

The two-child limit to means tested benefits

Briefing from the Women's Budget Group – 17 July 2023

Background

This briefing was published in July 2023, in response to public debates about current Government policy to limit child related means tested social security payments to two children per household – the 'two-child limit', and the UK Labour Party's policy position on it.

The abolition of any additional child element in Universal Credit for third and subsequent children took effect from April 2017, worth up to £3,235 a year per child in 2023/24¹. It is one of a range of reforms for working-age people in the UK since 2010 that have significantly reduced levels of social security. For more information and WBG policy recommendations on these other measures, see <https://wbg.org.uk/analysis/spring-budget-2023-social-security-and-gender/>.

Problems with the two-child limit

1. It isn't effective

- Research published by the Benefit Changes & Larger Families project found that the Government's stated aim of encouraging families to make decisions on whether to have children based on their financial circumstances has not been met. Many pregnancies are accidental, some are the result of domestic abuse (see below) and families' circumstances change².
- The Child Poverty Action Group (CPAG) estimates that lifting the two-child limit is the most effective way to end child poverty because it would lift 250,000 children out of poverty and reduce poverty for 850,000 children³.
- The societal costs of child poverty from greater unemployment, lower earnings and spend on public services is estimated to be £39 billion a year in 2023⁴. There are estimated to be 4.2 million children living in poverty in the UK. At a crude estimate, just lifting 250,000 children out of poverty could save £2.3bn in future societal costs – nearly twice as much as it would cost to remove the policy.

2. It doesn't remove barriers to work

- Most families subject to the two-child limit (58%) are working⁵ but do not earn enough to take them above the threshold for means tested benefits. The number of people in in-work poverty has increased by 2 million since 2010⁶.

¹ CPAG Briefing (April 2023) available at https://cpag.org.uk/sites/default/files/files/policypost/Six_years_in_two_child_limit-final.pdf

² Benefit changes & larger families project (July 2023) Needs and entitlements Welfare reform and larger families, available at <https://largerfamilies.study/publications/needs-and-entitlements>

³ See reference 1

⁴ D Hirsch for CPAG (March 2023), the cost of child poverty in 2023, available at <https://cpag.org.uk/policy-and-campaigns/briefing/cost-child-poverty-2023>

⁵ See reference 2

⁶ TUC briefing (May 2022) available at <https://www.tuc.org.uk/blogs/only-good-well-paid-work-route-out-poverty>

- 44% of families subject to the limit are lone parents⁷. Childcare support for parents claiming Universal Credit falls short of average childcare costs for children under 5⁸, and wraparound childcare also presents significant challenges for parents of school-aged children.

3. It fails to recognise the impact of domestic abuse

- The policy provides for exemptions to third or subsequent children where they are born as a result of non-consensual conception i.e., through rape or where the claimant was living with an abuser and subject to coercion or control.
- In order to qualify, claimants must no longer be living with the abuser/rapists, placing women in the position of having to choose between poverty and personal safety. No woman should never be put in the position of having to leave an abuser in order to access a benefit as she could be putting her own and her children's lives at risk to do so⁹.
- Claimants also have to provide proof of rape or coercive and controlling behaviour, forcing them to disclose to the police, a criminal compensation scheme or a third-party professional when they may not feel physically or psychologically safe to do so.

4. It upholds gender (and other) inequalities

- Women continue to take on responsibility for more unpaid care work than men – of children, and older or disabled people – leaving them with less time for paid work across a lifetime. This means that on average, women are more likely to rely on social security and receive more of their individual and household income from the social security system than men.
- Women, particularly poor women, women from ethnic minority backgrounds and disabled women have borne the brunt of cuts to social security since 2010¹⁰. Women also make up the majority (85%) of lone parents who are a significant number of those impacted by the two-child limit (see above).
- Women are the shock absorbers of poverty, and within families are more likely to oversee the household budget and cut food, heating or clothing for themselves to provide for children and other household members¹¹.

⁷ F Hobson for the House of Commons Library (April 2022) The impact of the two-child limit in Universal Credit, available at <https://commonslibrary.parliament.uk/research-briefings/cbp-9301/>

⁸ WBG response to funding uplift (May 2023) available at <https://wbg.org.uk/media/press-releases/wbg-welcomes-funding-boost-for-childcare-in-universal-credit-but-it-remains-insufficient-to-meet-actual-cost-of-childcare-today/>

⁹ WBG with Surviving Economic Abuse and the End Violence Against Women Coalition (June 2019) Benefits or Barriers, available at <https://wbg.org.uk/analysis/benefits-or-barriers-making-social-security-work-for-survivors-of-violence-and-abuse-across-the-uks-four-nations/>

¹⁰ WBG and Runnymede Trust (2017) [Intersecting Inequalities: The impact of austerity in Black and Minority Ethnic women in the UK](#)

¹¹ WBG (September 2022) [The Cost Crisis: a Gendered Analysis](#)

The solutions

In the short-term: The Government, the Labour Party and all political parties should commit to removing the two-child limit.

In addition, the Women's Budget Group calls for the real value of benefits to be increased and to retain regular uprating of social security benefits in line with CPI.¹² Policies such as the benefit cap, two-child limit and the 'No Recourse to Public Funds' rule should be abolished and Child Benefit increased to £50 per child.

In the longer term, a better social security system should be:

- **Based on individual entitlement as far as possible,** so as to foster economic autonomy for individuals and make financial abuse more difficult to perpetrate. Individual interests may not coincide within a family or household and therefore individual access to income also matters.
- **Non-means-tested,** to prevent and not just provide relief from poverty; to compensate people for additional costs (such as children or disability related); and to ensure that individuals have access to an alternative source of income, so as to be able to refuse degrading forms of employment. Some means-testing will still be required, but autonomy ought to be prioritised.
- **Encouraging the sharing of care,** so that the gendered division of labour is not exacerbated. No policy should rely on just one individual having to be the main carer or the main earner in a family.
- **Taking a life-course approach,** so that the benefits system does not impede movement into and out of different types of employment that suit people at different stages of their lives. It should recognise that many people, particularly women, have employment histories interrupted by caring breaks and ensure that this does not lead to poverty in old age.
- **Designed by and for users,** so that the decision-making process on future reforms includes the views and voices of users, as well as those of other experts. This also includes adhering to the spirit of international obligations such as the UN Conventions on the rights of the child, disabled people and women.
- **Assessed for equality impacts at every stage** as an integral part of the policy-making process, in other words when policies are designed, implemented and revised.
- **Part of a holistic review of social security, tax and public services,** because people need public services as well as income. Social security works in combination with other parts of the social protection system, including housing and health, social and child care, and needs to be evaluated as part of that system as a whole and the taxation system that funds it, including for its equality impact.

¹² WBG (2023) [Spring Budget 2023: Social security and gender](#)