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Social security support for children

Summary

There will be a debate on social security support for children on Tuesday 22 November. The debate will be opened by Anum Qaisar MP. This debate pack provides background information on the benefits available for children, policy developments and their impact on families with children.

1 Background

The social security system in the UK recognises families with children as a specific group in need of targeted support. The level and scope of this support has changed over time, particularly over the last quarter century. For example, support for low-income families increased significantly through the introduction of more generous means-tested support via tax credits under the 1997-2010 Labour governments. In recent years, debate has focused on the impact on families with children of welfare reform policies introduced by the Coalition and Conservative governments since 2010, such as the benefit cap and the two-child limit in Universal Credit and Child Tax Credit.

In 2022, the impact of increasing living costs has generated further discussion on the extent to which the social security system supports families with children. Families with children are particularly affected by rising inflation because of additional energy and food needs.

Support the Government has introduced to help low-income families with the rising cost of living, such as the Cost of Living Payment for recipients of certain means-tested benefits, does not differentiate the level of support provided by family size. The Government has responded to calls to change this by noting its priority to reduce the number of children growing up in workless households. On the other hand, devolved administrations have made specific additional social security provision for low-income families with children, such as the Scottish Child Payment introduced by the Scottish Government in 2021.

This debate pack briefing provides an overview of the social security support provided to families with children in the UK. It then outlines the various policy developments concerning this support over the last two decades, before turning to the impact of current cost of living increases on families with children.

1.1 Support for families with children

In the United Kingdom, financial support from the state for families with children is from two main sources:

- Child Benefit is paid for children up to the age of 16, and for young people over 16 and up to the age of 20 in full-time, non-advanced education. Child Benefit is not means-tested as such (but see section 1.2 below for information on the High Income Child Benefit Charge).
- Means-tested support for families in or out of work through tax credits, and through Universal Credit (UC) which is replacing, among other

things, tax credits. In addition to providing support for children directly, both tax credits and UC also provide help with childcare costs.

At 31 August 2021, 7.74 million families in the United Kingdom had Child Benefit claims registered in respect of 13.32 million children, but this includes families who had elected not to receive benefit payments (because of the High Income Child Benefit charge). 7.09 million families were receiving payments for 12.31 million children at 31 August 2021.[1] Total expenditure on Child Benefit is forecast to be £11.2 billion in 2022/23.[2]

At 1 April 2022, 1.3 million families with children in the UK were receiving tax credits, of whom 383,000 were out-of-work and 916,000 were in work.[3] Total expenditure on tax credits (including payments to households without children) is forecast to be £7.5 billion in 2022/23.[4]

At August 2022, 2.14 million families with children in Great Britain were claiming Universal Credit (1.57 million lone parent families, and 570,000 couples with children).[5]

1.2 Policy developments

Financial support for families with children increased substantially under the 1997-2010 Labour Governments, due largely to the introduction of tax credits.[6]

A 2014 Institute for Fiscal Studies working paper covering trends in child poverty since the 1990s found that by far the most significant factor in explaining the reduction in measured child poverty over the period was the "substantial increase in spending on means-tested cash transfer entitlements for low-income families with children."[7] This included, but was not limited to, the introduction and subsequent expansion of the tax credit system. Total expenditure on tax credits in the UK increased from £19.6 billion in 2003-04 to £35.6 billion in 2010-11 (figures in real terms, at 2022/23 prices).

1 HM Revenue and Customs, Child Benefit Statistics: annual release, data as at August 2021, 18 March 2022
2 DWP, Benefit expenditure and caseload tables: Spring 2022, 18 March 2022, Includes spending on Guardian's Allowance
3 HM Revenue and Customs, Child and Working Tax Credits statistics: Provisional awards – April 2022, 14 July 2022, Table 1.1
4 DWP, Benefit expenditure and caseload tables: Spring 2022, 18 March 2022
5 DWP Stat-Xplore
6 See for example IFS 2010 Election Briefing Note 15, Families and children, April 2010
7 Institute for Fiscal Studies, Child poverty in Britain: recent trends and future prospects, IFS Working Paper W15/07

Further information on tax credits since their introduction can be found in the Commons Library Debate Pack CDP-2015-0033, Opposition Day Debate on Tax Credits and Support for Working Families, 1 July 2015.

From 2011 onwards, a series of cuts to the real-terms value of working-age benefits have affected families with children. These include:

- Periods when child and working-age benefits have been frozen in cash terms, or subject to below-inflation increases.
- Limiting the total amount families can receive through the introduction of the household Benefit Cap.
- The introduction of the "two-child limit", removing entitlement to certain means-tested benefits for third or subsequent children born from 6 April 2017 onwards.
- The High Income Child Benefit Charge, under which Child Benefit starts to be withdrawn when a family has someone earning more than £50,000, and is clawed back completely where someone earns £60,000 or more.

The Institute for Fiscal Studies calculates that the combined effect of these and other welfare measures was a reduction in the average weekly benefit income for households with children. It finds that for any level of employment income, households' average benefit incomes were lower in 2019–20 than in 2011–12. The fall in benefit incomes was similar across the earnings distribution, of between £10 and £15 a week (around £520 to £780 per year).[8]

In March 2020, the Government announced a temporary increase – or "uplift" – of £20 a week to the Universal Credit standard allowance, with an equivalent increase to Working Tax Credit. The then Chancellor, Rishi Sunak, said that the uplift was designed to "strengthen the safety net" during the coronavirus pandemic, as part of a wider package of measures to support household finances.

The uplift was welcomed across Parliament and by welfare rights organisations.[9] Despite calls for the uplift to be maintained permanently, it was eventually withdrawn in October 2021. From November 2021, the Government did however increase the generosity of Universal Credit for in-work claimants by increasing the work allowances (the amounts families can earn before their maximum UC award starts to be withdrawn) by £500 per year, and reducing the taper rate (the rate at which UC awards are reduced as earnings increase) from 63p in the pound to 55p. The Resolution Foundation calculated the combination of these changes and the withdrawal

8 IFS, Living standards, poverty and inequality in the UK: 2022, 14 July 2022, pp47-48

9 See Commons Library Debate Pack CDP-2021-0138, Opposition Day Debate: Universal Credit and Working Tax Credit, 15 September 2021

of the uplift would result in 73% of families on UC in 2022/23 being worse off, and 27% better off.[10]

For further information on the Universal Credit changes, see the Commons Library Insight Reducing the Universal Credit taper rate and the effect on incomes, 1 February 2022.

With increasing inflation, and rising living costs, various campaigning organisations have in 2022 called on the Government to introduce a social security package to support families with children specifically to reduce child poverty. In November 2022, for example, the Institute for Public Policy Research, in report published with the support of Child Poverty Action Group (CPAG) and the TUC, called on the Government to increase Child Benefit by £20 per week, remove the two-child limit, and remove the benefit cap. This, it estimated, would cost around £2.7 billion and lift 300,000 children out of poverty in 2023/24, and 500,000 people overall.[11]

Further information on benefits changes since 2010 affecting families with children is given below. We also outline the Scottish Child Payment introduced by the Scottish Government, and arrangements in place in Northern Ireland to mitigate the effects of welfare reforms, including those affecting families with children.

Benefit freezes and limits on uprating

In its 2012 Autumn Statement, the Coalition Government announced that from April 2013 increases in most working-age benefits would be limited to 1% a year for three years.[12] The decision to limit increases in benefits at a rate below inflation was historically unprecedented, resulting in real terms reductions in benefits and tax credits rates, although lower than expected inflation limited the impact somewhat.

In its 2015 Summer Budget 2015, the incoming Conservative Government announced a four-year freeze in most working-age benefit rates from 2016/17 to 2019/20. The Summer Budget 2015 Red Book said the freeze would "ensure that it always pays to work, and that earnings growth overtakes the growth in benefits."[13]

Overall, benefits and tax credits affected by the four-year freeze were around 6% lower in 2020/21 than if Consumer Price Index (CPI) indexation had been applied during the four years of the freeze, not including the temporary coronavirus-related "uplift" to Universal Credit and Working Tax Credit.

10 Resolution Foundation, Taper cut: Analysis of the Autumn Budget changes to Universal Credit, 6 November 2021
11 IPPR, A lifeline for families: Investing to reduce child poverty this winter, November 2022
12 HM Treasury, Autumn Statement 2012, 5 December 2012
13 HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, para. 1.137

Taking account of all uprating restrictions across the decade, and again not including coronavirus-related increases, affected benefits and tax credits were between 9% and 17% lower in 2020/21 than would have been the case had CPI indexation applied throughout the decade – with the exception of the Child Tax Credit child element, which was only 1.4% lower on this basis due to a large above-indexation increase it received in 2011/12.

Further information on the impact of the benefits freeze and limits on uprating can be found in Commons Library briefing CBP-8806, Benefits Uprating 2020.

The freeze ended in April 2020, when CPI indexation of benefits and tax credits resumed. In the Autumn Statement on 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, announced that state pensions and benefits – including working-age and child benefits – would increase by 10.1% from April 2023, in line with the September 2022 CPI.

Benefit Cap

The Benefit Cap was introduced by the Coalition Government in 2013. It limits the maximum amount in benefits a household can receive. When originally introduced the cap was £500 a week (£26,000 a year) for a family, and £350 a week (£18,200 a year) for a single person. The 2015 Conservative Government lowered the benefit cap threshold from £26,000 for a family and £18,200 for a single person, to £23,000 in London (£15,410 for a single person) and £20,000 (£13,400 for a single person) elsewhere in the UK.

Further information on how the policy operates can be found in the Commons Library constituency casework page on the Benefit Cap.

The stated aims of the policy are:

- To promote a fair and healthy society and maintain public confidence in the welfare system, by imposing a reasonable limit on the total amount a household can receive.
- To reduce spending on benefits and encourage positive behavioural changes.
- To encourage more people into work.

The DWP estimated that the new lower benefit cap from November 2016 would affect 88,000 households, compared with around 20,000 under the previous policy. Around a third of the affected households were expected to be in London or the South East, although the cap also affected – for the first time – substantial numbers of households in other parts of Great Britain. Critics said that the lower cap was unlikely to incentivise people to move into work, and would have a significant negative impact on families. Social landlords, whose tenants are heavily reliant on Housing Benefit to meet their rent commitments, were concerned that a lower benefit cap would render a substantial number of their homes, particularly those let on affordable rents, unaffordable in London and the South East. In turn, they argued that an insecure rental stream could have implications for attracting private funding for the development of new affordable housing.

Further details are given in Commons Library briefing SN06294, The Benefit Cap, 23 November 2016.

At February 2022, around 120,000 households had their benefits capped in Great Britain (105,000 were receiving Universal Credit, and 14,000 were capped on Housing Benefit). 67% of capped households were single-parent families, and 19% were couples with children. Households had their benefits capped by an average of £50 a week. 61% of capped households on UC were capped by the equivalent of £50 or less per week, and nearly 14% were capped by more than £100 a week.[14]

In a report published on 12 March 2019, the Work and Pensions Committee concluded that the Benefit cap's performance against its stated aims of incentivising behavioural change amongst claimants and securing savings for the Exchequer was "disappointing at best".[15] It recommended that the Government, among other things:

- Change its policy to apply the cap only to claimants expected to be actively looking for work.
- Increase the cap limits by taking account of in-work benefits as well as earning and ensuring cap levels are uprated in line with inflation.
- Monitor financial hardship and ensure an "adequate safety net" is in place.
- Exempt claimants in temporary accommodation.
- Ring-fence certain elements of Universal Credit, such as the standard allowance, to ensure claimants do not go without money for food.
- Ensure claimants are not capped when salary payments relating to different months are counted in a single assessment period.
- Undertakes a full review of Discretionary Housing Payments (DHPs) in relation to capped claimants to inform guidance to local authorities.
- Ensure local authorities have the UC data required to support capped households.
- Conduct a full cost benefit analysis of the benefit cap policy to ascertain how much it saves.

14 DWP, Benefit cap: number of households capped to February 2022, 27 July 2022
15 Work and Pensions Committee, The Benefit Cap (PDF), HC 1477, 12 March 2019, para. 127

- Review the methodology for allocating DHP funding.

The Government responded to the report (PDF) on 15 May 2019. It largely declined to accept most of the recommendations, although noting the validity of many of the Committee's concerns. It reported that it was already undertaking a programme of research on DHPs, and accepted in part that it should share UC data with local authorities to enable them to support vulnerable claimants. It committed to review the methodology for the allocation of DHP funding "to understand whether any refinements might be possible to reduce any underspend further". It also said that the DWP would explore the extent to which a wider cost benefit analysis would be "necessary and feasible" in the future.[16]

The Work and Pensions Committee also touched on the Benefit Cap in its report on The cost of living published on 27 July 2022. Organisations giving evidence to the Committee questioned whether the rationale for the level of the cap – the link to average earnings from work – still held true, given that the levels had not been reviewed or uprated for six years, resulting in substantial real-terms reductions. The Child Poverty Action Group also pointed out that with the September Consumer Price Index (CPI) expected to be 10-11%, uprating benefits by prices in April 2023 could result in an additional 35,000 households being capped overnight – an increase of almost a third.

The Committee recommended that the Government review the Benefit Cap levels urgently, to ensure they are in line with average household incomes and increasing rent/energy/food costs, and to publish the review. It also said that the Cap had to be uprated this year.

In the Autumn Statement on 17 November 2022, the Government announced that the Benefit Cap rates would increase in line with the September CPI (10.1%) from April 2023, "so that more households will benefit from uprating."[17]

Two-child limit

Universal Credit awards can include additional amounts for each child or "qualifying young person" in education up to the age of 19 in a claimant's household. This is similar to Child Tax Credit, which it is replacing. Child-related additions have long existed in the benefits system. They are designed to contribute to the extra costs of bringing up children, and to reduce child poverty.

As part of a series of measures announced in the Budget after the 2015 General Election to make savings in the welfare system, a "two-child limit"

16 Work and Pensions Committee, The Benefit Cap: Government Response to the Committee's Twenty-Fourth Report, HC 2209, 15 May 2019, *in passim*

17 HM Treasury, Autumn Statement 2022, CP 751, para 2.47

was imposed on these additional amounts. The policy was designed both to reduce the cost of the benefit system and to ensure households on means-tested benefits would "face the same financial choices about having children as those supporting themselves solely through work."[18] Child Benefit is not impacted by the policy.

With some exceptions, households with a third or subsequent child born from 6 April 2017 claiming Universal Credit or Child Tax Credit no longer receive additional amounts for these children. Plans to apply the two-child limit to all new Universal Credit claims from February 2019, including to children born before April 2017, were abandoned.[19]

Exceptions are made for some claimants who did not choose to have a third or subsequent child, for example due to multiple births or non-consensual conception, and to encourage adoption where children might otherwise be looked after by a local authority.

The policy only applies to children born from 6 April 2017, so not all families with a third or subsequent child claiming Universal Credit will be affected until the mid-2030s. In April 2022, 369,910 (47%) of the 786,870 families with three or more children claiming Universal Credit or Child Tax Credit were affected, although for 16,920 families an exception applied.[20]

Further background on how the policy operates and its impact can be found in Commons Library briefing CBP-9301, The impact of the two-child limit in Universal Credit.

The two-child limit, and the operation of the exception for non-consensual conception in particular, has been controversial since it was introduced. The debates surrounding the introduction of the policy are explored in the Commons Library briefing covering the introduction of the Two-child limit in tax credits and Universal Credit.

In 2019 the Work and Pensions Committee published two reports looking into the policy, the second of which recommended that it be abandoned.[21] The Committee questioned the rationale, noting that many families would not know whether they might have to claim benefits in future when they have children, and that many pregnancies are not planned. They also worried that problems accessing affordable childcare would prevent families from making up shortfalls in income through work.

18 HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, section 3.4

19 DWP and Amber Rudd MP, Universal Credit: personal welfare, 11 January 2019

20 DWP and HMRC, Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of 2 children, April 2022, 14 July 2022

21 See "No Government should be willing to accept" consequences of two child limit, Work and Pensions Committee press release, 3 November 2019; Work and Pensions Committee, The two-child limit (PDF), HC 51, 3 November 2019; and Work and Pensions Committee, The two-child limit: Government Response to the Committee's Third Report of Session 2019 (PDF), HC 1079, 9 December 2019

At the time of the Committee's inquiries, little quantitative research had been published looking at the impact of the two-child limit. However, the Committee heard predictions from expert groups that it would lead to significant increases in the numbers of children living in poverty, and that certain minority groups would be disproportionately impacted. The Government defended the policy by reiterating the original justifications, stressing the "considered and compassionate" exceptions, and pointing to other policies designed to help families with the cost of living.

Since then more families have been affected, and evidence has begun to emerge of the impact of the two-child limit,[22] including:

- Relative poverty among larger families with three or more children, which has been rising since 2013, has continued to increase since April 2017. The Resolution Foundation estimates that nearly half of families with three or more children were in relative poverty in 2021/22, up from a third in 2012/13.[23] The Government points to falling absolute poverty over the period, and questions the use of relative poverty measures.[24]

- Fertility amongst larger families, which some had expected to be impacted by the two-child limit, has not decreased significantly since 2017.[25]

- Some evidence noting increasing abortion rates among larger families since 2017,[26] though a conclusive link to the two-child limit has been questioned.[27]

High Income Child Benefit Charge

The High Income Child Benefit Charge (HICBC) was introduced in 2013, following initial proposals announced by the then Chancellor George Osborne in October 2010 for withdrawing Child Benefit from higher rate taxpayers, which Mr Osborne modified in the 2012 Budget. The policy background to the introduction of the HICBC is discussed in Commons Library briefing CBP6299, Child Benefit for higher income families, 16 April 2012.

The HICBC is collected through self assessment, so that individuals who are liable to pay it are required to file an annual tax return if they do not already do so. There have been concerns about the number of taxpayers who have

22 Fur further detail see Commons Library briefing CBP-9301, The impact of the two-child limit in Universal Credit, section 2

23 Resolution Foundation, The Living Standards Outlook 2022, 8 March 2022, figure 21

24 HC Deb 9 March 2020, c8

25 Reader M, Portes J, Patrick R, Does cutting child benefits reduce fertility in larger families? Evidence from the UK's two-child limit, Benefit changes and larger families, 6 April 2022

26 CPAG, The two-child limit: Impact on abortion, 6 December 2020; and BPAS, Forced into a corner: The two-child limit and pregnancy decision making during the pandemic, December 2020

27 Reader M, Portes J, Patrick R, Does cutting child benefits reduce fertility in larger families? Evidence from the UK's two-child limit, Benefit changes and larger families, 6 April 2022

been charged penalties for failing to register their liability and pay the charge through their tax return, as well as the rise in taxpayers liable to pay the charge as the £50,000 threshold has not been increased since the HICBC was introduced.

A controversial aspect of the HICBC is the way it impacts on different families. For example, while a single earner couple earning £60,000 would have the whole of their Child Benefit clawed back, a dual earner couple each earning just under £50,000 – with a much larger combined household income – retain their Child Benefit in full. The Government argues that introducing a new household means test for the 7.7 million households currently registered for Child Benefit "…would be costly to administer and create burdens on the majority of families who receive Child Benefit."[28]

Rather than pay the HICBC, individuals who have been awarded Child Benefit may make an election not to receive this payment. There have also been concerns that some families have decided simply not to claim Child Benefit, without being aware of the potential impact this may have on their entitlement to contributory benefits.

Further information on the background to the introduction of the HICBC, and on long-standing criticisms of its design, is given in Commons Library briefing CBP-8631, The High Income Child Benefit Charge, 27 June 2022. The briefing also looks at recent debate as to whether the HICBC should be reformed.

Scottish Child Payment

The Scotland Act 2016 devolved significant new social security powers to the Scottish Parliament and Government. This includes powers to top up reserved benefits and create other new social security benefits (other than pensions) in areas not otherwise connected with reserved matters.

One benefit which the Scottish Government has introduced which has no equivalent elsewhere in the UK is Scottish Child Payment (SCP). This is a weekly payment to families with children who have low incomes, and as of 14 November 2022 is available to families with children under 16 at a rate of £25 per week. It is a part of the Scottish Government's strategy to reduce child poverty, to meet its statutory targets under the Child Poverty (Scotland) Act 2017.[29] It is paid every four weeks in arrears for each eligible child to families who receive a qualifying means-tested benefit or tax credit from the UK Government, such as Universal Credit. Entitlement ends the week after a qualifying benefit stops.

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28 PQ 6799 [on Child Benefit] 31 May 2022

29 These targets are: fewer than 18% of children living in families in relative poverty in 2023-24, reducing to fewer than 10% by 2030. The most recent strategy is: Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026, March 2022

SCP was announced by the Scottish Government in June 2019, following a proposal from its Child Poverty Delivery Plan in March 2018 for an "income supplement for low income families", and its subsequent consideration of five options.[30] Its stated policy objectives were to:

- achieve a minimum reduction in relative child poverty of three percentage points when fully rolled out.
- reduce the depth of poverty and provide support to those who need it most.
- help to support a sustainable and lasting reduction in poverty for families with children.

The Scottish Government estimated that the new benefit would help to meet its child poverty target, lift 30,000 children out of relative poverty, and cost £180 million, all by 2023-24, assuming a take-up of 83%.[31] Welfare rights groups welcomed this new benefit, with the Director of CPAG Scotland calling it "an absolute game changer in the fight to end child poverty".[32]

SCP was subsequently introduced in February 2021 as a £10 weekly payment for low-income families with children under 6. In the 2021 Scottish Parliament election, the Scottish National Party, the Scottish Conservatives, Scottish Labour, the Scottish Liberal Democrats, and the Scottish Greens all pledged to double the Scottish Child Payment to £20 a week.[33] The Scottish Government subsequently increased SCP to £20 per week in April 2022. In September 2022, the Scottish Government confirmed that from 14 November 2022 SCP would increase again to £25 per week, and that eligibility would be extended to low-income families with children between 6 and 15.[34]

The Joseph Rowntree Foundation welcomed the increase in the rate of SCP, as well as the extension in eligibility, as a "watershed moment for tackling poverty in Scotland". It noted that it would result in a "boost of £1,300 a year per child for household budget and, unlike universal credit, with no limit on the number of children who will benefit". It also estimated that if SCP were extended to the rest of the UK, a further 5.3 million children would be eligible for support. It therefore called on the UK and other devolved governments to "learn from the Scottish experience and apply political will and funding to tackle child poverty by providing money directly to families".[35]

30 Scottish Government, Every child, every chance: tackling child poverty delivery plan 2018-2022, March 2018

31 Scottish Government, Scottish Child Payment: position paper, 25 June 2019

32 'New Scottish Child Payment "An Absolute Game Changer in Fight to End Child Poverty" Say Campaigners', CPAG Scotland press release, 26 June 2019

33 Fraser of Allander Institute, Social Security in the 2021 election manifestos, 23 April 2021

34 Scottish Government, A stronger and more resilient Scotland: the Programme for Government 2022 to 2023, September 2022, p9

35 Joseph Rowntree Foundation, Scottish Child Payment extension a "watershed" - already showing that poverty can be tackled with political will, 14 November 2022

In October 2022, the Scottish Government published estimated take-up rates of its devolved social security benefits. This estimated that there had been a take-up of 87% of SCP in 2021/22.[36]

For more information on the development of this benefit and its forecasted impact on child poverty, see Scottish Parliament Information Centre briefing SB 21-40, Scottish Child Payment, 12 July 2021.

Northern Ireland welfare mitigations

In Northern Ireland, social security is an almost entirely devolved (or 'transferred') power. By longstanding convention, however – and more recently, under section 87 of the Northern Ireland Act 1998 – Northern Ireland maintains 'parity' with social security, child maintenance, and pensions systems in Great Britain. Because of this principle of parity, while the social security systems in Great Britain and Northern Ireland are formally distinct, with entirely separate statute books, in almost all circumstances social security legislation in Northern Ireland makes corresponding provision to its equivalent in Great Britain.

Nevertheless, since 2015, measures to mitigate the effect of the UK Government's welfare reform policies in Northern Ireland were agreed as part of the Fresh Start Agreement (Section C). As part of this, the Northern Ireland Executive agreed to set aside £585 million from the Northern Ireland block grant for four years until March 2020 to "top-up" reductions in benefit payments resulting from the UK Government's welfare reforms, and to establish a Working Group to consider the best use of this funding.[37]

This resulted in a series of Welfare Supplementary Payments (WSP) to reduce the impact of welfare reform on the most vulnerable in Northern Ireland, and to provide support to claimants as they adapted to the changes, including the rollout of Universal Credit. These include supplementary payments for families with children impacted by the benefit cap. Initially, families with children in Northern Ireland could receive this payment if they had been continually claiming benefits since November 2016. New regulations in February 2022 changed this, however, so that any person who is responsible for children can get an extra payment to cover the full impact of the benefit cap.[38]

While this package of mitigation measures was due to expire in March 2020, in January 2020 as part of the 'New Decade, New Approach' agreement, the Northern Ireland Executive agreed to extend existing welfare mitigation measures beyond this date.[39]

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[36] Scottish Government, Take-up rates of Scottish benefits: October 2022, 31 October 2022

[37] Northern Ireland Office, A Fresh Start: The Stormont Agreement and Implementation Plan, 17 November 2015, paras 1.1-1.4

[38] The Welfare Supplementary Payment (Amendment) Regulations (Northern Ireland) 2022

[39] UK Government and Irish Government, New Decade, New Approach Deal, 9 January 2020, para. xvi

On 15 November 2021, Communities Minister, Deirdre Hargey, announced that WSPs in Northern Ireland would be extended for a further three years.[40] Subsequently, in April 2021 the Welfare Supplementary Payments (Amendment) Act (Northern Ireland) 2022 received Royal Assent, providing a legislative basis for continued WSP payments, as well as for a review of WSPs – the Welfare Mitigations Review – to be completed "no later" than 31 March 2025, to inform future decisions on the provision of, and need for, WSPs after this date.[41]

An independent advisory panel as part of this Welfare Mitigations Review published a report on 25 October 2022. The report recommended the continuation of existing mitigation measures, and further recommended additional measures, including what it called a "centrepiece" recommendation to offset the two-child limit in Universal Credit, Child Tax Credit, and Housing Benefit-only claims, through a Better Start Larger Families payment:

> As a society, we would never contemplate restricting health care or schooling to only the first two children yet currently do so through certain social security benefits. This cannot be right. Our analysis shows that the two child limit bears particularly hardest on the poorest families and, unchecked, would lead to a further damaging rise in child poverty. By preventing this, our proposals will ensure that thousands of Northern Irish children are shielded from the most damaging impacts of this policy.[42]

The Northern Ireland Department for Communities had since January 2020 hoped to offset the two-child limit through new welfare mitigation measures, although these were not pursued in 2021/22 due to financial constraints.[43]

1.3 Impact of cost of living increases on families with children

The Library briefing Rising cost of living in the UK provides detailed information on the impact of the rising cost of living on UK households in section 5.

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40 Department for Communities press release, Communities Minister Hargey announces welfare protections extension, 15 November 2021

41 Welfare Supplementary Payments (Amendment) Act (Northern Ireland) 2022

42 Department for Communities, Welfare Mitigations Review – Independent Advisory Panel Report, 25 October 2022

43 Department for Communities, Draft Budget 2021-22 Equality Impact Assessment, March 2021 paras 6.17-20.

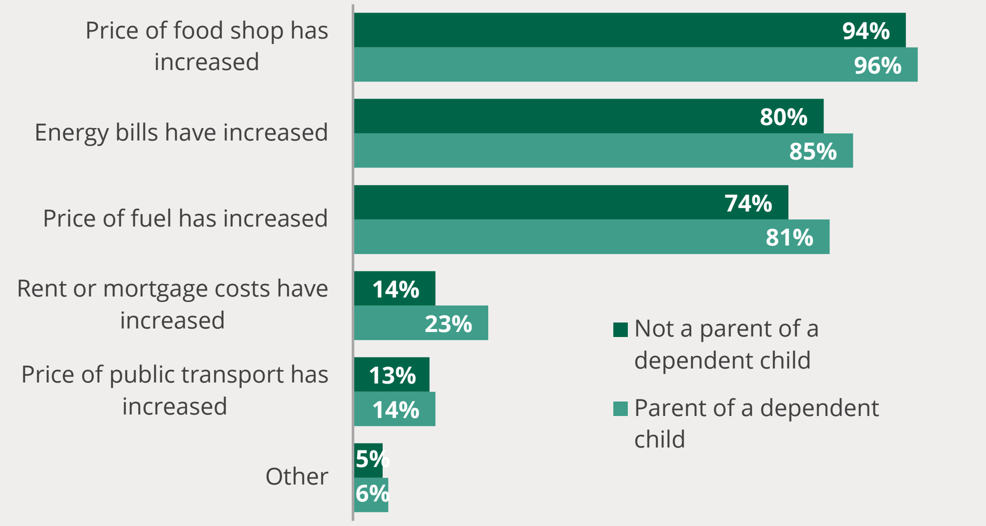
Parents are more likely to be cutting spending

Families with children are particularly affected by inflation because of additional energy and food needs.[44]

93% of parents of dependent children saw their cost of living increase compared to a year before in June-September 2022, a similar rate to non-parents (88%) and all adults in Great Britain (89%). Of those who reported an increase in their cost of living, parents were more likely than non-parents to see an increase in rent or mortgage costs, as shown in the chart below.[45]

Resons for increased cost of living

Among adults in Great Britain who reported an increase in their cost of living, 22 Jun-11 Sep 2022



Source: ONS, Impact of increased cost of living on adults across Great Britain: June to September 2022, 25 October 2022, Worksheet 1.12

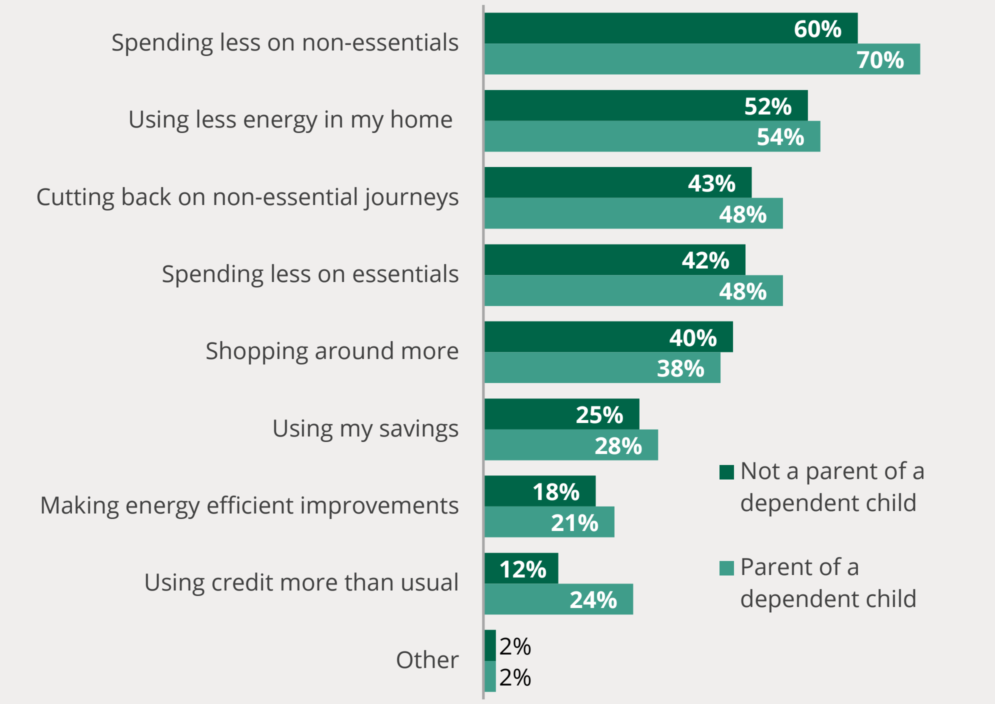
As a response to the rising cost of living, parents were more likely than non-parents to be spending less on non-essentials and essentials, as well as using credit more than usual.

[44] IPPR, A lifeline for families: Investing to reduce child poverty this winter, 16 November 2022

[45] ONS, Impact of increased cost of living on adults across Great Britain: June to September 2022, 25 October 2022, Worksheet 1.12
Here, 'parents' refers to parents of dependent children and 'non-parents' refers to adults with no dependent children.

Actions taken because of increased cost of living

Among adults in Great Britain who reported an increased in their cost of living, 22 Jun-11 Sep 2022



Source: ONS, Impact of increased cost of living on adults across Great Britain: June to September 2022, 25 October 2022, Worksheet 1.12

Households with children are experiencing more food insecurity

Food insecurity has increased sharply in the UK as a whole in 2022, according to survey data from the Food Foundation, but food insecurity has increased more in households with children.

Someone is **food insecure** if they or anyone in their household has smaller meals than usual or skips meals, has been hungry and not eaten, or has not eaten for a whole day because they couldn't get access or afford food.

In September 2022:

- 25.8% of households with children were food insecure, up from 17.2% in April 2022;
- 16.0% of households without children were food insecure, compared to 12.7% in April 2022;
- 25.0% of households with one or two children and 42.2% of households with three or more children were food insecure.[46]

The Library briefing Food poverty: Households, food banks and free school meals provides more statistics on food insecurity.

For the most part, households with children are worse off in October 2022 than in April 2022

Child Poverty Action Group calculates the change in average income of different families.

Taking into account changes in costs and additional Government support, in October 2022 compared to April 2022:

- A lone parent with one child was £3.23 better off a week and a couple with one child was £2.83 worse off;
- A lone parent with two children was £2.09 worse off a week and a couple with two children was £7.68 worse off;
- A lone parent with three children was £7.69 worse off a week and a couple with three children was £13.59 worse off.[47]

46 Food Foundation, Food insecurity tracking, Round 11, October 2022
Someone is defined as being food insecure if they or anyone in their household had smaller meals than usual or skipped meals, been hungry and not eaten, or not eaten for a whole day because they couldn't get access or afford food.

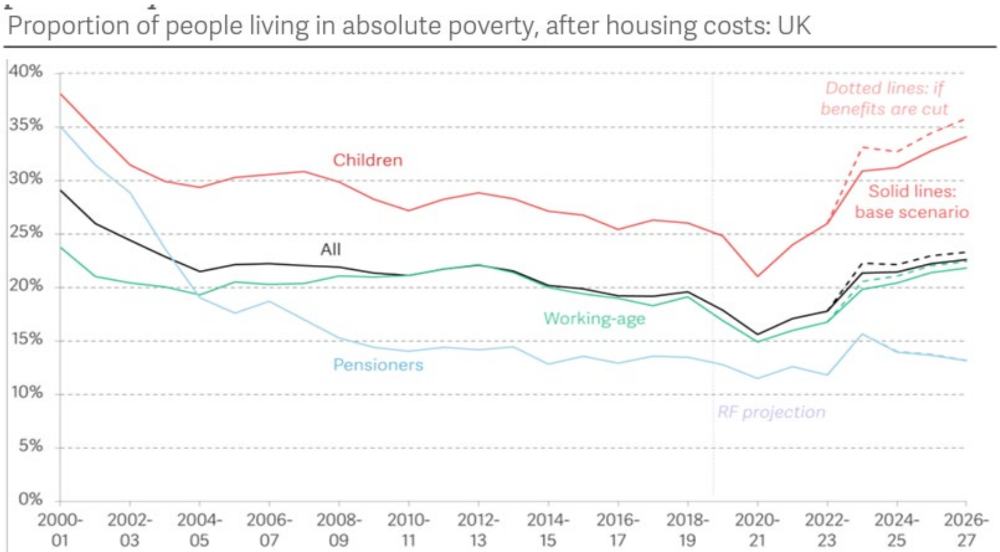
47 Child Poverty Action Group, The cost of a child in 2022, 8 November 2022

Child poverty is set to increase

Someone is in **absolute poverty** if they live in a household with income less than 60% of the median in 2010/11 (updated for inflation)

The Library briefing [Poverty in the UK: statistics](#) provides poverty statistics and forecasts.

The Resolution Foundation expects absolute poverty to increase by 2.9 million people between 2021-22 and 2023-24, from 17% to 21%.[48] The chart below shows that absolute child poverty will increase most sharply.[49]



Note: The dotted lines indicate a scenario where benefits are not updated by inflation in April 2023: the Government has committed to updating benefits by inflation, so only the solid lines are relevant.
Source: Resolution Foundation, [The Long Squeeze, Benefit uprating policy for April 2023](#), 13 October 2022

48 Resolution Foundation, [The Long Squeeze, Benefit uprating policy for April 2023](#), 13 October 2022 Absolute poverty the number if people with household income less than 60% of the median in 2010/11 (updated for inflation).

49 The dotted lines indicate a scenario where benefits are not updated by inflation in April 2023: the Government has committed to updating benefits by inflation, so only the solid lines are relevant.

2 Parliamentary material

2.1 Debates

Cost of Living: Additional Support for School Pupils and HE Students
debated on Monday 24 October 2022 vol 721 col 6

Cost of Living: Support for Young People
debated on Tuesday 18 October 2022 Volume 720 col 274WH

2.2 Select committees

House of Commons Work and Pension Committee The cost of living: Government Response to the Committee's Second Report of Session 2022–23, 8 September 2022

House of Commons Work and Pension Committee The cost of living Second Report of Session 2022–23, 27 July 2022

House of Commons Work and Pension Committee press release, Work and Pensions Committee to examine Universal Credit and childcare costs, 25 November 2021

2.3 Parliamentary questions

Social Security Benefits: Children
18 Oct 2022 | Written questions | Answered | House of Commons | 59902

Asked by: Owen Thompson
To ask the Chancellor of the Exchequer, whether the Government will match the support provided by the Scottish Child Payment on a UK-wide basis.

Answered by: Richard Fuller | Treasury
Over 7 million families across the UK already receive Child Benefit payments, at flat rates of £21.80 weekly for first children, and £14.45 for each additional child. Child Benefit ensures families receive predictable, consistent support for the additional costs they face in raising a child. Support for children from low-income households is also provided through the child element of Universal Credit.

The Government does not intend to replicate the support provided by the Scottish Child Payment on a UK-wide basis. This is because we have already taken decisive action to support families through this Winter.

The Energy Price Guarantee will cap the unit price households pay for electricity and gas, which means that a typical household in Great Britain will have to pay bills equivalent to no more than £2500 a year on their energy bills this winter.

This is in addition to the £400 discount through the Energy Bills Support Scheme. Further support is provided to families to help with current pressures including a one-off £650 Cost of Living Payment for those on means-tested benefits and additional help with the cost of essentials through the Household Support Fund in England.

Healthy Start Scheme
14 Nov 2022 | Written questions | Answered | House of Commons | 82362

Asked by: Maskell, Rachael
To ask the Secretary of State for Health and Social Care, if he will make an assessment of the potential merits of extending eligibility to the Healthy Start scheme to people in receipt of any social security benefit with children under the age of (a) four and (b) 18 years old.

Answered by: Neil O'Brien | Department of Health and Social Care

There are no current plans to do so.

Poverty: Parents
07 Nov 2022 | Written questions | Answered | House of Lords | HL2857

Asked by: Lord Taylor of Warwick
To ask His Majesty's Government what additional financial support they will provide to parents facing poverty, given the increased cost of living.

Answered by: Baroness Stedman-Scott | Department for Work and Pensions
The Government is committed to reducing poverty and supporting low-income families. In 2022/23 we will spend over £242 billion through the welfare system in Great Britain including £108 billion on people of working age.

With 1.25 million job vacancies across the UK, our focus is firmly on supporting parents to move into, and progress in work, an approach which is based on clear evidence about the importance of parental employment - particularly where it is full-time - in substantially reducing the risks of child poverty.

[...]

To further support parents to move into and progress in work, the government provides a range of childcare offers. For more information on what childcare support may be available, we encourage parents to use the Childcare Choices website.

Around 1.9 million of the most disadvantaged pupils are eligible for and claiming a free, healthy and nutritious school meal, saving families around £400 per year. In addition, around 1.25 million more infants enjoy a free meal at lunchtime following the introduction of universal infant free school meals. The National School Breakfast Provision programme (NSBP) is providing funding of up to £24 million in a two-year contract to continue our support for school breakfast provision until July 2023 supporting pupils in up to 2,500 schools that meet our criteria for levels of disadvantage.

The Government is also investing £200 million a year to continue the Holiday Activities and Food Programme, which benefitted over 600,000 children last summer, and we have increased the value of the Healthy Start Scheme by a third to £4.25 a week.

[…]

The £37bn also includes up to £650 in cost of living Payments (paid in 2 lump sums of £326 and £324) which have targeted support at around 8 million low-income households on means-tested benefits. In addition, 6 million eligible disabled people have received a one-off disability Cost of Living Payment of £150 and pensioner households will receive a one-off payment of £300 alongside the Winter Fuel Payment from November.

For those who require additional support we have provided an extension to the Household Support Fund backed by £421m, running from 1 October 2022 to 31 March 2023. The devolved administrations will receive £79 million through the Barnett formula as usual.

Cost of Living: Social Security Payments
31 Oct 2022 | Oral questions - 1st Supplementary | Answered | House of Commons | 721 c597

Asked by: Martin Docherty-Hughes
I am grateful for the Minister's answer, but the Joseph Rowntree Foundation has warned that if social security does not get uprated with inflation, it will be the "largest permanent deliberate real-terms cut" to the basic rate of social security by a British Government in history. According to the Child Poverty Action Group, that would push 200,000 children into poverty. Even the UN rapporteur on extreme poverty and human rights warns that it will mean that "lives will be lost". What will the Minister do to stop that?

Answered by: Mims Davies
I thank the hon. Gentleman for that question. I note that he will be visiting his Dumbarton Jobcentre Plus shortly, which I am sure will help him to see the range of interventions in jobcentres, as well as the benefits calculator and the cost of living interventions on gov.uk. I remind him that the Scottish Government have a range of powers, including the ability to provide their own

welfare benefits to people in Scotland using existing reserved benefits. The Scottish Government can see how they would like to use their powers and budget themselves.

Low-income Households: Cost of Living
06 Jun 2022 | Oral questions - 1st Supplementary | House of Commons | 715 c526

Asked by: Richard Thomson
The Scottish Government have doubled their game-changing Scottish child payment to £20 per child per week and will increase that to £25 by the end of the year, thereby supporting more than 100,000 children. Why will the UK Government not commit to increasing universal credit by an equivalent amount over the same timescale, and match that for and extend it to those on legacy benefits as well?

Answered by: David Rutley |Department for Work and Pensions
As we have highlighted, we have just set out a really significant increase in benefits payments as part of the package that is now worth £37 billion. As a result of the work we are doing not just to provide support but to enable people to get into work, there are now 200,000 fewer children in the UK who are in absolute poverty before housing costs.

3 News articles

More parents fall into the child benefit clawback trap
The Times
18 November 2022

What is the Scottish child payment and can I get it?
BBC
16 November 2022

One in 12 UK children now in families hit by two-child benefit limit
Guardian
14 July 2022

4 Press releases

Number of children in households on universal credit hits 4 million - up by 250,000 in less than a year
Save the Children
15 November 2022

Scottish Child Payment extension a “watershed” - already showing that poverty can be tackled with political will
Joseph Rowntree Foundation
14 November 2022

Almost 1.3 million emergency parcels provided in last six months
Trussell Trust
10 November 2022

More than one million families claiming tax credits to receive second Cost of Living Payment from 23 November
HM Revenue & Customs
20 October 2022

200,000 more children in poverty if benefits rise by wages rather than inflation
Child Poverty Action Group
9 October 2022

5 Further information

Child Poverty Action Group, Post Autumn Statement briefing for MPs, 21 November 2022

Resolution Foundation, Help today, squeeze tomorrow: Putting the 2022 Autumn Statement in context, 18 November 2022

Child Poverty Action Group, The Cost of a Child in 2022, 8 November 2022

Joint letter from Communities Minister Deirdre Hargey, Scottish Minister for Social Security and Local Government, Ben Macpherson and the Welsh Minister for Social Justice, Jane Hutt, to the Secretary of State for Work and Pensions, Chloe Smith urging immediate action on the cost of living crisis, 6 October 2022

Child Poverty Action Group, Benefit cap: cost of living in a crisis, 16 September 2022

Resolution Foundation, In at the deep end: The living standards crisis facing the new Prime Minister, 1 September 2022

Centre for Social Justice, On Target: Protecting vulnerable households from the inflation crisis, September 2022

Institute for Fiscal Studies, Living standards, poverty and inequality in the UK: 2022, 14 July 2022

Child Poverty Action Group, Falling further behind: hardship among benefit capped families as prices rise, 21 June 2022

Resolution Foundation, Taper cut: Analysis of the Autumn Budget changes to Universal Credit, 6 November 2021

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