

# BRIEFING AHEAD OF UNIVERSAL CREDIT (REMOVAL OF TWO CHILD LIMIT) BILL

July 2022

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The Universal Credit (Removal of the Two Child Limit) Bill is a Private Members' Bill brought forward by the Lord Bishop of Durham to remove the limit in universal credit (UC) that restricts support to just the first two children in a family. The deadline to sign up to speak in this sitting is **Wednesday 6 July**. The second reading will take place on **Friday 8 July**.

This note provides evidence on the impact of the policy to support members taking part in the debate.

## Key points

- An estimated **1.4 million children in 400,000 families** are now affected by the two-child limit.
- Families impacted by the two-child limit **lose out on up to £2,935 a year**,<sup>1</sup> putting families' budgets under enormous strain.
- **56 per cent of parents affected by the policy are in work**. The two-child limit creates a huge hole in their budgets that cannot be filled by working additional hours, in part due to the high cost of childcare.<sup>2</sup>
- Recent support announced by the chancellor will provide vital support to families this year but does not take account of family size, meaning that households with children will receive less support proportionate to their needs compared to households without children.
- The **government must remove the two-child limit to allow all children to thrive** and restore the link between need and entitlement in social security.

**CC** *"Having four children is hard as two were not planned (failed implant). I struggle buying day to day things for my children and I go without food most days just so my children can eat and be clothed."*<sup>3</sup>

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<sup>1</sup> CPAG, *The impact of five years of the two-child limit policy*, 2022

<sup>2</sup> See note 1

<sup>3</sup> Since February 2019, users of the Entitledto benefits calculator who are likely to be subject to the two-child limit have been invited to participate in an online survey. By March 2022, the survey had received 2,510 responses, including 403 responses in the last six months.

## Financial impact

The two-child limit **breaks the historic link between need and entitlement**. Affected families **lose out on up to £2,935 a year**,<sup>4</sup> putting budgets under enormous strain. The limit applies to parents whether they are working or not, creating a huge hole in their budgets that cannot be filled by working additional hours, in part due to the high cost of childcare.<sup>5</sup>



*“I dread when the children come home with a letter for a school trip/ scouts trip etc. as I know I am going to struggle to find the money to pay for it.... I feel like [I] fail my children. I want them to have all of the opportunities possible to become successful in their lives but it feels that in order to do this you need money.”<sup>6</sup>*

## Some families are disproportionately affected

Nearly half (46 per cent) of children living in families with three or more children are in poverty.<sup>7</sup> This figure has been increasing since 2012/13, before the two-child limit was introduced. Research shows that **larger families are significantly impacted by changes to social security policy**. While poverty rates were rising before the introduction of the policy, the two-child limit has made poverty levels substantially worse.<sup>8</sup>

**Some children face a disproportionate risk of being affected due to their family’s ethnic background.** Pakistani, Bangladeshi and Black families are all more likely to have three or more children than the UK average and are therefore disproportionately affected by the policy.

What’s more, **the policy disproportionately affects women**. Just over half (55 per cent) of those affected by the two-child limit are couple families, 40 per cent are single-parent families headed by women, and 5 per cent are single-parent families headed by men.<sup>9</sup>

## The government’s assumptions don’t match reality

The government maintains the policy means families receiving benefits face the same financial choices about having children as families supporting themselves solely through work. But this wrongly assumes that all children affected by the policy are the result of family planning and born while their parents are receiving benefits.

## Recommendations

Our social security system should support families and give children the best start in life, regardless of how many siblings they have. The government must **remove the two-child limit to allow all children to thrive** and restore the link between need and entitlement in social security.

<sup>4</sup> See note 1

<sup>5</sup> See note 1

<sup>6</sup> See note 3

<sup>7</sup> Department for Work and Pensions, Households below average income data series, Stat-Xplore. Please note that after a methodological change in how child maintenance payments are accounted for, the DWP has revised child poverty estimates for 2019/20 and the preceding years. This data is not available for 2020/21.

<sup>8</sup> House of Commons Library, [The impact of the two-child limit in Universal Credit](#), 2022

<sup>9</sup> Author’s calculations using Family Resources Survey 2019-20, UKMOD.