

Child benefit: fit for the future

60 years of support
for children

**CHILD
POVERTY
ACTION
GROUP**

Fran Bennett with Paul Dornan

CPAG policy briefing: August 2006

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About the authors

Fran Bennett is a senior research fellow at the Department of Social Policy and Social Work, University of Oxford and also works in a self-employed capacity on poverty and social policy issues. She is a former director of CPAG.

Paul Dornan is Head of Policy and Research at CPAG.

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Executive summary

- ◆ August 2006 marks the sixtieth anniversary of universal benefits for children in the UK – first family allowances, then child benefit.
- ◆ Support for all children redistributes resources to those with additional costs, to the time in the lifecycle when extra is needed, and to the next generation. And it shows the value society places on children, not just as an investment but also in their own right.
- ◆ Universal benefits also help prevent poverty. Countries with generous non-means-tested support for children tend to have low rates of child poverty.
- ◆ Child benefit is multi-purpose. It is simple to claim and is claimed by virtually all those entitled. Despite the 'light touch' means test, and the high take-up, child tax credit still does not match child benefit on these criteria.
- ◆ Child benefit provides essential help for many of those on low incomes. Payment to the mother, and clear labelling of child benefit as being meant for children, helps to ensure it is spent on the things that children need.
- ◆ These are also features of child tax credit. But child benefit also provides stability when incomes fluctuate, and 'follows the child' through changes in partnership status – so it plays an essential protective role.
- ◆ The history of child benefit shows its resilience, despite many challenges. But recent policy has placed increasing emphasis on means-tested help for children, with child tax credit overtaking child benefit as the major form of support.
- ◆ There is a growing consensus that it is time to rebalance support for children towards child benefit. Child benefit is no longer deducted from the extra help given to children in low-income families. So increases benefit them in full.
- ◆ There is also support for rebalancing the structure of child benefit towards larger families. The current structure of support for children in the UK which gives proportionately more to one child families is unusual internationally.
- ◆ Children in larger families run a higher risk of poverty. Tackling this is important to achieve the goal of halving child poverty by 2010. Policy options to help do this, while also putting more emphasis on child benefit, include a higher rate for second and subsequent children, or more help for families with three or more children. The first of these options produces a more sensible structure from where we are now.
- ◆ Such an increase would not only help tackle poverty in larger families, but also help encourage 'second earners' in couples with children into employment. And it would be a fitting decision for the Government to make in the sixtieth anniversary year of universal benefits for children.