



## **Citizens Advice Scotland response Exceptions to the limiting of the individual Child Element of Child Tax Credit and the Child Element of Universal Credit to a maximum of two children – Public consultation**

**November 2016**

*Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.*

*In 2015/16 the Citizens Advice network in Scotland helped over 310,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £120 million and our Scottish self-help website Advice for Scotland received over 4 million unique page views.*

### **Introduction and context of response**

Citizens Advice Scotland welcomes the opportunity to respond to this consultation. Benefits and tax credits is the largest area of advice provided by Scotland's CAB network, with 227,561 new issues brought to bureaux in 2015/16, representing 39% of advice provided. Advice on Child Tax Credits is one of the most common issues that clients seek advice on, with 13,363 new issues during the year, an increase of 14% compared with the previous 12 months. During November 2015, 9% of CAB clients who were given advice on an issue related to Child Tax Credits were from a large family, with three or more dependent children.

CAS is generally concerned about the restriction on families to only being able to claim Child Tax Credits or Universal Credit for two children, and would recommend the Government reconsider the policy in its entirety rather than making exemptions to it.

The change of policy will negatively impact tens of thousands of households in Scotland in the long run, with the most recent official figures indicating that 51,000 of the families in Scotland who received tax credits in 2014/15 contained three or more children, meaning that over 153,000 children would be affected by the change if demand for tax credits and Universal Credit remained at current levels.<sup>1</sup>

Receiving Child Tax Credits can be essential to prevent families from facing hardship and destitution. Recent instances of CAB clients having their tax credits stopped

---

<sup>1</sup> Personal tax credits: Finalised award statistics – geographical statistics 2014 to 2015 – HM Revenue and Customs, May 2016  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/525473/cwtc\\_awards\\_g\\_eog.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525473/cwtc_awards_g_eog.pdf)

incorrectly following an investigation by Concentrix demonstrate the impact of a loss of income.

***A West of Scotland CAB reports of a client who had not received Child Tax Credits for over 12 weeks following a letter from Concentrix asking her to provide evidence that she was not living with her ex-partner. Despite sending the requested information by recorded delivery, the tax office has not yet looked at the information and her payments have not resumed.***

***The client was very upset and crying throughout the appointment. Due to the period she has been without tax credits, she has had four Crisis Grants, has had to be referred for food parcels from foodbanks, and has had to receive emergency credit on her electricity and gas meters. With Christmas coming up, the client was concerned that she did not know how she is going to pay for her children's presents.***

For families with more than two children, the impact of the loss of tax credits has been particularly profound and indicates that restrictions to their Child Tax Credit entitlement have the potential to push them into crisis.

***An East of Scotland CAB reports of a client who is married with three young children and is currently on maternity leave. They have a combined income of less than £20,000 per year. The client is challenging an alleged overpayment of tax credits of £1,800, and has repeatedly tried to provide requested information about childcare to HMRC, but has not managed to get through, despite meeting the priority criteria for severe hardship due to their income and three children.***

In addition to the households proposed for exemption in this consultation, the proposals will have a particular impact on lone parent families, who will find it difficult to make up the losses through working additional hours, due to having several young children to care for.

Whilst the consultation document suggests that “households will need to think carefully about whether they are financially prepared to support a new child without relying on the tax credits or means-tested benefit systems” and recognises that “some parents or carers for children are not in the same position to make choices about the number of children in their family as others are” it does not recognise that there will be future circumstances where any family who has a third child, may subsequently and unexpectedly require support from tax credits or Universal Credit. This includes situations where families may break up or where there is a loss of

income, such as redundancy. It also makes the assumption that all pregnancies are planned which is not the case for many parents.

## **Multiple Births**

### ***Q1. Do you have any views on the proposed model for multiple births?***

Citizens Advice Scotland agrees that children born in a multiple birth should be exempt from the restriction. In the situation where twins, triplets or a larger amount of children arrive simultaneously, families are likely to face increased pressures on their incomes. It would be unfair for them to be penalised in this situation.

## **Children living long-term with family or friends**

### ***Q2. Are there any formal arrangements for caring for the children of friends and family which have not been considered above?***

CAS welcomes the exemption for kinship carers which is a positive recognition of the role kinship carers play, as well as that a kinship arrangement could result in an unplanned third child being added to a household.

CAS is content that necessary formal arrangements are covered by the proposals, which are referred to as 'Looked After' arrangements in Scotland for children for whom the local authority has responsibility.

It is worth highlighting that kinship carers of children in formal kinship care placements are not eligible to receive the Child Element of Universal Credit due to the legal status of the child, so this exemption would only apply to Child Tax Credits.

### ***Q3. Do you agree that evidence from a social worker is the best approach to providing the necessary evidence of the need for an informal family and friends care arrangement?***

### ***Q4. Are there circumstances where a professional other than a social worker may be able to provide such evidence?***

CAS welcomes the inclusion of informal kinship care arrangements in the exemptions and it is important that this is recognised equally. In Scotland 'Not Looked After' children are those who are subject of a Residence Order or who are living with a kinship carer informally.

Most informal kinship care arrangements in Scotland are not known to social work, so there is a risk that a number of informal kinship care arrangements may be missed. CAS would recommend that evidence from a teacher or a health professional would also be able to be used as confirmation of an informal kinship care arrangement.

***Q5. Are there any further considerations we should make in relation to this group of children [children under 16 who become the parents of a child]?***

Citizens Advice Scotland agrees that when someone under the age of 16 living in a household has a child of their own, the household should be exempt from the restrictions.

**Children likely to have been conceived as a result of rape**

***Q6. Do you have views on using a third party evidence model?***

***Q7. Who should be recognised as a professional third party?***

***Q8. We are interested in hearing from third parties (such as those listed) about any considerations we should take account of as part of the process of providing evidence for the exception. In particular, if there are any issues which might make it more difficult for a third party to assess a claim for exception, including non-recent cases.***

CAS is content with a third party evidence model being sufficient to enable the exemption to the two child restriction where it is likely a child has been conceived as a result of rape. It is important that this route is as straightforward as possible for people to access, to address a highly difficult and sensitive situation that has arisen as a result of the restriction.

The list of third parties outlined in the consultation document appears appropriate. CAS would encourage the Government to include a broad range of 'other organisations such as specialist rape charities' in recognition that people may seek many sources of support in this situation, including citizens advice bureaux and welfare rights services, as they may be their first source of advice on the exemption as part of advice on tax credits or Universal Credit.

***Q9. Are there other considerations we should take into account in respect of the requirement to not be living with the alleged perpetrator?***

CAS is concerned that requiring people not to be living with the alleged perpetrator may exclude some people from accessing the exemption despite a child being conceived as a result of rape. We would recommend the Government reconsider whether this is appropriate in light of evidence from specialist organisations.

***Q10. Do you agree with this approach [applying the exemption where there has been a conviction or compensation award for rape]?***

Citizens Advice Scotland agrees that where a person has been convicted as a result of rape that led to the birth of a third child, then an exemption should be applied to ensure that Child Tax Credits or Universal Credit support is provided to the person who was raped.