

UK COVID-19 INQUIRY

OPENING SUBMISSIONS ON BEHALF OF CHILD POVERTY ACTION GROUP FOR MODULE 9

"I am [a] single mother with depression and anxiety, I lost my job beginning of March and [have] been unable to find a new job as my son's nursery closed to the pandemic. My health has deteriorated and I have become very lonely and suicidal. I am in more debt and struggling to pay bills and feed my son and myself." (Lone parent with one child, Yorkshire and the Humber)¹

"Before covid I was a full-time working mum of four children... due to covid I have lost my job, been forced to go to a food bank so I could feed my children, and had to rely on family members to help towards my bills. My 13-year-old son now has to cycle four miles to and from school as I cannot afford a bus pass or the fuel to take him daily. My 10-year-old has to walk to school, two miles each way. My two-year-old daughter no longer goes to her childminder as I cannot afford it. I have four children yet only get help with two of them even though I've worked full time for six years. Covid-19 is the reason I no longer have a job and it's wrong to penalise hardworking parents." (Lone parent with four children, South East)²

"We used to struggle [financially] before the pandemic but we'd managed it better. [During] the pandemic then the kids were always underneath you. You were cooking more and you had to watch what you were cooking because you couldn't go over the amount, because you didn't have the finances." (Parent and contributor to Module 9 Every Story Matters report, England)³

Introduction

1. More than one in four children in the UK are growing up in poverty. Child Poverty Action Group ("CPAG") works on their behalf to improve the social security system so that children in poverty have a hope of having a childhood that is not defined by poverty. As a result of its work, CPAG has developed expert knowledge of the social security system, including the many changes that were made to it during the Covid-19 pandemic.

¹ Report from Child Poverty Action Group (CPAG) and Church of England titled Poverty in the Pandemic: The Impact of Coronavirus on Low-Income Families and Children, dated August 2020 (INQ000608720)

² 'Capped for Christmas', CPAG briefing dated December 2020 (INQ000608756)

³ Every Story Matters: Economic Response, October 2020 (INQ000688209)

The importance of the social security system for families with children

2. An important part of the Inquiry's Module 9 investigation will be examining the measures introduced by the UK Government and the Devolved Administrations in response to the pandemic, including in respect of the social security system. CPAG considers that a key task of any government, particularly in times of crisis, is to protect and support people in its society, particularly those at greatest risk of hardship. As a result, CPAG is particularly interested in the extent to which the UK Government thought about protecting the living standards of low-income families with children in designing its economic interventions.
3. As a preliminary step, CPAG considers that it is crucial to set out the purpose of the social security system outside of a pandemic – in particular its role in respect of families with children – in order to assess the government's interventions in the social security system inside of the pandemic.
4. In summary, the social security system exists to provide a vital safety net for households. That safety net is particularly important for low-income families, and for the children who grow up in those families. Families with children are at greater risk of poverty than the general population, because the additional costs of raising children are incurred at a time when parents and carers face additional barriers to work due to their caring responsibilities. Further, wages do not adjust for the size of a family. The consequence of this is that for parents and carers receiving a low salary, or in insecure work, it is often impossible to meet the costs of raising a family solely through work. The safety net provided by the social security system is therefore vital to help families meet these additional costs and protect them from economic hardship.
5. CPAG's position is that for that safety net to be effective, there must be an unbreakable link between need and entitlement to support, such that it is adequate for low-income families. In other words, the amount of financial support a household receives should always reflect that household's needs. Important factors to consider include number of children in a household, disability, and housing costs. This important principle of a link between need and entitlement should be a consistent guiding factor in shaping policy interventions designed to protect low-income households from economic hardship.
6. An effective social security system must also be capable of supporting families to meet the cost of both expected and unexpected life events and maintain their income

security, for example when having a child, forming partnerships or separating, becoming unwell, moving in and out of work, and experiencing bereavement.

7. CPAG recognises that no one could have predicted the Covid-19 pandemic and its social and economic consequences; in many ways, it exemplifies the kind of unexpected life event for which the social security system should exist to support families with children, especially those on low incomes.
8. When the Government was making decisions about its economic response during the pandemic, it should have ensured that the social security system was effective, based on the principles set out above. These written opening submissions address the following:
 - a. Going into the pandemic, the social security system was inadequate.
 - b. During the pandemic, the social security system remained inadequate. This is because the costs of low-income families with children increased, and the Government's economic interventions were:
 - i. Insufficiently targeted, meaning they could not effectively meet the needs of low-income families with children;
 - ii. Undermined by pre-existing policies that continued in place which severed the link between need and entitlement to support; and
 - iii. Set up a false distinction between 'existing benefit claimants' and 'new benefit claimants', which led to low-income households missing out on vital financial support.
 - c. In the later stages of the pandemic, the failure of the UK Government to support families with children meant that many continued to experience financial hardship and many were plunged back into poverty.
9. Ultimately, CPAG submits that to protect families with children from economic hardship in a pandemic, the Government must protect them outside of a pandemic, and this means ensuring the social security system is adequate to meet their needs.

Inadequacy of the social security system on the eve of the pandemic

10. CPAG acknowledges that Module 9 is concerned with the measures that the UK Government (and the Devolved Administrations) took during the Covid-19 pandemic which were capable of alleviating economic hardship. However, as CPAG has previously submitted,⁴ an effective assessment of the UK Government's economic

⁴ See for example CPAG's oral submissions for the Module 9 second preliminary hearing (10 September 2025 19/24-25 and 20/1-4): "At the core of CPAG's submissions is the point that economic interventions do not and did not happen in a

interventions during the pandemic plainly requires consideration of the UK's overarching social security system prior to the pandemic, as the primary pre-existing mechanism available to government to protect people from economic hardship. The adequacy of the support at a time of seriously increased financial pressure can only properly be understood by first considering its adequacy in normal circumstances.

11. CPAG submits that the social security system on the eve of the pandemic was inadequate, for a number of reasons:

- a. First, benefit levels had eroded significantly in the decade prior to the pandemic, such that they were simply too low. This meant that even before the 'cost of living' pressures experienced during and in the later stages of the pandemic, the benefits received by families were already grossly inadequate to meet the costs of living. It should be noted that:
 - i. In 2020, the UK Government spent £36 billion a year less on social security for children and families than it would have done had the various cuts and freezes introduced since 2010 not happened.⁵
 - ii. Taking account of all uprating restrictions between 2010 and 2020 (i.e. the years in which benefits rates were frozen or increased by less than inflation), benefits were worth 9 per cent to 17 per cent less than they would have been if Consumer Price Index based indexation had been applied.⁶
 - iii. At the outset of the pandemic, Child Benefit payments to parents and carers were made in respect of 12.7 million children. However, the rates of the payments had been frozen for four years by 2020, and the payments had lost 20 per cent of their value in real terms since 2010.⁷
- b. Second, the UK Government during the 2010s introduced policies which severed the link between need and entitlement to support. This meant that the social security system could not respond adequately to individual

vacuum and it is only through understanding the underlying assumptions which underpinned the design of the implementations and how they relate to the wider social security system that we can assess their effectiveness."

⁵ Report from Child Poverty Action Group (CPAG) titled Spending Review 2021: Levelling Up Across the UK to increase and Spread Opportunity, dated September 2021 (INQ000608791).

⁶ Paragraph 26, Witness Statement of Sophie Howes on behalf of CPAG (INQ000648237).

⁷ Paragraph 27, Witness Statement of Sophie Howes on behalf of CPAG (INQ000648237).

circumstances. Two policies that embody the severing of this link are the two-child limit and the benefit cap.

- i. **The two-child limit:** A family's costs will evidently reflect the number of children they have. However, the two-child limit denies benefit payments in respect of any third or subsequent children, with limited exceptions – effectively punishing children for having siblings. Recent research published by CPAG shows that families do not benefit from economies of scale when raising children, as every child has their own individual needs that need to be met.⁸ Limiting the support provided to low-income families with more than two children severs the link between need and entitlement to support meaning that the risk of falling into poverty is greater. As the two-child limit has not been fully rolled out yet, at the time of writing it continues to affect an increasing number of children.
- ii. **The benefit cap:** The benefit cap limits total household income from benefit payments, also with limited exceptions. This also severs the link between families' needs and their entitlement to support. Families that are not working or have low earnings are already some of the UK's poorest families, and limiting the support provided in this way means that they sink further into deep poverty.

12. CPAG also contends that the social security system contained other flaws, which would come to hinder its effectiveness during the pandemic:

- a. The existing benefits system excluded many households from financial support entirely. Examples included households with parents/carers subject to immigration control, including those with a no recourse to public funds ("NRPF") condition attached to their visas, and households made up of EEA (including EU) nationals and their family members with pre-settled status who, while not technically subject to an NRPF condition, are not entitled to means-tested benefits or Child Benefit unless they possess an additional "qualifying right to reside" for the purposes of benefits eligibility criteria.
- b. There were limited contributory benefits, and no-earning related benefits, unlike those that exist in other European countries. The vast majority of

⁸ CPAG, The Cost of a Child in 2025, October 2025. Available at: <https://cpag.org.uk/news/cost-child-2025>.

benefits in the UK are paid at a flat rate. This means the amount people receive bears no relation to their previous earnings, or their outgoings, so people can experience a very sudden and immediate income drop, placing them at risk of economic hardship. By contrast, for example, in Germany unemployment benefit is paid at 60 per cent of a person's average net income over the past 12 months, or 67 per cent if the claimant has a child, enabling people to maintain committed outgoings like rent or mortgage and meet basic living costs. In countries where such systems exist it was not necessary to establish schemes such as the the Coronavirus Job Retention Scheme, as the social security system was capable of providing such support.

Inadequacy of the social security system during the pandemic

Families with children experienced increased levels of financial need

13. During the pandemic, low-income families with children experienced increased levels of financial need that were unique to their circumstances in the pandemic context, resulting in significant hardship. The closures of schools for most children had significant financial implications for low-income families. With children unable to go to school, families needed to spend more on food, electricity, heating, resources for home-schooling and entertainment. Many low-income families had to purchase devices and arrange for broadband access for their children to simply be able to access education.⁹ The costs of accessing usual essential items also went up due to factors such as a reduction in promotional money-saving offers in shops, difficulties obtaining particular items, and the need to minimise risk of infection, which forced some families to use more expensive food stores that were closer to home or could deliver. Further, charity shops were often closed, removing a source of cheap household items, clothes and children's toys, and restrictions on household mixing and non-essential trips constrained access to family and community support, while vital free services such as libraries were closed.¹⁰

⁹ Report from CPAG titled The Cost of Learning in Lockdown, dated June 2020 (INQ000608448). See also: Witness Statement of Kate Anstey, Head of Education Policy at Child Poverty Action Group (CPAG), dated 23/07/2025 (INQ000650990).

¹⁰ Dr. Mike Brewer, Expert Report for Module 9 - Economic response of the UK Covid-19 Public Inquiry, The impact of the labour market interventions and the social security system on inequalities (INQ000588132), citing Brewer, M. and Patrick, R. (2021), 'Pandemic pressures: Why families on a low income are spending more during Covid-19', Resolution Foundation. Available at: <https://www.resolutionfoundation.org/publications/pandemic-pressures/>.

14. The effect on low-income families was greater than that for higher-income families because of how the pandemic affected the cost of essential items and the reduced availability of discretionary leisure pursuits. The cost of essential items went up, and this particularly affected low-income families, who spend a greater proportion of their overall spending on essential items, and are less able to cut back on discretionary spending. For example, as set out in Dr Mike Brewer's expert report commissioned by the Inquiry in respect of Module 9, during the Summer and Autumn of 2020, families with children estimated to be in the lowest pre-pandemic income quintile were twice as likely to report an increase in spending (36%) than a decrease (18%).¹¹ By contrast, higher-income families spent less money during the pandemic, as many of the leisure activities which their disposable income would normally be spent on (such as recreation and culture) were cancelled due to pandemic-related public health restrictions.

The UK Government's decisions failed to meet the needs of families with children

15. CPAG submits that the Government's decision to introduce the £20 uplift to Universal Credit ("UC") and Working Tax Credits ("WTC"), the Coronavirus Job Retention Scheme ("CJRS" or "furlough"), were a response to, and an implicit recognition of, the inadequacy of the social security system at the outset of the pandemic.

16. CPAG further submits that it should have been clear to decision makers at the outset of the pandemic that low-income families with children would require more support to weather the economic shock that the pandemic would bring, and to act to mitigate those challenges.

17. In reality, low-income families found that the UK Government's economic interventions implemented through the social security system were ineffective because:

¹¹ Dr. Mike Brewer, Expert Report for Module 9 - Economic response of the UK Covid-19 Public Inquiry, The impact of the labour market interventions and the social security system on inequalities (INQ000588132), citing Brewer, M. and Patrick, R. (2021), 'Pandemic pressures: Why families on a low income are spending more during Covid-19', Resolution Foundation. Available at: <https://www.resolutionfoundation.org/publications/pandemic-pressures/>.

- a. The UK Government's failure to consider the needs of families with children meant that its measures – in particular the £20 uplift – were insufficiently targeted (relevant to Issue 43 in the List of Issues ("LoI")); and
- b. The maintenance of policies that placed limitations on support – in particular the two-child limit and the benefit cap – undermined the effectiveness of the measures that were introduced (relevant to issues 43 and 47 in LoI).

Failure to consider the needs of families with children meant interventions were not targeted

18. Throughout Module 8, the Inquiry heard extensive evidence of the UK Government's failure to adequately consider the rights and needs of children in their own right. CPAG submits that the same fundamental mistake – in particular, the failure to consider the financial needs of low-income families with children – beset the UK Government's economic response to the pandemic. Evidence in Module 8 repeatedly demonstrated that the needs of children in disadvantaged families increased during the pandemic; the support provided by the UK Government should have responded to that.
19. Under issue 42 of the LoI, the Inquiry in Module 9 will be considering the objectives of the economic interventions introduced by the UK Government which were capable of alleviating economic hardship during the pandemic, including who the intended beneficiaries of those schemes were.
20. CPAG submits that the UK Government's flagship social security interventions during the pandemic, specifically the £20 uplift, do not appear to have been designed with the aim of protecting the living standards of those already on low incomes and supporting them to weather the additional costs caused by the pandemic – including families with children (for the reasons set out in paragraph 13) and disabled people. Rather, it appears to have been designed with the aim of protecting the incomes of those who were newly economically vulnerable as a result of having lost their jobs. That, CPAG submits, was a mistake.
21. That the £20 uplift was focused on those who were newly economically vulnerable can be seen in the witness statement of the Secretary of State for Work and Pensions ("**SSWP**") during the pandemic, Lady Coffey: "*The uplift was intended to support those who faced the most significant financial disruption due to the pandemic, in particular those who lost or were at risk of losing, employment or*

*significant earnings and were making a new benefit claim for the first time*¹²; as well as in the witness statement of Katie Farrington, Former Director for Universal Credit and Employment Policy at the Department for Work and Pensions (“DWP”): *“[W]e applied a flat-rate £20 uplift to Universal Credit, without introducing additional variations for specific groups, including families with children... While we recognise that families with children often face particular financial pressures, and that people did experience hardship and additional costs during the pandemic, that was not the focus of the uplift. As increased costs were not part of the policy design, they were not considered for legacy benefits.”*¹³

22. CPAG accepts that the situation for children and families would have been much worse if the £20 uplift had not been introduced – but CPAG submits that because the measure was insufficiently targeted, households including families with children, who were already on a low income on the eve of the pandemic, were not able to fully benefit from them, despite all of the increased costs they were facing for the reasons set out in paragraph 13.
23. Far from being an unforeseen or unintended consequence, it appears that DWP officials and the SSWP considered and ruled out targeted approaches to providing financial support when designing the £20 uplift. For example, prior to the announcement of the uplift, DWP officials were exploring the possibility of increasing rates of the health element of UC (“LCWRA”) and Employment and Support Allowance (“ESA”) to provide targeted support to specific groups (presumably, in this case, benefit claimants who were sick or disabled).¹⁴
24. Notably, DWP officials, when advising the SSWP and DWP Ministers on the design of the £20 uplift, acknowledged that it would provide families with children and those with additional needs with proportionately less support. This can be seen, for example, in the statement of Neil Couling, former Director General, Fraud, Disability and Health and Senior Responsible Owner for Universal Credit at the DWP: *“As it was a flat rate paid to all types of claimants, regardless of their circumstances, the Universal Credit uplift offered proportionately less financial support for families and those with additional needs. A sum of £20 is worth significantly more to a single*

¹² Paragraph 134, Witness Statement of Therese Coffey (INQ000588238).

¹³ Paragraph 38, Witness Statement of Katie Farrington (INQ000657741).

¹⁴ See paragraph 131 of the Individual Witness Statement of Lady Coffey (INQ000588238): *Prior to this announcement, officials in DWP were looking at options for aligning the SSP, UC and ESA rates... Effectively, we considered putting ESA claimants into different ESA groups/categories to increase the ESA rate. The equivalent UC group would be limited capability for work related activity (“LCWRA”) group. This would give claimants similar uplifts. Ultimately, I decided that a blanket £20 uplift would be appropriate. It would also effectively align the UC rate with the SSP rate.”*

*claimant with no children or housing costs, compared with a family with children. We considered this when advising the Secretary of State and DWP Ministers on the measure.*¹⁵ This evidence shows that the UK Government was aware that the uplift would be worth significantly less to families with children compared with others, but pressed ahead with a flat rate all the same.

25. As the pandemic wore on – and the volume of evidence regarding the challenges faced by families with children continued to grow – it appears that DWP officials and Ministers began to reconsider the possibility of more targeted measures to support families with children. This can be seen in the evidence disclosed to the Inquiry in respect of the decision to extend the £20 uplift. As early as 6 July 2020, the Minister for Welfare Delivery in the DWP Will Quince expressed an interest in exploring, among other options, an increase to the child element of Universal Credit as part of his work on the future of the £20 uplift to the SSWP,¹⁶ which was agreed to by the SSWP on 9 July 2020.¹⁷ In her statement, Lady Coffey notes that after writing a letter to the Prime Minister outlining DWP’s proposals on tackling poverty on 25 September 2020, she tasked her officials with setting out detailed options for the future of the £20 uplift, including more targeted options: *“Knowing that it would be difficult to get agreement to make the uplift permanent and that proportionately, the £20 uplift had helped single people rather than families, I wanted to consider a range of options with a focus on lifting children out of poverty.”*¹⁸

26. From 9 October 2020, the SSWP’s preferred option for the future of the £20 uplift – which she communicated to the Prime Minister in writing – was to permanently uplift both the UC standard allowance and the child element by £10 per week each. Lady Coffey notes in her statement that *“this option struck the right balance between poverty alleviation and projected costs, noting it was project to cost £2.7 billion less than a permanent £20 uplift and would still lift around 800,000 people out of poverty.”*¹⁹ Lady Coffey repeated this recommendation to the Prime Minister in a bilateral meeting on 9 November 2020, noting that this proposal *“was more cost effective than a permanent £20 uplift and would provide more support for families and children”*.²⁰ In response, according to Lady Coffey, *“The Prime Minister expressed concern that this option would ‘create too many losers and that, politically,*

¹⁵ Paragraph 3.11, Individual Witness Statement of Neil Couling (INQ000655625).

¹⁶ Paragraph 45, Individual Witness Statement of Will Quince (INQ000588230).

¹⁷ Paragraph 45, Individual Witness Statement of Will Quince (INQ000588230).

¹⁸ Paragraph 136, Witness Statement of Therese Coffey (INQ000588238).

¹⁹ Paragraph 137, Witness Statement of Therese Coffey (INQ000588238).

²⁰ Paragraph 140, Witness Statement of Therese Coffey (INQ000588238).

the proposal was complex to explain".²¹ In the end, the UK Government opted to continue with the £20 uplift, rather than implement a more targeted policy that would better support families with children.

27. The need for future governments to carefully consider who should be the beneficiaries of its economic interventions – based on evidence regarding whose incomes are most likely to be affected in a pandemic or crisis situation – is recognised in Lady Coffey's statement: *"While I hope we are never in a situation again where most of the population is confined to their homes, a future government may want to consider if their focus at that moment was a substantial change in people's falling incomes or other factors like cost of living spikes - which may impact more those with children. This consideration should guide any future response."*²²

28. CPAG considers that in the event of a future pandemic or crisis, the UK Government must ensure that its economic interventions in the social security are targeted towards those who are most likely to be affected by poverty – especially families with children.

The continuation of policies that sever need from provision of support

Benefit cap

*"I lost my job in a cafe at the beginning of lockdown. I was not offered furlough as the business was closing. My benefits have also decreased [due to benefit cap]. After bills have been taken out, I am left with under £50 a week for food or other essential items for myself and 3 children. Struggling to see how I will be able to afford new school uniforms. Especially for my oldest who is moving into senior school." (Lone parent with three children, East Midlands)*²³

*"The government has given single over 25s an extra £20 a week to help out in the pandemic, but with three kids... it has taken me over benefit cap... so they give to us in one hand and snatch the majority of it back before [we have had the] chance to close the hand." (Lone parent with three children, North East, not in paid work)*²⁴

29. The UK Government's original rationale for introducing the benefit cap was that it would incentivise work. In general, for people who do not fall within certain limited

²¹ Paragraph 140, Witness Statement of Therese Coffey (INQ000588238).

²² Paragraph 195, Witness Statement of Therese Coffey (INQ000588238).

²³ Report from Child Poverty Action Group (CPAG) and Church of England titled Poverty in the Pandemic: The Impact of Coronavirus on Low-Income Families and Children, dated August 2020. (INQ000608720)

²⁴ Report from Child Poverty Action Group (CPAG) and Church of England titled Poverty in the Pandemic: The Impact of Coronavirus on Low-Income Families and Children, dated August 2020. (INQ000608720)

exemptions from the benefit cap, there are two ways to escape the cap: working more, or moving into cheaper housing.

30. Notwithstanding the flaws in the rationale for the benefit cap outside of the pandemic, the purported rationale for the benefit cap became even more redundant during the pandemic. Throughout most of the Covid-19 crisis, the two options available to individuals to escape the benefit cap – working more or moving house – would have involved ignoring the UK Government’s public health advice regarding staying safe during the pandemic, and moreover been practically impossible. In respect of work, it was very unlikely that claimants would be able to find a job or increase their working hours during this time, particularly for families with children who had childcare responsibilities in the face of school and nursery closures. With regard to moving into cheaper housing, some local authorities banned house moves in all but the most urgent cases for those living in social housing during the first lockdown. Even when lockdown restrictions eased, it was difficult for social housing tenants to move as there may not be cheaper housing options available in their area.
31. The maintenance of the pre-pandemic benefit cap during the pandemic meant that families with children whose total social security benefits were already at, or close to, the cap limit did not see a £20 increase to their award of benefit notwithstanding the particular impacts of the pandemic already described. This was foreseen by DWP officials, with a DWP internal briefing on 11 March 2021 stating that: *“UC claimants who are subject to the benefit cap will [...] not see [a £20] increase to their UC award..“*
32. From the start of the pandemic, CPAG and other organisations called on the UK Government to remove the benefit cap, to no avail. CPAG were particularly concerned at the substantial jump in the number of families that would be affected by the benefit cap at the start of the pandemic – this included families whose total benefits were already at the cap limit and whose income from work dropped but did not qualify for a nine-month grace period that would exempt them from the cap because they did not have a sufficiently long history of earning (consistently) enough (including, for example, because of a period of maternity leave within the previous year); or because they were claiming benefits for the first time. These calls continued in the run-up to the further jump in the number of families affected which occurred nine months after the start of the pandemic, when families who, having faced a drop of earnings from work at the outset of the pandemic and initially

qualified for a grace period which temporarily exempted them from the cap, reached the end of that period before their earnings levels had a chance to recover.

33. The maintenance of the benefit cap exacerbated the financial hardship faced by many low-income families with children, at a time when parents and carers had extremely limited and in many cases no practical options to try and increase their incomes through work to meet their increased costs.

Two-child limit

"I was in work when I got pregnant with 4th child, but then got made redundant and the whole world came crashing down. We struggle to feed and clothe our children, uniforms are expensive - and as one of the children has special needs, the burden is even more." (Couple, 4 children, working full-time - partner, North West)²⁵

"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." (Couple, 4 children, not working, North East)²⁶

34. The two-child limit severs what should be an unbreakable link between need and entitlement to support, because it limits support to only two children regardless of how many children are actually in the household. If, as CPAG submits, the UK Government's goal should have been to support those greatest risk of hardship, then it should have ensured that families with children received enough support to meet their needs. By maintaining the two-child limit, the UK Government failed at this task.
35. In addition, the pandemic was a clear illustration of the flaws in the UK Government's original purported the flaws in the rationale for the policy. The justification for the introduction of the two-child limit was that families on benefits must make the same choices as the rest of the population regarding how many children they can afford. But, in reality, any family could at some point require the support of social security benefits. During the pandemic, many families with children experienced unexpected life events during the pandemic – including job loss, ill health, and bereavement – that they could not have predicted when making decisions about family planning, and which led to them needing access to the safety net provided by our social

²⁵ Report from CPAG and the Church of England titled "No One Knows What The Future Can Hold" The impact of the two-child limit after three years, dated May 2020 (INQ000608695).

²⁶ Report from CPAG and the Church of England titled "No One Knows What The Future Can Hold" The impact of the two-child limit after three years, dated May 2020 (INQ000608695).

security system. When they did, they found that the system was inadequate to meet their needs.

36. In our joint report with the Church of England published in April 2020, we estimated that an additional 60,000 families could be affected by the two-child limit policy as a result of Covid-19, having made a claim for UC in the first six weeks of the lockdown.²⁷

The decisions set up a false distinction between 'existing benefit claimants' and 'new benefit claimants' which led to existing claimants missing out on vital financial support

37. The UK Government's economic interventions in the social security system during the pandemic – in particular the £20 uplift – and its maintenance of the benefit cap and two-child limit – created and reinforced an artificial distinction between "existing benefit claimants" and "new benefit claimants". CPAG submits that the Inquiry should carefully interrogate the assumptions underlying the decisions of Government Ministers and officials such as Lady Coffey, who says in her statement: *"The financial support measures were primarily designed to assist those likely to face the most significant financial disruption during the pandemic, for example, those who had lost or were at risk of losing employment or significant income, and who as a result were making new claims for social security benefits for the first time having previously been financially self-sufficient. This objective was not considered to apply in the same way to those who had already been on existing income-related DWP benefits for some time and were less likely to have any reduction in income"*.²⁸

38. The key assumption behind this statement is that on the eve of the pandemic, those on income-related benefits (such as UC and legacy benefits such as ESA) were not working, and therefore were unlikely to have had a reduction in income arising from a loss of employment during the pandemic. CPAG submits that the fundamental assumption in Lady Coffey's (and others') evidence in respect of the characteristics of existing benefit claimants is belied by the fact on the eve of the pandemic, the DWP's own statistics showed that 7 in 10 children in poverty were living in a household with at least one adult in work,²⁹ and 29 per cent of UC claimants were in employment.

²⁷ 'No one knows what the future can hold: The impact of the two-child limit after three years', CPAG and the Church of England, May 2020 (INQ000608695).

²⁸ Paras 175-176, Witness Statement of Therese Coffey (INQ000588238).

²⁹ Para 19, Witness Statement of Sophie Howes (INQ000648237).

39. One consequence of this assumption, based on the UK Government's logic, would have been that only new benefit claimants would experience financial hardship arising from the pandemic, and that existing claimants would not experience as much hardship and thus not require as much support. For example, in the evidence of Neil Couling, he states: "*The decision to apply a flat rate (instead of targeting specific groups of claimants) was justified as the non-targeted approach avoided the complications and costs associated with assessing individual needs for tailored support... This meant that this measure was still not quite as targeted as Ministers would have liked, and existing Universal Credit claimants received an unavoidable windfall.*"³⁰
40. That last phrase is striking, and merits particular consideration. It shows that in the view of those responsible for the social security system during the pandemic, existing UC claimants, who were subject to the increased costs outlined above, and may well have lost employment, were recipients of an "*unavoidable windfall*" through the payment of £20.
41. The reality is that families living in poverty, most of whom were in work, were the subject of seriously increased financial pressures as described at paragraph 13 above, which their benefit payments, even with the £20 uplift, were inadequate to meet. These families cannot sensibly or fairly be described as having enjoyed a "*windfall*" as a result of the pandemic.
42. CPAG submits that the maintenance of this false distinction between existing and new benefit claimants meant that the UK Government, in designing its economic response, also continued to fail to respond to families' needs as the pandemic wore on. This can be seen in the Government's rationale to maintain the benefit cap. Neil Couling, in his witness statement, sets out his view that due to the 9-month grace period to the benefit cap which applies to new claims where there is a history of sustained work, "*the benefit cap did not significantly impact the people who the uplift was primarily intended to support.*"³¹ It appears that this was the rationale for not removing the benefit cap at the start of the pandemic.
43. CPAG considers that the Government's thinking reflected a lack of understanding and appreciation not just of the situation of benefit claimants in general, but also the specific consequences which the pandemic had on low-income families. Taking benefit capped families as an example, some of them will have been working, but

³⁰ Paragraph 3.9, Individual Witness Statement of Neil Couling (INQ000655625).

³¹ Paragraph 3.36, Witness Statement of Neil Couling (INQ000655625) and paragraph 6.16, Corporate Witness Statement of the Department for Work and Pensions, Sixth Witness Statement of Neil Couling (INQ000655668).

not enough to meet the minimum requirement of 16 hours a week on minimum wage to escape the cap. For these families, they will have experienced a loss of income from employment and increased costs as a result of the pandemic, as outlined above, yet they were not provided with any additional financial support during the pandemic because those responsible for the social security system during the pandemic had determined they had not been financially impacted by the pandemic.

44. As the pandemic continued, the rationale for the benefit cap continued to be undermined. Yet the UK Government failed to give further consideration to the possibility of removing or suspending the benefit cap, even when the nine-month grace period for those who had claimed benefits or faced a drop of earnings at the start of the pandemic ended, and were benefit capped for the first time.
45. As the pandemic demonstrated, anyone can experience unexpected life events that result in them needing to claim benefits, and the purpose of the social security system is to ensure that everyone can access adequate support when needed. The evidence outlined above suggests a lack of understanding about who benefit claimants actually are. As CPAG has already pointed out, the vast majority are either working (and therefore subject to the same labour market disruption brought on by the pandemic as others) or have a very good reason for not working, for example a health condition, disability, or caring responsibilities.
46. As a discrete point, the decision not to extend the £20 uplift to legacy benefits also meant legacy benefits claimants, many of whom were disabled, missed out on vital support during the pandemic. CPAG notes that some DWP ministerial evidence in respect of the decision not to extend the £20 uplift to legacy benefits ascribes it to the operational limitations of the systems by which legacy benefits are delivered. For example, this can be seen in Will Quince's evidence: "*The decision not to provide an equivalent uplift to individuals on legacy benefits...was down to system capacity and capability...I wanted to see an equivalent uplift for those on legacy benefits and recall having discussions on this issue with the Minister for Disabled People and the Secretary of State. However, I was persuaded, as was ultimately the Secretary of State who will have made the decision, that the system constraints combined with the risk of system failure and the potential adverse impact this would have on those who relied on the support was too great a risk*"³² and additionally in the evidence of Justin Tomlinson (as the then Minister of State for Disabled People): "*Logistically, I*

³² Paragraph 62, Individual Witness Statement of Will Quince (INQ000588230).

think it was too big a challenge".³³ This is at odds with the DWP Corporate Statement which states the uplift was designed to provide support *"to those newly unemployed or experiencing reducing incomes and therefore, new to the benefits system"* and refers to the policy objective of the uplift being to provide *"financial support to those claiming social security benefits for the first time"*.

47. CPAG encourages the Inquiry to closely interrogate these tensions in the DWP evidence, as well as the assumptions underlying the decision including that existing disabled benefit claimants would not experience financial hardship arising from a sudden loss of income, as with new benefit claimants; that existing benefit claimants would not experience as much financial hardship as new benefit claimants or would not face lost income from work – as appears to have been the case as shown through Lady Coffey's statement at paragraph 37 above – CPAG submits that it should have been clear that many disabled people would, in the event of a pandemic, experience increased costs, given the additional costs of disability that exist outside of a pandemic that are likely to have been compounded by the circumstances of the pandemic; and taken steps to mitigate this. The Inquiry must recognise that many legacy benefits claimants who ended up applying for UC to receive the £20 uplift – thus putting an end to their legacy benefits - ended up losing out financially after the uplift ended, because they were not entitled to transitional protection.

Inadequacy of social security in supporting recovery from the pandemic

48. That Government Ministers and officials do not appear to have designed its interventions in the social security system during the pandemic with a view to alleviating the economic hardship faced by low-income families with children can be seen from the evidence provided to the Inquiry that it was only after they saw the poverty reducing impacts of the £20 uplift to UC and WTC, that they were persuaded to recommend that the Government permanently maintain it. This can be seen in Lady Coffey's evidence, where she states: *"I subsequently wrote to the Prime Minister on 13 January 2021 outlining that I now thought it was necessary to make the £20 uplift permanent, with my primary reasoning being that it would ensure hundreds of thousands of people did not fall back into poverty."*³⁴
49. CPAG has set out above our submission that the UK Government should have, from the start of the pandemic, targeted its economic interventions to support those on

³³ Paragraph 52, Witness Statement of Justin Tomlinson (INQ000656295).

³⁴ Paragraph 142, Witness Statement of Therese Coffey (INQ000588238).

already on low incomes; and further, that it missed an opportunity while deciding to extend the £20 uplift to modify the intervention to better target families with children. Once the UK Government saw that the £20 uplift was having a positive impact and reducing the number of people living in poverty, CPAG submits that it should have, as both the SSWP and Minister for Welfare Delivery recommended, made the £20 uplift permanent, and at the time, advocated for this to happen.

50. More fundamentally, however, and in line with our submissions above regarding the importance of a targeted approach, CPAG submits that the UK Government should have, in its preparations for the pandemic, taken into account its own evidence about poverty, including who was most affected it – including families with children – and considered how its policies could help reduce poverty, when designing its economic interventions. CPAG submits that protecting the living standards of everyone in society – but particularly those at greatest risk of poverty or already living in poverty – should always have been part of the UK Government’s considerations when designing its policies. That it was not throughout the pandemic means that its policies were less effective than they could have been, and in practice, meant that families with children experienced avoidable hardship.

Conclusion

51. CPAG's position is that a well-functioning social security system should have been available to provide adequate support to families impacted by the pandemic, whether they were existing benefit claimants or not.. The fact that it was not (and still is not) sufficient is demonstrated by the fact that alternatives needed to be created in the form of the £20 uplift, the CJRS and the SEISS. The £20 uplift, CJRS, and the SEISS were a response to, and an implicit recognition of, the inadequacy of the social security system at the outset of the pandemic.
52. The Government could have sought to address these inadequacies at the beginning of the pandemic, or as the pandemic progressed. Instead, its flagship change to benefits, the £20 uplift, was targeted at new claimants, insufficient consideration was given to the needs of individuals and families already in receipt of benefits, and it failed to respond to household needs.
53. Nonetheless, while acknowledging that low-income families would have been much worse if the £20 uplift (and CJRS and SEISS) had not been introduced, CPAG submits that the UK Government’s failure to target its economic interventions towards families with children, and its failure to remove the benefit cap and two-child

limit, meant that they were not as effective as they could have been. The root cause of these failures is the UK Government's failure to consider the needs of families with children – which it should have known would have suffered disproportionately from the pandemic – when designing its economic interventions. The effects of this, as demonstrated in the experiences of low-income families with children, were devastating, and will continue to have effects long after the pandemic.

Recommendations

54. The Inquiry has the opportunity in Module 9 to explore the UK Government's failures during the pandemic and analyse its root causes, with a view to making recommendations for the future.
55. In the event of any future pandemic, CPAG's core recommendation is that the default mechanism for getting financial support to households in emergencies must be an improved social security system. For the UK Government to be able to protect low-income families with children in a future pandemic, it must invest in the social security system today and ensure that it is adequate, responsive to individual households' needs, and accessible to all those who may need to access it. As part of this process, the Government must abolish the benefit cap and two-child limit, policies that put arbitrary limits on support for families with children.
56. A cross-government child poverty strategy is an important framework for co-ordinated action on child poverty across government departments. If effective, it can serve as a vehicle for the progressive realisation of children's rights. Binding targets to reduce child poverty and reporting obligations in respect of those targets are essential to ensuring the successful delivery of any child poverty strategy. More broadly, by strengthening the social security system, the UK Government will be able to build the social and economic resilience required to enable families with children to withstand a future pandemic.

CPAG

11 November 2025