



ALL KIDS COUNT: The impact of the two-child limit after two years

Summary Report

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The full report can be found at www.cpag.org.uk/twochildlimit

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Executive Summary

The two-child limit was part of a package of changes to benefits announced in 2015, aimed at reducing spending on working-age families. From 6 April 2017, low-income families having a third or subsequent child lost their entitlement to additional support for that child through child tax credit and universal credit, worth £2,780 per child per year.

This joint report by Child Poverty Action Group and the Church of England presents detailed evidence on the impact of the two-child limit after two years. It is based on a survey of more than 430 families and in-depth interviews with 16 families directly affected by this policy, as well as additional evidence from Women's Aid, the Refugee Council, Turn2us and the Interlink Foundation, who work with groups and communities where the two-child limit has particular impacts.

Key findings:

- An estimated 160,000 families have been affected by the two-child limit to date in June 2019; the majority are working families and the majority have just three children. More than 800,000 families and three million children could eventually be affected, while a third of all children will be affected in many constituencies across the country.
- As a result of this policy, 300,000 children will be pushed into poverty and one million children, already below the poverty line, will be pushed even deeper into poverty by 2023/24. By then, over half of children in families with three or more children are expected to be in poverty.
- Ninety-five per cent of survey respondents said that the two-child limit had affected their ability to pay for basic living costs, including 88 per cent who said it had affected their ability to pay for food and clothing. Families are facing severe and ongoing financial difficulty and being forced into debt just to cover basic living costs each month. Parents are being placed under huge levels of stress, which is negatively affecting their mental health and relationships, in some cases to breaking point.
- Many parents told us they can no longer afford to pay for their children to take part in after-school clubs, sport and school trips, affecting their children's wellbeing; they feel guilt and shame at being unable to maintain a 'normal' family life for their children.
- The families we interviewed were unable to compensate for the reduction in support by working longer hours. They believe that they have been unfairly penalised despite working hard, and feel let down that support is not there when they need it. Most cannot see a way out of their situation.
- Awareness and understanding of the two-child limit are low. Only half of those affected by the policy said they knew about it before having their youngest child.
- Victims of domestic abuse are particularly vulnerable to the harmful effects of the two-child limit, and the requirement for disclosure of non-consensual conception to get an exception provides no solution. The policy can make it more difficult to leave an abusive relationship and put them at increased risk of violence.
- Refugees affected by the two-child limit are likely to have arrived in the UK with next to nothing, and the two-child limit hinders their ability to rebuild their lives after traumatic experiences.

- Orthodox Jewish and Muslim communities are also disproportionately affected by the two-child limit, due to strong cultural norms and deeply held religious beliefs that favour larger families.

In our society, we believe that every child should have the best start in life. Yet the two-child limit denies families the support they need from our social security system when they experience tough times, trapping children in poverty. It is right to support families when they need it most. Our government should lift the two-child limit and help all children to thrive.

Introduction

There has been a system of support for low-income families for nearly 50 years, to help with the additional cost of raising children. The original design of universal credit included an additional element - worth up to £2,780 a year - for every child in the family. However, the two-child limit removes the extra support for any third or subsequent child born after 6 April 2017, breaking the long-standing principle of linking entitlement to need.

The two-child limit represents a major shift in social policy that will affect the lives of millions of children, yet the Government has not carried out a formal evaluation of the policy nor provided any evidence to substantiate its claims that it could have a positive impact on family stability and children's life chances.

This joint research report by the Church of England, Child Poverty Action Group and several other voluntary and faith organisations, working with the University of Leeds, represents our best effort to fill this gap. Much of the evidence in this report is drawn from an online survey carried out between February and June 2019, using the 'Entitledto' benefit calculator to identify families directly affected by this policy, and in-depth phone interviews with a selection of these families. Specialist contributions are included from organisations working with survivors of domestic abuse, refugees and religious communities.

Who is affected by the two-child limit?

Based on government statistics published last year, we estimate that around 160,000 families and 600,000 children have been affected by the two-child limit up to the end of June 2019. Latest statistics show that 59 per cent of those affected were working families, and 55 per cent had just three children. By design, all the families affected to date contain at least one child under the age of two and a quarter, whose early years are critical to their future development and life chances.

Looking ahead, the number of families affected will continue to grow as more children are born into families with two or more children. In the long-term, more than 800,000 families and 3 million children are likely to be affected by it, as nearly all low-income families with three or more children eventually become subject to the limit.

The two-child limit will have a disproportionate impact on communities with higher-than-average concentrations of larger and poorer families. In many constituencies across the UK, around a third or more of children will potentially be affected: from Peterborough, where 11,500 children (34 per cent of children) could be affected, to Glasgow Central (5,100 children or 32 per cent); and from Newcastle-upon-Tyne Central (7,400 or 33 per cent) to Cardiff South (8,300 or 32 per cent).

Impact on poverty and living standards

Child poverty is expected to increase sharply over the next few years, particularly in larger families and in large part due to the two-child limit. By 2023/24, it is estimated that 300,000 children will be pushed into poverty by this policy, and that a further million children, already below the poverty line, will be pushed even deeper into poverty.

Even in couples with three children, where both partners are working full-time at the minimum wage, the family income will be more than a quarter below the socially acceptable minimum standard⁸ by 2021. This shortfall will be greater still for single parents who are working or for non-working families, where there are more than two children in the household.

It is very difficult or impossible for families to compensate for the impact of the two-child limit by working longer hours, due to the withdrawal of means-tested benefits as their earnings increase, and additional childcare and travel-to-work costs. For example, a single parent with three children working 16 hours per week at the 'national living wage' would need to increase her hours to 40 per week just to compensate for the loss of the child element for the third child – and even this is only possible with access to free childcare.

Findings from the survey and interviews with affected families

The overriding picture from both the survey and interview findings is that many families affected by the two-child limit are facing severe and ongoing financial difficulty, which cannot be overcome through careful budgeting or just 'tightening their belts' but instead leads to real deprivation. 95 per cent of survey respondents said that the policy has affected their ability to pay for basic living costs, including food (88 per cent), clothing (88 per cent) and housing costs (41%) - see chart. And many of the families we interviewed had cut back on essentials, cannot afford simple childhood activities like playgroup or swimming lessons for their children, struggle to pay bills each month and are in debt to family, utilities and credit card providers – a situation from which they often cannot see how to escape.

Parents are suffering huge levels of ongoing stress and worry, which place strain on their mental health and family relationships. Almost all of them reported a sense of not being able to lead a 'normal' life and of not being able to provide what is expected of a 'normal' childhood and family life for their children, feelings which create a heavy burden of shame and guilt. Children have had to give up social, educational and physical activities, which puts their wellbeing and social and emotional development at risk and can leave them lacking confidence, angry or frustrated.

None of the families we interviewed were able to make up for the reduction in support by working longer hours. Caring responsibilities frequently dictate whether or how long people can work, whilst childcare and other costs mean that the financial benefits of working longer hours are limited.

⁸ See: <https://www.jrf.org.uk/income-benefits/minimum-income-standards>

Impacts of the two-child limit on families – in their words

Inability to afford the bare essentials:

'I'm struggling to pay my rent as I need to feed my children... [We] may become homeless as I'm in rent arrears.'

'Our daughter sleeps in a broken cot as we can't afford to replace it.'

'We are living hand to mouth and using food banks to survive.'

'I am in tears daily because I can't afford baby milk, nappies.'

Parents who are not eating or going without medication:

'I don't eat properly – one meal a day if I'm lucky, and that's a six year-old's size. I can't afford to heat the house and I can't afford my rent.'

'I couldn't afford inhalers this week because I'm more concerned about my children having food. Just praying I can make my inhalers last before I run out.'

Relying on family / borrowing to get by:

'My monthly money barely covers all my bills, shopping, gas and electric. Most weeks I have to borrow money from my family just to get by.'

'If we need anything it has to be bought using store credit; this includes clothes and shoes for the children.'

'I have debts building up on a weekly basis.... We could easily go under if there was an emergency one week as we have absolutely no reserves.'

Pressures on mental health and relationships:

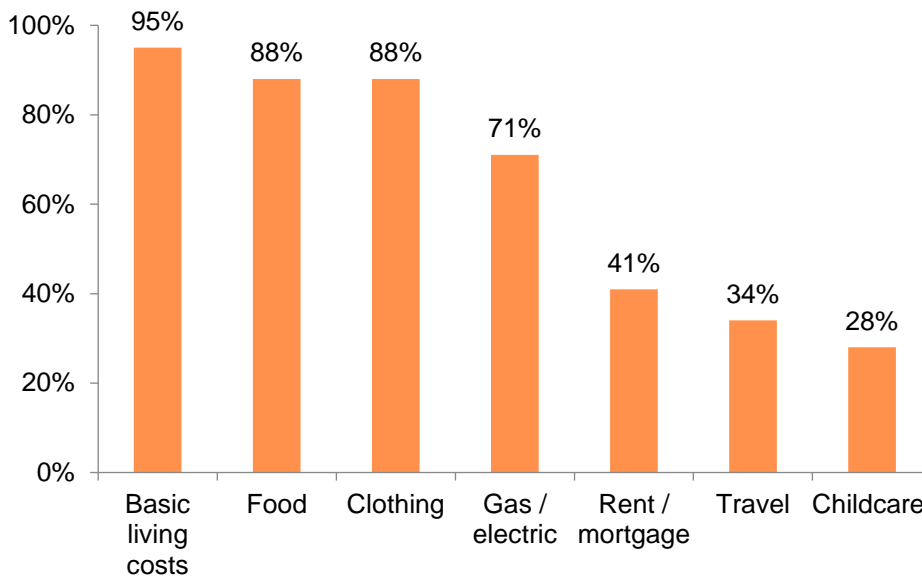
'We are struggling, I won't lie, I have contemplated suicide.'

'My partner has been signed off work for over six weeks due to stress-related problems and now feels he will be sacked.'

'I am in serious financial debt. I am struggling to survive on my wage and I am contemplating quitting work. I don't know what to do. I am feeling very depressed.'

'It has caused so much stress on our family that it is looking like we are headed for divorce. Instead of enjoying the birth of our baby, we have dealt with hardship and having to scrape together for meals.... We had to borrow money for sterilizer bottles, pram, cot, everything you need for a baby and without the usual income for each child we can't afford to pay it back. We are at an end in our family life and relationship because of the stress and hardship the limit has caused for us.'

Proportion of respondents reporting that the two-child limit has affected their ability to pay for basic living costs



Based on survey of 438 families affected by the two-child limit and using the Entitledto benefit calculator.

Awareness and understanding of the policy

We also found that people's awareness and understanding of the two-child limit are low. Only half of the survey respondents said they knew about the policy before they had their youngest child, and the majority of parents interviewed had not been aware of the policy when they or their partner became pregnant. Some of those who had known about it had not realised that it would apply to them, for example because they were working. Vulnerable groups, such as refugees, are even less likely to understand the social security system. A significant number of women had experienced unplanned pregnancies despite using contraception, and would not have contemplated having a termination, so their knowledge of the policy was irrelevant.

Impact of the two-child limit on survivors of domestic abuse

The two-child limit is increasing the barriers that survivors face in leaving their abusers, and the financial hardship that women and children face after having done so. Case studies collected by people working with families affected by domestic abuse, and included in the full report, reveal how perpetrators have been able to manipulate the policy to financially abuse women and use reproduction as a specific form of control and abuse. The 'non-consensual conception' was designed without due regard for women's lived experiences of rape, or for the fact that many women who have experienced this crime remain living with the perpetrator. One woman interviewed for this report, who had fled abuse with her children, returned to her abuser because she felt unable to disclose her abuse to the government in order to get the exception and did not know how she could support her children financially. The exceedingly low take-up of the exception demonstrates that it is flawed and unworkable.

Paula's story*

Paula is one of the parents interviewed for this research. She lives with her three children in a council flat in Perth, Scotland.

Before having her youngest child, Ben*, who recently turned one, Paula and her then-husband were not worried about money. Unfortunately, Paula had a bad pregnancy and a difficult birth when she almost died. Paula and her husband separated shortly after the birth, having been together for a number of years. This took her by surprise and changed her circumstances drastically: *'I'm really feeling the brunt of it because how I'd planned it to be at the time is worlds away from the situation we are now.'*

Following the separation, Paula tried to go back to work, but eventually felt she had no choice but to give up her job: *'I was working and my friends were taking the kids, then they got fed up...When I looked into childcare, they wanted £1000 up front [for the nursery and after-school club]. So, I had the choice of pulling £1000 out of nowhere or giving up my job, which is a real kick in the teeth because it was an alright job. I was a customer service manager, so it's not like it was an entry level job.'*

Paula receives about £700 a month in universal credit and relies on £48 a week in child benefit in order to survive: *'We're now week to week living off my child benefit. As soon as I get that universal credit, there's nothing left. It literally goes to the bank and comes straight out.'*

Without the extra support for Ben, Paula struggles to afford the basics for her family and has turned to credit cards to keep afloat: *'I didn't have any credit cards this time last year. I've now got two. They're maxed out... I'm in a good bit of debt now, it's not possible to make it work at the end of the month'*. She used credit to pay for daily items, like the £30 a week she spends on special milk and bread for her son, due to his allergies.

Her older children's wellbeing has been affected as they can no longer have swimming lessons and have had to stop their football and basketball, which enabled them to keep fit and to socialise. The family's finances have also affected their relationships with one another, which Paula feels very guilty about:

'I can't enjoy [days out] because I'm just waiting for the "Mum can we have...?" ...and then it spoils the day. They're annoyed that you can't do that, and you're annoyed at yourself that you can't do that.'

'The kids don't understand and they get frustrated at it all. They get bored of doing the same things week in week out...It causes a lot of conflict with everyone. The middle one has even told me that he wished we'd never had Ben.'

Paula explains how this affects her own self-confidence, as well: *'If I just had one nice outfit that I could go out in... They're the things that nobody thinks of. Even a haircut would be lovely.'* She dreams of providing a bit of normality for her children, but feels trapped in her financial situation: *'I don't actually know how we get out of this mess'*.

* All names in this case study have been changed.

Impact on refugees

Refugees are in the UK seeking safety from conflict and persecution, yet the two-child limit undermines their ability to integrate here just at the point when they are trying to rebuild their lives. For refugee children who may have been exposed to violence and exploitation, and who may have missed years of education, the importance of financial security cannot be overstated. Both affected refugee families and those who work with them attest that the two-child limit hits children hardest and goes against the government's stated intentions to support refugees. The report includes case studies of refugee families affected by the two-child limit, who are struggling to provide for their children and getting into debt to meet the cost of essentials.

Impact on religious communities

The two-child limit is also having a disproportionate impact on religious communities where larger families are closely bound to their faith and culture. For Orthodox Jews, procreation is the first commandment of their faith and the use of birth control is very limited. Even working families are now having to rely on community charity. The impact is expected to be felt most acutely as children grow older and their needs increase without a corresponding increase in support.

Our research into the impact on Muslim communities found that the policy was poorly understood including by local community and faith leaders, but is likely to have a significant impact. Poverty is already high in many of these communities and the two-child limit will make people's lives even harder. Members of the two community groups which we visited expressed concerns that it would lead to problems with illegal working, family relationships, mental health, and social cohesion. They also felt strongly that the policy devalues their role as parents.

Conclusion and recommendation

We believe that every child should have the best start in life. That means access to free healthcare, a good education, and a childhood free from poverty. But it is clear from this research that the two-child limit is having a devastating effect on families and children up and down the country. We would never turn a third child away from school or hospital, yet this policy turns children away at a time when they and their families most need support and leaves them to grow up in hardship. We know that this harms children's wellbeing today and can have lifelong consequences.

There can be no justification for this, and the arguments advanced for the policy fall away as soon as we listen to the testimony of people who are affected: ordinary people raising their children while working hard in jobs that do not pay high wages, struggling with health conditions or being hit by unexpected redundancies or the breakdown of relationships.

If the government is serious about tackling poverty and enabling children to thrive, it must lift the two-child limit.

About the organisations contributing to this report

The Church of England's Mission and Public Affairs Council is the body responsible for overseeing research and commenting on social and political issues on behalf of the Church. The Council comprises a representative group of bishops, clergy and lay people with interest and expertise in the relevant areas, and reports to the General Synod through the Archbishops' Council.

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high-profile legal work to establish and protect families' rights.

Women's Aid is the national charity for women and children working to end domestic abuse. We are a federation of over 180 organisations providing just under 300 lifesaving services to women and children across England. Over the past 44 years, we have been at the forefront of shaping and coordinating responses to domestic abuse through research, policy and practice. We provide expert training, qualifications and consultancy to a range of agencies and professionals working with victims of domestic abuse. The 24 Hour National Domestic Violence Helpline, which Women's Aid run in partnership with Refuge, and our range of online services, help hundreds of thousands of women and children every year.

Turn2us is a national anti-poverty charity helping people find financial safety nets such as charitable grants and welfare benefits so anyone at risk of being pulled into poverty can get their life back on track and plan for their future with dignity. Over 7 million people visited the Turn2us website last year, 2.3 million people used our Benefit Calculator, and our helpline which provides guidance to individuals on their benefit entitlement, handled 76,000 enquiries.

The Refugee Council is one of the largest organisations devoted to supporting and empowering refugees and people seeking asylum in the UK. We provide a broad range of services for both children and adults, including an advice service that supports newly-recognised refugees to access welfare benefits as part of their integration into the UK, and integration support for refugees who arrived in the UK through government resettlement schemes. We also work with refugees and people-seeking asylum to ensure their needs and concerns are addressed by decision-makers.

Acknowledgments

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* Not their real names.