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Support for single parent families

Summary

A Westminster Hall debate has been scheduled for Tuesday 14 March on support for single parent families. The debate will be opened by Amy Callaghan MP. This debate pack provides background information on benefits for parents, childcare costs support and child maintenance.

1 Background

The Office for National statistics (ONS) estimates that there were just under 3 million single parent households[1] in the UK in 2021 (15% of all households).[2]

Single parent families are more likely than other family types to claim income-related benefits

The latest data from the Family Resources Survey (FRS) found that 50% of single parent families were claiming income related benefits in 2020/21, compared with 15% of couples with children and a 16% average across all family types.[3]

Single parent families are over-represented among benefit claimants. Around 15% of UK households are single parent families but a much higher proportion of single parents claim key benefits and tax credits.

The latest estimates indicate that single parent families represented:

- 46% of families claiming personal tax credits in the UK in December 2022.[4]
- 37% of households claiming Universal Credit in Great Britain in November 2022.[5]

Single parents are more likely to be in poverty

In 2019-20, 31% of single parents were in relative poverty before housing costs, compared to 16% of parents in a couple, and 16% of all working-age adults. 34% of children in single parent households were in relative poverty, compared to 20% of children in a household with a couple.

After housing costs, 45% of single parents were in relative poverty, compared to 22% of parents in a couple and 20% of all working-age adults. 49% of children in single parent households were in relative poverty after housing costs, compared to 25% of children in a household with a couple.[6]

Single parents are also more likely to be in persistent poverty (to have been in relative poverty for at least three out of the past four years).

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1 The ONS estimate includes single parents with adult, non-dependent children.

2 Families and households in the UK - Office for National Statistics (ons.gov.uk)

3 Family Resources Survey: financial year 2020 to 2021 Income and state support data tables, Table 2.9

4 Child and Working Tax Credits statistics: Provisional Awards December 2022

5 DWP Stat-Xplore Universal Credit households by family type dataset

6 DWP, Households below average income: for financial years ending 1995 to 2020, 25 March 2021

Between 2016-17 and 2019-20, 20% of single parents were in persistent relative poverty before housing costs, compared to 8% of parents in a couple and 8-9% of single adults without children.

After housing costs, 31% of single parents were in persistent relative poverty, compared to 13% of parents in a couple.[7]

An individual is in relative poverty if they live in a household with income less than 60% of median household income.

1.1 Benefits for single parents

Before the introduction of Universal Credit, single parents not in paid work could claim **Income Support** (if their youngest child was below a certain age), or **Jobseeker's Allowance (JSA)** (if their youngest child was above the age threshold for Income Support). This could be claimed alongside **Child Tax Credit (CTC)** and **Child Benefit**, and (for those living rented accommodation), **Housing Benefit**.

Single parents working more than 16 hours a week could claim **Working Tax Credit (WTC)** alongside CTC, Child Benefit, and Housing Benefit. WTC can include an element providing help with eligible childcare costs.

Universal Credit (UC) is replacing means-tested "legacy" social security benefits – including Income Support, income-based JSA, and Housing Benefit – and tax credits. UC is means-tested and is payable to individuals and families in and out of work. The maximum UC award includes basic amounts for the adult(s) in the household, plus additions for children, childcare costs, housing costs, disability, and caring. At November 2022, 1.6 million single parent families in Great Britain were on UC.[8]

With the introduction of Universal Credit, it is now no longer possible to make new claims for legacy social security benefits and tax credits, but 555,000 single parent families in the United Kingdom were still receiving tax credits at 1 December 2022, of whom 342,000 were in work.[9]

The remaining legacy benefit and tax credit claimants whose circumstances don't change can continue to receive their existing benefits for the time being, although they can choose to claim Universal Credit. Those who don't claim UC voluntarily will be contacted by the Department for Work and Pensions at the

7 DWP, Income Dynamics: income movements and the persistence of low income, 2010 to 2020, 31 March 2022
8 DWP, Universal Credit: 29 April 2013 to 12 January 2023, 14 February 2023
9 HMRC, Child and Working Tax Credits statistics: Provisional Awards December 2022, 2 February 2023

"managed migration" stage (called "Move to UC" by the DWP) and invited to make a UC claim.

The DWP is testing approaches to managed migration with limited numbers of legacy benefit claimants in certain parts of Great Britain, but full-scale Move to UC is not expected to start until later in 2023/24.[10] Tax credit claimants (including single parents) will be contacted first, and the DWP aims to move all legacy benefit and tax credit claimants (except those only getting income-related Employment and Support Allowance) to UC by the end of 2024/25.[11]

Child Benefit – from April 2023, worth £24.00 a week for the only or eldest child and £15.90 a week for other children – remains outside Universal Credit. Child Benefit is not means-tested in the same way as the benefits above, but the High Income Child Benefit Charge introduced by the Coalition Government in January 2013 provides for Child Benefit to be clawed back through the tax system from families where the highest earner has an income in excess of £50,000, and withdrawn completely at incomes of £60,000 or more.[12]

Single parent families may be able to claim other benefits, in addition to those outlined above – such as Personal Independence Payment (PIP), which helps with the extra costs people face because of disability, and Carer's Allowance, for people caring full-time for a disabled person. For further information see the Commons Library constituency casework page What benefits might people claim?

Single parents in Scotland who claim means-tested benefits may also be able to claim **Scottish Child Payment** which is one of the Scottish Government's devolved benefits and is currently available to families with children under 16 at a rate of £25 per week.

I response to the sharp rise in inflation since 2021, the Government has introduced one-off measures to help households under financial pressure. These include Cost of Living Payments totalling £650 (£900 in 2023/24) for households (including single parents) receiving means-tested benefits and tax credits, and £150 payments for people getting non-means-tested disability benefits such as PIP and Disability Living Allowance. For further information see Commons Library briefing CBP-9616, Cost of Living Payments: Overview and FAQs.

10 See DWP, Completing the move to Universal Credit, updated 6 June 2022; and Completing the move to Universal Credit: Learning from the Discovery Phase, 10 January 2023

11 Managed migration of ESA claimants has been delayed until 2028/29

12 See Commons Library briefing CBP-8631, The High Income Child Benefit Charge

1.2 Policy issues

Benefit levels and adequacy

From 2011 onwards, a series of cuts to the real-terms value of working-age benefits have affected families with children, including single parents. 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).[13]

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.[14] 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

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

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

Foundation calculated the combination of these changes and the withdrawal of the uplift would result in 73% of families on UC in 2022/23 being worse off, and 27% better off.[15]

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 called on the Government to introduce a social security package to support families with children and 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.[16]

Benefits 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.[17] 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."[18]

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.

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.

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

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

17 HM Treasury, Autumn Statement 2012, 5 December 2012

18 HM Treasury, Summer Budget 2015, HC 264, 8 July 2015, para. 1.137

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.

Single parents' incomes and Minimum Income Standards

In September 2022 the Joseph Rowntree Foundation (JRF) published its annual Minimum Income Standards for the UK report.[19] Minimum Income Standards (MIS) are estimates of the levels of income needed for a minimum acceptable standard of living in the UK in different households, determined using a process combining expert knowledge with in-depth consultation with members of the public.[20] The report also compares actual incomes of model families, under different scenarios, with the MIS.

The JRF analysis shows that, for a single parent with two children (one aged 2-4, and one of primary school age), there is a significant – and growing – shortfall between minimum "safety net" incomes and the MIS. In 2008, safety net benefits covered 68% of the MIS, but by 2020 this had declined to 59%. In 2021, safety net benefits covered 58% of the MIS, or 63% including the temporary £20 a week Universal Credit "uplift". In 2022, safety net benefits covered 49% of the MIS for the single parent, or 54% including the Government's temporary cost of living support payments.[21]

The JRF analysis also shows how moving into low-paid work (at the National Living Wage) affects the single parent. While (excluding cost of living support) their income on safety net benefits was 49% of this, income in part-time work was 70% of the MIS, and income in full-time work was 77%. Including the temporary cost of living support payments, the percentages increased to 54%, 74% and 81% respectively.[22]

Universal Credit rates for younger single parents

In Universal Credit, the "standard allowance" – the basic amount, before additions for other needs such as children, childcare, and housing costs – for single people is paid at two rates, according to the person's age. The rates are:

- For people under 25, £265.31 a month (increasing to £292.11 a month from April 2023)

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19 JRF, A Minimum Income Standard for the UK in 2022, September 2022

20 For further information on the MIS methodology see section 1.2 of Commons Library briefing CBP-9498, How benefit levels are set

21 JRF, A Minimum Income Standard for the UK in 2022, September 2022, Table 9

22 As above, pp34-35

- For people aged 25 or over, £334.91 a month (increasing to £368.74 a month from April 2023)

These rates apply to single parent families, as well as to single persons without children.

This differs from the legacy benefits system, where the Income Support or Jobseeker's Allowance "personal allowance" for single parents aged 18-24 is the same as that for single persons aged 25 or over (currently £77.00 a week, increasing to £84.80 a week from April 2023). The personal allowance for single people without children is however lower (£61.05 a week, increasing to £67.20 a week from April 2023).

The differential treatment of single benefit claimants (without children) aged under and over 25 was introduced by the Social Security Act 1988. Prior to then, the rate of benefit which was payable depended on whether the person was a "householder", a distinction that caused considerable administrative difficulties. The introduction of the age threshold was justified on the grounds that most young people under 25 did not live independently and accordingly had fewer financial responsibilities, and because of the need to target resources on those likely to be in greatest need.[23]

When setting out its plans for Universal Credit, the Coalition Government proposed a much simpler structure for the standard allowance (the basic amount for adults), with four rates only (single under 25, single 25 or over, couple under 25, couple 25 or over). The DWP explained:

> 40. The rates for under 25s are to be lower than the rates for those aged 25 or over. This reflects the fact that young people generally have lower living costs and lower wage expectations. It also reinforces the stronger work incentives that Universal Credit will create for this age group.
>
> 41. In the current system there is considerable complexity around the rates for young people with some differences between benefits. Not all single claimants under 25 get the same rate and the couple rates are disaligned because they link to age 18 not 25. The simpler structure in Universal Credit with just four categories (compared with 15 in Employment and Support Allowance) provides greater clarity and consistency.[24]

On 9 June 2021, more than 100 civil society organisations (including Barnardo's, the Child Poverty Action Group, Gingerbread, One Parent Families Scotland and Women's Aid) and 60 MPs from various opposition parties wrote a letter to the then Work and Pensions Secretary Thérèse Coffey, calling for an

23 See Commons Library briefing SN03793, Social security benefits and tax credits for people under 25, section 1

24 Explanatory Memorandum for the Social Security Advisory Committee: Universal Credit Regulations 2012 (PDF), 15 June 2012

increase in UC standard allowance for young single parents.[25] The letter stated:

> Prior to the introduction of Universal Credit in 2013, single parents under 25 were able to claim social security benefits at the rate available for all people aged 25 and over. Under the 'legacy system' (Jobseekers' Allowance, Income Support and Employment Support Allowance,) single parents under 25 are exempted from the lower rate of support in recognition of the cost of caring for a child alone.

Under UC however, young single parents were only able to claim the lower standard allowance available to single people under 25 without children. The letter continued:

> The result is that young single parent families are up to £66.13 worse off per month under Universal Credit than with the legacy system – a drop of 20%. There is no reason to treat single parent families differently based on age. Whether under or over 25, single parents have a high percentage of their household income taken up by caring for a child as they are both the sole breadwinner and carer for their family. The Government's decision not to extend this support can only therefore be seen as a Young Parent Penalty.

When asked by Wendy Chamberlain at Work and Pensions questions on 17 May 2021 whether she agreed with the assessment of One Parent Families Scotland that not giving lone parents under 25 the higher standard allowance amounted to a "young parent penalty", Thérèse Coffey replied:

> No; we took a sensible approach in having a differential rate for universal credit. Of course, if any of the hon. Lady's constituents would like support to secure extra income via the child's other parent, the Child Maintenance Service is there to help parents in such situations.[26]

In September 2019, the Child Poverty Action Group (CPAG) initiated a judicial review claim challenging the lower UC standard allowance for single parents under 25. Permission to apply for the judicial review was refused on 11 December 2019, and permission to appeal that decision was refused by the Court of Appeal on 30 April 2021. Further information is available at the CPAG website.[27]

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

25 See One Parent Families Scotland, Letter calling on the UK Government to #EndtheYoungParentPenalty, updated 20 February 2023

26 HC Deb 17 May 2021 c405

27 CPAG, Universal Credit and lone parents under 25: Rogers and others v SSWP CO/3678/2019; C1/2019/3111 [accessed 9 March 2023]

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.

These caps will be increased by September 2022 inflation (10.1%) in April 2023 following announcements in the 2022 Autumn Statement.[28]

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 background is given in Commons Library briefing SN06294, The Benefit Cap.

At August 2022, around 120,000 households in Great Britain had their benefits capped, by an average of £51 a week. 87% of capped households were families with children, and 70% (86,000) were single-parent families. Since February 2021, there has been a continued increased in the proportion of capped households who are single parent households from 60%, quarter on quarter.[29]

28 HM Treasury, Autumn Statement 2022, CP 751, 17 November 2022, para 5.9

29 DWP, Benefit cap: number of households capped to August 2022, 13 December 2022

52% (44,000) of single parent households who were capped at August 2022 had at least one child under 5 years, including 22% (19,000) with a child aged under 2 years.[30]

Work and Pensions Committee reports

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".[31] 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.
- 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

30 As above

31 Work and Pensions Committee, The Benefit Cap (PDF), HC 1477, 12 March 2019, para. 127

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.[32]

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.

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."[33]

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. Child Tax Credit, which it is replacing, also includes per child amounts.

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" 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."[34] 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. 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

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

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

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

encourage adoption where children might otherwise be looked after by a local authority.

Of the 359 households affected by the two-child limit on 2 April 2022, 47% were single parent families.[35]

An April 2022 report by the Child Poverty Action Group and the Church of England noted that, with women much more likely to be single parents than men, the policy disproportionately affects women. It added:

> Single parents are more likely to need support from the social security system, particularly when their children are young. As sole carers, they face additional challenges balancing work and parenting, and have to cover childcare costs single-handedly.[36]

Work and Pensions Committee reports

The Work and Pensions Committee published two reports on the two-child limit – in January 2019 and November 2019 respectively.[37] In its second report, the Committee recommended scrapping the two-child limit, observing that the policy "not only fails to achieve the Government's own objectives but has evident, unintended consequences that no Government should be willing to accept." The Committee concluded that the policy was based on assumptions that "simply do not hold true", and on a distinction between families that are in work and those in receipt of benefits that is "crude and unrealistic". It noted that:

- Anyone currently working could lose their job, fall ill or experience a change in their circumstances such that they might need help from the benefits system. By the Government's logic, only the wealthy with the financial resilience to withstand all of life's misfortunes without recourse to benefits could ever responsibly decide to have more than two children.

- The policy assumes that all pregnancies are planned and in full knowledge of social security policy, but only around a third of pregnancies are planned.

- The Government had suggested that the policy might encourage parents to increase their incomes from work. In contrast however, the absence of affordable childcare, as well as the costs of transport, made it all but impossible for some families to increase their working hours to compensate for their losses, or to get back into work after having a child.

35 DWP, 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

36 CPAG and the Church of England, "It's heart-breaking that I feel I cannot fully provide for my youngest without struggling": the impact of five years of the two-child limit policy, 6 April 2022, pp5-6

37 See "No Government should be willing to accept" consequences of two child limit, Work and Pensions Committee press release, 3 November 2019

- The Committee had seen no evidence that the two-child limit was working in the way the Government hoped for, not least because the Government itself had produced no evaluation. Organisations had however given evidence suggesting the policy was having serious unintended consequences.

- A whole host of expert organisations, including the Institute for Fiscal Studies, had predicted that the two-child limit would lead to significant increases in the numbers of children living in poverty, and push hundreds of thousands even deeper into poverty.[38]

The Government response, published in December 2019, 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.[39]

Other reports

Relative child poverty rates had been increasing in the years since 2012/13, before the implementation of the two-child limit. Analysis from the London School of Economics' Centre for Analysis of Social Exclusion (CASE) suggested that this has been driven almost entirely by rising poverty among households with three or more children.[40] Exploring other possible explanations for this trend such as changing household composition and employment patterns, the study concluded that changes in social security policy are more significant for larger families and were substantially responsible for both the fall in relative poverty for larger families up to 2012/13, and the rise since.

This trend, they argue, began before the impact of the benefit cap or two-child limit became substantial. They note that that rising poverty among larger families has been observed:

> ...despite the fact that no policies were targeted on family size until the benefit cap and the two-child limit. These two latest reforms are therefore particularly worrying. Given that poverty rates were already rising among larger families, it seems precisely the wrong time to implement policies that specifically target this group for more cuts.[41]

Resolution Foundation analysis predicts that poverty will continue to rise for families with three or more children. With around a third of households with three or more children having been in relative poverty in 2012/13, they

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38 Work and Pensions Committee, The two-child limit, HC 51 2019, 3 November 2019

39 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

40 LSE Centre for Analysis of Social Exclusion, A time of need: Exploring the changing poverty risk facing larger families in the UK, 28 July 2021, pp29-30

41 Ibid, pp

estimate that may have reached nearly half in 2021/22, and will be a clear majority by the end of their forecast period in 2026/27.[42]

An April 2022 report from the Child Poverty Action Group and Church of England explored the impact of the policy on individual family budgets. The report looked at how the incomes of families claiming benefits compared to a measure of the costs of raising a child.[43] The analysis found that, in 2022, the shortfall between benefit awards and the cost of a child would increase for both families with two children and those with three children. However, families with three children would see the shortfall grow by £938 to £7,143 a year, a shortfall twice as large as that faced by families with two children. The greater increase in the shortfall for larger families, they argue, can be attributed to a combination of the two-child limit, benefit cap, and rising cost of living.[44]

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.

Work-related requirements

Alongside structural changes and changes to the generosity of benefits, there have been changes to the "conditionality" requirements for single parents claiming benefits. As a result of changes introduced by the last Labour Government and by subsequent administrations, more single parents have been subject to the requirement to be available for, and to seek, paid work, as a condition of receiving out-of-work benefits.

Before 2008, single parents with a youngest child under 16 could claim Income Support and were not required to be available for or seek work. From 2008, the age threshold was reduced to 12. It was reduced further to 10 years old in 2009, to 7 years in 2010, and to 5 years in 2012. Single parents are now expected to prepare for work when their youngest child reaches 2, and to look for work when their youngest child is three.[45] A failure to meet work-related requirements could result in a sanction.

In February 2023, the Institute for Fiscal Studies (IFS) published results from an analysis of the impact of "Lone Parent Obligation (LPO)" introduced in the

42 Resolution Foundation, The Living Standards Outlook 2022, 8 March 2022, figure 21
43 Based on the Joseph Rowntree Foundation's Minimum Income Standard. See CPAG, The cost of a child in 2021, 13 December 2021
44 CPAG and the Church of England, "It's heart-breaking that I feel I cannot fully provide for my youngest without struggling": the impact of five years of the two-child limit policy, 6 April 2022
45 See the DWP Universal Credit guidance chapters Work-related requirements for claimants with children (PDF), Version 6.0; and Labour Market regimes (PDF), Version 18.0 (both current October 2022)

UK between 2008 and 2012, under which the youngest child age threshold for conditionality reduced (on a staggered basis) from 16 to 5.[46]

Then analysis found that while the reform reduced the number of single parents claiming benefits by a quarter (partly by discouraging eligible individuals making a claim in the first place), only about half of the reduction in the number of claimants is explained by higher employment, and almost all of that was in part-time, low paid jobs. Most of the rest of the effect is accounted for by individuals switching to – more generous – incapacity and disability benefits.

As a result, fiscal savings were "indistinguishable from zero". Furthermore, the research found negative effects on the mental health of individuals

who remained out-of-work, though positive effects for those pushed into work.

Key findings from the research were:

- The policy raised employment rates by 4.4 percentage points. While this represents a significant increase in employment, it was essentially entirely among part-time and low earning jobs. These findings had implications for the impact of the policy on the long-term career trajectories of single parents – these jobs are unlikely to be a "stepping stone" to better paid work.

- The reform resulted in very little, if any, fiscal savings. This was for two reasons: first, because the jobs single parents got were low paid, meaning the paid little in tax and remained entitled to significant amounts of in-work benefits; and second, it encouraged substitution to other benefits. While claims of the main out-of-work benefit to which conditionality applied fell by 8.9 percentage points, take-up of (more expensive) incapacity or disability benefits (with no conditionality requirements attached) increased by 3.4 percentage points.

- There appeared to be little change in claimants' life satisfaction, wellbeing or mental health outcomes on average. While those who moved into work saw an improvement in these outcomes, this was offset by a worsening in life satisfaction, wellbeing and mental health for those who remained out of work.

- The "deterrent" effect of conditionality on benefit claiming – disincentivising people from starting a claim in the first place – is significant. This suggests that the focus of previous research on outflows from benefit alone means much of the effect of conditionality is being missed.

46 Codreanu1 M and Tom Waters T, Do work search requirements work? Evidence from a UK reform targeting single parents, IFS Working Paper 23/02, 1 February 2023

Childcare costs

In England, the Government provides financial support with the costs of childcare via three childcare entitlements:

- 15 hours universal entitlement (570 hours of funded childcare a year) for all three and four-year-olds.[47]
- 15 hours entitlement for disadvantaged two-year-olds.[48]
- Extended 30 hours entitlement (1,140 hours a year) for three and four-year-olds from working households.[49]

The childcare entitlements are different in the other parts of the UK. In broad summary:

- In Scotland, all three and four-year-olds are entitled to 1,140 hours of funded childcare a year. The entitlement for disadvantaged two-year-olds is also 1,140 hours.[50]
- In Wales, all three and four-year olds are entitled to 10 hours a week of funded childcare during school term time. Three and four-year-olds from working households are entitled to 30 hours of funded childcare a week for48 weeks of the year. Two to three-year-olds in Flying Start areas are entitled to 12.5 hours of childcare a week for 39 weeks of the year.[51]
- In Northern Ireland, children are entitled to 12.5 hours per week of free pre-school education for 38 weeks in the year before they start compulsory education.[52]

Tax-free childcare

Support is also available for parents throughout the UK via Tax Free Childcare (TFC). Under the TFC scheme, a parent or carer pays funds for childcare into a TFC account. The Government then tops up each £8 paid in with an extra £2, up to a maximum of £500 per child every three months, or £1,000 every three months for a disabled child. Money in the TFC account can then be used to pay for childcare.

The eligibility criteria for TFC are the same as the for the 30 hours entitlement in England (ie, generally only available for working households) and can be paid in respect of any child aged under 12 years of age, or under 17 years of age if they are disabled.

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47 15 hours free childcare for 3 and 4-year olds, Gov.uk.

48 Free education and childcare for 2-year-olds, Gov.uk.

49 30 hours free childcare, Gov.uk.

50 Scottish Government, Funded early learning and childcare, 17 November 2022.

51 Coram, Childcare Survey 2023, March 2023, p10.

52 NiDirect, Pre-school education places.

Further information, including more details on the eligibility criteria for the childcare entitlements in England, is provided in the Library briefing: Help with childcare costs (England).

Childcare costs support with means-tested benefits

Both Universal Credit and Working Tax Credit can support families with childcare by covering a proportion of eligible costs.

The WTC childcare element provides help with up to 70% of eligible childcare costs up to a maximum cost of £175 a week for one child, and £300 for two or more children. This means that the maximum support that a WTC claimant can receive is £122.50 a week for one child, and £210 for two children.

The UC childcare costs element covers 85% of childcare costs up to a maximum reimbursement of £646.35 a month for one child, or £1,108.04 a month for two or more children. The reimbursement rate increased from 70% to 85% in 2016.

The Work and Pensions Committee's December 2022 report on Universal Credit and childcare costs provides background on these policies, as well as highlighting current issues.

Childcare affordability and single-parent families

Concerns have been raised about the high childcare costs faced by parents. Further discussion on this is available in the following Library briefings:

- Commons Library briefing CBP-8054, Help with childcare costs (England).
- Commons Library briefing CDP2023-48, Estimates day debate: childcare and early years spending by the Department for Education (section 4).
- Commons Library briefing CBP-8052, Early years funding (England).

The following four sections provide some further information specifically related to single-parent families.

Department for Education survey of parents

The Department for Education's Childcare and early years survey of parents 2021 reported the findings from interviews caried out with a nationally representative sample of parents with children aged 0-14 in England between July 2021 and April 2022. The findings included:

- 52% of single parents said they would work fewer hours were the 30 hours entitlement not available to them. This compared with 35% of parents in couple families.
- Parents in single-parent families were less likely than those in couple families to feel that local childcare was affordable (33% vs 45%).

- 17% of mothers working part-time said, in the absence of any barriers, they would move into full-time work. Mothers in single-parent families were more likely than those in couple households to express a desire to move from part-time to full-time work (21% vs 14%).
- Non-working single-parent families were least likely to be aware of the Tax-Free Childcare scheme (28%). 41% of working single-parent families were aware of the scheme compared to 52% of dual-working couple families.
- 44% of children aged 0-14 received formal childcare in 2021. Children in dual-working couple families (54%) and working single-parent families (42%) were most likely to receive formal childcare. Children in couple families with neither parent in work (22%), and in non-working single-parent families (30%) were least likely to receive formal childcare.[53]

Coram Childcare Survey 2023

Coram's Childcare Survey 2023, published in March 2023, is the latest in a series of annual reports based on surveys sent to Family Information Services of local authorities in Great Britain. Among other things, the report found:

- The average price of a part time childcare place (25 hours a week) in a nursery in Great Britain was £148.63 a week (a 5.6% annual increase). The average price ranged from £118.14 in Scotland to £150.89 in England.[54]
- The average price of 25 hours a week of childcare in a nursery during term time for three and four-year-olds (including the universal entitlements) was £59.83 in England and £51.32 in Wales. In Scotland, this is covered by the universal entitlement to 1,140 hours.
- The average price of 50 hours a week of childcare in a nursery during term time for three and four-year-olds (including the funded entitlements) was £117.60 in England, £102.37 in Scotland, and £98.79 in Wales.

The report noted the figures above for three and four-year-olds do not include additional costs - eg, lunch or other consumables. They are also based on term time costs meaning "costs during school holidays would be considerably higher."[55]

44% of local authorities surveyed by Coram reported "at least some" of their childcare providers had reduced their opening hours. The report said this

53 DfE, Childcare and early years survey of parents: 2021, 25 August 2022.
54 Coram, Childcare Survey 2023, March 2023, p5.
55 Coram, Childcare Survey 2023, March 2023, p14.

could be particularly problematic for single parents who cannot share drop-offs or pick-ups.[56]

Gingerbread report

In January 2023, Gingerbread, a charity for single-parent families, published a report: The Single Parent Employment Challenge (PDF). The report was based on analysis of quantitative data and interviews from May to June 2022 (30 single parents were drawn from a sample of 45 who were interviewed initially in autumn 2021 when they were unemployed and receiving out-of-work benefits).

The report highlighted the challenges securing childcare for single parents looking to re-enter the workforce. Among the single parents interviewed:

- Many had deliberately taken jobs they could do when their children were in school or funded (preschool) childcare, eliminating the need for additional paid childcare.
- Almost all who did require other childcare to do their jobs had arranged this on an informal basis. Frequently, they accepted jobs that could be done in the evenings and weekends to enable them to use such informal childcare.
- There was a widespread reluctance to consider using formal childcare, primarily due to the costs and the need to pay these up front. They were also put off because of the overall longer-term costs involved.
- Some expressed concerns about childcare availability, particularly for after school childcare.
- Securing childcare for younger teenagers and holiday childcare for school-aged children was seen as particular problems.[57]

The report recommended the Government should:

- Introduce a national, universal, childcare non-repayable grant to meet the upfront costs for the first month of childcare fees.
- Extend the eligibility for the 30-hour childcare entitlement to all jobseekers.
- Create a Childcare Infrastructure Support Fund "to help stabilise the childcare market and prevent providers from closing.

56 Coram, Childcare Survey 2023, March 2023, p33.
57 Gingerbread, The Single Parent Employment Challenge (PDF), January 2023, pp45-50.

- Urgently review and invest in the childcare sector "to ensure that it meets the needs of single parents and is affordable, costing a household no more than 5% of their income."
- Review the caps on the childcare support provided under the childcare element of UC.[58]

Other surveys and reports

A report published by the Women's Budget Group and Gingerbread in March 2022, Spring Budget 2022: Economic challenges for single mothers, suggested childcare costs are "an even bigger problem for single parents, who are more likely to depend on formal childcare than couples, and who rely on a single wage." The report cited data from the DfE's childcare survey of parents 2019, which suggested 40% of single parents reported facing difficulties with childcare costs compared to 26% of couple families.[59]

A March 2022 survey by UK campaign group 'Pregnant then Screwed' and the organisation 'Mumsnet', found 62% of parents of young children said the cost of childcare is now the same or more than their rent/mortgage.[60] In addition, 13% of single parents surveyed said they had used a food bank because of increased childcare costs (alongside other costs).[61]

Child Maintenance

In the most recent statistics, which cover the 2020/21 financial year, the Department for Work and Pensions (DWP) estimated there were around 2.3 million separated families in Great Britain, and 3.6 million children living in such families. Around 40% of these families were estimated to have no child maintenance arrangement. The Child Maintenance Service (CMS), which provides a statutory maintenance scheme, was estimated to be the sole organiser of maintenance for around 16% of separated families.[62]

Since 2014, individuals who apply to the CMS for it to calculate child maintenance must pay an application fee of £20, unless they are:

- Aged 18 years or under; or
- Living in Northern Ireland; or
- A victim of domestic abuse or violence and have reported this to "an appropriate person" (eg the police). The person must declare to the CMS

58 Gingerbread, The Single Parent Employment Challenge (PDF), January 2023, p55.

59 Women's Budget Group Spring Budget 2022: Economic challenges for single mothers, 8 March 2022.

60 Survey of 26,962 parents of young children; Pregnant then Screwed, Press release – 1 in 4 parents have had to cut down on heat, food & clothing to pay for childcare, 25 March 2022

61 Pregnant then Screwed, Press release – 1 in 4 parents have had to cut down on heat, food & clothing to pay for childcare, 25 March 2022

62 DWP, Data tables: Separated families population statistics: April 2014 to March 2020, 31 March 2022, Table 2.

> that they have experienced domestic abuse or violence and state which "appropriate person" they reported the abuse to.[63]

There are also additional charges to use the Collect and Pay Service (where the CMS collects and passes on payments) instead of the Direct Pay Service (where the CMS calculates the rate and payments are made between parents).

A DWP review of charging, published in 2017, found around 61% of receiving parents who paid the £20 application fee to set up a Direct Pay arrangement found it very/quite easy to afford, but "over half of parents on very low incomes find the application fee difficult to afford". The ongoing charges on Collect and Pay were found to partly influence "roughly half" of surveyed parents choosing Direct Pay, though other factors, such as their relationship with the Paying Parent, also had an impact. 33% of surveyed parents involved in the decision to use Direct Pay, specifically did so to avoid paying charges.

The DWP said "the findings from this Review do not indicate that charges are the overriding factor affecting parents' decisions to use the reformed system and we do not have any plans to change the charging structure". However, it "triggered…a variety of improvements to external communications and operational processes".[64]

Concerns have also been raised regarding the amount of maintenance that goes unpaid. For example, a report published by the Women's Budget Group and Gingerbread in March 2022, Spring Budget 2022: Economic challenges for single mothers, cited the level of unpaid maintenance in suggesting the CMS "fails large numbers of single parents".[65]

At the end of June 2022, total cumulative arrears under the current 2012 CMS scheme were £493.5m. Arrears accounted for 8% of the total child maintenance that should have been paid by that date.[66]

The CMS has a range of collection and enforcement powers which it can use when arrears have accumulated. A report on child maintenance published by the National Audit Office in March 2022 said the CMS had "improved its collection and enforcement activities and the amount it collects through Collect & Pay enforcing payments has increased." It added, however, that

[63] Department for Work and Pensions (DWP), Guidance on Regulation 4(3) of the Child Support Fees Regulations 2014: How the Secretary of State will determine if an applicant is a victim of domestic violence or abuse, December 2013 (updated August 2017)

[64] DWP, Child maintenance reforms: 30 month review of charging (PDF), Cm9481, August 2017, paras 24, 29, 30, 45

[65] For example, see: Women's Budget Group Spring Budget 2022: Economic challenges for single mothers, 8 March 2022.

[66] DWP, CMS statistics: Data to September 2022, 13 December 2022, Table 6.

there is “scope to go further” and it can “take years before payments are made to receiving parents if the paying parent refuses to comply.”[67]

The report suggested that unless the Government writes off more CMS debt, outstanding arrears will grow indefinitely and are forecast to reach £1 billion by March 2031 at current rates.”[68]

Further information on child maintenance, including fees, arrears ad enforcement, is provided in the following Library briefings:

- Commons Library briefing CBP-7774, Child Maintenance: Fees, enforcement and arrears
- Commons Library briefing CBP-7770, Child maintenance: Calculations, variations and income (UK).

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 (those the UK Government is responsible for) 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 since 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.[69] 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.

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.[70] Its stated policy objectives were to:

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67 NAO, Child maintenance: summary (PDF), HC 1139, 3 March 2022, para 22.

68 NAO, Child maintenance: summary (PDF), HC 1139, 3 March 2022, para 25.

69 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

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

- 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%.[71] 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".[72]

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.[73] 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.[74]

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".[75]

In the Scottish Government's Budget, presented on 15 December 2022, the Deputy First Minister, John Swinney, announced that all other devolved benefits would in April 2023 be uprated by 10.1% (September's CPI figure), but that Scottish Child Payment would remain at £25 per week which it had just been increased to the previous month.[76] In response, the Director of CPAG

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

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

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

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

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

76 Scottish Government, Budget Statement: 2023 to 2024, 15 December 2022

Scotland noted that “whilst the Scottish child payment has been increased significantly in the last year it’s disappointing the £25 payment won’t hold its real terms value next year.”[77]

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.[78]

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.[79]

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.[80]

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77 CPAG Scotland, Scottish Government is right to raise taxes and prioritise tackling child poverty, say campaigners, 15 December 2022

78 Scottish Government, Take-up rates of Scottish benefits: October 2022, 31 October 2022

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

80 The Welfare Supplementary Payment (Amendment) Regulations (Northern Ireland) 2022

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.[81]

On 15 November 2021, Communities Minister, Deirdre Hargey, announced that WSPs in Northern Ireland would be extended for a further three years.[82] 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.[83]

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.[84]

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.[85]

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81 UK Government and Irish Government, New Decade, New Approach Deal, 9 January 2020, para. xvi

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

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

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

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

1.3 Reports and Briefings

Institute for Fiscal Studies

In July 2022, the institute for Fiscal Studies reported on their analysis of pre-pandemic relative poverty rates for children of lone parents.[86]

The 2019/20 relative poverty rate for children of lone parents represented a nine percentage point increase on the 2009/10 rate of 40%.

In addition, there was no progress in reducing absolute poverty for children of lone parents with rates remaining at around 40% between 2009/10 and 2019/20.

The report's author noted that:

> "Rises in employment pushed up incomes of lone-parent families in the years running up to the pandemic, but cuts to state benefits and tax credits reduced their incomes. The combined effect was that there was no progress in reducing absolute poverty in lone-parent families between 2010 and 2019, and their incomes fell further behind those on average incomes."

Women's Budget Group

In conjunction with Gingerbread, the Women's Budget Group published a Spring 2022 pre-budget briefing on economic challenges for single mothers.[87]

The report argues that some of the sectors hit hardest by the pandemic (high street retail, hospitality) employ disproportionate numbers of single parents and single parents are also less likely to work in jobs that can be done from home. Problems with meeting childcare costs and enforcing child maintenance payments were also noted.

The report offers a number of recommendations to improve the economic situation of single parents, these include:

- Promotion of more good quality part-time or flexible working opportunities.
- Abolition of the benefit cap, which disproportionately affects single parent families.

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86 Institute for Fiscal Studies Pre-pandemic relative poverty rate for children of lone parents almost double that for children living with two parents, 4 July 2022.

87 Women's Budget Group Spring Budget 2022: Economic challenges for single mothers, 8 March 2022.

- Changes to the sequencing of benefit uprating to ensure that increases are closer to current levels of inflation.

- Extension of the 30-hour free childcare to single parents who are in training and have preschool-age children, and all job-seeking single parents undertaking training or improving their skills.

- Universal Credit childcare costs should not be paid in arrears and the level of childcare support that can be claimed should be reviewed/

- Long term investment in a universal childcare system, free at the point of use, from the end of maternity leave to primary school.

Gingerbread

GingerBread's Single Parent Employment Challenge project explored single parents' experiences of the UK labour market, once coronavirus pandemic restrictions began to be lifted in mid-2021.

The report found that single parents experience consistently higher unemployment rates than couple parents.

Most single parents wanted to work more hours than they currently do but often had to put their career aspirations aside to fit around childcare options and school hours.

Childcare costs were a key barrier for single parents' employment opportunities, and they were also held back by a lack of suitable flexible part-time roles.

Consequently, many single parents were on lower incomes than they might otherwise be.

2 Parliamentary material

2.1 Commons Library publications

Commons Library briefing CBP-0208, Social security support for children, 22 November 2022

2.2 Debates

Supporting Single Parents into Work, Vol 703 Col 264WH, Wednesday 17 November 2021

2.3 Select committees

Work and Pensions Committee, Universal Credit and childcare costs – Report Summary, 20 December 2022

2.4 Parliamentary questions

Cost of Living: Lone Parents
09 Mar 2023 | Written questions | Answered | House of Commons | 158976

Asked by: Kirsten Oswald
To ask the Secretary of State for Work and Pensions, what steps he is taking to support single parents during the cost-of-living crisis.

Answered by: Mims Davies | Department for Work and Pensions

In April, we are uprating benefit rates and State Pensions by 10.1%. In order to increase the number of households who can benefit from these uprating decisions, the benefit cap levels are also increasing by the same amount.

To further support those who are in work, from 1 April 2023 subject to parliamentary approval, the National Living Wage (NLW) will increase by 9.7% to £10.42 an hour for workers aged 23 and over - the largest ever cash increase for the NLW.

Childcare is a key enabler of employment for parents and has clear developmental benefits for children. The Government has spent more than £20 billion over the past five years supporting families with the cost of childcare through the free early education entitlements administered through DfE and support through the benefits system or Tax-Free Childcare. Work continues across Government to identify opportunities to improve support further, including to boost the take-up of existing offers.

Households on eligible means-tested benefits will get up to £900 in Cost of Living Payments in 2023/24. This will be split into three payments of around £300 each across the 2023/24 financial year. In addition, individuals in receipt of eligible disability benefits will receive a £150 payment. Further to this, the Energy Price Guarantee will be extended from April 2023 until the end of March 2024, meaning a typical household bill will be around £3,000 per year in Great Britain.

This support is in addition to that provided in 2022/23, including cost of living payments for people on eligible benefits, the Energy Price Guarantee and the £400 non-repayable discount to eligible households provided through the Energy Bills Support Scheme.

Children: Maintenance
28 Feb 2023 | Written questions | Answered | House of Commons | 147451

Asked by: Amy Callaghan
To ask the Secretary of State for Work and Pensions, if he will make an assessment of the potential merits of removing the charge paid by single parents when seeking support from a former partner through the Child Maintenance Service.

Answered by: Mims Davies | Department for Work and Pensions

The £20 Child Maintenance Service (CMS) application fee is designed to encourage parents to consider whether they can make their own private family-based arrangements rather than apply to the statutory scheme by default as this tends to be in the best interests of children.

The fee is waived if domestic abuse has been experienced by the applicant or any children in the household and for parents aged under 19 to ensure the most vulnerable do not face a barrier in accessing the statutory scheme.

Universal Credit: Benefit Cap and Two Child Limit
24 Jan 2023 | Oral questions - Supplementary | Answered | House of Lords | 827 c95

Asked by: Baroness Deech
My Lords, in the absence of official data hitherto, the Benefit Changes and Larger Families Project estimates that at least 110,000 children are being pushed deeper into poverty because their parents are caught by both the cap and the two-child limit. Evidence of the damaging effects strengthens the case for scrapping both policies, which are far from fair. At the very least, will the Government now undertake to publish regular data on the numbers affected and monitor the impact on children and their parents?

Answered by: Viscount Younger of Leckie

I am certainly aware of the larger families project. The latest published statistics on households on universal credit show that the majority of families—79%—on universal credit had fewer than three children, with 21% of universal credit households with children having three or more children. Having said that, it is important to note that there are a number of other initiatives where we can help families with more than two children if they get into difficulty.

Poverty: Children
21 Jul 2022 | Written questions | Answered | House of Lords | HL1563

Asked by: The Marquess of Lothian
To ask Her Majesty's Government what steps they are taking to support lone parent families, in light of the Institute for Fiscal Studies briefing on 4 July which stated that (1) "1.5 million children of lone parents were in relative income poverty" in 2019–20, and that (2) "the pre-pandemic relative poverty rate for children of lone parents was almost double that for children living with two parents".

Answered by: Baroness Stedman-Scott | Department for Work and Pensions

This Government is committed to reducing child poverty and supporting low-income families, and believes work is the best route out of poverty. With a record 1.3 million vacancies across the UK, our focus is firmly on supporting people to move into and progress in work. This approach 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 and in improving long-term outcomes for families and children...

To help parents into work, our Plan for Jobs is providing broad ranging support for all jobseekers with our Sector Based Work Academy Programmes (SWAP), Job Entry Targeted Support and Restart scheme...

To further support parents to move into and progress in work, eligible UC claimants can claim back up to 85% of their registered childcare costs each month up to a maximum of £646.35 per month for one child and £1,108.04 per month for two or more children. This is on top of the free childcare offer in England which provides 15 hours a week of free childcare for all 3- and 4-year-olds and disadvantaged 2-year-olds, doubling for working parents of 3- and 4-year-olds to 30 hours a week.

Around 1.9 million of the most disadvantaged pupils are eligible for and claiming a free school meal, saving families around £450 per year. In addition, around 1.25 million more infants enjoy a free, healthy and nutritious meal at lunchtime as well as over 90,000 disadvantaged further education students. We are 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 Vouchers by a third to £4.25 a week.

Lone Parents: Social Security Benefits
21 Feb 2022 | Written questions | Answered | House of Commons | 120931

Asked by: Chamberlain, Wendy
To ask the Secretary of State for Work and Pensions, what recent assessment her Department has made of the effect of the benefit cap on women who are lone parents.

Answered by: David Rutley | Department for Work and Pensions

No recent assessment has been made of the effect of the benefit cap on women who are lone parents.

High Income Child Benefit Tax Charge: Lone Parents
14 Dec 2021 | Written questions | Answered | House of Commons | 87843

Asked by: Whitley, Mick
To ask the Chancellor of the Exchequer, what assessment his Department has made of the impact of the introduction of the High-Income Child Benefit Tax charge on single-parent families.

Answered by: Mr Simon Clarke | **Department:** Treasury

The Government introduced the High Income Child Benefit Charge (HICBC) from January 2013 to ensure that support for families is targeted at those who need it most. The tax charge applies to anyone with an individual income over £50,000 who claims Child Benefit, or whose partner claims it. HICBC is calculated on an individual rather than a household basis, in line with other income tax policy.

HM Revenue and Customs (HMRC) does not routinely collect information on the circumstances of individuals in a household, so HMRC cannot assess the impact the introduction of the High Income Child Benefit charge has had on single parent families.

3 News articles

[Hit to UK childcare benefits deters low-income parents from working]
Financial Times
7 March 2023

Single parents most likely to skip meals during the cost of living crisis
Which?
24 November 2022

Tories have shamed single parents and heaped financial pressure on them
Guardian
5 July 2022

Single-parent families 'most exposed' to cost of living crisis in Great Britain
Guardian
30 April 2022

Number of single parents left without child maintenance payments doubles
Politics.co.uk
3 March 2022

4 Further information

Call for a landmark change to Universal Credit so people can afford the essentials - research shows overwhelming public support for new 'Essentials Guarantee'
Joseph Roundtree Foundation

The Single Parent Employment Challenge – job loss and job seeking after the pandemic
Gingerbread

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