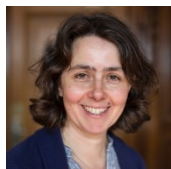


COVID-19 and low-income families: The government must lift the benefit cap and remove the two-child limit



The government has done little to directly support families with children in the light of COVID-19, write [Ruth Patrick](#), [Aaron Reeves](#), and [Kitty Stewart](#). This oversight, together with existing welfare arrangements, render families most in need of help unable to get it.

The COVID-19 crisis has affected us all – but some of us more than others. [New data](#) from the ONS reveal that mortality rates in more disadvantaged areas are more than double those in wealthier areas. The lockdown itself has also had unequal consequences: it has posed a much greater challenge to livelihoods for those with jobs that cannot be done from home, and it has been tougher for those living in more crowded conditions, as well as for those with more mouths to feed. And now, as the lockdown starts to be eased, the demands of ‘staying alert’ will fall differently too. People who can work from home, disproportionately likely to be better off, will be able to continue to do so, while those who cannot find themselves ‘actively encouraged’ to return to work, albeit that many families with dependent children will still be without childcare.

The strains and pressures this places on families affected are likely to be immense, especially for those living in poverty either before or because of the lockdown. This is particularly true for children living in larger families, who were already at higher risk of poverty when the pandemic struck. Now this risk has intensified.

And yet, while the government’s economic response has been expansive in many ways, there has been a surprising blind spot in relation to families with children. Financial support has been made available for the self-employed, for businesses and furloughed workers, and some cash benefits have been increased. But there has been very little directly aimed at children. There has been no rise in Child Benefit, though this would have been quick and simple to administer. More serious still, the government has – so far – proved unwilling to repeal two recent ‘welfare reforms’, which break the historic link between need and entitlement, and in the current context, mean families most in need of more help can’t get it: the benefit cap and the two-child limit.

First, the benefit cap. Despite the increases in other forms of social security, this limit on the total amount of money claimants can receive remains in place. In [November 2019](#) alone, around 76,000 households were subject to the cap, the vast majority of them single parents (often women) with dependent children. These households, on average, lose around £2,600 per year. The policy was designed to incentivise people into work and there is evidence that it has moved some people back into the [labour market](#). But finding new employment has become almost impossible under the economic shutdown. Capped households are, in effect, being punished for their failure to find work, despite there being no work for them to take. The cap is underpinned by the ‘carrot and stick’ approach, which also forms the rationale for stringent welfare conditionality and benefit sanctions, all of which have been (if only temporarily) removed. That the cap endures even while wider forms of welfare conditionality are suspended is a stark inequity that will disproportionately harm larger and single parent families, fuelling existing inequalities yet further.

On top of this, the number of capped households is likely to have risen because of the lockdown. Parents who lose their job as a result may find their benefits suddenly capped. This would be especially true if those households have only recently moved into work (in the last 12 months) and are therefore not subject to the [39-week exemption](#) from the cap. Single parent households are – again – likely to be disproportionately affected as the industries most affected by the shutdown have been female-dominated industries.

The benefit cap also reduces the effectiveness of the government's support for families affected by the shutdown. For the approximately 76,000 families already living under the benefit cap, the additional protections offered by government will have no effect at all. Most notable here is the £1,000 increase in the standard allowance in Universal Credit, which has rightly been lauded as a step in the right direction. But this step will be of no help to those already subject to a benefit cap. In fact, for some households, it will actually push them into being capped, perhaps for the first time. Take a woman with children who lives outside of London, who currently receives £19,500 in social security payments over the year, including to help with the costs of housing. She will only receive £500 of this additional payment because the cap will remove the other £500. This increased generosity has, as the [Resolution Foundation](#) have shown, increased the number of people potentially affected by the cap.

The second policy making things much harder for some families is the two-child limit. If families with three or more children in their household are not affected by the benefit cap, then they will very likely be hit by the two-child limit – which restricts the payment of some child-related benefit payments to only the first two children in a household (albeit with some important exemptions). Many families now applying for Universal Credit are discovering that they will only receive support for two of their children (if their third child was born after April 2017), adding to the thousands of households that have already been pushed into poverty because of their family size. Children should not be punished for being born – or having a new sibling born – in the wrong year.

The rationale for the two-child limit was about persuading people out of work to make the same difficult choices about whether they can afford to have (more) children as those in work. Critics have long pointed out the weakness in this logic: what you can afford to do this year or next can suddenly and irrevocably change. A relationship might break down, a parent might lose a job or become ill or disabled. This is one of the purposes of an effective social security system: to protect households from this kind of uncertainty. COVID-19 and the government response has caused a massive but unanticipated income shock; and one from which larger families are inadequately insulated because of the persistent and dogged endurance of the two-child limit and benefit cap. The pandemic shows, all too clearly, that families cannot always foresee the future: that is why we need a social security system to insulate and protect people when help is needed.

All children are being asked to bear a huge burden during the shutdown but this burden varies greatly depending on family circumstances and resources. The lockdown means all children are unable to play with friends but some are also unable to get enough to eat because their parents cannot afford enough food and the free school meals system is not working properly. Indeed, nearly [one third](#) of those eligible for free school meals are not currently receiving a replacement. The lockdown means no football or swimming but for some children it also means having no respite from the threat of [violence](#) in their households. The lockdown means less interaction with teachers but some children will suffer [long-term consequences](#) to their education because some schools seem better equipped to provide online support than others, and some households do not have access to the technology and digital infrastructure needed to get their children online. On top of this, while all children feel some uncertainty about the virus, those in more disadvantaged areas are more likely to be personally affected by family members falling seriously ill or dying from COVID-19.

The government cannot remove every negative consequence that children will face as a result of the virus but that does not mean they cannot act to mitigate and minimize the most severe hardships. Lifting the benefit cap and removing the two-child limit would help to protect children from going hungry and would remove some of the strain of the lockdown from their parents. Currently, these policies are undermining the government's efforts to support low-income families. Removing them would show that government has not forgotten that children are paying a price for this lockdown too.

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