

# A lifeline for our children:

Strengthening the social security system for families with children during this pandemic

This pandemic has shone a light on the experiences of families and children in poverty in the UK. JRF (Joseph Rowntree Foundation) and Save the Children are working together on new research and analysis into people's experiences. We share a joint mission to ensure families are supported through the lockdown and beyond it, and to prevent increasing numbers of children being pulled into poverty. Together we are advocating for the UK Government to extend the social security lifeline for families with children, to ease the intense financial pressures of the coronavirus pandemic.

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### **Families are struggling to weather the storm of the coronavirus crisis - income losses and rising costs are causing families to be pulled under:**

- Our new research into the experiences of families with children claiming Universal Credit or Child Tax Credit has shown that the crisis is causing 7 in 10 of these families to cut back on essentials, 6 in 10 to borrow money and over 5 in 10 to be behind on rent or other essential bills.
- Too many children are going without due to income losses and the pressure that the lockdown has put on already overstretched budgets. Whilst the economy and the labour market recovers, it is more important than ever that our social security system anchors families so they can weather this storm.
- JRF and Save the Children are therefore urgently calling for the Government's lifeline measures to be extended for families with children, with **an urgent, temporary, £20 per week increase to the child element of Universal Credit and Child Tax Credit** to support those struggling to stay afloat and help prevent another wave of families being swept into hardship.

# Summary

**This pandemic is having a profound impact on all of us, but families who were already struggling to stay afloat, and those who have seen their incomes reduced, are being pulled under by a rising tide of financial pressures. While families are reeling from the effects of lockdown, it is simply not right that children should have to face the additional worry of feeling hungry or being evicted. We need our social security system to offer a lifeline for these children.**

For families on low incomes with children, the combination of income loss, additional costs, and the limitations of lockdown, is causing the pressure to mount. JRF and Save the Children recently polled 3,000 families with children claiming Universal Credit or Child Tax Credit (polling methodology is included in the Appendix). This polling has shown that around 7 in 10 families with children claiming Universal Credit or Child Tax Credit are having to cut back on essentials including food, utilities, nappies and activities for children such as books and toys, with around 50% cutting back on food. Families on low incomes have to manage extremely tight budgets with careful planning and resourcefulness, but this seismic shock to daily life has meant many parents are struggling to put food on the table, let alone find the resources to support play and learning at home.

## Figure 1: Families with children on low incomes need an urgent lifeline.

A poll of Universal Credit and Child Tax Credit claimants found that they're being pulled under by the coronavirus storm



Early in the pandemic, the Government took swift and effective action, implementing the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) which have protected millions of jobs and livelihoods. However, some families have still fallen through the cracks. JRF has analysed the impact of the crisis with

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new economic modelling to understand how those experiencing poverty have seen their incomes affected (see Appendix 3). This modelling has shown that parents with children who were in poverty pre-crisis are around 50% more likely to have lost their jobs than those with children but not in poverty. Families where at least one parent has become unemployed have lost around £50 per week – equivalent to an average single-parent family's entire weekly food spend. In the months ahead, many more job losses are likely, and it will take time for prospects to pick up. It is therefore more important than ever that our social security system is strengthened for children, offering protection whilst our economy and labour market recovers.

The Government recognised the additional challenges facing households and the need for an effective and compassionate social security system during this crisis, implementing a £20 per week increase to the standard allowance of Universal Credit and basic element of Working Tax Credit. This was hugely welcome. But this £20 increase to each household was the same for everyone and did not allow for the additional costs faced by families who have children – those who are most vulnerable to economic shocks. For instance, a couple with two children receive the same amount as a single person despite having more mouths to feed and higher household costs.

Many families have fallen into debt with 60% of those surveyed in our polling taking out some sort of loan including credit cards and pay day loans and around 51% being behind on council tax, rent or other bills. Our polling has also shown that 65% of families with children claiming Universal Credit and Child Tax Credit have had their mental health impacted by concerns about money since the start of the crisis. BAME families are more likely to have suffered an income hit, and our polling demonstrates the injustice of this, with families from BAME backgrounds more likely to have had to cut back on essentials, be behind with bills, and to have encountered debt. As a society, we now need swift action to prevent many more families suffering the injustice of effects like these.

We are now urging the Government to immediately strengthen and extend the lifeline offered by the social security system, so that it can keep families with children afloat during this crisis and the months ahead, whilst our economy recovers. We know that growing up in poverty significantly impacts early childhood development and has long lasting physical, educational and mental effects for children. An extra £20 a week in the child element of Universal Credit and Child Tax Credit, equivalent to £2.85 a day, would directly ease the pressure on care-givers and help to support parents to nurture and look-after their children in the way that we want all children to be cared for. Our modelling shows that this policy would cost £470 million per month, which if implemented from July, would cost £4.2 billion by April 2021 and provide support for up to 4 million families and 8 million children.

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# Many low-income families with children have seen significant shocks to their incomes as a result of COVID-19

“The cut off in the Government’s job retention scheme has meant my new employer has been unable to furlough me and I find myself unemployed for the first time in 16 years. Universal Credit is not enough to cover my mortgage, food and basic bills and with two children in the house and no income I worry how my family will survive. It’s been mentally tough on me and my partner. This will have a significant impact on me and my family going forward.”

– parent, Merseyside

The COVID-19 pandemic has caused a huge shock to all of us but furloughing, job losses and reduced hours have been much more common experiences for lower-earning employees, creating hardship for many families and children. The Resolution Foundation found that around one-third of lower-paid employees have lost jobs or been furloughed, compared to less than one tenth of top earners.<sup>i</sup> We welcome the swift interventions that the Government has already made, including implementing the CJRS. This has, in the short term, protected approximately 8.9 million jobs as of 7 June<sup>ii</sup> and our modelling shows that it has made a substantial impact in preventing families from being swept into poverty.

However, our new modelling is also showing that many families with children who were already in poverty before this crisis are being pulled into deeper hardship. These families are around 50% more likely to have seen at least one adult in their family become unemployed than families with children who were not already in poverty. Low-income parents are more likely to work in low-paid, unstable jobs which are a prominent feature of the sectors most adversely hit by the pandemic – such as food and accommodation services, where 74% of businesses are still temporarily closed (as of 17 May).<sup>iii</sup>

Even before the crisis, JRF found that workers in the food, accommodation and retail sectors were at greatest risk of in-work poverty and this was amplified further for disabled workers, workers from BAME backgrounds and single parents,<sup>iv</sup> suggesting these families are even more at risk of being pulled into deepening poverty. The destabilising effects of low-paid work on BAME workers are further demonstrated by findings from the University of Essex: its report found that the threat of job loss is more pronounced for workers from BAME backgrounds, who are more likely to have been made unemployed and less likely to have been offered the temporary protections afforded by furlough.<sup>v</sup>

Families with children in poverty pre-coronavirus who are newly unemployed have lost on average around £50 a week in total income, even after the cushioning effect of social security payments. This is roughly equivalent to a week’s food shopping for an average

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single-parent family, leaving them without essentials and sweeping them further below the poverty line. These huge hits to family incomes are compounded by the fact that families are facing significant extra costs and uncertainties around sending children back to school and potential further lockdowns.

Our modelling suggests that around 1.5 million families with children in poverty are currently still in work or have been furloughed. However, as the CJRS starts to unwind, many more families are likely to suffer significant hits to their incomes. Further, many of the lowest paid occupations more affected by social distancing are facing the slowest recovery. Contraction is expected across all sectors, but the food and accommodation sectors are facing up to 85% of lost output in Q2 of 2020.<sup>vi</sup> In the Bank of England's best-case scenario unemployment will remain high at 7% and not return to 2019 levels of 4% until 2022. Given these estimates assumed that social distancing would be lifted in the second half of 2020 they are now likely to be optimistic, so broader employment prospects probably face impairment for a significant length of time.<sup>vii</sup> As well as a huge lack of job opportunities, the opportunity for families to retrain and upskill during the crisis is hugely limited. The sudden switch to 24/7 childcare and closure of libraries and local training programmes has meant that parents simply do not have access to the resources or the time for training.

Since 16 March 2020, when social distancing measures were first advised just before the lockdown, DWP has seen 3 million individual applications for Universal Credit.<sup>viii</sup> Many of these will be families who are encountering the social security system and Universal Credit for the first time as a result of the crisis – our polling shows that one in five parents on Universal Credit had not previously claimed an income-related benefit. These families are likely to have higher outgoings (for example, higher rents and other fixed costs) than the current social security entitlements can meet – outgoings that families cannot easily strip back. Even before the crisis, parents were more likely to be in poverty than working-age adults without children – with JRF's 2018/19 UK Poverty Report finding that 10 children out of an average classroom of 30 were already experiencing poverty before the pandemic. The risk of poverty is amplified for single parents – of whom 43% were living in poverty in 2017/18.<sup>ix</sup> The social security system must be a strong enough lifeline to allow families to weather the storm and be secure enough to move into employment and help to get the economy moving again.

At the beginning of this crisis, the UK Government quickly implemented bold and compassionate changes to the social security system, offering crucial protection to many families during this exceptional time, including:

- the £20 per week uplift in the standard allowance in Universal Credit and the basic element of Working Tax Credit;
- the Local Housing Allowance uplift to cover rents for the cheapest third of private rental properties;
- the relaxation of Universal Credit's 'minimum income floor' rule for self-employed claimants.

Our modelling indicates that these measures have helped, on average, to largely protect the incomes of families with children already in poverty who have not lost their job. This is hugely welcome, but despite this, our polling data still demonstrates that families with children are having to cut back on essentials and are getting into debt during the crisis.

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The blanket £20 uplift to the basic rates of Universal Credit and Working Tax Credit does not acknowledge the variation in need across different family types. The same additional £20 goes to a single household or a couple with three children. However, a couple with two young children would need around 2.4 times the increase in income than a single adult to experience the same uplift in their living standards. To have the same protective effect for families with children and cover the unique additional costs they are facing during this crisis, the social security system urgently needs to be strengthened further.

# Families are facing escalating costs as a result of the pandemic

“My daughter is at home all day so our costs are even higher. Electricity, internet – it all adds up. I’m supposed to get vouchers for free school meals but I’ve only received one in four weeks, so I’m spending more on food.”

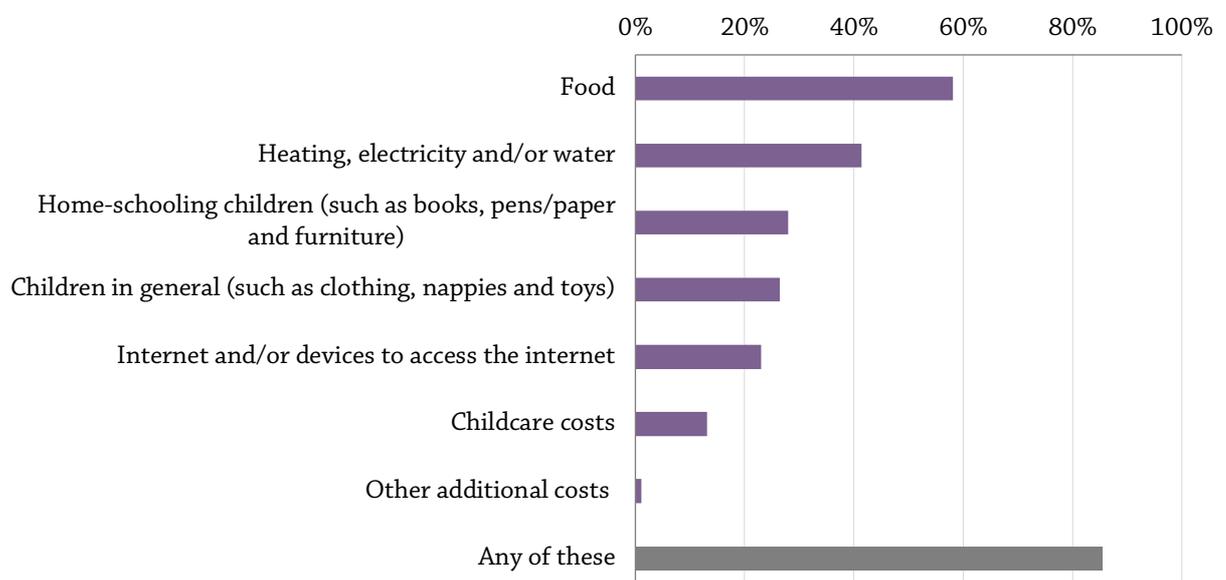
– parent, London

Families who are struggling on low incomes already have to make ends meet by stretching small budgets, with parents carefully calculating every decision to ensure they can still meet the basic costs of running a household and putting food on the table. The financial shocks of an unexpected bill or appliance breakdown can easily send this off-course, so the seismic shock generated as a result of this global pandemic has meant that families who were already struggling to stay afloat are being pulled under.

Our new polling of families with children on Universal Credit and Child Tax Credit indicates that the unexpected shocks to income they have seen have been compounded by rising costs generated as a result of the pandemic and social distancing measures. Of those surveyed, 86% reported that they have faced extra costs, with around three quarters of this group estimating that these additional costs amount to £20 per week or more.

The graph below shows the spectrum of costs families are facing, with 3 in 10 families saying that they are facing extra costs across three or more categories. The cumulative effect of mounting expenditure means that families are having to cut back on essentials or go without. It is not right that families are finding themselves unable to afford basic essentials whilst trying to navigate a global health crisis.

**Figure 2: 86% of families with children on Universal Credit or Child Tax Credits have reported additional costs.**



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## Food

It was hard enough for families on low incomes to access affordable, healthy food before the crisis. They are now feeling an even tighter squeeze, with our polling indicating that almost 6 in 10 families are reporting extra food costs. The complexities of adhering to social distancing with children in tow, together with ongoing pressure on supermarket stock has meant that families must limit their shopping trips and often find that there are only more expensive alternatives on the shelves.

For some, medical vulnerabilities that make parents or their children more susceptible to coronavirus have left them with no other option but to rely on more proximate, but vastly more expensive corner shops, petrol stations or 'express' supermarkets. These issues will persist for as long as coronavirus continues to circulate within the population. Strategies that many higher earning families have used to get through the lockdown such as bulk-buying, meal delivery services or expensive home deliveries are not available for those who are already struggling to stay afloat.

“The food situation has been 100% impossible. I’m worried to take my son to the big supermarket as we both have asthma. We’ve been using the small Sainsburys but it’s incredibly expensive - £1.90 for a pasta sauce that would have been 40p at the big Asda. There’s nothing decent to feed a family with – no frozen veg. Fresh is five times the price. My son is coming to me telling me he’s hungry and it’s so hard telling him we’ve got to stretch it out. It’s a self-perpetuating cycle as we spend all week worried to eat stuff in case we can’t get it again”

– parent, Newcastle

“Prices in the food shops are increasing and with the lockdown restrictions it’s not possible for families to shop around, or travel to cheaper shops to reduce their household food costs. In rural areas particularly, people might be restricted to their local shop which can be more expensive... Previously families may have used free wi-fi whilst out and about or at school/college or work, but this isn't an option now.”

– youth and community organiser, Wrexham

Many families on Universal Credit or Child Tax Credit are not eligible for Free School Meals, but for those who do normally receive this support, feeding children these additional meals has been an extra financial hurdle. In England, the Government has put in place the National Voucher scheme to replace free school meals and extended this scheme to the Easter holidays and May half term, but it has been beset with difficulties. Many families have been unable to access or spend their vouchers, due to technical difficulties and limitations in where the vouchers can be spent, and the Government has now announced that it will not be extending the scheme to cover the summer holidays.

In Scotland and Wales, local authorities are taking a variety of approaches to provide Free School Meals, including through vouchers and food provision at hubs, and almost all local authorities in Wales are now providing cash payments directly to families. Families have repeatedly encountered issues using vouchers and accessing food directly, experiencing stigma and a lack of choice compared to cash options. In Northern Ireland, families have

been receiving direct cash payments, although there are reports that some children are still missing out and support will not be extended during the summer holidays.

During this difficult time, when it is unclear when all children will be back at school and if further lockdowns will be needed, it is only right that families are given financial breathing space to be able to afford the most basic of necessities – food for themselves and for their children.

## Utilities

Many households are seeing their utility bills climb as a result of adherence to lockdown with more people in the household using electricity, gas and the internet. In our polling, 41% of families surveyed reported that they had incurred extra costs for heating, electricity and water. Access to adequate heating, electricity and water is imperative for families with children, particularly those living with an illness or disability. For those living with respiratory conditions, warmth provides an important safeguard in terms of managing symptoms – essential during the COVID-19 crisis.

“My bills have gone up from £80 to £135. Some people think just because we’re going into Summer it’s not a problem – last month it was freezing cold in Newcastle and with baby [six months] I can’t afford not to have the heating on. My son [four years] also has asthma so it’s really important they are both warm.”

– parent, Newcastle

Families on low incomes are already hit by the ‘poverty premium’, paying more for goods and services through restriction of choice and not being able to commit to annual, quarterly or even monthly direct debits. Food, utilities, credit, insurance and telecommunications can all cost more for low-income households – up to around £256 more per year.<sup>x</sup> The use of a pre-pay utility meter is a particularly visceral symbol of this, costing users up to £300 more than the cheapest monthly tariff<sup>xi</sup> and an enduring feature of life for many low-income households who are unable to access monthly contracts. There is no room for manoeuvre with a pre-pay meter: when the money runs out, families cannot switch on the lights, heat the room, boil the kettle or keep food fresh in the fridge.

“I was sitting here with three kids, freezing because I couldn’t afford to put money on the meter. I was lucky – we got a £100 grant from the council so I was able to top up, but my Universal Credit doesn’t go far enough. I got it yesterday and by the time I’ve paid all the bills it’s gone.”

– parent, Newcastle

## Keeping children learning, happy and healthy

Ensuring that children have access to resources and opportunities to play and learn has become significantly more difficult for all families as a result of COVID-19. But for those families with little, or no private outdoor space, it has been particularly difficult. Play schemes, clubs and free or low-cost attractions remain closed, along with local play parks and children have not been able to visit friends, family members or be looked after by

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grandparents. This has meant that families have limited options for low cost ways of ensuring children are occupied and able to play.

Having children at home due to school and nursery closures means that parents are facing additional costs associated with educating and playing with their children, with the challenge of home-schooling particularly amplified for single parents. In our polling, 28% of parents encountered extra costs associated with home-schooling such as pens and books, 23% reported that they had to spend more on internet access, and 26% had to spend more on general items like nappies, toys and clothes. In some cases, the difficulties around accessing cheaper shops for these goods has caused the costs to increase too as parents have to opt for more expensive alternatives.

“Usually I’d take my son somewhere free to occupy him for the day, but now we have to try to buy activities. I’d usually go to Poundland for paper and things but now these shops are closed we have to use supermarkets or buy online, which are double or three times the price.”

– parent, Newcastle

“My kids keep asking to go on my phone but I’m trying to stretch the data... it is a struggle.”

– parent, Newcastle

# Families are struggling to weather this storm

“Financially, it’s just a nightmare. After the bills are paid and you’ve got the food in, there’s just no money left.”

“You’re getting people calling and asking why your bills haven’t been paid, and you just don’t have the money. It’s stressful when you’ve gone years and years always paying your bills, and then all of a sudden you can’t pay them.”

“It’s the children that suffer. There are certain basics that children need, and if they need a new pair of shoes or something it means taking out a loan – and then you’re getting deeper into debt.”

– parent, Inverclyde

Many families are having to navigate this pandemic without the financial resources or essential goods needed to keep their children happy and healthy. Tight budgets can only stretch so far, and this means children are having to go without.

Our polling of families with children claiming Universal Credit or Child Tax Credit showed that around a quarter of families facing extra costs said that they were unable to meet them, and a further fifth were not sure. The polling also suggests that those who say they are coping with additional costs are doing so by cutting back on essential items, with 7 in 10 families surveyed in our polling who said they are coping simultaneously reporting that they have had to cut back on items such as food, utilities, internet or items for children.

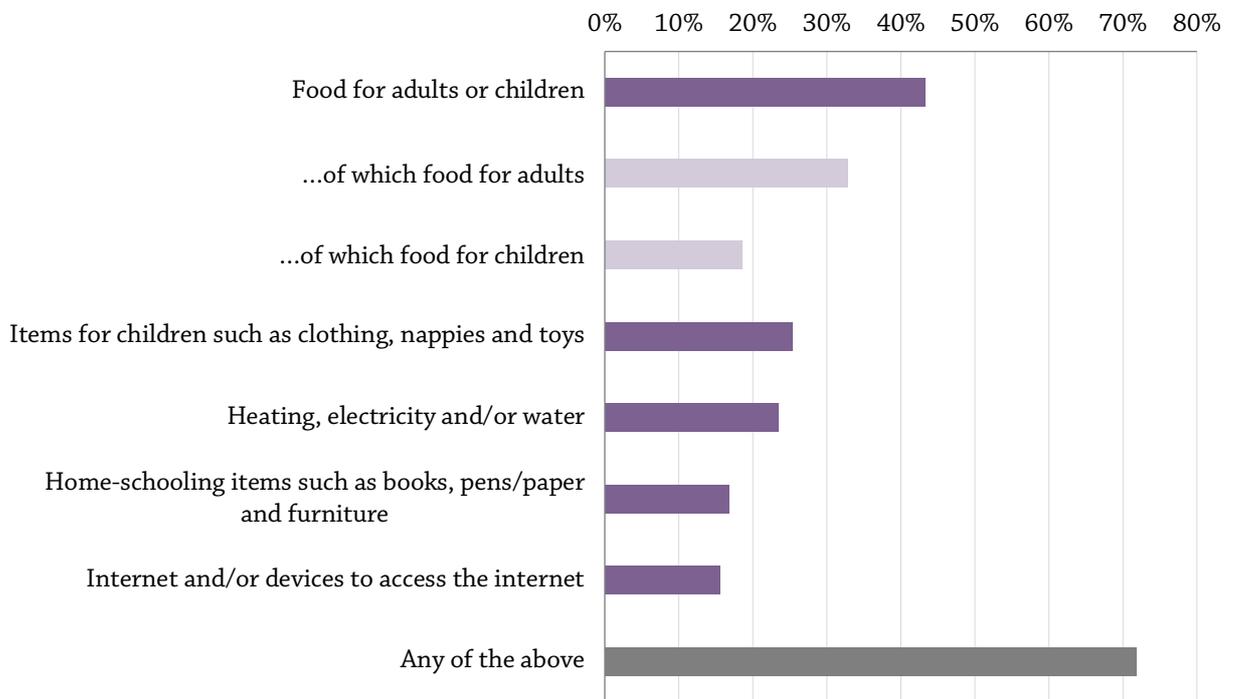
## Figure 3: Families with children on low incomes need an urgent lifeline.

A poll of Universal Credit and Child Tax Credit claimants found that they’re being pulled under by the coronavirus storm

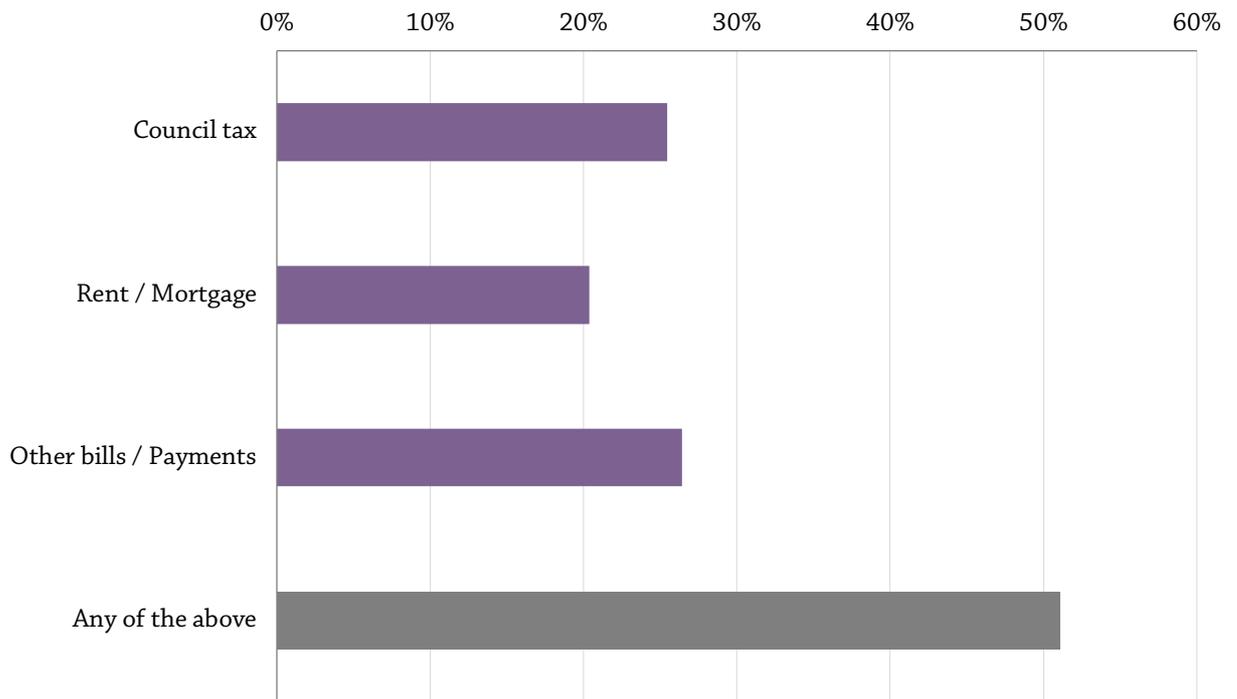


Struggling to put food on the table or money on the electricity meter is having a negative impact on parents' mental health: two-thirds of those surveyed reported that concerns about money had affected their mental health with around a quarter reporting a severe impact. Household income and costs simply don't add up and families are missing meals, visiting food banks, going into arrears on bills and getting into debt. Of families surveyed in our polling, 43% had cut back on food as a result of the crisis, and around 51% reported that as a result of the crisis they were behind with council tax, rent/mortgage or other bills, with 20% being behind on more than one bill. Since the start of the crisis, around 60% of families have borrowed money (rising to 65% amongst Universal Credit claimants specifically), with over 10% having used a payday loan and 21% using credit cards - expensive short-term options which often generate additional debt.

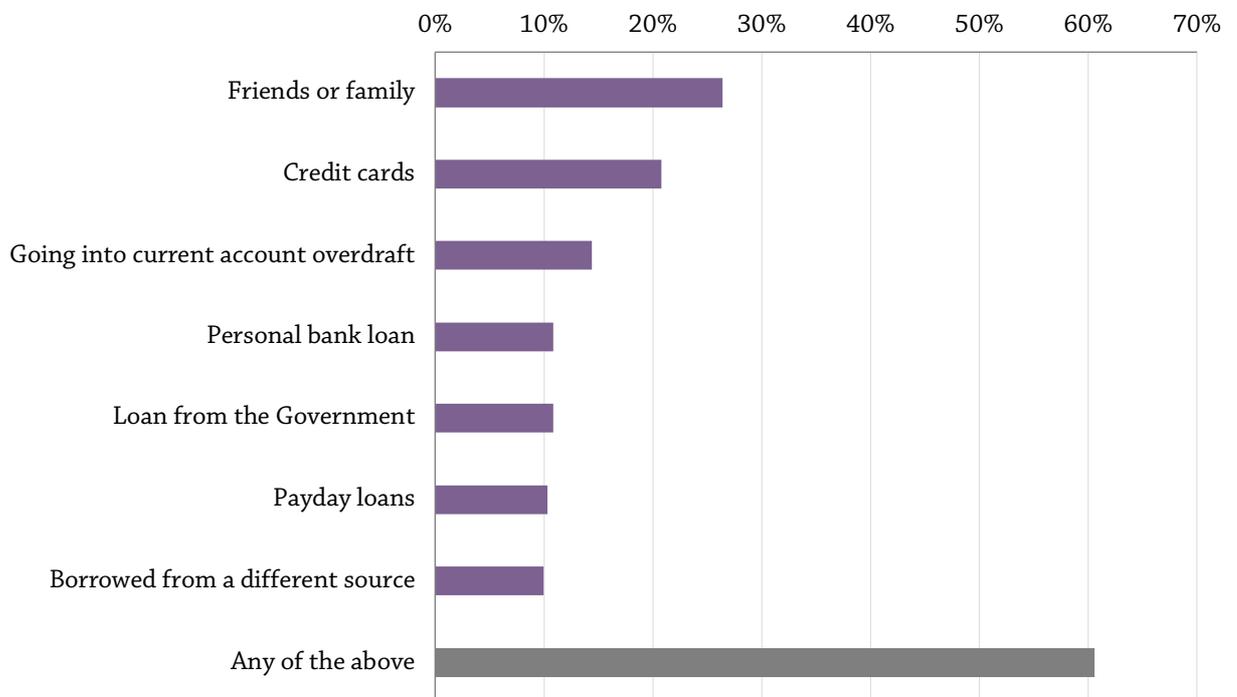
**Figure 4: 7 in 10 families with children on Universal Credit or Child Tax Credits have reported cutting back on essential items.**



**Figure 5: 50% of families with children on Universal Credit or Child Tax Credits are behind on rent or other bills.**



**Figure 6: 60% of families with children on Universal Credit or Child Tax Credits have borrowed money.**



For those we polled who reported having at least one adult become unemployed due to the crisis, our polling indicates that the impact has been even more severe; 73% reported that their mental health had been impacted (with 39% reporting a severe impact), 71% had taken out some sort of loan including payday lenders, credit cards or loans from

family or friends, 64% had fallen behind on bills such as council tax or rent and 78% said they were cutting back on essentials. This demonstrates the squeezing effect that the loss of income and the increased costs are having on household budgets, pushing families into severe financial difficulties.

As detailed earlier in the briefing, BAME families are more likely to have suffered an income hit, and our polling demonstrates the effects of this: we have found that families from BAME backgrounds are more likely to have had to cut back on essentials, be behind with bills, and to have encountered debt as a result of COVID-19. Our polling found that 86% of BAME respondents have had to cut back on at least one essential compared with 69% of white respondents, and that 65% of BAME respondents were behind with at least one out of council tax, their rent/mortgage, or other bills compared with 48% of white respondents. Debt is also a more common experience for BAME respondents, with 74% reporting that they have had to resort to borrowing compared with 57% of white respondents.

**“We’re making every effort to reach our vulnerable families. Applications for food bank vouchers have increased and it’s obvious from the tone of the requests that parents are struggling.”**

– deputy headteacher, Wrexham

Trussell Trust have found that almost two-and-a-half times more people are now experiencing food insecurity as a result of COVID-19. Already, foodbanks have experienced a huge surge; demand for Trussell Trust food parcels soared by 89% during April 2020, compared to the same month last year, and the number of families with children receiving parcels has more than doubled.<sup>xiii</sup>

**“The community centre are giving us food parcels once or twice a week as the Universal Credit only just covers the bills. It’s a blessing, I don’t know what I’d do otherwise.”**

– parent, Newcastle

**“Being a single parent with no income at this very unprecedented time has had a huge impact on my family. I don’t know what I would have done without the extra bit of help from the Transforming Lives for Good Make Lunch team.”**

– parent, Leicester

Responding to this huge rise in demand has been complicated: emergency providers such as food banks have faced severe disruption through lack of products and volunteers, together with the additional complications brought by social distancing. Further, many third sector organisations have been forced to suspend or reduce their essential frontline services in order to respond to overwhelming demand for emergency food provision. As we approach the summer holidays, past precedents indicate that free school meals and breakfast clubs will once again be replaced by ‘holiday hunger’ with families relying on foodbanks and charities.

We know that the capacity and long-term resilience of the third sector has been affected by COVID-19, and that years of cuts have left some councils unable to help families in crisis. Charities and community organisations have seen this surge in demand for their

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services at the same time as funding has decreased or dried up, and are projected to lose out on an estimated £4 billion between April and June.<sup>xiii</sup> Up to 90% of small BAME community organisations could close permanently if the crisis continues beyond June, which is likely.<sup>xiv</sup> This means valuable community resource could be lost at a time when it is needed the most.

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# Growing up in poverty has huge impacts on children

“I don’t have a computer or a tablet. Without internet it would be impossible to get anything done – there’s only so long I can keep him focused with a pen and paper. I can use my phone a little bit. If my son was in higher years and preparing for exams this would be literally impossible.”

– parent, Newcastle

This rise in families in debt or arrears, children reliant on food parcels, and families unable to heat or light their homes will have impacts, in both the short and long term, on our children, impacting their education, health and future life prospects.

## Impact on learning and development

Growing up in poverty has an enormous impact on a child’s development, particularly when it is experienced in the early years. Growing up in a family living on a low income has a direct impact on a child’s cognitive development, health, and social and behavioural skills.

This crisis has highlighted the crucial role that parents play in supporting their children’s learning and development. Parents have always been the most important educators for their children, particularly in the early years, but this period has emphasised the inequalities in home learning environments between children in poverty and their peers.

Although many schools and early years settings are continuing to support children through remote learning and parental engagement support, children in poverty are less likely to be able to access the same quality of learning at home as their peers. Poverty puts tremendous pressure on families which makes it harder for parents to create the conditions or provide the resources and/or activities needed to support children’s learning. Poverty increases family stress and reduces the opportunities for parenting that support children’s learning, reduces access to material resources and activities, and to services and information. As our polling has shown, this will be particularly stark during this crisis, as families are struggling with the extra costs of having their children at home.

As suggested by our findings on elevated costs, parents are having to find more money to buy things essential for home-schooling, such as pens, books or internet access. Having access to high-quality and age-appropriate toys, books and resources is imperative for children’s learning and development– yet some families are finding that their incomes do not stretch this far.

Access to digital devices and the internet is also a crucial element. With many families struggling to pay their bills or lacking any online connections and equipment, disadvantaged children are likely to miss out on remote learning opportunities. Pre COVID-19, the ONS found that 12% of 11 to 18-year-olds (700,000) reported having no

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internet access at home from a computer or tablet while a further 60,000 reported having no home internet access at all.<sup>xv</sup> Save the Children has found that, in some communities where we work, up to 40% of families are experiencing digital exclusion.

“Families have been asking for work to be sent home on paper, because they don’t have internet access or computers at home. Parents and carers really want to support their children to keep learning, but many just don’t have the resources to do that, and IT literacy can be a barrier too.”

– Teacher, Wrexham

Although schools and early years settings in England have reopened to some children, many children across the UK remain at home and are unlikely to return to school before the start of the new school year at the earliest - and studies indicate that children from the most deprived backgrounds are the least likely to return.<sup>xvi</sup> Without action now, there is a high risk of this crisis exacerbating the significant gaps in attainment between children in poverty and their peers which already existed prior to the pandemic. Evidence shows some gaps in development between disadvantaged children and their peers by the age of two, and at age five children in poverty are 4.5 months behind their peers. By the time they take their GCSEs, the gap has widened to 18 months.<sup>xvii</sup> This crisis will only exacerbate this problem, with a recent study finding that it could reverse the progress made in tackling the attainment gap since 2011.<sup>xviii</sup> Without clear interventions, this crisis risks threatening the life chances of a generation.

## Impact on health

Parents who are constantly battling against the tide of low pay, debt, insufficient benefits and rising costs are more likely to experience negative physical and mental health. Hunger is a persistent threat, with many parents reporting that they skip meals so their children can eat<sup>xix</sup> and that they are more susceptible to chronic illness, anxiety and depression.<sup>xx</sup>

Difficulties accessing and affording food during this crisis will have a lasting impact on children’s development and health, as the impact of poor diet on children’s health and education is well-documented. Hunger physically and mentally debilitates both parents and children – impacting mental health and school attendance and leaving children more susceptible to health issues such as obesity, low body weight and tooth decay.

Children living in the most deprived areas are twice as likely to be obese, with rates of severe childhood obesity around three times higher than in more well-off areas.<sup>xxi</sup> As our polling has shown that families are having to cut back on food for both adults and children due to struggles with their finances, this crisis may cause long-term effects on children’s health which will be difficult to reverse.

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## Our recommendation:

# A lifeline for children

“Universal credit will cover my outgoings but will not provide food, petrol, clothes or any emergencies that arise. A small weekly increase in benefits would help provide food for my daughter until my situation changes. I have not chosen to be in this predicament and it seems unfair to be left in this situation after paying taxes for so long.”

– parent, London

To further strengthen the social security system during this time and minimise the long-term impact of this crisis on children, we are calling for an **urgent, temporary £20 per week increase to the child element of Universal Credit and Child Tax Credit**. This is equivalent to £2.85 per child, per day: enough to cover a child’s breakfast and lunch, bus fare to get to the supermarket, or a bit more money for the meter so the heating can stay on a little bit longer. Our modelling shows that this would provide support for up to 4 million families and 8 million children.

We recommend that this is put in place immediately and remains in place until at least April 2021 (in line with the temporary increase to the standard allowance of Universal Credit and basic element of Working Tax Credit). This increase would provide an anchor during these uncertain times, with further lockdowns possible and the CJRS due to start unwinding - which is expected to cause further income shocks and job losses. Whilst the economy recovers over the coming months, or even years, and the labour market is weak, it is more important than ever that the social security system is a secure anchor, to stop families going without essentials or accumulating unsustainable debt. In many areas of the country, coronavirus will have left a huge hole in job markets, and in order for our country to recover, families need the breathing space and freedom to take steps towards getting back on their feet.

We have been impressed with how the Universal Credit and Working Tax Credit systems have coped with the needs of this crisis so far and have enabled the Government to swiftly implement the £20 standard allowance increase. This increase has already helped families to cover the cost of the basic essentials they need to survive – but our evidence shows this hasn’t gone far enough. We hope that the clear need for this measure to support children will be a clear justification for a further boost to the system.

Our modelling shows that this policy would cost £470 million per month, which if implemented from July, would cost £4.2 billion by April 2021. The highly targeted nature of this policy is illustrated by the Government’s latest poverty statistics for 2018/19, which show that 80% of children in families receiving Tax Credits and 90% of children in families receiving Universal Credit were in the bottom two income quintiles. The OBR estimates that government will spend £75 billion on the CJRS and SEISS between March and October 2020 - £60 billion and £15 billion respectively.<sup>xxii</sup> As these schemes unwind, as detailed in section 2, we expect lower-income families to be most at risk of

experiencing further income shocks. This comparatively lower cost measure will offer a lifeline to those families.

Whilst our model is reflective of the cost and impact of the policy with the benefit cap and two-child limit in place, in order for the benefit of this policy to be felt by those who are likely to need it most, we also recommend that these are lifted.

## The benefit cap and two-child limit

To ensure that all families feel the full benefit of this £20 per child uplift, the two-child limit and benefit cap must also be lifted. During this crisis, where families are facing a scenario no one could ever have planned for and where we all need security, there is no place for a benefit cap or the two-child limit, which both limit the extent to which the system can be the anchor families need to weather this storm.

93% of households who are limited by the benefit cap are families with children, losing on average £52 per week; 72% of capped households are single parents, including many with very young children, despite the benefit rules not requiring them to look for work.<sup>xxiii</sup> This means that any rate increases are not felt by the families that are often struggling the most. As of February 2020, 79,000 families were subject to the benefit cap, with Child Poverty Action Group predicting a 50% increase as a result of COVID-19. Over 12,500 families are predicted to be capped as a result of the standard allowance increase alone, with others affected by increases to Local Housing Allowance.<sup>xxiv</sup>

Some families might normally be able to escape the benefit cap by moving to a cheaper property or raising their income through work – two options that are particularly difficult during this health and economic crisis. The high costs associated with moving property and added complications of social distancing hamper the abilities of families to move home during the pandemic.<sup>xxv</sup> Property options are also limited for low-income households, with roughly 70% of private rental properties still inaccessible for Local Housing Allowance (LHA) recipients, even after recent uplifts.<sup>xxvi</sup>

The nine-month grace period that exempts people from the benefit cap if they have recently lost their job does not always protect families: it relies on people having a consistent work history over the past year, which not all families have – for example, due to single parents taking time out to care for their children. People must also have earned at least £604 in each of the previous 12 months, meaning many with insecure or fluctuating work hours may not be covered.

The two-child limit is also an additional unnecessary barrier at this time. An uplift in the child element of Universal Credit and Child Tax Credit will provide families with much needed support so that parents can purchase the essentials their children cannot go without. However, parents with three or more children who need support from the social security system due to the crisis may find they are unable to claim it for their youngest child or children as a result of the two-child limit. The COVID-19 crisis has powerfully illustrated how unpredictable life can be and how essential it is that the social security system functions as a true lifeline when people need it the most.

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation (JRF) is an independent social change organisation whose vision is for a prosperous and poverty-free UK. We are working to build the public and political will to solve poverty. We believe that people with direct experience of poverty should be at the heart of our influencing efforts and the design of effective solutions to poverty.

During this pandemic reduced incomes and higher living costs have tested many families' resources. While families are reeling from the effects of lockdown, it's simply not right that children should have to face the additional worry of feeling hungry or being evicted. In response to the COVID-19 outbreak we've funded a programme of community level responses and are advocating for change in partnership with people experiencing poverty.

All research published by JRF, including publications in the references, is available to download from [www.jrf.org.uk](http://www.jrf.org.uk)

## About Save the Children

Founded in the UK in 1919, Save the Children is a global organisation helping children to survive and thrive in 120 countries, including here in the UK, where our mission is to reduce the number of children living in poverty.

Save the Children's work in the UK focuses on tackling poverty during children's earliest years, as the roots of some of the deepest educational and social divides lie in these critical first few years. Supporting children's early learning has never been more important as during this crisis. We remain hugely concerned about the impact these months will have to the attainment gap between disadvantaged children and their peers.

In response to the COVID-19 outbreak, we have launched an Emergency Grants Programme and educational support for children in poverty in the UK, as well as responding at a global scale.

# Appendixes

## Appendix 1: Our insights from families

We would like to thank the parents, staff and associates of the following organisations, along with parent campaigners with Save the Children in Inverclyde and Merseyside who provided their insights and experiences into how the COVID-19 crisis has impacted them so far:

**Building Futures East:** <https://buildingfutureseast.org/>

Building Futures East are an organisation that uniquely blends skills training and social enterprise as a catalyst for positive social change. Grown from within the community, they have become leaders and innovators in the field of community regeneration, developing creative solutions that assimilate community, employer and market need in a way that is accessible for all. Alongside skills and capacity building training and employment support, the organisation also operates an environmental maintenance social business and suite of locally focused community initiatives, including a range of programmes specifically focused around tackling the socioeconomic exclusion of women and domestic abuse. During COVID-19, they have also been supporting 490 people in the local community in Walker, Newcastle, each week (including 290 children) with food, hygiene and sanitary products, so far delivering 26,500 meals to the most vulnerable families and individuals in the city's most disadvantaged ward.

**Transforming Lives for Good:** <https://www.tlg.org.uk/>

Transforming Lives for Good (TLG) is a children's charity that supports struggling children and families. This may be through intensive support for those that have been excluded from school, provided through TLG Education Centres, a volunteer coach offering one to one help as a mentor in local schools through TLG Early Intervention, or providing food to children on Free School Meals who would otherwise go hungry during the holidays through TLG Make Lunch. TLG run all their services through local churches across the UK. During the COVID-19 crisis, TLG have adapted all their programmes to ensure that children and families still receive vital support at a time when they need it more than ever

**Together Creating Communities:** <https://www.tcc-wales.org.uk/>

TCC (Trefnu Cymunedol Cymru / Together Creating Communities) tackles social injustice by supporting diverse communities to gain the power they need to enact change. It does this through community organising: bringing together local groups, supporting them to set their own agenda, take action, and improve their communities. TCC's members are many different faith groups, community organisations, and schools from across Wrexham, Flintshire, and Denbighshire. Any member can raise an issue for TCC to work on - so they set the agenda.

## Appendix 2: Polling research methodology

Figures showing the impact of coronavirus on benefit recipients are based on online research conducted by Opinium, using a sample provided by Dynata,<sup>xxvii</sup> between 22 May and 5 June 2020. The findings are based on 3,008 parents of children under 18, who are in receipt of Child Tax Credit (CTC) or Universal Credit (UC).

The data has been weighted to the known population profile in terms of household type (single or couple), benefit claimed (CTC or UC) and whether the UC claim was pre or post March 2020, using DWP tax credit data<sup>xxviii</sup> and UC household data.<sup>xxix</sup> The table below shows the unweighted and weighted data profile.

	<b>Unweighted (N)</b>	<b>Unweighted (%)</b>	<b>Weighted (%)</b>
Single person CTC	639	21	25
Couple CTC	964	32	25
Single person pre-March 2020 UC	433	14	20
Couple pre-March 2020 UC	462	15	10
Single person post-March 2020 UC	165	5.5	6.5
Couple post-March 2020 UC	345	11.5	13.5
TOTAL	3,008	100	100
Unclassified <sup>xxx</sup>	97	N/A	N/A

## Population profile (Weighted %)

<b>Country</b>	<b>Weighted (%)</b>
England	76
Scotland <sup>xxxi</sup>	15
Wales	8
NI	1

<b>Gender</b>	<b>Weighted (%)</b>
Female	62
Male	38

<b>Age</b>	<b>Weighted (%)</b>
18-24	6
25-30	16
31-35	26
36-40	19
41-45	13
46-50	11
50+	8

<b>Tenure</b>	<b>Weighted (%)</b>
Own	23
Mortgage	29
Private rent	22
LA rent	13
HA rent	11

<b>No. of children</b>	<b>Weighted (%)</b>
1	44
2	37
3	13
4	4
5+	2

<b>Race</b>	<b>Weighted (%)</b>
White British	77
White other	7
Mixed	4
BAME	10
Not stated	3

<b>Disability</b>	<b>Weighted (%)</b>
Yes	39
No	61
Not stated	1

## Appendix 3: Economic analysis of incomes during COVID-19 and the impact and coverage of our policy ask

Figures showing the impact of COVID-19 on incomes and the cost of our policy ask are drawn from the results of new economic modelling by JRF. We plan to publish more comprehensive analysis from this modelling soon, but some initial results have been pulled out for this briefing.

This analysis focuses on the period April to June 2020, so it assesses the near-term impact on household incomes with the Coronavirus Job Retention Scheme (CJRS) fully in place. However, as this scheme unwinds by the end of 2020, we would expect jobs and incomes to be negatively impacted to a greater extent.

This analysis was completed using UKMOD version A1.5+ for policy year 2020/21. The data used was a modified version of the Family Resources Survey (FRS), updated to account for the economic changes that have taken place due to COVID-19 and the Government's emergency policy response, including social security changes and income support schemes such as the CJRS. Estimates of the macroeconomic impact have been provided to us by the National Institute of Economic and Social Research (NIESR). Although job losses and furloughing have been modelled, the impact of people being forced to work fewer hours has not. The model may therefore underestimate losses in income.

We measure income as monthly equivalised household net disposable income after housing costs.

The poverty line used is the modelled pre-COVID-19 relative poverty line, after housing costs. This would be the expected poverty line for 2020/21 in the absence of the COVID-19 crisis and is fixed at 60% of median household equivalised disposable income before the crisis. We use this line because we are looking at the effect of the coronavirus on poverty and living standards. It therefore makes sense to compare changes to the situation immediately before the virus hit to show as clearly as possible what impact it has had.

The analysis to calculate the number of families and children receiving our proposed UC child element uplift was completed using the IPPR Tax and Benefits Microsimulation Model, using the same unemployment and furloughing assumptions.

We assume that the two-child limit remains in place so third and subsequent children born after April 2017 do not receive the payment. The benefit cap also remains in place.

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- <sup>xxxi</sup> The sample included a Scotland booster of around 100 interviews.