randomly across an "eligible" population in FRS. A benefit unit ("family") is considered "eligible" for cash grants if one of the following two conditions is met:

A. The family is in a household that has used a food bank in the last year.

B. The family is in a household that has low food security.

Fixed-size cash payments (see table A.2) are distributed randomly across the eligible population until the available cash dedication is expended. Note that smaller individual awards (as in the low scenarios) will mean that more families receive payments: the overall cash dedication is constant between scenarios. Cash payments are considered to be untaxed and do not affect existing benefit claims. Cash awards are converted into weekly amounts to allow for comparison with other types of incomes and liquid assets / savings.

Table A.2 Scenarios considered

Scenario name	Cash payment size (£ per year)	Random seed
High_1	240	1
High_2		2
High_3		3
Low_1	160	1
Low_2		2
Low_3		3

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

The use of several random scenarios allows us to control for two types of uncertainty:

A. Uncertainty over the size of cash allocations. Both levels considered are higher than current estimates of average award size under the existing HSF, but we envision award amounts increasing as the scheme pivots towards increasing cash allocations.

B. Uncertainty over who might receive payment. Food security and food-bank usage are used as proxies of need, but there is considerable uncertainty as to which families in this position may apply for assistance.

Presented results are an average across these six scenarios.

Building more social homes for rent

This policy is modelled using the 2022/23 FRS and HBAI microdata. Table A.3 shows the additional number of units assumed to be added in each year of the projection window.

Table A.3 Number of additional units added in each year of the forecast period.

	2022/23	2023/24	2024/25	2025/26	2026/27
England	90,000	90,000	90,000	90,000	90,000
Scotland	0	19,250	19,250	0	0
Wales	0	10,000	10,000	0	0
Total	90,000	119,250	119,250	90,000	90,000

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

For each unit added, an "eligible" household in the private rental sector (in the appropriate nation or region) is randomly selected. Households are eligible for selection if they are in relative low income (below 70% of median income AHC). Three random seeds are run. Results presented are the average across the three seeds.

Selected households are moved into the social rented sector in FRS. This is done by editing variables in the dataset that pertain to housing tenure. Housing costs are dropped and remapped, with selected households assigned the average social-rented-sector (SRS) rent for their region and family type (proxied by number of dependent children in the household).

The data is then inputted into the IPPR Tax-Benefit Model to work out tax and benefit implications for changes. For example, households that now face lower rents may also receive less in housing benefit.

Removing the two-child limit and the benefit cap

This policy is modelled using the IPPR Tax Benefit Model by disabling the two-child limit and benefit cap functionality in the model. This means that all families in the Family Resources Survey that qualify for Universal Credit receive a child element for each of their children, and that the benefit cap is not applied to claims.

Extending the Scottish Child Payment

This policy is modelled using the IPPR Tax Benefit Model.

The policy is modelled by extending Scottish Child Payment to the whole of the UK, at the higher level of £40 a week. The award amount is set to £40 in the first year of the projection window, and then uprated by CPI to remain constant in real terms.

Eligibility for this scheme is modelled in IPPR TBM, in line with existing eligibility rules in Scotland. Note that this supersedes the Scottish scheme: people in Scotland do not receive both the old payment and the new payment at the higher level, but only the new payment at the higher level.

To note that, in the first year of the projection window, only children under 5 are eligible for the SCP and, therefore, eligible for the modelled extension to SCP. This reflects rules in place for the 2022/23 financial year. From year 2 onwards, all children under 16 are eligible. This reflects rules that take effect in 2023/24.

Extending Free School Meals

The cash, benefit-in-kind value of FSM are considered. These are as in Table A.4. Term time amounts are multiplied by the number of term-time weeks in the year, assumed to be 38, and then divided by 52. This averages FSM over the course of a full year.

These amounts are taken from the IPPR Tax-Benefit Model (IPPR TBM), which models the benefit-in-kind value of existing schemes. We have aligned to their estimates to ensure consistency.

Table A.4 Cash, benefit-in-kind value of Free School Meals for a single child. £ per week

	2022/23	2023/24	2024/25	2025/26	2026/27
Term time amount	12.10	13.30	14.20	14.45	14.70
Year average	8.84	9.72	10.38	10.56	10.74

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

For families with children of an appropriate age, the modelled value of FSM is assigned to each family. Note that this differs for each scenario A to B. Note that families with two (or more) children who are eligible will receive the benefit in-kind twice (or three times, etc.) Then, for each family, the FSM benefit-in-kind value is set to the maximum of:

a. The FSM benefit-in-kind amount given by IPPR TBM, based on existing schemes.

b. The FSM benefit-in-kind amount modelled by our logic (see scenarios A-B above).

This reflects that assumption that any FSM extension will overlay existing schemes, and not necessarily replace them. For example, scenario A, which sees FSM extended to all primary and secondary school age children in families in receipt of Universal Credit, will not supersede existing universal schemes in London, Scotland and Wales.

Table A.5 Total benefit-in-kind transfer, 2026/27, by scenario, £million a year

	Extended to people in receipt of Universal Credit	Extended to all families (universal scheme)
Primary and secondary school	A: 1,420	B: 3,930

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis.

Introducing the Carer's Allowance Supplement

This policy is modelled by providing additional income to adults who are in receipt of Carer's Allowance. This additional income is only provided to adults in receipt of CA outside of Scotland. This income is considered not to interact with other social security payments or taxes: a family's net income will be increased by the full cash amount.

Note that Carer's Allowance Supplement is paid in two lump-sum instalments over the course of financial year. For the purpose of this analysis, we consider the weekly equivalent of the annual award. These amounts, for each modelled year, are shown below in table A.6.

Table A.6 Annual awards of Carer's Allowance Supplement, by year, in nominal, in-year prices

	2022/23	2023/24	2024/25	2025/26	2026/27*
Annual award (£)	491.10	541.00	577.20	586.40	595.80
Equivalent weekly amount (£)	9.45	10.40	11.10	11.28	11.46

Source: IPPR Tax-Benefit Model, Centre for Social Policy Studies. WPI Economics analysis. Notes: award amounts for 2025/26 and 2026/27 are projections, based on uprating 2024/25 amounts by projected CPI.

Improving the JCP search function

This policy is informed by analysis of the Labour Force Survey (LFS). Analysis of LFS between Q1 of 2022 and Q2 of 2023 suggests that around 1.2 million (unique) people per year move from being unemployed to being employed and move into jobs in the bottom half of the gross earnings distribution.

Table A.7 shows the additional number of units assumed to be added in each year of the projection window. Flow rates in year 2 (and subsequently) are reduced to account for double counting (i.e., people who move from unemployment to employment several times over the projection window).

Table A.7 Illustrative number of people moving into employment from unemployment, in the bottom half of the gross earnings distribution

	2022/23	2023/24	2024/25	2025/26	2026/27
In year	1,200,000	450,000	450,000	450,000	450,000
Cumulative	1,200,000	1,650,000	2,100,000	2,550,000	3,000,000

Source: Labour Force Survey, WPI Economics assumptions.

This gives the stock of people who we estimate may have had their earnings potential impacted by interactions with JCP. We assume that people moving into positions in the bottom half of the gross earnings distribution will have interacted with JCP in the process, while people in the top half will not have done.

This policy is modelled using the 2022/23 FRS and HBAI microdata.

We assume for illustrative purposes that people interacting with a new and improved JCP will see a 20% increase in their gross earnings. As we cannot match people from LFS into FRS / HBAI perfectly – and to reflect inherent uncertainty – we randomly select people who are employees and who are in the bottom half of the gross earnings distribution (as in LFS). Three random seeds are run. Results presented are the average across the three seeds.

The data is then inputted into the IPPR Tax-Benefit Model to work out tax and benefit implications of modelled changes. For example, higher gross earnings will lead to both greater tax payments and lower benefit entitlement. Increases in net earnings will therefore be less than those in gross earnings, depending on the circumstances of the individual.

Introducing a Real Living Wage

This policy is modelled using 2022/23 FRS and HBAI microdata, in the following steps.

1. People who are working at or below the National Living Wage are identified.
2. For these adults, hourly earnings are increased to the level of the real Living Wage (see Table 1). This will vary for people who are resident in London. The number of hours people work is left unchanged.
3. Any adults with hourly earnings between the level of the NLW and the real Living Wage also see their earnings increased to the level of the real Living Wage.

This data is then inputted into the IPPR Tax-Benefit Model (IPPR TBM), which calculates tax burdens and benefit eligibility. Increased gross earnings will, of course, both increase taxes paid and reduce benefit eligibility.

Over the rest of the projection window (2023/24 to 2026/27), earnings and prices are uprated by standard deflators within IPPR TBM.

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