Child Poverty and Welfare Reform

Debate on the Address—Full Employment and Welfare Bill

The government has yet to set out details of how they plan to cut welfare. What has been published so far suggests that the government are likely to not only miss their target of ending child poverty by 2020 but actually push more children into poverty.

Freezing Child Benefit and Child Tax Credit for children and families:
Around 7.7 million with children will be affected by the government’s plans to freeze Child Benefit and Child Tax Credit and around two thirds of them will be in work.

The previous government’s decision to uprate benefits at a below inflation rate of just 1% for three years is estimated to have pushed 200,000 more children into poverty\(^1\). An additional 700,000 children had been expected to fall into poverty over the next five years even without further cuts to support\(^2\).

For working families, the supplementation of wages with benefit receipt can help to ensure that families are lifted out of poverty. However, for many low wages and low benefit levels, are insufficient to ensure this, and many working families with children remain living in poverty.

Children living in low-income households are nearly three times as likely to suffer mental health problems as their more affluent peers\(^3\). One in five families - the equivalent of one and a half million families, with two and a half million children - said that they had cut back on food, and a similar proportion had to cut back on heating their home as a result of benefits being increased below inflation\(^4\).

The government should commit to increasing Child Benefit and Child Tax Credit in line with rises in costs of living. We support the End Child Poverty campaign to give them the same protection as the basic state pension by the end of this Parliament.

Questions for the Minister:
- Does the government agrees that around two thirds of those affected by freezing Child Benefit and Child Tax Credit are low income working families?
- Can the Minister clarify what the real terms cut to Child Benefit would be expected to be if frozen for two years?
Reducing the benefit cap:
As child benefits are included in the benefit cap, the cap currently affects many more children than adults with currently 71,000 children affected. Lowering the cap to £23,000 will similarly have a disproportionate impact on children. Our calculations has shown that after paying housing costs a couple with four or more children could be left with just £3 per day for each child to cover all of their household needs, including food, clothes, transport and utilities. This would be just a quarter of what they would need to escape poverty.

One Children’s Society family support worker supporting a family affected by the benefit cap said:

The family have been served a section 21 notice as a result of their inability to pay full rent. They have been awarded a discretionary housing payment however there is still a shortfall. The family is large - 5 children - and have lost £92 pound a week with the introduction of the cap.
Since the introduction of the cap mum has got herself a part time job of 16 hours which now means she comes off of the benefit cap and can now reapply for housing benefit to assist. They are still being evicted though as they have already gone into arrears

The Children’s Society believe that child benefit should be excluded from the benefit cap as it intended to support the costs of raising children not as an income to their parents.

Questions for the Minister:
• What action is the government taking to ensure that reducing the benefit cap to £23,000 will not result in child homelessness?

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