



SUPPORTING FAMILIES DURING THE COVID-19 PANDEMIC

25 March 2020

Steps taken so far to support low-income people, such as the emergency measures in the budget on statutory sick pay (SSP), employment support allowance (ESA), universal credit (UC) and the relaxing of the conditions that apply to some benefits, are all very welcome. We also welcome new support announced by the Chancellor through the Coronavirus Jobs Retention Scheme – which will help save people's jobs. More support with housing costs will also provide reassurance for families worried about keeping a roof over their heads, as will the removal of the minimum income floor for self-employed workers in UC. The increase to the standard allowance in UC and basic element of working tax credit (WTC) will help to the tune of nearly £20 per week - but there is nothing more for families with children, despite them facing significant extra costs due to school closures. Food vouchers are not an adequate response.

Many families will remain dependent on the UC system, and will struggle with delayed first payments and a cluster of design and delivery problems. Even with an adult rate of around £94 per week - which represents the biggest increase in unemployment benefits for twenty years and an improvement on the poverty levels we have become used to - many families will still experience hardship. For example, an out of work family with two children will still be 20% below the poverty line, despite the recent uplift.

Much more needs to be done to support families with children in this time of national crisis. As unemployment rises over the coming weeks and months, many more families will require support from the social security system to get by. This briefing focuses on the urgent changes that are needed to the social security system to ensure low-income families get the support they need.

Priority asks

As a priority, we are calling for:

- emergency support for families with children, with a £10 increase in child benefit as the top priority plus the removal of the benefit cap and the two-child limit;
- changes to universal credit and legacy benefits that will directly benefit families; and
- more money to local authorities so that local welfare assistance schemes are able to provide cash support.

1. Emergency support for families with children

We are calling for emergency support for families with children to ensure all parents can cover the basic costs of raising children during school closures when income is reduced, jobs may be lost, and children cannot receive free school meals. Ideally, payments could be made through a £10 per week uplift in child benefit for the duration of the pandemic. This is the best way to get money to families through existing infrastructure and families will get the help they need directly into their bank accounts. An increase in child benefit also has the added value of giving families the flexibility to shop for provisions where they are able (recognising that shortages exist in some supermarkets) or spend the money on other essentials such as heating or utilities – the same cannot be said of a voucher scheme. Child benefit reaches more families (12.7 million children receive child benefit) and as more families are affected by the Covid-19 pandemic, many will be just above benefit levels and not receiving means-tested benefits. An increase in child benefit of £10 per child per week would reduce child poverty by about five percentage points and household poverty by one to two percentage points. This is much more effective than the £20 increase in UC and WTC which by comparison would reduce child poverty and household poverty by less than two and one percentage points respectively.¹ For this reason, we strongly recommend child benefit as the best vehicle for getting additional resources to children and families in need.

In addition, an extra financial boost is needed for those families on the lowest incomes to help protect them from poverty. The UC child element and child tax credit should be uprated by £10 per week.

If families are to benefit from increases in children's benefits, the benefit cap needs to be removed. In the case of UC and tax credits, the two-child limit will also need to be removed. The claim that these policies incentivise work is redundant at a time when unemployment is rising, and parents are struggling to manage childcare in the face of school closures. With regard to the two-child limit, many families with three or more children who had decent jobs or were running their own businesses are now facing an unprecedented financial crisis that no one could have planned for. Our benefit system should be a safety net for everyone and, as a result of these policies, families will now find it completely inadequate to meet their needs.

Finally, parents and carers of children need additional employment protection to safeguard their income. Parents currently have no statutory right to paid leave to look after children, and we support calls from the TUC to guarantee paid parental leave for one primary carer for the duration of the school/nursery closures (with government reimbursement for employers) and protection from unfair treatment or dismissal for parents who take this leave.²

2. Changes to universal credit and legacy benefits that will directly benefit families

It is important to note that quick fixes to UC are not enough; two thirds of children in families claiming means tested benefits are on legacy benefits so it is important that measures are implemented across the social security system as a whole.

Helping families who currently claim or are about to claim universal credit:

Advance payments: UC advances should be made non-repayable. It is vital that families hit by virus-related hardship do not face an invidious choice between waiting five weeks for a first payment or beginning their UC claim in debt by getting an advance. Public health is put at risk if families cannot afford to self-isolate.

¹ Bradshaw J and Keung A (2020) *Poor children need a coronavirus bonus*, York: Social Policy Research Unit

² TUC (2020) [Protecting workers' jobs and livelihoods: the economic response to coronavirus](#)

More payment options: monthly payments in UC have proved to be problematic for many claimants. As thousands more people move on to UC at a time when they are struggling financially, the frequency of payments will need to be adjusted, and weekly or fortnightly payment options offered to current and new claimants as standard.

Pause deductions to UC payments: many people currently claiming UC have their payment reduced because of a debt they are required to pay, for example an advance payment received when first claiming UC, or a debt incurred as a result of an overpayment or social fund loan. Now that the pressure on family finances is even greater, deductions from UC payments should be temporarily paused.

Suspend the capital rule in UC: the capital rule should be temporarily suspended so that self-employed workers who are suddenly unable to work due to the crisis, and have a capital of £16,000 or more, are able to claim UC.

Helping families who currently claim legacy benefits:

Uprate legacy benefits in line with the recent uplift in UC: income support, income-based jobseeker's allowance (JSA) and income-related ESA should be uprated in line with the recent uplift to UC. Unless these are also uprated, more people will have to transfer to UC to get the new rate, putting further unnecessary pressure on the Department for Work and Pensions (DWP). We know already through our Early Warning System evidence that there are long waits on telephone helplines and queues at Jobcentres.

Ensure low paid workers are eligible for SSP and increase the amount: we support calls from the Resolution Foundation and others to extend SSP to the two million low paid workers who currently do not earn enough to be eligible, and its value should be increased.³

Benefits for the self-employed not covered by the Jobs Retention Scheme: a new 'Business Retention Scheme' could be considered, perhaps using HMRC data on previous earnings along similar lines to the new Jobs Retention Scheme or using the tax credits system. Another alternative would be to create a new, non-means-tested, non-contributory benefit administered by the DWP.

Remove the hours limits in tax credits: families must work a minimum number of hours to be eligible for tax credits. This rule should be removed with immediate effect, so workers who have had their hours cut as a result of the crisis do not also lose their entitlement to tax credit payments as well. This has the added benefit of reducing the number of people moving to UC, which will help to ease pressure on DWP resources.

Acknowledge falls in income under tax credits: tax credits are subject to an income disregard which means that income falls of up to £2,500 do not result in any adjustment to tax credit payments. Given there will be significant and widespread falls in income as a result of tackling the coronavirus pandemic, this rule should be temporarily suspended to allow payments to adjust quickly to falls in family income.

Temporarily pause natural migration to UC via a 'change in circumstances': families who experience a change of circumstances, for example because their employment status has changed, will be required to move on to UC. Now is not the time for families to have to negotiate a change in benefits - income security is what they need.

³ Brewer, M and Gardiner, L (2020)

[Key take-aways from the Chancellor's package of measures to support workers in the coronavirus crisis](#)

In addition to these changes to the social security system to help families manage over the coming months, there are specific measures that need to be put in place to ensure people who are receiving benefits are supported to stay at home.

Helping people on low incomes to stay at home:

A pause on conditionality and sanctions: the government has been clear that everyone must stay at home to help protect the NHS and save lives. It therefore follows that many of the conditions that usually apply to claimants receiving certain benefits must be relaxed with immediate effect. We welcome the steps already taken by the DWP, for example the announcement that all requirements to attend a job centre in person have been suspended temporarily, and a suspension of face-to-face assessments for all health and disability benefits.

However, in light of the Prime Minister's address to the nation instructing everyone to stay at home, it is necessary to go further and provide immediate clarity to all current and future claimants about what is now expected of them. Work-related requirements should be suspended for *all* claimants (not just those who are sick or self-isolating), no new sanction decisions should be made, and existing sanctions should be disapplied. There will be a number of claimants who rely on support from advice agencies in order to make or manage claims, and the relaxation of conditionality and deadlines will be important for this group to ensure vulnerable claimants do not lose vital income at a time when it will be more difficult for them to access support. These steps must be supported with clear written guidance for Jobcentre staff. We are already hearing reports of queues outside Jobcentres and long delays getting through to the DWP by phone, and it is critical that DWP staff are supported and adequately resourced to assist claimants in a way that safeguards their own health and the health of claimants.

These steps will protect people in a very vulnerable position, and also prevent the spread of the virus which would occur if they were forced by low income to go to work or to seek support from a citizens advice bureau, charity or foodbank (where they would come into contact with others, some of whom may be vulnerable).

3. More money for local welfare assistance schemes

Local authorities have many urgent issues to respond to at this time, while they try to ensure the health and wellbeing of local residents. It is of critical importance that they have the resources to respond adequately. Local authorities will play a key role in supporting families who risk slipping into crisis and destitution via their local welfare assistance schemes, and these schemes need an urgent cash injection as more families turn to them for support.

The announcement of a hardship fund for local authorities is a welcome step, and in Scotland we have welcomed the Scottish Government's allocation of an additional £45 million to the locally-administered Scottish Welfare Fund.⁴ However, with 343 local authorities in England alone the current allocation of £500 million will not stretch far enough, and the intention to deliver the majority of this support through council tax relief will miss families who need support in other ways. Local welfare assistance schemes have the benefit of being able to provide families with cash and grant support which is vital to prevent hardship. Provision should also be made to ensure the delivery of local welfare support in the 1 in 7 local authority areas that no longer have a local welfare assistance scheme.⁵ In addition to strengthening local welfare assistance schemes, *all* children and families should

⁴ Scottish Government (2020) [Helping communities affected by Covid-19](#)

⁵ Porter, I (2019) [Nowhere to Turn: Strengthening the safety net for children and families facing crisis](#)

have access to public funds for the duration of the pandemic so that they are able to access these schemes as well as other resources that are needed to stay safe and healthy, regardless of immigration status.

Conclusion

We are in very uncertain times and the impact of COVID-19 will place additional financial pressures on families who are already struggling to get by. In response to the latest government guidance to stay at home, and with schools and nurseries closed, families are facing a rapid fall in income and need more support now. In this pandemic, children's needs will not be any less and many struggling families may lose their jobs and will lose the benefit of free school meals for their children. Many families will already have made a claim for UC and will be waiting for their first payment to come through. Getting money to families quickly will be essential or struggle may quickly turn to real hardship for many, and increasing child benefit is the simplest and most effective way.

This crisis has starkly exposed how precariously families on low incomes live. There is an urgent need to ensure our social security system can deliver secure and predictable benefit income to families, in order to prevent an unprecedented rise in child poverty over the coming months.