



Restriction of the Sure Start Maternity Grant

Standard Note: SN/SP/5860
Last updated: 10 February 2011
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Section: Social Policy Section

The Sure Start Maternity Grant is a lump sum payment worth £500 per child paid to low income families to assist with the cost of maternity and baby items. In 2009-10, 274,000 Sure Start Maternity Grants were made in Great Britain totalling £140 million.

In the June 2010 Budget it was announced that as part of the Government's deficit reduction plan, the Sure Start Maternity Grant would be restricted to the first child only in a family, from April 2011. The measure is expected to lead to savings of around £73 million a year.

The measure comes on top of other announcements including the abolition of the Health in Pregnancy Grant, and tax credit changes affecting families with babies and young children. Organisations have voiced concern that the benefit and tax credit changes announced by the Government since it came to power will have a disproportionate impact on pregnant women and families with young children.

The Social Security Advisory Committee (SSAC) believes that the proposal "lacks a coherently argued rationale" and appears to run counter to Government policy to abolish child poverty by 2020. It recommended that, should the Government proceed with the proposal, it should delay implementation until changes to the Social Fund Budgeting Loans scheme can be made to allow loans to be made for maternity items. The forthcoming *Welfare Reform Bill* will include measures to amend the Budgeting Loan scheme, but the provisions are not expected to be in force before early 2012.

The Government rejected the SSAC's call to delay implementation of the Maternity Grant measure, on the grounds that it would cost £1.4 million per week. It also rejected the SSAC suggestion of keeping the Grant as it is but reducing the amount to £250 as an alternative cost saving measure.

The regulations which restrict payment of the Sure Start Maternity Grant from April 2011 came into force on 24 January 2011. The House of Lords Merits of Statutory Instruments Committee has drawn attention to the regulations which, it says, seem to have been "inadequately planned and explained". It also suggests that the House of Lords "may wish to press the DWP for a better explanation of why the other options suggested were not pursued and what the anticipated impact on new mothers and children in low-income families will be".

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1 Background

The [Sure Start Maternity Grant](#) was announced in the March 1999 Budget by the then Chancellor of the Exchequer, Gordon Brown:

Today, we are announcing a new sure start maternity grant: Government offering more help to parents, but in return for parents meeting their responsibilities. Help amounting to £200 will be conditional, linked to keeping appointments for child health advice and child health check-ups.¹

The payment was increased to £300 in December 2000 and to £500 in June 2002. Capital limits were abolished in October 2001.

The Sure Start Maternity Grant is available to recipients, or partners of recipients, of Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Pension Credit, Child Tax Credit (at a rate higher than the family element), or Working Tax Credit (which includes a disability or severe disability element). This is to ensure that the Grant "is as widely available as possible amongst people with lower incomes".²

A claim must be made within the period beginning 11 weeks before the expected week of confinement and ending three months after the actual date of confinement. Entitlement is also dependent on the claimant having received advice on the health and welfare of the new baby (and on maternal health, where the application is made before the birth of a child) from a health professional (i.e. a doctor, midwife, health visitor or practice nurse). A certificate is included in the back of the benefit claim form which must be signed by a health professional confirming that advice has been given and the date of the consultation. "Health and welfare advice" is not defined in the regulations.³ Current Department for Work and Pensions guidance for healthcare professionals on medical certification for maternity benefits purposes states:

The precise nature of the advice provided is a matter for you but such advice will certainly be encompassed by current best clinical practice in maternal and child health care.⁴

The Grant can also be paid to people adopting (or, in certain circumstances, granted a residence order for) a child under one, or to those granted a residence order for a child born to a surrogate mother.

In 2009-10, 274,000 Sure Start Maternity Grants were made in Great Britain totalling £140 million.⁵

The Sure Start Maternity Grant sits within a broader system of support for pregnant women, which includes "Healthy Start" vouchers to help with the cost of milk, fruit and vegetables and (until last month) the Health in Pregnancy Grant.⁶

¹ HC Deb 9 March 1999 c184

² *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2006/2007*, Cm 7161, p5

³ *Social Fund Maternity and Funeral Expenses (General) Regulations 2005*, SI 2005/3061

⁴ DWP, [Maternity Certificate form MAT B1 – Guidance on completion](#), March 2010, p3

⁵ *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2009/2010*, p16

⁶ For further details see pp41-44 of [Research Paper 07/81](#), and pp6-8 of [Research Paper 10/66](#)

2 Announcement in the June 2010 Budget

In his Budget Statement on 22 June 2010 the Chancellor of the Exchequer, George Osborne, announced that as part of the Government's deficit reduction plan, the Sure Start Maternity Grant would be restricted to the first child only in a family, from April 2011. The measure was expected to lead to savings of around £75 million a year.⁷

The scope and depth of the spending cuts announced in the June Budget and in the October Spending Review, and their impact on particular groups, have received much attention. The Chancellor also announced three other measures in his Budget that impact specifically on pregnant women and families with young children:

- Abolition of the Health in Pregnancy Grant, from January 2011 (saving £150 million a year);
- Removing the £545 "baby element" of Child Tax Credit (saving £295 million in 2011-12, and around £275 million a year in subsequent years); and
- Not proceeding with the Child Tax Credit supplement ("toddler tax credit") for 1-2 year olds Labour had planned to introduce from 2012-13 (saving £180 million a year).

Together with the restriction of the Sure Start Maternity Grant, the Government estimates these measures will yield overall savings of just under £2.6 billion over the period 2010-11 to 2014-15, compared with Labour's spending plans as set out in the March 2010 Budget.⁸

In a recent report, the charity Family Action estimates that these and other benefit and tax credit changes announced by the Government could result in the poorest families losing entitlements worth up to £1,735 over pregnancy and the first year of a child's life.⁹ Furthermore, the report states that the potential losses would not be sufficiently offset by the above indexation increases in the per child amount of Child Tax Credit announced by the Government, and could be compounded by other benefit changes including Housing Benefit reforms and the freezing of Child Benefit rates. Family Action also draws attention to the fact that higher income, working families with new children could lose thousands more as a result of changes to income disregards for tax credits and reductions in the childcare element of Working Tax Credit.¹⁰

3 The regulations

*The Social Fund Maternity Grant Amendment Regulations 2011*¹¹ – which restrict payment of the Sure Start Maternity Grant from April 2011 – came into force on 24 January. An [Explanatory Memorandum](#) was also published alongside the regulations, which are subject to the negative procedure.

The changes made by the regulations differ slightly from the Government's original proposal. The regulations provide that a Sure Start Maternity Grant will not be payable if there is already a child under 16 in the claimant's household, with two exceptions:

⁷ *Budget 2010*, HC 61 2010-11, Table 2.1

⁸ *Budget 2010*, HC 61 2010-11, Table 2.1

⁹ Family Action, *"Born broke": the impact of welfare measures announced by the Government on parents with new children*, January 2010

¹⁰ See also Family Action press release, *Born Broke – Family Action Report Highlights the Babies Paying for Bust Britain*, January 2010

¹¹ [SI 2011/100](#)

- Where the claim relates to a multiple birth, grants will be made for each child so long as there are no other children under 16 in the family.
- Where dependent children or young people have a child themselves, the grandparents can apply for a Grant (as long as the dependent child does not have any other children in the same household). Grandparents may claim even though there may be other children under 16 in the family.

The usual requirement is for negative statutory instruments to be laid before Parliament at least 21 days before they come into force. This is in order to give sufficient time for the Joint Committee on Statutory Instruments and the House of Lords' Merits of Statutory Instruments Committee to consider an SI before it comes into force. However, the *Social Fund Maternity Grant Amendment Regulations 2011* came into force only four days after they were laid before Parliament on 20 January. The [Explanatory Memorandum](#) states:

3.1. These Regulations breach the 21 day rule. The Department apologises to the Committees for this. The reason is that the Regulations must come into force on 24 January 2011 (as described in paragraph 3.2) but, because of the time taken for complex policy considerations, it was not possible to send the Regulations to the Social Security Advisory Committee (SSAC) until the end of November for the December meeting. The regulations were then referred formally to the Committee to enable consultation to take place. The period of consultation ran from 13 – 21 December 2010 and the final report from SSAC was sent to officials at the Department for Work and Pensions on 6 January 2011. The Secretary of State considered whether to make the Regulations before the Committee had made their report but thought it important to wait for the outcome of the consultation even though that meant delay before the Regulations were laid before Parliament.

3.2 The Regulations provide for changes to the Sure Start Maternity Grant announced in the June 2010 Budget as part of the Government's deficit reduction plan. The new rules must apply to babies born from 11th April 2011 to achieve the savings of £73 million agreed with Her Majesty's Treasury. As a grant can be claimed from 11 weeks before the week in which a baby is due this means that the legislation must come into force from 24th January 2011. If the legislation is delayed this will result in a loss of savings of around £1.4 million per week.

The new rules for the Sure Start Maternity Grant apply to babies born on or after 11 April 2011. It is estimated that 150,000 families a year will no longer be eligible for a Grant, leading to savings of around £73 million a year.

The Government recognises however that there will be families in need of financial support when a second or subsequent child is born, and has said that the forthcoming *Welfare Reform Bill* will include provisions to extend the scope of Social Fund Budgeting Loan scheme to cover loans for maternity items.¹² However, while the changes to the Sure Start Maternity Grant come into force in April 2011, the Budgeting Loan changes are not expected to come into force until early 2012.

¹² HC Deb 6 December 2010 c10WS. The Written Ministerial Statement also announced that the *Welfare Reform Bill* would also include provisions to allow budgeting loans "to help towards meeting some of the costs of a relative's funeral".

4 The SSAC consultation

The Social Security Advisory Committee's report on the proposed regulations implementing the restriction to the Sure Start Maternity Grant, and the Secretary of State's response, is available at the Official Documents website.¹³

The SSAC concluded that the proposal lacked a "coherently argued rationale" and appeared to run counter to Government policy to abolish child poverty by 2020.¹⁴ A summary of the Committee's report is below:

14. The Committee's report proposes that if the Government is to go ahead with the changes to the Regulations, a number of recommendations should be considered. The report highlights a number of key concerns raised by the Committee and the respondents to the consultation about the approaches and implications of the changes, particularly for the most vulnerable families who are currently eligible for a Sure Start Maternity Grant.

15. Whilst there was recognition that the changes are being made in the context of making savings to reduce the national deficit, the report suggests that the measure lacks consistency with broader policy objectives, particularly in light of recent Government publications on tackling child poverty.

16. The Committee suggest that the way the Government has alighted on some decisions as part of this policy change lacks reasoned explanation, such as the way it has arrived at the exceptions to the new rules, and why the option to restrict payments to babies who are the only child under 16 in the family was chosen above the other options presented in the Explanatory Memorandum. They do, however, recognise that the Government's desire to keep the rules simple has force.

17. In terms of the effects of the changes to the Regulations, the Committee agrees that it is a reasonable expectation that many of the items necessary for a new baby would be available to subsequent babies born into the same household. However, the report raises concerns over whether this would continue to be the case in a number of possible family compositions, and in particular where there is a significant gap in age between the first child and subsequent children. The proposal is that if there is a child in the family under the age of 16, there is no entitlement to a Sure Start Maternity Grant. The Committee believes that this is an unreasonably high threshold and should be set at a much lower age, possibly as low as five.

18. The Committee also raised concerns over the Government's choice of policy to implement the Budget announcement, in that it believes that the reasons for taking the approach favoured by the Department for Work and Pensions have not been set out in any satisfactory depth, and they question whether basing eligibility on whether there is an existing child aged under 16 in the household is going to lead to equitable results, even with the two exceptions.

19. The report suggests that the changes to the rules for Sure Start Maternity Grants are based on an assumption that the payments are made on the basis of meeting additional expenses incurred by the purchase of new items regarded as necessary for a baby, and that they fail to recognise ongoing or recurrent costs such as the need for the mother to eat healthily or for the home to be kept sufficiently warm.

¹³ *Report by the Social Security Advisory Committee under Section 174(1) of the Social Security Administration Act 1992 and the statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act on The Social Fund Maternity Grant Amendment Regulations 2011 (S.I. 2011 No.100)*, January 2011

¹⁴ *Ibid.* para 6.2, p20

20. The Committee stated that there will be an intervening period of around nine months between the introduction of the new rules for Sure Start Maternity Grants and the earliest possible introduction of the mitigating measures to extend Social Fund Budgeting Loans to include maternity items. They raised their concern that this would mean that many people will be left without any alternative means for meeting the additional expenditure incurred by a second or subsequent baby beyond going without or having to resort to high cost lenders.

21. Whilst the Committee recognise that they have, in the past, expressed unease about linking the receipt of professional health advice relating to pregnancy to benefit entitlement, their report states that they do recognise the merit in ensuring that such advice is given and received wherever possible. They believe that because the new proposals will sever the link between women in their second and subsequent pregnancies who would previously have been eligible for a Sure Start Maternity Grant and the provision of professional health advice, some women may no longer receive any advice at all during their pregnancy.

22. Another concern that the report raises is that the changes will have an impact on child poverty. The Committee highlights the fact that the Government argues that Sure Start Maternity Grants are one-off lump sum payments and do not increase annual income, which means that they do not impact on child poverty figures.

23. The Committee was surprised to note that there is a lack of relevant data available to the Department on ethnicity, and that a lack of such information prevents meaningful analysis of the effect of the measure on ethnic minorities. They suggest that it would appear to be self-evident that the proposed change will affect larger families disproportionately, and that families with Asian and Black African origins would be more highly represented in that category.

24. Another concern that was raised in the report referred to the difficulty some applicants face in meeting the time limit of three months within which a claim for a Sure Start Maternity Grant can be successfully made. They suggest that this is a problem under the current arrangements, but that it will be exacerbated by the new rules.¹⁵

The SSAC framed its recommendations on the assumption that “significant savings in the SSMG budget have to be found” but added:

...the halving of this budget should be evaluated alongside the impact on low income families of other changes, for example to housing benefit, health in pregnancy grant and tax credits. There has been no such evaluation in the rationale presented to us. Respondents have pointed out that the cuts in the SSMG will cause hardships for families which may translate into additional costs for other bodies such as Local Authority Social Services Departments and the NHS. It may be that a more tempered level of savings may yield better outcomes.¹⁶

SSAC recommended that, should the regulations proceed, implantation should be delayed until the Social Fund Budgeting Loan scheme rules were amended to allow loans for maternity items:

4.19 The Department states that around 150,000 families a year will no longer be eligible for an SSMG. It also acknowledges that in some cases the loss of the grant will cause hardship. In the revised Explanatory Memorandum presented to us the Department has accepted that there will be a period of around 9 months at the earliest

¹⁵ *Ibid.* pp3-4

¹⁶ *Ibid.* para 7.2, p21

before any mitigating measures to extend the social fund budgeting loan scheme to include maternity items can be introduced.

4.20 It would be a difficult enough step for someone who would have been entitled to an SSMG of £500, to go to having to apply for a budgeting loan for the required items. But it is an entirely different matter if there is no provision to be made at all within the benefits system and they were expected to borrow commercially instead. People eligible for an SSMG would be unlikely to have access to low-cost credit – indeed many would need to borrow at APRs in excess of 100 or even 200%. This is worrying.¹⁷

The Government rejected the call for a delay however:

Coordinating the two changes would result in at least an eight-month delay to the introduction of the Sure Start Maternity Grants change. This would mean a loss to the Exchequer of savings of around £1.4m per week. Because of the potential financial losses we do not believe a delay is justifiable.¹⁸

The SSAC also recommended that, instead of restricting eligibility to the Sure Start Maternity Grant, the existing structure could be maintained but the amount reduced to £250 per child. This was also rejected by the Government:

The Government's policy proposal was announced by the Chancellor of the Exchequer in the June 2010 Budget. The Government does not have any plans to further review the policy. The announced policy concentrates help on those priority households with the greatest need, those who do not already have a child under 16. Under the current scheme families in receipt of one of the qualifying benefits receive a Sure Start Maternity Grant for each child they have regardless of the number of children they already have, or the time lapse between them. In the current fiscal climate this policy is no longer affordable.

The revised policy is deliberately intended to target support more effectively on the poorest families facing the financial challenge of having a new baby for the first time. It is reasonable to expect that many of these items can and will be reused on the birth of a second or subsequent child. Government has to balance provision for financial support to this group with the experience of other families who do not qualify for a payment and have to meet the additional costs of a new child from within their own funds.

Analysis of the ONS Longitudinal Survey found that less than 10 per cent of second and subsequent children were born more than five years after the first or subsequent child. This is the case for both women with and without higher education levels but this does not take into account some of the complex family formations which may result in difficult cases. The Government accepts that there may be a higher proportion of people on benefits who have more complex family arrangements. However, the evidence presented above supports the revised policy as the majority of families are likely to still have items that can be reused for second and subsequent children.¹⁹

5 Merits of Statutory Instruments Committee report

The House of Lords Merits of Statutory Instruments Committee published a report on the *Social Fund Maternity Grant Amendment Regulations 2011* on 3 February 2011.²⁰ The

¹⁷ *Ibid.* pp15-16

¹⁸ *Ibid.* para 34, p6

¹⁹ *Ibid.* p8

²⁰ [HL 95 2010-11](#)

Committee drew attention to the regulations on the grounds that “they give rise to issues of public policy likely to be of interest to the House”.

As regards timing, the Committee noted that the Government’s target date of 24 January for entry into force of the instrument in order for the changes to take effect from April 2011 had “severely curtailed both the time available for consultation and for Parliamentary scrutiny”.²¹ The SSAC had only been able to consult on the proposal for nine days, and the organisations that responded, while critical of the speed with which the change was being introduced and the limited time to consider its impact, had raised significant concerns about the welfare of mothers and children and about the effect on child poverty.

The Committee also noted that while the changes to the Sure Start Maternity Grant came into force in April 2011, the changes to the Social Fund Budgeting Loan scheme intended to mitigate the effects for some families would not come into effect until some time afterwards:

7. The tightening of restrictions on the Grant leaves a gap which the DWP propose to fill by amending the rules for the Social Fund budgeting loan, so that it can be used for maternity items. The required legislation is to be included in the Welfare Reform Bill that is due to be laid before the House shortly. Allowing time for the passage of the legislation, there will be a gap of 8-12 months during which mothers on low incomes may have to resort to commercial borrowing if they need to purchase a cot or pram. The SSAC recommended that the Department should not restrict the Grant until the Social Fund loans were available as it would particularly penalise mothers who give birth in 2011-12. DWP’s response is that any delay will result in a loss of savings of around £1.4m per week.

8. The SSAC also pointed to the cumulative effect of the various cuts, since the £190 Health in Pregnancy Grant has also been withdrawn. One respondent quoted a figure from the Halifax Building Society that each pregnancy and preparation for a baby costs an average of £1,600, and that this estimate does not simply include the “hardware” required but also additional heating and travel costs for hospital visits: so there are considerable costs that cannot be met by “recycling” goods from a previous pregnancy.²²

The Merits Committee also noted that no Impact Assessment had been provided to Parliament, that little information had been given on the costs of alternative policy options, and that the Department had not explained why the option chosen was preferred. It went on:

10. The rationale for limiting eligibility to households where there is no child under 16 is not explained. While it is reasonable to expect some recycling of baby equipment among siblings, the SSAC points out that it seems unrealistic to think that parents of a fifteen year old would retain baby goods that long (paragraph 5.4). A number of common family formats would appear to be unfairly impacted by this cut off, particularly where a woman expecting her first child is part of a family unit that includes a child from the man’s former relationship, or where a younger sibling of either partner is living in the household. In neither case does it seem likely that any school-age child would have brought essential baby items with them to the new household. The SSAC report also points out that the low-income families eligible to apply for the Grant are those most likely to have been in temporary accommodation or in homes with cramped conditions, which make it unlikely that they would have had the ability to store baby equipment once it is not in regular use. Respondents to the SSAC consultation suggest that 5 years would be a more reasonable threshold. In its response to the SSAC’s

²¹ *Ibid.* para 5

²² *Ibid.*

suggestion the DWP say that the ONS Longitudinal Survey found that less than 10 per cent of second and subsequent children were born more than five years after the first or subsequent child (see Page 8 of the Act Paper), which would seem to support rather than refute the SSAC's counterproposal. **The House may wish to seek clarification of why age 16 was chosen as the threshold as opposed to say age 5 or 10.**²³

The Committee concluded:

12. The legislation significantly compresses the later stages of scrutiny because of difficulty in shaping the policy. The Committee would take such difficulties as an indication that a policy needs more consultation rather than less. The instrument came into effect just four days after it was laid, to meet the date decided by the Treasury. In doing so it breaches the well-established convention that Parliament should usually have 21 days to scrutinise legislation before it comes into effect. This instrument seems to have been inadequately planned and explained and, while it does appear likely to achieve its stated objective of decreasing expenditure, **the House may wish to press the DWP for a better explanation of why the other options suggested were not pursued and what the anticipated impact on new mothers and children in low-income families will be.**²⁴

²³ *Ibid.*

²⁴ *Ibid.*