

CHILD POVERTY IN LANCASTER AND MORECAMBE

A report by Ellie Curry

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FOREWORD

Child Poverty is an emotive issue arguably because it should be. Children who experience poverty are more likely to experience Adverse Childhood Experiences¹ and are less likely to have the opportunities of their better off peers.

Shockingly, in Lancaster and Morecambe, there is a difference in life expectancy of over a decade for men and eight years for women, between the richest and poorest wards, and the impact of a childhood where basic necessities are scarce can leave lasting scars.

Citizens Advice North Lancashire has seen families coming to us in recent years with increasingly complex, interlinked problems. Those on the lowest incomes find it almost impossible to afford the basics if they are living on working age state benefits and children are penalised by the two child limit and the benefits cap and the other policy failings made clear in this report.

Our projects have been developed with complexity in mind and we do a lot of effective casework with families to increase household incomes, minimise debt and help to find solutions to common issues such as issues with benefits and problems with housing. These in turn help families to feel better and live with less stress.

However, with some clients we can't find a solution; they simply don't have enough to live off and this is a policy problem. Research and Campaigns is one of the twin aims of our charity and so by gathering the evidence in this report we hope to show elected members and others in a position to make change that policy change is the only solution for some of our clients and their families.

Thanks go to our author, Ellie Curry and the staff, volunteers, partners and clients who have provided the invaluable data and insights for this report.



Joanna Young, CEO, Citizens Advice North Lancashire

¹ <https://www.ucl.ac.uk/news/2020/jul/children-poverty-greater-risk-childhood-traumas>

Executive Summary

In Lancaster and Morecambe, an average of one in five children live in poverty, with certain wards seeing rates as high as two in three children. Child poverty has caused Citizens Advice North Lancashire (CANL), schools, charities, and other statutory bodies to undertake more involved projects and strategies to mitigate the increasing rates of deprivation.

This report highlights four key issues that exacerbate child poverty in Lancaster and Morecambe:

1. **Barriers to work**, such as lack of availability of affordable childcare
2. **Household financial needs vs benefit provision**
3. **Debt**, including predatory lending and cycles of debt
4. **Housing**, such as the quality and quantity of social housing, and renters' rights

These issues are the things that either bring CANL clients to the financial knife edge, or prevent them from experiencing financial stability, contributing to child poverty in the district. Part of our charitable mission is to campaign for change and our call to elected members is to change social policies in the following ways:

- End the two-child limit
- Bring Local Housing Allowance (LHA) rates in line with current average rent prices
- Scrap the poorly functioning Healthy Start Voucher scheme and increase child benefit
- Supply vitamins universally to expectant mothers and children under 5 for free
- Increase the amount of social housing, and invest more in improving the current social housing stock
- Place more stringent regulations on creditors, and prevent predatory lending to low income households
- Reform the benefit cap in order to protect families with parents working in insecure employment and zero-hours contracts
- Extend Free School Meals to all children in full-time education
- Increase Statutory Maternity pay
- Stop the deduction of Maternity Allowance from Universal Credit (UC) payments
- Make the childcare system within universal credit much easier and less complex to use

We've summarised the findings from two child-focused projects at CANL: The Early Years Project and The Schools Project. Our Early Years Project provides advice to pregnant women and parents of children aged 0-4. Our Schools Project provides two full time advisers who work across all schools in our District taking referrals from both school staff and self referrals from families.

It is based on quantitative data from the Morecambe Bay Food Bank and CANL's recording systems to describe how these four issues impact our clients. Importantly it also includes testimonials from CANL clients and the youth commissioners of the Morecambe Bay Poverty Truth Commission, in addition to case studies and evidence forms written by CANL's advisers to illustrate the human cost of child poverty.

Introduction

Child poverty in Lancaster and Morecambe is currently at an average rate of one in five children throughout the whole district. However this rate can climb as high as 45-60% in specific wards² such as Westgate, Poulton, Harbour, and Skerton East and West. Living in poverty refers to the state of not being able to afford your basic needs, and the relative poverty rate is calculated as households who live off 60% of the national median income or less.

In the UK child poverty is increasing, with the national average being roughly 1 in 3 children (31%) experiencing poverty³. This number increases amongst families with more than 3 children, or with disabled children - up to 45%⁴. Children aren't starting life from the same position - the issues laid out in this report show that child poverty follows certain themes, which seem distinct, but are interwoven throughout a child's life. They interact with each other to create cycles of poverty, poorer health and lower opportunities and educational outcomes.

The high rate of child poverty in the poorest wards in our District has led to a higher demand on local food banks and clubs, and increased need for intervention by schools into

² West End Morecambe Big Local (2024)

<https://www.nhsconfed.org/case-studies/west-end-morecambe-big-local>

³ BBC (2025) UK child poverty numbers reach a record high

<https://www.bbc.co.uk/news/articles/cx2g03yxxeko>

⁴ JRF (2025) UK Poverty 2025

<https://www.jrf.org.uk/uk-poverty-2025-the-essential-guide-to-understanding-poverty-in-the-uk>

the family life of the children they teach. The Morecambe Bay Food Bank supplied 4,162 children with an emergency food parcel between April 2024 and September 2025. The Olive Branch, a Lancaster-based food bank, supplied 2,462 children with a food parcel between January 2024 and April 2025.

From the increased needs of children and their families, CANL has developed the Schools Project and the Early Years Project. These are in partnership with Morecambe Bay Food Bank, local schools, Trussell, and National Citizens Advice. These projects give local families tailored support to meet our clients where they're at, in their time of need, with the aim of reducing the strain on local food banks and to help them solve complex problems. This report uses the quantitative data collected from these projects and pairs it with the lived experience of our residents.

Issue One: Barriers to work

We welcome the government's commitment to getting more people into work, reflected in their roll out of 30 hours of funded child care for working parents. However we do still see that parents are prevented from accessing childcare due to poor administration, lack of information, over-subscribed services, and barriers placed on parents who aren't working. Parents in Lancaster and Morecambe are limited when they try to return to work after maternity leave, or try to switch to part time hours to accommodate school hours and nursery.

Firstly, for those parents who are not working, or working limited hours after having a baby, they often feel as though they have been set up to fail by the Universal Credit system for helping with childcare costs. Universal credit will cover 85% of childcare costs, up to a maximum of £1,031.88 a month for one child, or £1,768.94 for two or more⁵. However, parents accessing this element of UC are required to pay the first month's cost of childcare upfront, which is nearly impossible for those with no savings, and often not enough money to cover essentials. "Keira" shared her experience with me at a Children and Family Wellbeing event in Poulton, Morecambe:

Keira put her daughter into nursery in January of 2025 before heading back to work in February, to give her daughter time to adjust. She borrowed money from her mum, and

⁵ Turn2Us (2025) Help with Childcare Costs - Help with Childcare Costs when You are Working <https://www.turn2us.org.uk/get-support/information-for-your-situation/help-with-childcare-costs/help-with-childcare-costs-when-you-are-working>

paid the rest out of pocket for the first month of childcare. She went to her UC journal and filled out all the necessary forms and submitted an invoice and receipt of payment.

Keira didn't hear anything from the job centre or her work coach, so she assumed that she had done everything correctly and the childcare payment would be amended to her UC payment the next month.

The next month, there was no childcare payment added to their UC statement. She put a message on her UC journal to ask for help with correcting this error, and heard nothing back. When she called UC, she was told that she had filled out the form incorrectly, and the payment could not be made that month. Keira struggles with forms due to ADHD and autism, and she requested that someone on the phone go through the form with her, so she was confident everything was right. She was told 'no' and to contact her work coach. She explained that she put a message in her journal to ask for help and had heard nothing. To this she was told 'it's not an instant messaging service'.

After this, Keira and her partner were forced to take a loan to cover their next month of childcare costs. At this point they were £1120 down, with no help or support from UC. She says "you have to be on your knees before they will help".

Now, Keira messages every single month when she submits her nursery invoices, she has lost all trust and confidence in the UC system, and her return to work after maternity leave was marred by financial insecurity and debt.

A claim for UC childcare element is calculated per assessment period, instead of per actual payment for childcare. For example, if 'Steve' pays for his child to attend breakfast club and after school club in advance for one term at school (3 months), he will receive his total payment across each of the next 3 months. These factors might exacerbate a person's negative budget, and force them to take on debt to cover the cost of childcare.

Parents who receive the full 30 funded hours of childcare still encounter issues when they put their children into childcare. A lack of funding for nurseries has meant that they have begun charging a 'consumables' charge to parents, which is separate to their normal costs of childcare. These charges can range from £2 a day to £20 per week, depending on the nursery. Whilst they are not allowed to make these charges compulsory, they would otherwise require parents to provide their children with food at nursery, or allow their children to miss out on some activities. For those families who cannot afford these extra

fees, and can already be paying up to £500 per month for their childcare, this is an incredibly stigmatising experience. Parents accessing their funded hours are also only able to begin claiming them at the beginning of the nursery term **after** their baby turns nine months old. This means that parents will either have to extend their maternity leave using unpaid leave or holidays, or pay out of pocket for childcare until the beginning of the next term.

“Childcare is very expensive, even with them both being at school / pre-school. I spend around £500 a month just to be able to work full time, which I need to do to afford our cost of living. Childcare can also be hard to find outside of the usual hours (I work in healthcare, so not always 9-5). Our school thankfully allows uniforms with no logos, which helps financially, but extracurricular activities are also very expensive.”

“Childcare can restrict the shifts I am able to work. We looked into me not working as a solution to high childcare costs. The financial savings would only be £60 a month. The physical and mental cost for me would however be so detrimental to my health that it was not worth the trade off.”

“Reduced hours at work to cover childcare. Trying to balance being paid enough and doing enough hours so I don’t miss out at work, with being the main parent covering childcare as my partner earns more and can’t reduce hours. Always a constant struggle and stress for me”

Issue Two: Benefits not being enough



The current benefits system is not keeping up with the needs of a family in Britain. The rate of inflation has remained steadily high since the Covid-19 pandemic⁶, recorded at 3.8% in August 2025, yet Universal Credit has only increased at a rate of 1.7% in April of this year. The cost of living crisis has seen more of our clients taking on debt, defaulting on bills, and forgoing essentials to try to break even.

16,000 people receive Universal Credit in Lancaster and Morecambe district, 33.9% of whom are in employment. Benefits and tax credits, including Universal Credit, made up 1,537 of the issues we helped our clients through.

⁶ BBC (2025) Why is UK inflation still rising? <https://www.bbc.co.uk/news/articles/c17rgd8e9gjo>

"If it wasn't for food clubs and family helping I don't think we would have survived. I am savvy when it comes to batch cooking and making the most out of meals but if I wasn't that way it would have been more difficult than it already is."

Citizens Advice North Lancashire is one of many voices calling for the end to two child limit within Universal Credit. Removing the limit would lift 300,000 children out of poverty in the UK⁷. As a service, we see time and time again that the limit contributes to a negative budget for our clients, and presents as a financial hardship. This section explores how various elements of means-tested benefits are either too low to keep children out of poverty, or penalise parents who try to work, and thus lose out on benefits that alleviate the cost of living.

"I was starving myself while I was pregnant so my partner and older daughter could eat. I begged Universal Credit for help but I always felt like they never wanted to help me. I was also told I couldn't get any winter fuel payment because I hadn't been on UC long enough. I was completely stuck, depressed, and anxious. I eventually got help through Citizens Advice and they got me a food parcel from Morecambe Bay Food Bank, and a Household Support Fund award. I remember sitting and crying because I could finally eat without feeling like I was taking food away from my family, every time I saw the food I would start crying again. We still struggle while I'm on maternity leave, and I still feel shame and stigma when I ask for help because of my experience with Universal Credit"
Client

Maternity Allowance and Statutory Maternity Pay

Failures in the welfare system's approach to child poverty begin early. Pregnant women who cannot get good maternity pay through their work, or are not entitled to Statutory Maternity Pay (SMP) suffer severe financial hardship from the time they take maternity leave to when they return to work. Maternity Allowance is deducted in full from Universal Credit, so if a parent has been working and cannot get SMP, they will face a massive reduction in their monthly earnings.

"Currently on maternity leave but SMP is low. Only going to be able to return to work part time due to childcare costs which are still high even with the funded hours."

⁷ Child Poverty Action Group (2024) The two child limit: Our position
<https://cpag.org.uk/policy-and-research/our-position/two-child-limit-our-position>

This is a case study for a client that came through the Household Support Fund hardship scheme recently:

Case Study: The Impact of Maternity Allowance Deductions on a Single Parent

Client Background

The client is a single mother of two young children, including a newborn. She separated from her ex-partner in April after discovering his struggles with gambling and drug addiction. Before the separation, the family had recently moved into a rented property costing £1,200 per month, having previously lived in a caravan. At the time of the move, her ex-partner's business was thriving, but he has since lost his job and is unable to contribute financially. He occasionally helps with childcare but offers no financial support.

Financial Strain

The transition to a permanent home required the client to purchase essential furniture, leading to £1,500 in catalogue debt. When her car broke down, she was forced to borrow money from her ex-partner's mother and is repaying this loan at £100 per month. In addition, she is repaying another loan at £74 per month which she got to pay the deposit on her current home.

Despite receiving Universal Credit (UC) and Maternity Allowance (MA), the client's total monthly income is just £1,215, barely covering her rent and leaving nothing for essential living costs. She missed out on eligibility for Statutory Maternity Pay by two days. Because Maternity Allowance is deducted pound-for-pound from her UC, her income does not reflect the additional cost of caring for a newborn. While a slight increase to her UC is expected following the registration of her baby's birth, this will be minimal.

Barriers to Support

The client has attempted to access Healthy Start Vouchers, as she is eligible, but has repeatedly encountered issues with the application system, which does not recognise her details. She is planning to call them directly for clarification, but it is hard to balance these things with a newborn and toddler.

Mental Health and Housing Concerns

The client suffers from complex PTSD and is experiencing postnatal depression. She is currently receiving support from the perinatal health team. She is actively seeking to relocate to Oldham, where her family is based, and her current landlord has

already begun showing her home to prospective new tenants. If she is unable to secure alternative housing in time, she could move in with her mother. However, this would result in overcrowding and an unsafe environment due to the presence of a large, untrained dog.

Another parent said this about her experience with claiming benefits while having young children:

"If I wasn't on UC I wouldn't be able to afford my outgoings, but if I worked more hours I would get less benefits and spend more on childcare"

This parent works two night shifts a week in order to avoid deductions from her UC, as well as meet the requirement of working now that her children are old enough. These parents have to carefully balance their work so that they don't earn so much that they get massive deductions from their UC, but still have extra income to meet the high costs of raising children.

Healthy Start Vouchers



Children under five in families living with poverty tend to eat only three out of the five daily recommended portions of fruit and vegetables. The aim of the healthy Start scheme is to increase this amount. Eligible recipients get £4.25 each week of pregnancy from the 10th week, £8.50 each week for children from birth to one year old, and £4.25 each week for children between one and four years old⁸. It has been shown that there is a notable increase in fruit and vegetable consumption in low income families that receive HSVs versus those that don't⁹.

However, there are two key issues with the Healthy Start Voucher system:

- Practical problems with their eligibility criteria, dispensation, and amount
- The patronisation of the scheme itself, and the dependency it creates.

⁸ NHS (2025) Your payments and how to shop
<https://www.healthystart.nhs.uk/what-youll-get-and-how-to-shop/>

⁹ National Food Strategy (2021) Recommendations in Full
<https://www.nationalfoodstrategy.org/wp-content/uploads/2021/07/National-Food-Strategy-Recommendations-in-Full.pdf>

It is well documented that since the roll-out of the cards loaded with credit from the Healthy Start scheme, users have encountered issues with the cards not working or displaying insufficient funds when they know this is not the case. A report commissioned by Citizens Advice North Lancashire found that lack of knowledge about how to use the cards and what they were for was rife¹⁰. When parents took out the cards to use them in supermarkets, they felt stigmatised and shamed, with one user stating that other shoppers “look at me with dirty looks as if I’m a disgrace”¹¹. Often, cards don’t work at the check out and parents are forced to return items to the shelves which feels humiliating.

The amount given under the Healthy Start scheme is also vanishingly small, and cannot make a meaningful difference in the level of consumption of nutritional food. This small amount also means that if a parent bought baby formula with their voucher, they would be unlikely to be able to buy any other fresh food or milk for their other children. This places an extra burden on parents that don’t breastfeed their babies, which is more common for mothers in the North West - only 33%¹².

The concept of providing a family with a voucher that could only be spent on approved items is patronising, and generates a cycle of dependency for families in need. When a household’s finances don’t match the basic income necessary to survive, dictating what a family can and can’t do with the little help available feels unhelpful and unnecessary.

Citizens Advice North Lancashire proposes a radical change: scrap the Healthy Start Scheme, and increase the amount of weekly child benefit accordingly for all children.

Child benefit has not kept up with inflation and the cost of living.

Child benefit increases incrementally each year, and has so far kept up largely with the average inflation of the UK’s economy at 4.42%. However, Child Benefit is not calculated based on the real-terms increase to the cost of living. For example, In Lancaster and

¹⁰ Charlie Archer (2024) Exploring the lived experiences of people using Healthy Start: Is the Healthy Start scheme fit for purpose?

<https://www.northlancashirecab.org.uk/assets/healthy-start.pdf>

¹¹ IBID

¹² Bamba C, Davies H, Munford L, Taylor-Robinson D, Pickett K et al. (2024) Woman of the North. Health Equity North: Northern Health Science Alliance.

<https://pure.manchester.ac.uk/ws/portalfiles/portal/340604497/Woman-of-the-North-report.pdf>

Morecambe, rent prices have increased by as much as 8%, double the rate of inflation¹³, and the average basket of food has increased at above-inflation rates consistently in the last 5 years¹⁴. Even the 'budget' shops such as Aldi and Lidl have inflated prices by over 5% in the last 3 months¹⁵. This means that despite remaining consistent with inflation, Child Benefit is not meeting the needs of the average family as effectively as it could.

The administration of Child Benefit and the child element of Universal Credit also assumes that parents raise their children exclusively within the bounds of a partnership. Or if they have split custody, one parent does not need any financial support when they have their children staying with them. Only one parent can receive Child Benefit and the Children's element of Universal Credit, even if parents have 50/50 custody. This means that unless the 'primary' parent splits those benefits, the other parent will have to pay for all child-related costs out of pocket. For example, in the case of 'Toby' and his four month old daughter, 'Grace':

Toby lives in supported accommodation following a period of homelessness, and he sees his daughter three days a week from 9am-9pm. Toby can't bring his daughter back to his accommodation, as it is inappropriate for a child. He has to stay out with Grace all day, he relies on his friends and family to let him stay at their houses for a few hours. He goes to Children and Family Wellbeing groups, and takes his daughter swimming. He then has to spend any of the remaining time in cafes, buying drinks and snacks so he can stay. Toby pays out of pocket for all of these activities from his Universal Credit payment, he doesn't get any financial support to maintain contact with his daughter, and it is a massive financial burden for him. He also would never ask Grace's mum for any help, as she is experiencing poverty herself, and has two other children. He wouldn't change this though, as he wants to give Grace a nice time, and be present for her as she grows up.

If parents could split their child benefit entitlements according to how often they have their children, it would alleviate the pressure on single parents, and prevent children from experiencing a massive disparity in food security and standard of living when they move

¹³ David Dubas-Fisher (2025) Rent price inflation in the North West slows – but wages are still failing to keep up with increases

<https://www.business-live.co.uk/economic-development/rent-price-inflation-north-west-32615636>

¹⁴ The Food Foundation (2025) Food Prices Tracker: January 2025

<https://foodfoundation.org.uk/news/food-prices-tracker-january-2025>

¹⁵ Which? (2025) Food price inflation tracker: what's happening to grocery costs at the supermarket?

<https://www.which.co.uk/reviews/supermarkets/article/food-price-inflation-tracker-aU2oV0A46tu3#supermarkets>

between different parents' houses. This change coupled with an above-inflation increase to Child Benefit would lift so many children in our district out of poverty.



Changes to Free School Meals

Free School Meals (FSMs) are a lifeline to children who could be at risk of, or experiencing food insecurity - which is the state of having a 'lack of regular access to enough safe and healthy nutritious food for normal growth and development and an active and healthy life'¹⁶. Currently, children are eligible for FSMs if they receive Universal Credit and other means-tested benefits, and their household income is below £7,400 per year. However, this does not take into account the number of children per household, and is an increasingly narrow criteria for eligibility.

"My daughter gets FSM in KS1 currently but that will be a massive expense when she moves into KS2."

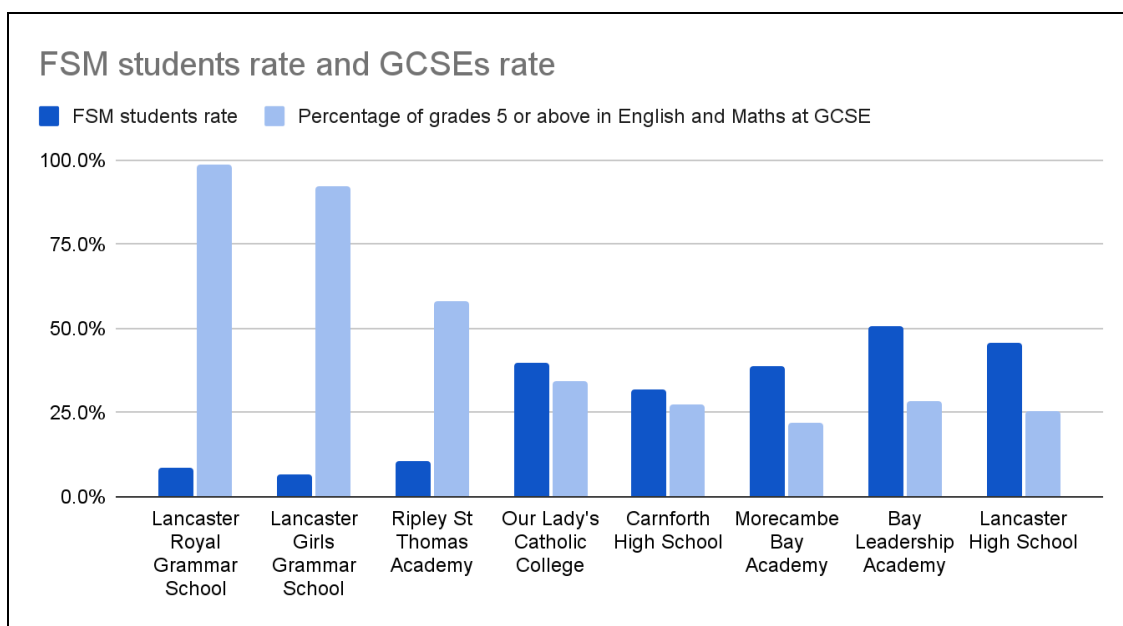
It is still seen across the UK, and in our district, that children who are eligible for FSMs do have lower educational attainment in comparison to their peers. Families on low incomes are less likely to buy more expensive 'healthier' foods in favour of cheaper, 'unhealthy' foods¹⁷. Spending on food is considered a more 'flexible' cost than bills such as rent and utilities, as there are ways to reduce costs by sacrificing nutritional value. However this choice that parents and carers are forced to make comes at a cost to educational attainment and health. Across primary and secondary schooling the gap is clear - as seen in the figures below for high schools in our district¹⁸¹⁹.

¹⁶ Food and Agriculture Organization of the United Nations, (2023)
<https://www.un.org/en/global-issues/food#:~:text=The%20Food%20and%20Agriculture%20Organization,between%20hunger%20and%20food%20insecurity>

¹⁷ Parliamentary Office of Science and Technology (2023) Child Food Insecurity and Free School Meals
<https://post.parliament.uk/research-briefings/post-pn-0704/>

¹⁸ Note: some schools have been omitted due to lack of data. Only maintained, mainstream schools are included.

¹⁹ GOV UK (2025) Overall performance at end of key stage 4 in 2025
<https://www.compare-school-performance.service.gov.uk/compare-schools>



There are also concerns that the meals provided in schools are not nutritious or filling enough, with 'unhealthy' snacks being far cheaper than fresh fruits and healthy snacks. This undercuts the goal of FSMs to bridge that health gap between disadvantaged students and their peers.

The Youth Commissioners of the Morecambe Bay Poverty Truth Commission shared their thoughts on FSMs, through a Risograph Zine titled 'No One Listens'. I have transcribed them below:

"Food in School... Why is it so expensive?"

"Free School Meals: £2.50.

- *Includes no snack/drink*
- *Portion sizes are too small/not big enough to fill you up for the day"*
- *"You only get to use your meal card once a day"*

There have recently been changes to the way FSMs are administered following the expansion of eligibility to include all households in receipt of Universal Credit. Until now, those who receive FSMs need only re-apply for them at the end of their child's stage of schooling, for example when they move from Primary to Secondary school. Now parents must reapply yearly and re-prove their eligibility. This places an extra administrative burden

on parents already stretched thin by experiencing poverty. The change has not been widely advertised, and risks many families going without their benefit entitlement.

It is widely acknowledged that extending FSMs is a way to increase educational attainment, and reduce the rates of malnutrition and food insecurity in children²⁰. We are pleased that the government is honouring this impact by expanding eligibility to all children whose family is in receipt of Universal Credit, and we hope this move signals a further push to extend free school meals for all children.

PIP

Approximately 850,000 children live in a household that has a recipient of Personal Independence Payment (PIP), 290,000 of whom are already in poverty²¹. In Lancaster and Morecambe, there are approximately 11,680 claimants of PIP and DLA – with PIP making up the majority of claimants²². For PIP claimants, psychiatric disorders make up 40.4% of the total reasons for claiming, with general musculoskeletal disorders coming second at 18%²³.

PIP and DLA are lifelines for families experiencing disability, and are designed to support disabled individuals and their carers with the associated costs of having a disability. For many, the PIP payment represents the thin line between getting by, and not²⁴.

Whilst we welcome the government's reconsideration of previously proposed changes to the PIP application (which would have pushed an estimated 50,000 children into poverty²⁵) we are increasingly concerned for the welfare of those families who were faced with the prospect of losing their PIP payments. The susceptibility of households consisting of those with long term/ongoing health conditions to experience financial crisis is reflected in the

²⁰ The Food Foundation (2025) Superpowers of Free School Meals 2025: New evidence shows economic and health benefits
<https://foodfoundation.org.uk/publication/superpowers-free-school-meals-2025-new-evidence-shows-economic-and-health-benefits>

²¹ CPAG (2025) Cuts to disability benefits would undermine government plans to tackle child poverty, warns charity
<https://cpag.org.uk/news/cuts-disability-benefits-would-undermine-government-plans-tackle-child-poverty-warns-charity>

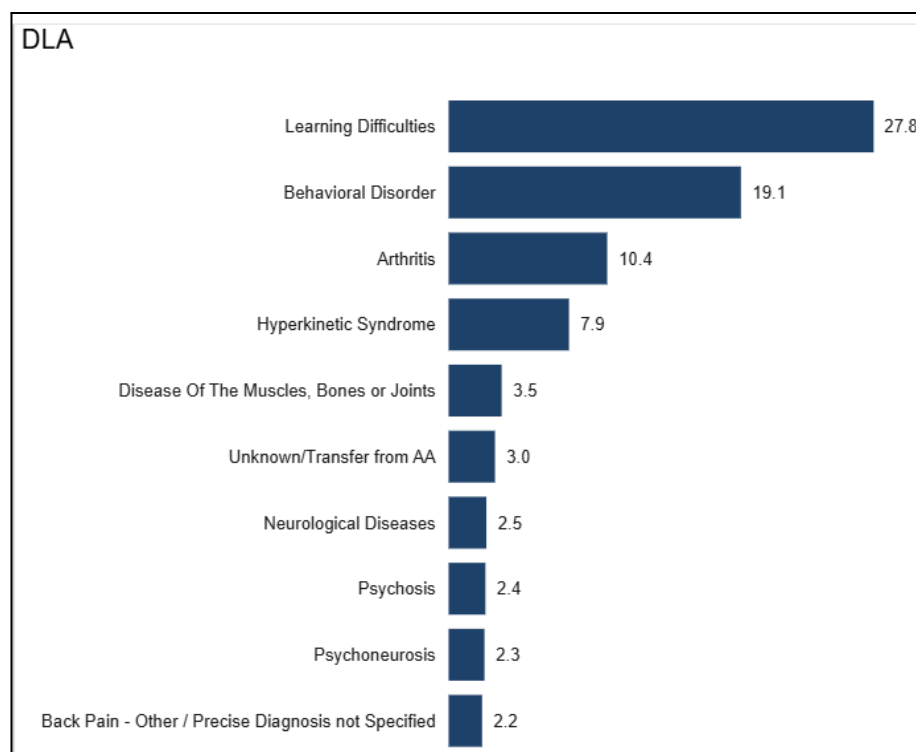
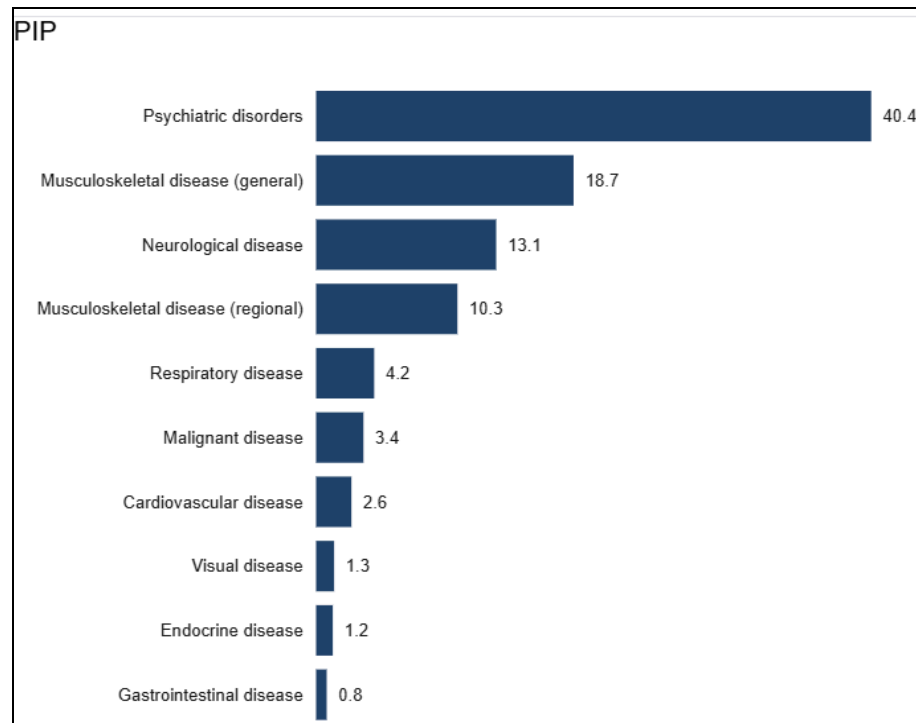
²² Lancashire County Council (February, 2025) Personal Independence Payments and Disability Living Allowances
<https://www.lancashire.gov.uk/lancashire-insight/economy/income-earnings-and-benefits/disability-living-allowances-plus-personal-independence-payments/>

²³ IBID

²⁴ CPAG (2025) CPAG's response to proposed changes to sickness and disability benefits
<https://cpag.org.uk/news/cpags-response-proposed-changes-sickness-and-disability-benefits>

²⁵ IBID

data from MBFB. 1,202 out of 4,537 food parcels going to households with 'impact of an ongoing health condition' as a reason for needing an emergency food parcel.



Benefit cap



The benefit cap is a limit applied to the amount of benefits working age people can receive each month. The current cap for couples and lone parents living outside of London is £423.46 per week (£1,835 per month or £22,020 per year)²⁶. There are some exemptions to the benefit cap, for example for those that receive disability benefits, and those that earn at least £846 per month before tax, national insurance and pensions deductions²⁷. If an individual fails to earn this amount within this assessment period for Universal Credit, they can have the benefit cap suddenly applied to them for that period.

When those with children already struggle to find work that fits around childcare and school, flexible and zero hours contracts can seem like a good option, however if there is a scenario where a parent has to suddenly drop their working hours they can be left at a financial cliff edge. For example in the case of 'Dave' and 'Lucy':

Dave and Lucy live in Lancaster with seven children. Dave works on a zero-hours contract at a fast-food restaurant, while Lucy cares for their children full time. In July 2025, the restaurant closed for six weeks for refurbishment, and Dave received only three weeks of accrued holiday pay, leaving three weeks unpaid, as his contract does not guarantee hours or pay during temporary closures.

UK employment law provides limited protections for temporary closures, such as Statutory Guarantee Pay or mandatory paid leave, but these rarely apply to zero-hours or variable-hours workers, leaving families without income when workplaces shut.

The family experienced a sudden drop in income, entirely beyond their control. Because their Universal Credit (UC) award is subject to the household benefit cap, the combination of lost wages and capped benefits left the family with around £800 to cover rent, food, and essentials for nine people in a single month.

²⁶ Turn2Us (2024) Benefit Cap - How much is the Benefit Cap?
<https://www.turn2us.org.uk/get-support/information-for-your-situation/benefit-cap/how-much-is-the-benefit-cap>

²⁷ IBID

Impact

- *The family relied on foodbank parcels and successfully applied for a Discretionary Housing Payment (DHP) of £175 per month for six months to help cover rent.*
- *Temporary arrangements with the landlord were required to defer part of the rent until the DHP payment was received.*
- *Even with DHP support, the household remains financially fragile, as Dave's zero-hours contract offers no guaranteed hours, leaving the family vulnerable to further income shocks.*
- *The case highlights how the benefit cap combined with insecure employment leave families with minimal safety nets, even when one adult is employed.*

This case pushed the extent of emergency support available in Lancaster and Morecambe for families to its limit. It took four weeks to get Lucy and Dave some financial support, and the adviser involved had to make extra justifications when applying for food parcels as the family already frequently had to access their local food bank before Dave's hours were cut. Seven children, all under the age of 16, were thrown into a chaotic and uncertain situation through no fault of their own by the benefit cap.

The way the benefit cap is administered needs to change in order to protect families from being unfairly sanctioned, and forced into a sudden financial crisis. The benefit cap does not punish a lack of work, or encourage working-age people to take on more hours, it plunges children into poverty.

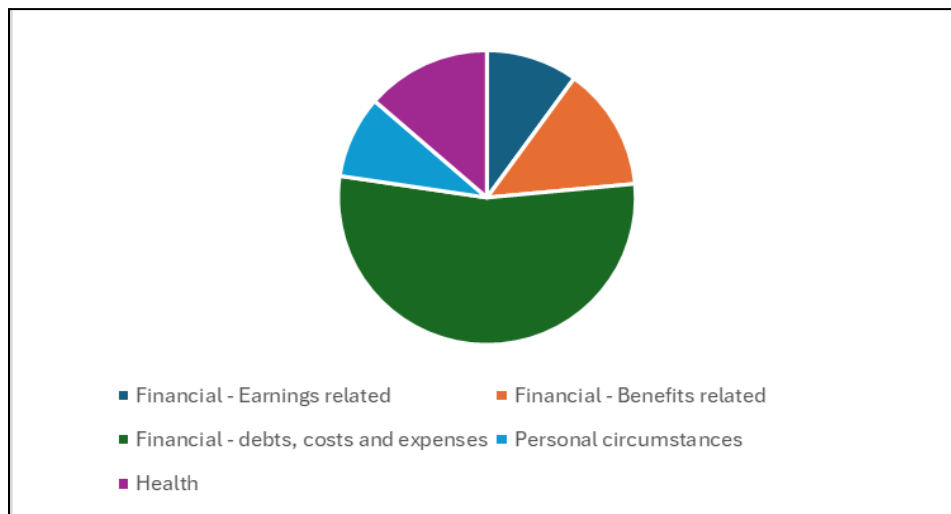
Issue Three: Debt



The rising cost of essentials and a commensurate real-term decrease in many benefits due to inflation has meant more households are forced to take on debt, or prioritise some essential bills over another. Households with children are increasingly falling into debt in

order to pay for childcare²⁸, and council tax and fuel arrears were two of the top three debt issues faced by our clients under the Schools Project and the Early Years Project.

Exploring data from other projects shows that households with dependent children represented 42% of all clients seen for debt. This is again reflected in MBFB data for households with children under 16:



Below is a case study from one of our debt advisers, working on the Early Years Projects. He describes how this mother was brought to breaking point by her debt, and had been unable to cope for a long time. Even before she lost her job, she had been unable to keep up with the rising costs of living and raising a child. We see these stories daily in Lancaster and Morecambe.

The client is a 28 year old single mother to a four year old child. When the client first approached us, she was in a highly vulnerable situation, having recently lost her job, and coping with the challenges of ADHD. With debts totalling approximately £25,000 and enforcement agents threatening to seize her belongings, she was at breaking point. Her debts included nursery fees, energy bills, and water - she had been unable to keep up with her essential bills for some time.

²⁸ Early Years Alliance (2024) 'Almost half of parents either in debt or using savings for early years costs, new figures show'
<https://www.eyalliance.org.uk/news/2024/02/almost-half-parents-either-debt-or-using-savings-early-years-costs-new-figures-show>

In the first instance we secured protection through the government's Breathing Space scheme, giving the client a 60 day legal pause from creditor action, which eased her immediate stress and halted bailiff visits.

We helped the client to maximise her income by applying for the Single Person Discount and Council Tax Support to reduce her Council Tax liability, and applying for a Discretionary Housing Payment to cover rent shortfalls. In addition, grants were secured from the Household Support Fund to assist with essential living costs, and the Acts 435 charity, which provided a much-needed wardrobe for the client and her child.

We then explored long-term debt solutions with the client, and after a full financial review, helped her to apply for a Debt Relief Order, a formal insolvency solution that will result in all her debts being written off.

With the client's housing situation stabilised and all financial liabilities cleared, she now has a genuine opportunity to rebuild her life, care for her child without the constant stress of unmanageable debt, and better manage her mental health going forward.

Academics reject the notion that debt is caused by moral failing, irresponsibility or poor financial planning, and instead call to attention the predatory nature of cycles of debt for those experiencing poverty and low income.

"The rising cost of living means more people are borrowing money for essential costs like rent, energy or food. Debt levels are higher than they were during the 2008 global financial crisis, and lenders charge the highest interest to those least able to pay for it. This is a systemic issue."²⁹

The residents of Lancaster and Morecambe are experiencing this cycle of debt at shocking rates. When our clients and food bank recipients are crippled by unaffordable debt repayment plans, being cut off from supply, and having their belongings repossessed, it is their children who suffer.

²⁹ Cardiff University (2025) It's time to stop blaming people for being in debt, academic argues <https://www.cardiff.ac.uk/news/view/2915691-its-time-to-stop-blaming-people-for-being-in-debt,-academic-argues>

Issue Four: Housing



Poor housing

Service providers in Lancaster and Morecambe are reporting that they are increasingly seeing young families in overcrowded, damp, or otherwise unsuitable accommodation. Disrepair in rented accommodation is also extremely common. These issues affect private and social tenants alike, with absent landlords, high rental increases and costs of repairs being commonplace.

One of our housing advisers has detailed her experience of navigating a broken housing system in a blog on the CANL website. Below are some examples of common housing issues we are seeing daily in Lancaster and Morecambe:

Client A wants to stay in the home she has lived in with her children, but the Section 21 from her landlord is valid, and she has to find a new place to live.

Client B has been made homeless, he has been sofa surfing for three months and he isn't able to see his children or contribute towards the cost of raising them. He tried to apply to the council for homelessness support, but because he incurred rent arrears in his last flat he is ineligible. Client B doesn't know where he will be sleeping each night, and his mental health is suffering.

Client C's home in the West End has severe mould and damp issues, but she is too scared of being evicted to report them to her landlord. Her son is immunocompromised, and he gets ill frequently.

Client D had to accept a council home offered to her, or lose her position on the register. The home had several issues with damp and sanitation, the council's lack of funding to maintain their housing stock meant that these essential repairs were delayed for several months.

Client E moved from Lancaster to another city to pursue a career opportunity, it did not pan out. The client's wife was pregnant with their third child, they felt alone and far from home. So they moved back to the area, but with no home to go to. So, this family of four moved in with their ageing parents, where another sibling and his family also lived,

resulting in eleven people living in a four bedroom house. Client E's ageing parents had health and mobility needs so the situation was increasingly untenable. He attempted to apply for Council housing. But because they had moved away for two years, they were not eligible. Client E could not apply for homelessness support because they technically had a roof over their head. Client E's baby will be born into an overcrowded and unsuitable home, because it is so hard to get secure housing, social or private, in Lancaster and Morecambe.

We hope that with the introduction of Awaab's law and the new Renters' Rights Act will prevent more children being forced to live in unsafe and unsanitary conditions in social and private housing. But more still needs to be done to increase the quantity and quality of social housing in Lancaster, to prevent more risk to children's health and wellbeing.

"Currently on the council waiting list for a new home due to housing issues, I feel there is no support or help being offered even though I have submitted multiple supporting letters from doctors, mental health team, nursery and midwives. Showing that where I am living affects mine and my child's mental and physical health."

Private tenants in Lancaster and Morecambe are also reportedly feeling scared and vulnerable about their positions. This may be due partly to the new Morecambe Bay Eden Project, and the prospect that many houses in Morecambe will be turned into more profitable holiday lets. The manager of Morecambe Bay Food Bank reports that many private tenants are avoiding reporting issues with mould, damp, and disrepair to their landlords, so as not to 'rock the boat' and increase the likelihood of illegal retaliatory eviction.

Local Housing Allowance



Local Housing Allowance (LHA) is the amount that a household receiving Universal Credit housing element or housing benefit can receive towards their housing. The LHA has been frozen since 2017, despite a national average rent inflation of 10%³⁰.

³⁰ David Dubas-Fisher (2025) Rent price inflation in the North West slows – but wages are still failing to keep up with increases
<https://www.business-live.co.uk/economic-development/rent-price-inflation-north-west-32615636>

Lancaster District has a current rental inflation rate of 8.2%, and the average 3-bed rental home is £868 per month³¹, yet the Local Housing Allowance is only £598.36³². This means that a household on means-tested benefits are necessitated to pay their rental shortfall from their UC standard allowance. Thus families are forced to live below the poverty line in order to afford their accommodation, or access the Discretionary Housing Payment scheme.

Lancaster City Council received £186,464 from central government for the Discretionary Housing Payment Scheme for financial years ending 2024 and 2025³³, and can apply for a 'top-up' of 2.5 times this amount. This funding is available exclusively to those who receive UC housing element or housing benefit, and have a shortfall between their rent and the benefit they receive. One of the aims laid out by the policy, according to Lancaster City Council, is to 'prevent child poverty'. This issue with the DHP scheme is that not all residents are aware it exists when they need it urgently, and the application process can be complex and the criteria sometimes unclear.

The DWP delegates £100m in funding nationally to cover families brought into financial crisis by the widening shortfall between rent and benefits for housing. Instead of this, the government could bring LHA rates in line with the current average rent for local authorities, and ensure it rises annually in line with rent inflation. This would reduce the risk of children experiencing poverty and insecure housing without requiring struggling families to jump through hoops to acquire vital short-term emergency financial support.

³¹ IBID

³² Direct Gov (2025) LHA calculator

<https://lha-direct.voa.gov.uk/Search.aspx?Postcode=LA4%2b4YZ&LHACategory=3&Month=11&Year=2025>

³³ Department of Work and Pensions (2023) S1/2023 Discretionary Housing Payment government contribution for English and Welsh local authorities for financial years ending March 2024 and March 2025

<https://www.gov.uk/government/publications/housing-benefit-subsidy-circulars-2023/s12023-discretionary-housing-payment-government-contribution-for-english-and-welsh-local-authorities-for-financial-years-ending-march-2024-and-march>

Conclusion: Our Calls to Action

Based on the issues above, Citizens Advice North Lancashire calls for the following policy changes to reduce child poverty:

- End the two-child limit to Universal Credit
- Bring LHA rates in line with current average rent prices
- Scrap the Healthy Start Voucher scheme and increase child benefit
- Supply vitamins to expectant mothers and children under 5 for free
- Increase the amount of social housing, and invest more in improving the current social housing stock
- Place more stringent regulations on creditors, and prevent predatory lending to low income households
- Reform the benefit cap in order to protect families with parents working in insecure employment and zero-hours contracts
- Extend Free School Meals to all children in full time education
- Increase Statutory Maternity pay
- Stop the deduction of Maternity Allowance from Universal Credit payments
- Make the childcare system within universal credit much easier and less complex to use



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Thanks to our additional contributors: data analyst **John Braithwaite**, 3rd year social policy student at University of Lancashire **Skye Petra Ashworth**, **Briony Scott** and **Gail Rolfe** from Morecambe Bay Foodbank.

CITIZENS ADVICE NORTH LANCASHIRE

Citizens Advice North Lancashire is a local independent charity that helps people, whoever they are, to solve the problems they are facing.

We provide advice, support and advocacy to residents across North Lancashire and last year we helped over 8,000 people who had over 29,000 different problems to find a way forward, generating over £11m for our clients - money that goes directly back into our local economy.

We challenge unfairness, discrimination and poor practice and we help people to feel better. The main areas of our work are financial crisis, debt, benefits, housing, employment and family problems.

Our service is free, confidential, independent and impartial. We are the people's champion, here for everyone, whoever you are and whatever your problem.

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Registered Charity No 1137309 in England and Wales

Regulated by the Financial Conduct Authority FRN 617684

Company Registration Number 7298912



Thanks to our advisers, Jeni, Charlotte, Jago, Gemma, Dave and Maria, our volunteers, supporters and funders.

