

## Family Action Budget & April Family Finance Changes Briefing 23<sup>rd</sup> March 2011

Family Action has been a leading provider of services to disadvantaged and socially isolated families since 1869. We work with over 45,000 vulnerable families and children a year by providing practical, emotional and financial support through 100 community-based services across England. Additionally in 2009-2010 we distributed 4,218 grants totalling over £1,104,883 to families and individuals in financial hardship throughout the UK. Family Action works with families in the home, providing early intervention services that strengthen families, assisting them to take more responsibility for their lives, parent their children and where appropriate helping them to move towards employment.

### Family Finances Will Take Unprecedented Hit in April as Cuts Hit Families

With the Budget next week, Family Action is concerned about the impact of up to 16 welfare cuts which will squeeze family finances from the start of April. With food and fuel inflation already hitting families these changes could break some of the vulnerable and disadvantaged families we work with and with unemployment soaring and the potential for further cuts in the Budget on 23<sup>rd</sup> March Family Action is calling on the Chancellor to put his money where his mouth is and introduce measures in the Budget to mitigate these changes and protect families facing their own financial crisis.

**Family Action Head of Policy and Campaigns Rhian Beynon said:** "More than 2.5 million unemployed households, along with many other low paid households, need the Chancellor to give them a hand up not pull away their safety net. But this is precisely what he will do to many of the poorest families and children with no less than 16 welfare cuts from the beginning of April. The increase in the basic tax allowance will mean nothing to the unemployed and those earning below their earnings threshold, and whilst we welcome increases in Child Tax Credit, many families will lose out overall because of cuts affecting help with housing and childcare amongst other things and once food and fuel inflation are taken into account. We are already hearing from the families we work with how desperate they are and fear that the most vulnerable and disadvantaged will be broken by this Budget."

Increases in the income tax personal allowance by £1000 in 2011/12  
Reduction in % of childcare costs available through childcare element of WTC from 80% to 70%  
Freeze the basic and 30 hour elements of the WTC for three years  
Local Housing Allowance Rates to be capped  
Local Housing Allowance rate for more than four-bedroomed property to be removed  
Local Housing Allowance rates to be set at 30th percentile of local rents  
Removal of contributory Employment and Support Allowance after one year  
Freezing child benefit rates for three years  
Increase the first and second withdrawal rates to 41%  
Removing baby element from Child Tax Credit  
Sure start maternity grant to apply only to first child  
Adopt CPI for indexation of benefits and tax credits  
Crisis Loans: payments for household items such as beds or cookers to stop  
Crisis Loans: reduced rate paid for living expenses from 75% of benefit rate to 60%  
Crisis Loans: cap of three awards in rolling twelve-month period  
Adjust second income threshold for family element of Child Tax Credit from £50,000 to £40,000

For comment or case studies in the lead up to and following the Budget and the April changes you can contact Anthony McCaul, Family Action's Senior Media and Campaigns officer on 0207 241 7632 or 0781 309 2040 or by emailing [anthony.mccaul@family-action.org.uk](mailto:anthony.mccaul@family-action.org.uk)  
For more information visit [www.family-action.org.uk](http://www.family-action.org.uk). You can keep up with our views on welfare reform by reading our blog "*The State of Welfare*".