

Work allowances for families with children

This analysis looks at the impact on poverty of increasing the work allowances in Universal Credit back to their original level for families with children. It provides a breakdown of the total number of individuals that would benefit from the change, how many of the beneficiaries are in poverty, and how many would be able to escape poverty as a result. It looks at the impact of the change next year and in the last year of this parliament.

JRF Analysis Unit

What you need to know

Increase work allowances for families with children to 2015/16 levels.

Impact	2019/20	2022/23
Cost*	£1.98bn	£2.04bn
Change in poverty total for people in families with children**	-300,000	-200,000
Change in child poverty**	-100,000	-100,000
Number of people in families with children who benefit	9,600,000	9,200,000
Number of people in families with children who benefit but remain in poverty	4,600,000	4,700,000

* costings figures rounded to nearest £10million

** poverty figures rounded to nearest 100,000

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Methods

Analysis was completed using version v01_57 of the IPPR Tax-Benefit Model which takes a sample of 19,380 households (source: FRS 2016/17) and measures, through micro-simulation, the impact that specific policy changes have on household income and poverty rates, and the associated national costs or savings of the policy change.

Increased work allowances for families with children

The work allowance sets the maximum a family (Benefit Unit) can earn before the amount of benefit they receive starts to be cut. For this analysis, the work allowances for families with children were increased to their 2015/16 levels (before the reduction and freeze). This means families with children can earn more before their benefit payments are reduced. The result is that families with children, who receive benefits, will receive their full benefit for longer, and a higher number of families with children will be eligible for some benefit.

Links

Department of Work and Pensions. Family Resources Survey [Online] Available at: <https://www.gov.uk/government/collections/family-resources-survey--2> [Accessed 9 September 2018]

Universal Credit web content. York: Joseph Rowntree Foundation [Online] Available at: <https://www.jrf.org.uk/income-benefits/universal-credit> [Accessed 6 September 2018]

In-work poverty content. York: Joseph Rowntree Foundation [Online] Available at: <https://www.jrf.org.uk/work/in-work-poverty> [Accessed 6 September 2018]

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

This analysis has been undertaken by the JRF Analysis Unit in June 2018. For further details please contact: Analysis.Unit@jrf.org.uk