

# Linking household benefits, financial precarity and child welfare

Executive summary - April 2026



## Background and policy context

Children's social care (CSC) services in England face sustained pressure from rising demand, high levels of repeat involvement<sup>1</sup>, and increasing use of statutory interventions<sup>2</sup>. Current government reforms aim to rebalance the system towards earlier intervention and prevention<sup>3</sup>. However, these reforms will be limited in impact unless they address the underlying drivers of family need.

Financial hardship is widely acknowledged to be part of the context in which safeguarding concerns arise. Research has shown that living in poverty is one of the factors that puts children at greater risk of abuse and neglect. Despite this, measures to reduce child and family poverty are not systematically embedded within CSC policy or practice. Efforts to do so have been hindered by a lack of large-scale evidence on how financial precarity affects referrals to children's social care and the type of services that are provided.

This study addressed that gap by examining the relationship between household income, financial precarity, and children's social care involvement, and by assessing whether changes in income have an impact on patterns of provision.

## Study overview

The research linked administrative data on household benefits (Universal Credit and Housing Benefit) with Children in Need (CIN) Census records for over 111,000 children across six English local authorities between 2019 and 2022. The analysis focused on families receiving means-tested benefits.

Financial precarity was primarily defined as living below the relative poverty line, based on household income after adjusting for the number of people in the household. The study examined associations between financial precarity and types of service provision, including referral, re-referral, and statutory interventions such as child protection (CP) plans. A quasi-experimental analysis assessed the impact of

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<sup>1</sup> Goldacre, A., Jones, E., Martin, E., Clements, K., Webb, C., & Hood, R. (2025). Predictors of re-referral to children's social care services: An analysis of the national datasets for England. *Children and Youth Services Review*, 169, 108113.

<sup>2</sup> Hood, R., Goldacre, A., Jones, E., Martin, E., Clements, K., & Webb, C. (2024). Intervention pathways following a social work assessment: An analysis of national administrative data for children's social care in England. *The British Journal of Social Work*, 54(7), 2937-2956.

<sup>3</sup> Department for Education (2026) *The Families First Partnership (FFP) Programme Guide*. London, DfE.

the temporary £20 Universal Credit (UC) uplift, which was introduced during the Covid-19 pandemic and subsequently withdrawn.

Analysis of administrative data was combined with qualitative interviews and focus groups with parents, young people, practitioners, and managers, exploring how financial hardship was experienced and addressed in practice.

## Key findings

### **Financial precarity is not a consistent driver of initial referral**

Children living below the poverty line were not uniformly more likely to be referred to CSC than other children in households receiving benefits. Referral patterns varied across local authorities, suggesting that local practice and thresholds play an important role in shaping entry to the system.

### **However, financial precarity is strongly associated with escalation once families are known to services**

Among children who were referred, those in financially precarious households were significantly more likely to experience protective interventions. The predicted probability of a child protection (CP) plan for children below the poverty line was 13%, compared with 10% for those above it. This means that children experiencing financial precarity had a 3 percentage point higher likelihood of being on a CP plan, equivalent to approximately 300 additional CP plans across the study period. Financial hardship is therefore linked to higher levels of assessed risk and need once families come into contact with services.

### **Financial hardship contributes to repeat involvement and system 'churn'**

Children living in poverty were 3.5 percentage points more likely to be re-referred to CSC. Episodes of involvement also tended to be shorter, pointing to a pattern in which cases are closed without underlying issues being fully resolved. Qualitative evidence suggests that problems contributing to material hardship, such as unstable income, debt, or housing cost, could lead to recurring crises if left unresolved, and potentially to renewed safeguarding concerns.

### **Modest improvements in income can shift intervention thresholds**

The £20 UC uplift substantially reduced financial precarity, with eligible households being 17 percentage points less likely to fall below the poverty line. During this

period, children in uplift-eligible households were more likely to be referred but less likely to receive statutory interventions, indicating a shift towards lower thresholds of provision. This suggests that even relatively small increases in income can stabilise family circumstances and reduce escalation within the child protection system.

### **Lived experience highlights the centrality of financial hardship**

Parents and young people described financial precarity as affecting all aspects of daily life, including health, relationships, and wellbeing. Many reported anxiety about engaging with services and reluctance to disclose financial difficulties due to fear of judgement. Practitioners recognised the importance of financial stress but often lacked the tools and resources to respond effectively. Both families and professionals emphasised the value of practical financial support in stabilising situations and building trust.

## **Policy and practice implications**

### **Implications for safeguarding practice**

Identifying financial hardship at initial contact and during assessment is important, but services should do more than just recognise these problems. When material need is identified but not addressed, the pressure on families can intensify, increasing the likelihood of protective interventions at a later stage. Our findings indicate that a relatively modest boost to household income can shift cases towards lower levels of intervention and reduce the risk of children being subject to child protection plans.

### **Framing poverty in assessment and intervention**

Financial hardship should be understood as a social and environmental determinant of harm, but not as a proxy for parenting problems.

- Poverty should inform assessment, but not be used to decide on safeguarding thresholds
- Financial hardship alone should not be treated as evidence of neglect
- Responses should prioritise support and problem-solving, rather than surveillance.

## **Strengthening prevention and family help**

Families experiencing financial problems often come into contact with CSC services, particularly where cuts to preventative services have reduced alternative sources of support. Social workers and Early Help practitioners say that material needs lie at the heart of many families' problems, but they lack the tools to respond effectively.

Current government reforms aim to rebalance the system towards earlier help and support for families. For these reforms to succeed, Family Help services must include the capacity to address financial problems directly. Families experiencing financial hardship need:

- access to benefits advice and income maximisation
- regulated debt support
- discretionary financial assistance

Without these options and resources to help families, reforms to CSC may have a limited impact on families facing persistent economic strain.

## **Maximising household income to safeguard children**

Our findings support income maximisation as both an anti-poverty and safeguarding intervention. Living below the poverty line increases the likelihood of CP plans and re-referral, while income gains during the UC uplift were associated with lower rates of statutory intervention. Even modest increases in income can therefore influence child welfare outcomes. Practical implications include:

- routine benefits checks for families in contact with CSC
- improving take-up of entitlements
- simplifying access to support
- proactively identifying under-claiming households.

## **Reducing repeat involvement**

Financial precarity is more strongly associated with re-referrals than initial referrals. This suggests that unresolved material hardship can contribute to repeated cycles of involvement. Current practice often leads to case closure where families do not meet statutory thresholds, even when financial hardship remains. Without support, the pressure on families can intensify, increasing the likelihood of re-referral.

Breaking this cycle requires:

- community interventions targeting social disadvantage in deprived neighbourhoods
- direct financial assistance for households below the poverty line
- helping families avoid arrears, debt, benefits sanctions, and income loss

## **Data and trust**

In this study, linking financial and CSC data for research purposes led to valuable insights into demand and escalation. However, families and practitioners together expressed concerns about giving child protection agencies routine access to financial data about families. The main worries were about stigma, surveillance and parents being blamed for money problems. Our findings suggest that a balanced approach is needed:

- use financial data at system level to inform planning and evaluation
- avoid using it to intensify scrutiny at individual level
- ensure transparency, consent and strong governance

Practitioners also need support and training to discuss finances sensitively and constructively within an anti-poverty framework.

## **Recommendations**

### **1. Policy and reform**

- a. Develop a cross-government strategy linking anti-poverty policy and children's social care reform
- b. Avoid welfare policies that increase child poverty and financial instability
- c. Recognise financial hardship as a driver of escalation, while avoiding its use as a proxy for parental risk
- d. Embed financial support within Families First Partnerships and safeguarding reforms

### **2. Service design**

- a. Reorient services towards prevention and sustained support, not short-term intervention
- b. Integrate financial assessment into routine practice with clear support pathways
- c. Provide access to discretionary funds and material assistance
- d. Protect preventative services through ring-fenced funding

### **3. Practice**

- a. Embed anti-poverty practice within social work training and development
- b. Frame financial discussions as supportive, not investigative
- c. Integrate financial support into child protection and family help plans
- d. Use practical assistance to build trust and engagement with families.

#### **4. Evaluation and accountability**

- a. Treat improvements in families' financial circumstances as a core outcome
- b. Strengthen evaluation of financial support interventions
- c. Improve data linkage to monitor socio-economic outcomes
- d. Consider incorporating poverty-related measures into inspection frameworks

#### **5. Data governance**

- a. Use linked data to support population-level planning and targeting
- b. Avoid using financial data primarily for risk surveillance
- c. Ensure strong safeguards, transparency and consent
- d. Involve families in the design of data systems to build trust.

## **Methods**

This study combined linked administrative data with qualitative research. Benefits data (Universal Credit and Housing Benefit) were linked to Children in Need Census records across six local authorities (2019–2022), covering over 116,000 children in households receiving means-tested benefits. Financial precarity was measured using relative poverty and budget shortfall indicators. Statistical models examined associations with children's social care involvement, including repeat referrals and statutory interventions. A difference-in-differences approach was used to assess the impact of the UC uplift by comparing services received by families who received the uplift with those who did not.

Qualitative interviews and focus groups with parents, young people and practitioners explored how financial hardship was experienced and addressed in practice. The mixed-methods design provided a combination of robust statistical evidence and insight into lived experience and service delivery.

## About the Funder

The Nuffield Foundation is an independent charitable trust with a mission to advance social well-being. It funds research that informs social policy, primarily in Education, Welfare, and Justice. It also funds student programmes that provide opportunities for young people to develop skills in quantitative and scientific methods. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics and the Ada Lovelace Institute. The Foundation has funded this project, but the views expressed are those of the authors and not necessarily the Foundation. Visit [www.nuffieldfoundation.org](http://www.nuffieldfoundation.org)

### Further information

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