

SUPPORTING FAMILIES DURING THE COVID-19 PANDEMIC

4 June 2020

The government has acted quickly to protect people's economic livelihoods during the Covid-19 pandemic. Most notably, the establishment of the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme have helped to safeguard millions of people's jobs and will play a significant role in preventing families falling into poverty as a result of the crisis. There have also been a variety of other measures that will benefit low income families, for example the temporary increase to universal credit and working tax credit, changes in eligibility for statutory sick pay, a pause on some conditionality and sanctions, the removal of the minimum income floor for self-employed people, and some protection for people who rent or pay a mortgage on their home.

However, as raised in our previous Covid-19 briefing (March 2020), there is still no additional financial support beyond free school meal vouchers for families with children, despite these households facing significant extra costs. Research is beginning to emerge that clearly shows that families with children are amongst the hardest hit by the crisis; data published by the Standard Life foundation shows that 42% of families with children, and lone parents in particular, are in serious financial difficulty or struggling to make ends meet, compared to 24% of other households.¹ The Trussell Trust has reported that the number of families with children receiving food parcels has almost doubled, when compared to the same period last year.²

These findings are evidenced in our own work. Early findings from research conducted by CPAG's UK Cost of the School Day project on the experiences of children and young people, and parents and carers, during lockdown and school closures found that over half of parents and carers that responded to the survey reported being moderately to extremely concerned about money.³ Parents and carers who are eligible for free school meals in England also reported experiencing problems with the national free school meals voucher scheme - currently the only aspect of the government support package that explicitly acknowledges the costs faced by families with children.

Despite the mounting evidence, the increases in benefits we have seen to date take no account of family size, with single adults receiving the same increases as those with children. Specific measures targeted directly at children

¹ CPAG calculations using data provided in: Kempson, E. and Poppe, C. (2020) [Coronavirus Financial Impact Tracker: key findings from a national survey](#), Standard Life Foundation

² Food parcels provided to children during April 2020, compared to the same period in 2019. [Food banks report busiest month ever, as coalition urgently calls for funding to get money into people's pockets quickly during pandemic](#), Trussell Trust

³ Findings are based on responses from over 3000 parents and carers received between 1-25 May. Initial findings are available [here](#) and the full report will be published [here](#) in the coming weeks.

are now urgently needed, as many families turn to support from the social security system to get by. This briefing focuses on the 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:

1. 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;
2. changes to universal credit (UC) and legacy benefits that respond to gaps in the system and will directly benefit families; and
3. more money to local authorities so that local welfare assistance schemes are able to provide cash support.

1. Emergency support for families with children

As we enter the second phase of the government's strategy for easing lockdown restrictions, we are calling for emergency support for families with children to ensure all parents can cover the basic costs of raising children during a time of huge financial pressure for many. Although some workers return to work this week, and some schools begin to re-open, the financial hardship faced by families will endure far beyond any easing of lockdown. Many parents and carers face long term unemployment as a result of the crisis, and there is considerable variation in plans to re-open schools and childcare facilities across different parts of the UK.⁴ The government must ensure that wherever families live, and whenever they are able to send their children back to school or return to work, all parents and carers must be supported to meet the basic needs of their children during this time.

Ideally, payments could be made through a £10 per week uplift in child benefit. This is the most effective way of boosting family income at a time when it is desperately needed, it can be administered 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 locally, or spend the money on other essentials such as heating or utilities – in-kind support and voucher schemes cannot provide this. 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 have incomes 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 reduces child poverty and household poverty by less than two and one percentage points respectively.⁵ Increasing child benefit by £10 a week would cost £127 million a week, less than 4% of the weekly cost of the Job Retention Scheme. For these reasons, 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 also be uprated by £10 per week.

If families are to gain from increases in benefits during this period, 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.

⁴ Schools in Scotland and Northern Ireland are due to start re-opening in August. Schools in Wales are due to start re-opening on 29 June. Schools in England started re-opening on 1 June, however some local authorities decided not to re-open their schools on this date.

⁵ Bradshaw J and Keung A (2020) [Poor children need a coronavirus bonus](#), Social Policy Research Unit, University of York

The claim that the benefit cap incentivises work is redundant at a time when unemployment is rising, and parents are struggling to manage childcare in the face of school and nursery closures. CPAG, alongside many other organisations, has been calling for the benefit cap to be removed as one of the main ways the government can support families during this crisis. The Social Security Advisory Committee (SSAC) has also written to the Secretary of State for Work and Pensions asking her to address the fact that the temporary increases in benefits are not reaching claimants affected by the benefit cap.⁶

In response to these calls, ministers at the Department for Work and Pensions (DWP) have indicated that they expect a small number of households to be affected by the benefit cap as a result of the crisis, as the majority of newly unemployed people or those furloughed will be protected by the grace period. This is a fundamental misunderstanding of the nature of many low paid jobs. The 9 month grace period applies when a claimant has earned the equivalent of 16 hours per week at national living wage (calculated as a monthly amount) in the previous 12 months. Low paid jobs are often inconsistent in hours, for example because people are employed on zero hours contracts, and parents (lone parents in particular) are more likely to work inconsistent hours due to childcare responsibilities, for example by working a term time job. In addition, such jobs are often paid on a weekly or 4 weekly basis resulting in the earnings history being insufficient to qualify for the grace period. Yet it is this very group, lone parents juggling low paid work with childcare responsibilities, who are likely to find themselves over the cap limit. The government has failed to conduct any analysis of the number of households likely to be capped as a result of Covid-19,⁷ however CPAG's own analysis, using the data we have available, predicts that up to 40,000 households are likely to be affected by the benefit cap as a result of the Covid-19 crisis, the vast majority of whom will be families with children.

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 predicted or planned for. A recent report published by CPAG and the Church of England found that an additional 60,000 families could be affected by the policy as a result of Covid-19.⁸ The government's rationale that families who claim benefits need to make the same choices as families who support themselves solely through work regarding how many children they have is illogical in the current context. It is based on an assumption that people who claim benefits are a static population, which - as the Covid-19 crisis has demonstrated clearly - is not the reality. As these quotes from families affected by the two-child limit policy demonstrate,⁹ any one of us, at any time, may need to rely on support from the social security system.

"Everything was okay up until the Covid-19. We had our own business and were paying to look after our own family with no benefits. Now our income is zero, so it is hard to manage with four kids. Just so gutted that coronavirus has happened."

"Now lost my job and don't have my own money so had to go on [universal credit]. Now being punished for being a mother who has always worked who is going through a hard time, being made to choose between food or school shoes, food or electric, pack lunches for school or gas, nappies or sanitary products."

⁶ [Letter to Therese Coffey](#), Secretary of State for Work and Pensions, from Liz Sayce, Interim Chair of the Social Security Advisory Committee, 27 May 2020.

⁷ See [parliamentary question HL4093](#) submitted by Baroness Lister of Burtersett

⁸ Sefton, T., Monk-Whinstanley, R. and Howes, S. (2020) [No one knows what the future can hold](#), Child Poverty Action Group and the Church of England

⁹ Quotes taken from [No one knows what the future can hold](#) - see above. Quotes are from families affected by the two child limit before and after the coronavirus pandemic.

Our benefit system should be a safety net for everyone and, as a result of these policies, tens of thousands of 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.¹⁰

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

2.4 million households have applied for universal credit since the beginning of March.¹¹ The social security system has been tested to its limits in recent weeks, and many aspects of the system have responded well, for example DWP ministers have reported that 93% of claimants received their first universal credit payment on time which is an improvement on pre-Covid levels.¹² The DWP has also made a number of changes to UC and legacy benefits to assist claimants during this time, for example pausing deductions for overpayments in UC and removing the hours limits in tax credits for a temporary period, echoing many of the recommendations made in our previous Covid-19 briefing. Whilst we commend the DWP, and particularly DWP staff, who have been working hard to ensure new and existing claimants receive the correct payments on time, there are still gaps in support and administrative issues that are causing financial hardship for claimants. Our [Mind the Gaps briefing series](#) draws attention to these issues in more detail.¹³ This briefing focuses on the most urgent priorities.

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. Fear of getting into debt is very real amongst those managing on low incomes; research conducted by the Resolution Foundation found that of those who made a new claim for UC between 6-13 May and did not take an advance, fear of debt was the primary reason for not doing so.¹⁴

In response to calls from the anti-poverty sector to make advance payments non-repayable, DWP ministers have indicated that it would be too difficult technically to suspend repayments of advances in UC in the same way as it has suspended other deductions. CPAG rejects this assertion. Evidence presented to the Work and Pensions Select Committee by medConfidential, who have expertise in government data systems, suggests that suspending repayments on advances, even if these payments were then recouped at a later date, is entirely possible within UC systems and processes, if there were the political will to do so.¹⁵

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, weekly or fortnightly payment options should be offered to current and new claimants as standard. The option of alternative payment

¹⁰ TUC (2020) [Protecting workers' jobs and livelihoods: the economic response to coronavirus](#)

¹¹ [Universal Credit Management Information Tables 1 March – 26 May](#), Department for Work and Pensions

¹² Proctor, K. (2020) [Universal credit system will not change under pandemic, MPs told](#), The Guardian

¹³ See <https://cpag.org.uk/coronavirus>

¹⁴ Brewer, M. and Handscomb, K. (2020) [This Time is Different, Universal Credit's first recession](#), Resolution Foundation

¹⁵ Evidence submitted as part of the inquiry into the DWP response to coronavirus (April 2020) available on the [Work and Pensions Committee website](#)

arrangements does already exist within UC, and in some parts of the UK fortnightly payments are provided to claimants as standard – in Northern Ireland all claimants receive a fortnightly payment, and in Scotland claimants can choose to be paid either monthly or fortnightly. However, in England and Wales it is not routinely offered to claimants and can be very difficult to access, requiring claimants to evidence particular needs to justify the request, for example a learning difficulty or a mental health problem. This policy should be reviewed, and alternative payment arrangements should be offered to all claimants who request them.

Address the gaps in eligibility for UC to ensure no one is left without any financial support: evidence emerging through our Early Warning System (EWS)¹⁶ shows that certain groups are experiencing financial hardship as a result of not being eligible to claim UC. This includes;

- students who have lost their job, but who are not eligible to claim UC because they do not have a disability or children;
- those with savings of £16,000 or more;
- couples where one person has lost their job and the other is working or has savings;
- those with no recourse to public funds;
- EU nationals who do not have a right to reside and therefore cannot claim means tested benefits.

An EU national with 3 children moved to Scotland in January and is not working. Her partner remained in Europe and isn't working either. She has been relying on food banks and the Scottish Welfare Fund as she is not entitled to claim any benefits. Normally she would have been advised to find work so that she could establish a right to reside as a worker, but that is not possible at the moment.

A single full-time student with no health problems had just changed jobs when the bar he started working in closed due to coronavirus. He has lost his job and doesn't think he can be re-employed to be furloughed. He is not entitled to UC or job seekers allowance as a student and would have to apply to the college or university hardship fund.

For these groups, there is very little in the way of financial support from the social security system during a time when it may be difficult or impossible for people to support themselves through work. As these case studies illustrate it is often left to other services such as local welfare assistance schemes, food banks, and schools or colleges to plug the gaps in support that currently exist. This is neither appropriate nor sustainable – it is already clear that these services are experiencing unprecedented demand.

Helping families who currently claim or are about to 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.¹⁷ As highlighted by SSAC in their recent letter to the Secretary of State for Work and Pensions,¹⁸ it is increasingly untenable to exclude this group from receiving the recent uplift, when everyone claiming benefits will be facing similar financial pressures as a result of the crisis. In addition, evidence submitted to the EWS suggests that some legacy benefit claimants are

¹⁶ CPAG's [Early Warning System](#) collects case studies and evidence to demonstrate the impact of changes in the social security system on the wellbeing of children, their families, and the communities and services that support them.

¹⁷ On 20 March the Chancellor announced that the UC standard allowance would be uprated by £20 a week for a temporary period (until April 2021) to help claimants manage financially during the coronavirus crisis.

¹⁸ [Letter to Therese Coffey](#), Secretary of State for Work and Pensions, from Liz Sayce, Interim Chair of the Social Security Advisory Committee, 27 May 2020.

considering moving to UC because of the temporary uplift when it may make them financially worse off in the long term.¹⁹

Ensure those that are eligible to claim contributions-based benefits are encouraged to do so: entitlement to claim contribution-based job seekers allowance (JSA) and contribution-based employment and support allowance (ESA) is acquired through making sufficient national insurance contributions at the right time. These benefits are an important part of our social security infrastructure, however CPAG has concerns that these benefits have been side lined during the current crisis, when they could play a more active role in helping to support people who are struggling financially as a result of the pandemic.

Government advice to people who have experienced an income shock as a result of Covid-19, and do not qualify for either of the income replacement schemes²⁰ is to claim UC. Whilst this is the correct advice for many, lots of new UC claimants may also be eligible to make a claim for JSA or ESA and may not be aware of this fact. This is important for a number of reasons. Some people may be able to claim JSA or ESA as well as claiming UC, providing a much-needed boost to their income. For this group, these benefits can also help address the five-week wait in UC, as they are paid on a fortnightly, not monthly basis. Other people may not be eligible for UC but will be eligible for JSA or ESA, and may be unaware they are eligible for support or at the very least will have wasted time making a claim for UC that has been refused before arriving at the right benefit – which has implications for their entitlement. Entitlement for JSA and ESA is also calculated on an individual basis, which can be helpful for people in couples who find their entitlement to UC is affected by the earnings/savings of their partner – this particularly important for women and their financial independence. Finally, the conditionality requirements in UC, whilst largely suspended at present, are more stringent than JSA and it is important that prospective claimants are informed about these differences before making a claim.

It is a basic principle of a rules based social security system that people should be informed about their entitlement and which benefits they are eligible to claim, so that they can consider the pros and cons of different options, before making a decision which may have a considerable implication on their financial situation in the future.

DWP should take steps to ensure that their staff are informed about contributions-based benefits and the regulations that underpin them, and staff should be required to inform prospective claimants of their right to make a claim for these benefits at the same time as making a claim for UC. As the UC claims process is largely digital, thought needs to be given to how this could be supported within an online application process. CPAG has concerns that with the mass redeployment of staff within DWP to cope with the high volume of claim applications, whilst necessary, may mean some staff are less familiar with legacy benefits and may be directing all prospective claimants to make a new claim for UC without considering eligibility for other benefits.

Take steps to ensure that people on legacy benefits do not move to UC in error: The EWS has received a significant number of case studies regarding claimants of legacy benefits who have moved to UC in error, and many are financially worse off as a result.²¹ This includes claimants who should not be able to move to UC because

¹⁹ [Mind the Gaps 4](#), Child Poverty Action Group

²⁰ Income replacement schemes refers to either the Coronavirus Job Retention Scheme, or the Self-Employment Income Support Scheme

²¹ [Mind the Gaps 6](#), Child Poverty Action Group

they are in receipt of severe disability premium.²² Once claimants of legacy benefits move to UC, unless they were in receipt of SDP, they cannot then move back, and they lose their right to transitional protection.²³

This situation is made worse by the lack of access to independent welfare rights advice in the current lockdown restrictions, and in some cases submitted to the EWS, claimants moved to UC on advice from DWP officials. Some claimants will be financially worse off as a result of moving to UC, as this case study illustrates.

A couple with three children, one of whom is disabled, were managing their respective sole trader businesses around their childcare responsibilities when lockdown began. Since then, they haven't been able to work at all and have been obliged to wait for the Self Employment Income Support Scheme to become available in June. They claimed UC to replace their lost earnings and received no warnings that they would lose their tax credits. They have lost £900 a month in tax credit payments, not counting their lost earnings. UC does not replace this loss, and they will remain worse off when they start working again. This is particularly worrying in relation to support for their disabled child.

We welcome steps already taken by DWP to publicise this issue to tax credits claimants (via online content and posts on social media), however for many claimants this is too little too late. The DWP must now work with external partners to ensure that this message is publicised across a wide variety of channels, including those channels that will reach claimants who do not have digital skills or do not routinely spend time online. In addition, DWP must ensure all staff responsible for dealing with queries from new and existing claimants are aware of the implications of moving from legacy benefits to UC, and encourage people to access independent welfare rights advice before making such a decision.

Helping people on low incomes to self-isolate

On 28 May the NHS test and trace system went live in England, with similar schemes being launched across the devolved nations. As national lockdown restrictions are being gradually eased across the UK, a new strategy of individual isolation is being implemented as a way of continuing to control the spread of Covid-19 without requiring everyone to stay at home. Individuals with coronavirus symptoms, and anyone they have been in close contact with such as family or friends, will be asked to self-isolate for 7-14 days – or until they receive a negative test result to confirm that they do not have the virus. Ensuring that people follow these rules will be critical to the success of keeping the pandemic under control in the UK. Therefore, ensuring that people on low incomes are supported financially so that they are able to follow these rules and self-isolate is also of critical importance. Research published by the Resolution Foundation shows that it is low income workers who are least likely to be able to work from home and therefore face a more significant risk to their income if they are required to stay at home for 7-14 days.²⁴

The government has already changed the regulations for statutory sick pay so that it can be paid from day 1 (removing the 3 day waiting period) and people with Covid-19 / Covid-19 symptoms, and those who need to shield are now eligible. To coincide with the launch of the new test and trace system, the government has also updated

²² Following a court ruling claimants in receipt of severe disability premium are prevented from moving to universal credit as part of the 'natural migration' process to avoid them becoming financially worse off. This is known as the **SDP gateway**.

²³ Transitional protection is an extra transitional amount that is added to an existing claimant's benefit entitlement in situations where they would be worse off financially by moving to UC. It only applies when a person has been moved to UC via '**managed migration**' so will not cover individuals making a new claim for UC as a result of Covid-19.

²⁴ Gustaffson, M. and McCurdy, C. (2020) *Risky Business: economic impacts of coronavirus on different groups of workers*, Resolution Foundation

the SSP regulations to include people who are required to self-isolate. These are welcome steps, however the government must now go further to ensure that people on low incomes are able to self-isolate in line with the latest government advice. The value of SSP should be increased,²⁵ and it should be extended to cover the two million low paid workers who currently do not earn enough to be eligible for SSP.

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 are playing a key role in supporting families who risk slipping into crisis and destitution via their local welfare assistance schemes (LWAS), 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 CPAG has welcomed the Scottish Government's allocation of an additional £45 million to the Scottish Welfare Fund.²⁶ 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. It is already clear that in some areas there will be nothing left for local welfare assistance, a snap survey of 33 local authorities in London conducted by CPAG found that at least 10 local authorities planned to spend all of their hardship funding allocation on LCTS, leaving nothing left for discretionary support. This is a particular problem in England, where spending on local welfare assistance has lagged behind the devolved nations even before coronavirus struck. CPAG has joined with the Trussell Trust, the Children's Society, the Independent Food Aid Network, the Joseph Rowntree Foundation, Stepchange, and Turn2Us, to call for an additional £250 million to be provided to local authorities in England to improve their capacity to respond to families and other residents in need of support during this time. 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.²⁷

Local welfare assistance schemes have the benefit of being able to provide families with cash and grant support which is vital to prevent hardship. Food-based services and in-kind support are not an adequate response to the range of needs families are likely to have at this time – including help with rent, utilities, transport costs, and essential items for children. In addition to providing families with direct cash payments via their schemes, local authorities should consider relaxing the qualifying criteria in response to Covid-19 – so that groups who are often excluded from accessing local welfare assistance such as families with no recourse to public funds (NRPF)²⁸, or working families can apply for support. These schemes should be promoted widely, with the application process made as simple as possible, and records of the awards maintained.

²⁵ [The Resolution Foundation](#) has recommended an increase from £95.80 a week to £160 a week, which would ensure it covers half the earnings of those employees that rely on it (up from 1/3).

²⁶ Scottish Government (2020) [Helping communities affected by Covid-19](#)

²⁷ Porter, I (2019) [Nowhere to Turn: Strengthening the safety net for children and families facing crisis](#)

²⁸ Local welfare assistance should also be removed from the list of public funds for immigration purposes, to ensure that people with NRPF can access these funds without breaching their immigration conditions. Alternatively, funding could be provided to individuals via other local authority funding routes – see the [No Recourse to Public Funds Network factsheet](#) for more information.

Conclusion

We are in very uncertain times and the impact of Covid-19 will affect families with children in different ways. Some families were already struggling to get by prior to Coronavirus, and the current crisis will only push them into deeper poverty. Others were more financially secure, but have been thrown into financial difficulty as a result of the economic shutdown caused by the crisis. As we enter the next phase of recovery from the pandemic and the economic impact of the crisis becomes clear, the financial hardship experienced by many families looks set to continue for months if not years. In this pandemic, children's needs will not be any less and getting money to families quickly will be essential or struggle may quickly turn to real hardship for many. Increasing child benefit is the simplest and most effective way to achieve this.

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.