



BRIEFING AHEAD OF FRONT-LOADED CHILD BENEFIT BILL

July 2022

The Front-loaded Child Benefit Bill [HL] is a Private Members' Bill introduced by Lord Farmer (Conservative). It aims to allow recipients of child benefit to receive, if they wish, **a higher rate of child benefit when a child is younger, in exchange for a lower rate when the child is older**. This would be an **alternative to the current system** whereby a **flat rate** is paid throughout childhood. The second reading will take place on **Friday 8 July**. The deadline to sign up to speak in this sitting is **Wednesday 6 July**.

Summary of recommendations

CPAG believes that, while **household income in families with young children is an important issue**, front-loading child benefit is **not the right policy instrument** to deal with the issues faced by families with young children. More suitable policies would be:

1. Making child benefit a universal benefit again
2. Restoring the value of child benefit
3. Providing more childcare support for parents with children aged 0-2
4. Increasing take-up of child benefit

Making child benefit a universal benefit again

There are a variety of reasons why child benefit should be made universal again. Firstly, child benefit should be seen as providing **security to all families** regardless of income. Child benefit may be the only constant income source for lone parents at the point of family breakdown. More generally, because child benefit is usually paid to the mother, **it provides women with a source of independent income**. This is especially important for those who are not employed and those in, or seeking to escape from, situations of domestic financial abuse.

Universal child benefit also **promotes social security**. There are no arguments about which sub-groups 'deserve' to receive social security, instead all **families are united** in receiving social security.

There is also a **simplicity** to making child benefit universal again. Some families may be eligible for child benefit but do not claim as they are **confused about the earnings threshold**. At the other end of the spectrum, some families may decide not to work more as the **effective marginal tax rate from losing child benefit** is too great.

Restoring the value of child benefit

Benefit freezes and sub-inflationary upratings mean that **child benefit has lost 30 per cent of its value since 2010**.¹ Restoring this value would mean that parents with children of all ages are better able to cover their costs.

Childcare

CPAG's *Cost of a Child* reports find that **costs excluding childcare**, rent and council tax increase **over the life-course of the child**.² However, once **childcare**, rent and council tax **are included**, the costs are highest when the child is **youngest**. This is because of the need for **high supervision of young children** meaning the per-child cost is higher.³ There is also a **limited supply of childcare for children aged 0-2**.

Part of the reason for the lack of childcare for children aged 0-2 is that the **costs are too high for many families to afford**. This is because there is **no supply-side funding to subsidise childcare for children aged 0-2**, the only support available is means-tested support through universal credit. For pre-school children aged 3 or 4, there is free childcare available. Once at school, childcare is less of an issue during school hours, although CPAG still recommends the **use of extended schools for before- and after-school care**.⁴ Currently the biggest gaps in provision are childcare for **older children, disabled children, and children of parents who work atypical hours**.

Increasing take-up of child benefit

COVID led to a reduction in take-up of child benefit. Although there was a **pre-COVID trend of declining take-up** over time, largely driven by the **high-income child benefit charge**, COVID saw the child-benefit take-up rate decline at an even greater rate.

Between February 2020 and June 2021, there was a **fall of around 70,000 in new claims** (including backdated claims) caseload. This was partly due to the total number of births falling by 4 per cent, but the main reason was the **take-up rate for 0-year-olds falling from 78 per cent in February 2020 to a low of 71 per cent in June 2021**.

There are a few key reasons for this. **Parents were unable to register new births due to lockdown**. There was a **reduction in the distribution of 'Bounty' packs** (a pack of goods given to new parents in hospitals). And there was **reduced contact between parents and health visitors**.⁵ Efforts should be made to ensure this trend is reversed.

¹ Author's calculations using *RPI All Items Index, Consumer price inflation time series (MM23)*, Office for National Statistics, 2022

² D Hirsch and T Lee, *The Cost of a Child in 2021*, CPAG, December 2021

³ L Coleman, S Shorto and D Ben-Galim, *Childcare Survey 2022*, Coram Family and Childcare, 2022

⁴ *Extended School Provision*, CPAG, April 2021

⁵ *The impact of the pandemic on child benefit take-up*, Office for Budget Responsibility, May 2022