



SNP Conference briefing

The impact of Westminster welfare reforms on child poverty in Scotland : What can be done about it?

Monday 10th October from 09:15 – 10:15

Meeting Room 6, First Floor, TECA

The UK government's benefit cap, two-child limit and young parent penalty, all undermine Scotland's national child poverty mission. They hurt the very families rightly identified as 'priority groups' in the Scottish government's tackling child poverty delivery plan. This fringe meeting will discuss the impact on children and families and discuss how the policies can be challenged at Westminster, and their effects mitigated by Holyrood and local government.

This event is organised by the Child Poverty Action Group in Scotland, One Parent Families Scotland and The Poverty Alliance.

The **Child Poverty Action Group in Scotland** works for the one in four children in Scotland growing up in poverty. Child Poverty Action Group collect evidence from families living in poverty and campaign for solutions to bring about a society where children have a fair chance in life free from hardship.

One Parent Families Scotland is the leading charity working with single parent families in Scotland. One Parent Families Scotland provide expert advice, practical support and campaign with parents to make their voices heard to change the systems, policies and attitudes that disadvantage single parent families.

The Poverty Alliance is Scotland's anti-poverty network. The Poverty Alliance brings together campaigners and communities to rebalance the distribution of power and resources.

Speakers:

Ben Macpherson MSP, Minister for Social Security and Local Government

Kirsty Blackman MP, Shadow SNP Spokesperson (Work and Pensions)

Caitlin Logan, Policy, Research & Influencing Lead, One Parent Families Scotland

Ed Pybus, Policy & Parliamentary Officer, Child Poverty Action Group in Scotland

Chair: **John Dickie**, Director, Child Poverty Action Group in Scotland

The Issues

Drivers of child poverty

We know that one of the key drivers of child poverty is inadequate social security, and some of the changes made to the UK social security system over the last ten years have reduced the adequacy of social security even further for some groups. It is no surprise that some of the groups most impacted by welfare reform are now identified by Scottish Government analysis as being ‘priority groups’, more likely to be in poverty than other families.

Benefit cap

The benefit cap limits the amount of social security that households can receive if they earn less than £658 a month. Households which were recently and consistently earning above the threshold, and some households where a person is disabled, or a carer, are exempt. The cap was announced in the October 2010 Spending Review by the coalition government and was made law by the Welfare Reform Act 2012, The Benefit Cap (Housing Benefit) Regulations 2012 and The Universal Credit Regulations 2013. Roll-out began in April 2013. It was fully implemented by September 2013.

The cap is problematic for a variety of reasons. First, it breaks the link between the very basic level of social security families are entitled to, and what they get. Benefit levels are already at a forty year low and the benefit cap means that affected families receive even less. Second, it was introduced to incentivise people to get into work, however initial evidence suggests that the cap had a very small impact on employment. This is not surprising as families affected by the cap face a variety of barriers to entering employment – with poverty itself being a significant barrier to employment. Research by the Benefit Changes are Larger Families project^[i] concluded that *“lowering the total amount of financial assistance families can receive in social security may increase the risk of mental ill health and could have the unintended consequence of pushing out-of-work people even further away from the labour market.”*^[iii]

In Scotland people affected by the benefit cap can apply for a discretionary housing payment from their local authority, but there is no guarantee that all households will get this support. The Scottish government has committed to work with local authorities to mitigate the UK benefit cap [‘as fully as we can’](#).

“I think the biggest impact that it has on them is just my stress levels and my worries about money affects, I don’t want to say it negatively affects my ability to parent them cos it doesn’t, I’m a loving parent and I’m always there for them, but especially my oldest, he picks up on the fact that there’s money worries and that I’m struggling and that I’m worried about finances.”^[iii]

(Laura, subject to the two-child limit and the benefit cap)

The benefit cap is most likely to affect families with three or more children and single parent families, two of the groups identified by the Scottish Government as being more likely to be in poverty.

Recommendations :

The UK government removes the benefit cap – this is the only way to ensure all families in Scotland and across the rest of the UK get the support they need.

The Scottish Government and local authorities urgently press ahead with the commitment to mitigate the cap ‘as fully as possible’ and put in place the guidance, resources and accountability needed to ensure as few children as possible in Scotland suffer from the policy.

Under 25 penalty

Under the 'legacy' social security system (jobseekers' allowance, income support and employment support allowance), only out-of-work single people without children, who were under 25, received a lower standard allowance based on their age. Under universal credit, introduced in 2013, all under 25s are paid less than older claimants in the same circumstances. This means young parents getting universal credit receive less than parents over 25, putting them at greater risk of poverty. The direct result of this change is that:

- Couple parents under 25 are £100 a month worse off than on legacy benefits
- Young single parents are £65 a month worse off than on legacy benefits.

For young single parent families, this represents a drop of 20%. Young single parents are particularly likely to lose out from the move to universal credit. For parents receiving benefits this means a drop in their family budget when they move to universal credit – often through no choice of their own, and with little or no warning. For young single parents this is particularly challenging because they are the sole earner and carer for their family.

"I don't think it's right that just because of my age someone older than me that's got a child the same age as my child is getting more help - we've both got a child, we're both needing to buy the same things and do the same things."^[iv]

One of the groups identified by the Scottish Government as being more likely to be in poverty is families where the mother is under 25 years of age – 55% of children with young mums are in relative poverty. Additionally, a quarter of children with mums under 25 fall into three priority groups under the Scottish Government's Tackling Child Poverty Delivery Plan, while 11% fall into four priority groups.

Recommendations :

The UK Government change the universal credit regulations so that parents under 25 receive the same support as older parents.

In meantime the Scottish Government mitigate the impact of this policy by providing a 'top up' through the Scottish Child Payment to households that are subject to the young parent penalty.

Two-child limit

It is five years since the two-child limit was introduced. It restricts the amounts of benefit paid to support children on universal credit, tax credits and housing benefit to the first two children in a family – a policy that is unique in European social security systems. This applies to all third and subsequent children born on or after 6th April 2017. The UK government says the policy means families receiving benefits face the same financial choices about having children as families supporting themselves solely through work. But this wrongly assumes that all children affected by the policy are the result of family planning and born while their parents are receiving benefits. Even if this premise were correct, it would still not justify government policy exposing children to a greater risk of poverty. New analysis by CPAG shows that in Scotland there are currently 22,000 families with 80,000 children affected by the two-child limit. 50,000 of these children are living in poverty. A joint report from CPAG, The Church of England and the Benefit Changes & Larger Families academic study provides analysis of the impact of this policy across the UK.

CPAG, along with other partners, arranged a round table with analysts and Scottish Government officials to explore how the impact of the two-child limit could be mitigated in Scotland. The easiest and most effective way would be mitigation at source, i.e. for the UK to change the policy and remove the two-child limit at source. However, in the meantime, it would appear that the most practical and effective way to address the impact of the two-child limit in Scotland is

through an additional payment of Scottish Child Payment to all households who have a third, or subsequent, child born after the 6th April 2017. We are aware that there are some families who will miss out on this support^[v] but believe that this would provide a balance between full mitigation and simplicity.

“The two-child limit makes me feel like my third child is non-existent and or [not] considered in this world, and it’s heart-breaking that I feel I cannot fully provide for my youngest without struggling^[vi].”

Families with three or more children are one of the groups identified by the Scottish Government as being more likely to be in poverty.

Recommendations :

The UK Government repeal the legislation that created the two-child limit in universal credit and child tax credit.

In meantime the Scottish Government make an additional payment of Scottish child payment to all households who have a third, or subsequent, child born after the 6th April 2017

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^[i] <https://largerfamilies.study/>

^[ii] <https://largerfamilies.study/publications/did-the-introduction-of-the-benefit-cap-in-britain-harm-mental-health>

^[iii] <https://largerfamilies.study/publications/needs-matter>

^[iv] <https://opfs.org.uk/policy-and-campaigns/campaigns/end-the-young-parent-penalty/>

^[v] For around 5000 families in Scotland the policy means they are not able to claim UC or CTC at all because without an element for a third child their income is too high to get UC E.g. A couple have three children, all under 5. They both work and earn a combined £514 per week. Their total income to be taken into account for UC is more than their maximum UC. If the two-child limit didn't apply, they would be entitled to a third child element and would get £54 UC per week as well as the Scottish child payment.

^[vi] <https://largerfamilies.study/publications/it-s-heart-breaking-that-i-feel-i-cannot-fully-provide-for-my-youngest-without-struggling>