



CPAG BRIEFING

UNDERSTANDING THE LATEST DATA ON THE TWO-CHILD LIMIT

15 July 2021

Today, the Department for Work and Pensions (DWP) has published the latest statistics on the number of families and children affected by the two-child limit in April 2021.¹ This briefing explains the two-child limit, summarises the new statistics and provides quotes from families directly affected by the policy.

What is the two-child limit?

Since 6 April 2017, families having a third or subsequent child are not entitled to support for that child through child tax credit or universal credit. This support is worth up to £2,845 per child per year.

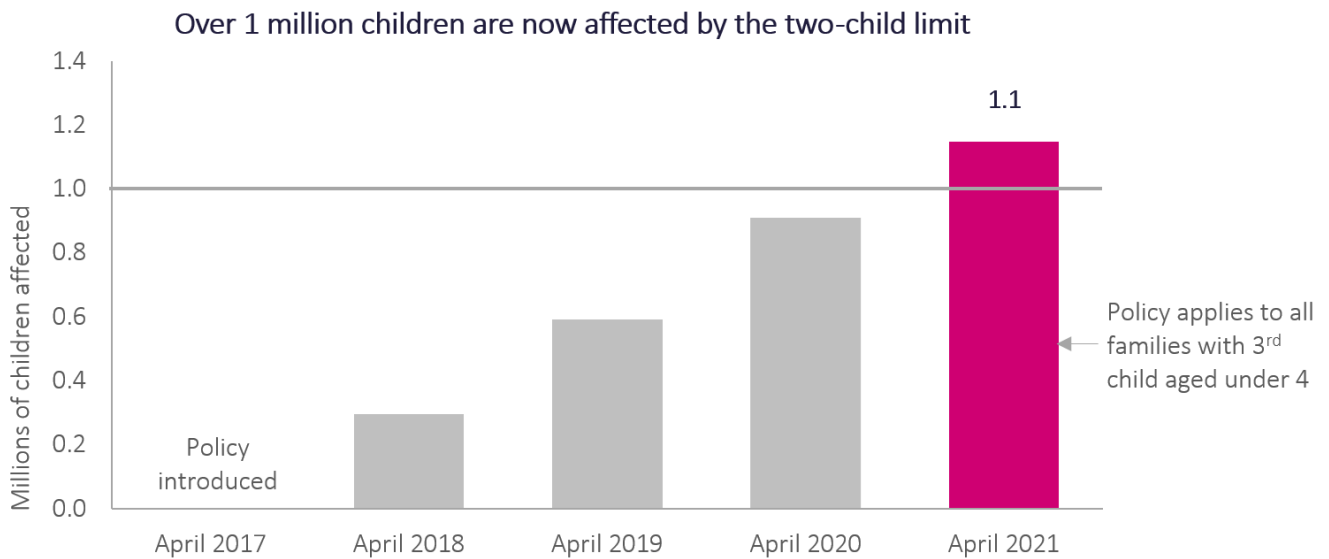
The two-child limit now affects low-income families with three or more children whose youngest child is aged under four. This includes families who were getting child tax credit or universal credit when their third child was born, and those who have needed this support since due to eg, job loss, ill-health or family breakdown.

There are some exemptions to the policy: families where the third child was the result of a multiple birth, families where the third child is adopted, children whose main carer is not the child's parents, and children born as a result of non-consensual sex.

How many children are affected by the two-child limit?

The data out today shows that, **in April 2021, 1.1 million children were affected by the two-child limit – 237,000 more than the previous year.** The number of children affected will continue to grow as nearly all low-income families with three or more children eventually become subject to the limit.

¹ Department for Work and Pensions, [Child Tax Credit and Universal Credit claimants: statistics related to the policy to provide support for a maximum of 2 children, April 2021](#), July 2021

Figure 1: Number of children affected by the two-child limit

Over 14,000 families were exempt from the policy. The most common exemption reason was that the third child was born in a multiple birth; 1,330 exemptions were granted on the grounds of conception as a result of non-consensual sex. The low take-up of the non-consensual exemption shows that the policy is unworkable in practice, and does not reflect women's experiences of coercive control in abusive relationships.²

Who is affected by the two-child limit?

The majority of those affected by the policy are families with three children (60 per cent). A majority are working families (56 per cent).

Part of the government's purported rationale for introducing the policy was to ensure fairness to the taxpayer on the basis that families receiving means-tested benefits should face the same financial choices about having children as those supporting themselves solely through work.³ This is clearly undermined by the fact that the majority of affected families were in work. The pandemic has also laid bare the fatal flaw in this approach, in that the policy also affects people who have their children at a time when they are able to support themselves solely through work, but at some time in the future need support from the social security system.

Two years after the two-child limit was introduced, a Work and Pensions Select Committee inquiry found no evidence that the policy was encouraging parents to work more, but did find evidence that it was incredibly difficult for families to counter the financial loss through work. The inquiry found that "an absence of affordable childcare, as well as the costs of transport, make it all but impossible for some families to increase their working hours to compensate for their losses."⁴

² For more detailed analysis of the non-consensual exemption, see [All Kids Count: the impact of the two child limit after two years](#) which includes evidence from Women's Aid about the problems with the exemption.

³ A Bate, R Keen and S Kennedy, [Research Briefing: The two child limit in tax credits and Universal Credit](#), House of Commons Library, April 2017

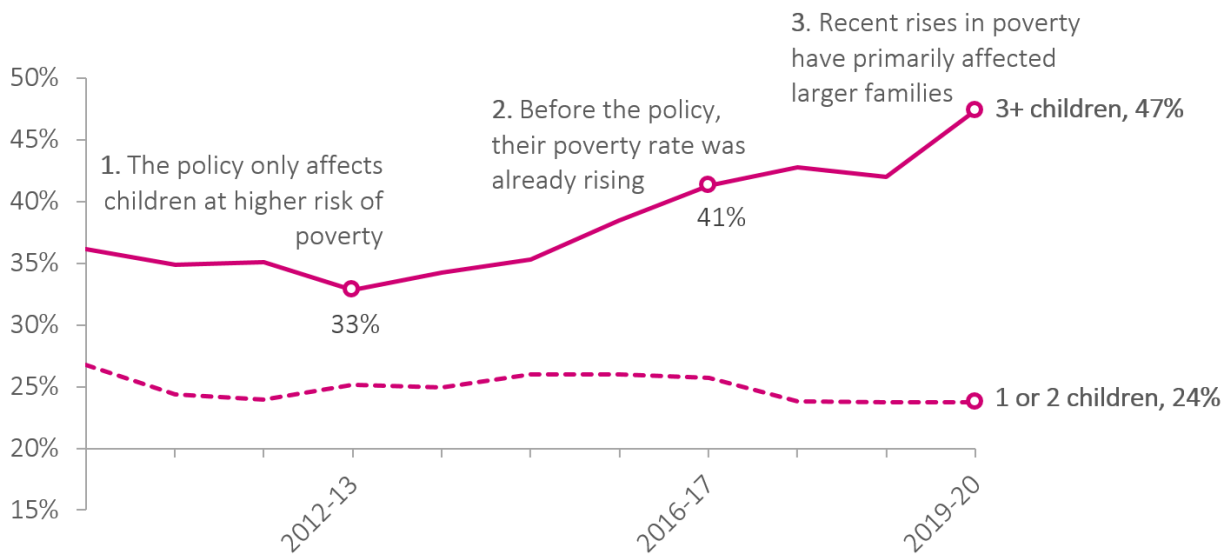
⁴ Work and Pensions Committee [The two-child limit: Third Report of Session 2019](#), House of Commons, November 2019

The two-child limit disproportionately affects communities with higher-than-average numbers of larger families and low-income families, in particular Jewish and Muslim communities and Black, Bangladeshi and Pakistani communities.⁵

How has the two-child limit affected poverty levels?

The two-child limit exclusively affects households at a higher risk of being in poverty. Almost half of children in families with three or more children were in relative poverty (after housing costs) prior to the pandemic. **As well as driving an increase in the number of children in poverty, the two-child limit increases the depth of poverty for large numbers of children** (ie, how far families are living below the poverty line).

Figure 2: Proportion of children in poverty by family size



In the three years following the introduction of the two-child limit (2017 to 2020, the last year for which we have data), the number of children in larger families in deep poverty increased by 440,000.⁶ Of all the reforms to the social security system in the last decade, the two-child limit has been the biggest driver of rising child poverty.

When fully rolled out, the two-child limit will affect around three million children in 800,000 families, and up to half a million children will have been pushed into poverty as a result of the policy.⁷

How has the two-child limit affected families' day-to-day lives?

Families affected by the two-child limit lose up to £237 per child per month. The only additional support these families can receive is £61 per month in child benefit, when the estimated cost of providing a child with a socially accepted minimum standard of living is £390 per month.⁸

⁵ CPAG, the Church of England and the Benefit Changes and Larger Families research project, *It feels as though my third child doesn't matter*, April 2021

⁶ Department for Work and Pensions, *Households below average income: for financial years ending 1995 to 2020*, March 2021

⁷ See note 4

⁸ See D Hirsch, *The Cost of a Child in 2019*, CPAG, October 2021, Table 3.1. This figure is the estimated additional cost of raising a third child, excluding rent, childcare and council tax.

Through an ongoing survey of users of the Entitledto benefits calculator, CPAG and the Church of England hear directly about peoples' experiences of the two-child limit. The survey shows that that this financial loss forces families to cut back on essentials such as the quality and quantity of food, and replacing worn out clothing and shoes. Despite reducing spending, many families have fallen into problem debt and rent arrears.

While parents try to shield their children by cutting spending on themselves, often at the expense of their own mental health, it is clear from our survey that many children are being severely affected by this policy:

"It's been very difficult. I'm having to decide on paying bills or feeding my children. Me and my partner are going without food so that we can ensure our children are fed."

Couple, parents to three children, East of England, in part-time work

"I struggle to keep the house warm. I can't buy the youngest two the clothes and food they need because the older children need more and are bigger. It's horrible."

Single parent to three children, West Midlands, not in paid work

"I'm in so much debt. I get roughly enough for the school run and some shopping but I can't afford clothes, footwear or gas and electric. I'm meant to pay rent - I can't because I never have anything left. I don't smoke, I never drink, I can't pay the water bill and I always get cut off on my mobile, I just can't afford it. My children are in old clothes and get teased at school and I can't even buy them any new stuff."

Single parent to three children, South East, in part-time work

"I can't even afford to buy my baby the basics like a pram, bottles... I didn't realise how much this would impact me, and after splitting with my partner it's caused a massive impact. My kids are picking up on how stressed and depressed I am that I can't even afford to be a mummy and take care of them right. I never planned to be single with children and it's making my mental health so bad."

Single parent to three children, South West, not in paid work

There is also evidence to suggest that the policy is contributing to a rise in the number of abortions. Research from the British Pregnancy Advisory Service found that the two-child limit was a significant factor in women's decision making around whether or not to continue a pregnancy.⁹ The study included 240 women with two or more children who ended a pregnancy during the pandemic, and found that 57 per cent reported that the two-child limit was important in their decision-making around whether or not to continue the pregnancy.

Many parents who responded to our survey said they were not willing to have an abortion for moral reasons and, as a result, were raising their children in poverty.

"I was using what I was told was a very reliable method of contraception which sadly failed. Termination is not something I am morally comfortable with so I continued with the pregnancy. However it has left us in financial difficulty as I can no longer work more than a few hours a week... It is not my child's fault they exist, nor should [we] be forced to choose between food or heating as a result."

Couple, parents to four children, South East, in full- and part-time work

⁹ British Pregnancy Advisory Service, [Forced into a corner: The two-child limit and pregnancy decision making during the pandemic](#), December 2020

What can be done?

Today's statistics reveal the extent to which the two-child limit has undermined the government's own efforts to help low-income families through the pandemic, by preventing larger families from accessing the support they needed during a national crisis.

But families face challenges throughout their lives – whether job loss, ill-health or family breakdown, and prior to the pandemic, the two-child limit had increased and deepened child poverty. The number of families experiencing hardship will only grow as more children are born under the policy. Removing the two-child limit would only cost £1 billion and would immediately lift 200,000 children out of poverty, and 600,000 children out of deep poverty.¹⁰

Scrapping the two-child limit is the most cost-effective way for the government to reduce child poverty, and is the right thing to do for families.

About this briefing

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.

The quotes in this briefing are taken from an ongoing survey of families affected by the two-child limit. The survey has been running since February 2019. Users of the Entitledto benefits calculator who are likely to be subject to the two-child limit are invited to participate. By the end of June 2021, the survey had received 1,986 responses, including 863 responses in the last year.

We are grateful to all the families who completed our online survey for sharing their experiences with us. Thank you also to Entitledto for directing affected families to the online survey.

¹⁰ CPAG's calculations using UKMOD and the Family Resources Survey, July 2021