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Born Broke – Family Action Report Highlights the Babies Paying for Bust Britain

- **Poorest families could lose out on £1735 support for new babies**
- **Middle income families will lose thousands as a result of changes to financial support for new children;**
- **More children will be at risk of being born into poverty**

Charity Family Action is today warning that new parents and babies will bear the brunt of cuts to support for families. Born Broke, Family Action's report on the impact of welfare changes on parents with new children details the cuts which will leave many new families struggling with more children at risk of being born into poverty.

Cuts to the health in pregnancy grant, changes to the Sure Start Maternity Grant, the abolition of the Child Trust Fund and the baby element of child tax credit, scrapping the toddler tax credit and changes to tax credits and childcare support for families returning to work after maternity and paternity leave will all leave families reeling at a time when finances are tight.

Research shows the poorest families will lose £1735 over pregnancy and the first year of a child's life with middle income families losing many thousands more due to changes to tax credits and childcare costs. Financial help for new parents is vital to support the additional costs of a new baby. Family Action works with 45,000 families and children a year providing practical, emotional and financial support through home based family support and welfare grants including many new parents through our Perinatal Support Programme for mothers at risk of depression.

Commenting on the findings Family Action Chief Executive Helen Dent said: "These forgotten families and their children will be counting the cost of austerity. Many parents will be hit hard by measures which will disadvantage new babies at birth. Vulnerable mothers will struggle to maintain a healthy diet during pregnancy, low income families will find it tough to meet the needs of their newborn children and families returning to work will be stung by cuts to tax credits and childcare costs. We know from talking to the new parents who access our services how vital these funds are in giving families and their children the best possible start in life. Now they'll be on the back foot from birth thanks to the Government's policies."

The Government is making cuts to a number of key grants and other welfare entitlements for new parents. These include the Health in Pregnancy Grant,

the Sure Start Maternity Grant, the Baby element of Child Tax Credit, the (planned) Toddler element of Child Tax Credit, and the Child Trust Fund. These potential losses would not be sufficiently offset by above inflation increases in the Child element of Child Tax Credit, and could be compounded by other benefit cuts such as the reforms of Local Housing Allowance, and freezing Child Benefit rates. Higher income, working families with new children, could lose many thousands more as a result of changes to income disregards for tax credits and reductions in the childcare element of Working Tax Credit.

Ends

For further information please see [Broke from Birth: Welfare Changes for New Parents and their Children](#). (hyperlink) The key measures particularly affecting new parents include:

- *The Sure Start Maternity Grant will apply to the first child only from April 2011.*
- *The Health in Pregnancy Grant will be abolished from January 2011*
- *The Baby Element of Child tax Credit will be abolished from 2011-12*
- *The planned supplement to Child tax Credit for children aged 1 and 2 from 2012-13 will be reversed.*
- *Government contributions to the Child Trust Fund will be stopped altogether from January 2011*
- *The Tax Credit income disregard will be reduced from £25,000 to £10,000 for two years in 2011-12 then to £5,000 from 2013-14*
- *A Tax Credit income disregard of £2,500 for falls in income will be introduced from 2012-13*
- *Reducing the percentage of childcare costs that parents can claim through the childcare element of Working Tax Credit from 80% of childcare costs to 70%.*

This is a selection of key measures which will particularly affect these families. A wider range of measures (including most of the 21 welfare cuts addressed in our report “pushed towards poverty: 21 welfare cuts for low income working households”) could also affect new parents alongside other groups.