

United Kingdom: Evidence of the impact of the two-child limit on child poverty in large households

ESPN Flash Report 2021/23

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Since April 2017 means-tested child tax credits, housing benefit and universal credit child payments were restricted to only the first two children in the family. Evidence is accumulating on its impact on child poverty and abortions.



Description

In ESPN Flash Report 2017/20 we reported on the background to a measure announced by the UK government in 2015 as part of the austerity measures for social security. From April 2017, families claiming means-tested benefits for a third or subsequent child born after that date would not receive the standard child addition payable for each child of £2830 (€3141) per year. The rationale for the change was to reduce the deficit by £1,365 (€1597) million per year. The government also sought to “encourage parents to reflect carefully on their readiness to support an additional child” (quoted in the impact assessment).

Children in large households were already at higher risk of poverty (37% in households with 3 or more children compared with 16% for one-child households and 17% for two-child households in 2019/20 according to the latest estimates published on 25 March 2021), and the limit would increase child poverty in households with three or more children. The policy also removed the protection for larger households affected by unpredictable life events, such as ill health, job loss, or relationship breakdown.

Four years after the start of the scheme there is considerable evidence emerging on its impact.

First the number of families potentially affected by the two-child limit has hugely (and unexpectedly) increased as a result of the COVID-19 pandemic. Before the pandemic in January 2020

only 289,000 families with children aged 18 or less were receiving universal credit. By November 2020 that number had nearly trebled to 630,000 and will have continued to increase rapidly as the third wave hit in January 2021. It is likely to increase further later in 2021 as the furlough scheme protecting many jobs is planned to run out at the end of September and unemployment will rise and income fall.

Second child poverty has been rising in the UK for the last two years. The latest official estimates (published on 25 March 2021) only take us to the end of March 2020 but they show that the at-risk of poverty rate before housing costs increased from 19% to 23% in the last four years, i.e. since April 2017 - and this is even before the impact of the pandemic. It is also clear that there was a sharp increase in the proportion of all poor children living in households with three or more children from 40% in 2016/17 to 47% in 2019/20. There was also an increase in the proportion of children in poverty living in households with a youngest child under 5 from 50% to 52% over the same period.

Third there is mounting evidence (see Child Poverty Action Group and Church of England (2020) that affected families are having to cut back on basic items, including adequate and healthy food, and are getting into problem debt. Parents are cutting spending on themselves at the expense of their own mental health and relationships, pushing some families to breaking point. The policy is adversely affecting their children’s well-being and development, as family budgets are trimmed, and children are unable to join in

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extracurricular activities or socialise with friends. There is also evidence that the exception for children born within an abusive relationship is not working as intended.

Fourth there is some evidence that the two-child limit may have influenced decisions to end a pregnancy. A British Pregnancy Advisory Service study found among women who were aware of the two-child limit and likely to be affected (women in receipt of universal credit or tax credits), 57% said that the policy was important in their decision-making around whether or not to continue the pregnancy. Further, the Office for National Statistics (2020) and Bradshaw (2020) contain three important findings that may be related to this issue. There was a sharp increase in abortion numbers after the two-child limit started. The rate of abortion per 1,000 women in 2019 was the highest it has ever been. Older women who are more likely to have had two children have had the sharpest increases in abortion. Abortion rates are closely associated with deprivation. The number of abortions to women with 2 or more previous live births has risen most rapidly and especially after 2017.



Outlook and commentary

The child poverty outlook is bleak with rising unemployment and reduced income from work. While NGOs and opposition political parties call for the two-child limit to be abolished the government seems impervious. Polling by the British Pregnancy Advisory Service shows more than two-thirds of adults in the UK believe the government should scrap or suspend the two-child limit – including the majority of Conservative supporters. Families receiving benefits should “face the same financial choices about having children as those supporting themselves solely through work” is the mantra, despite the fact that nearly three in five families affected by the policy are families in which adults are working. The evidence presented above, though early and therefore tentative, is alarming. China’s one-child policy was driven by burgeoning birth rates. The UK has sub-replacement fertility.

Further reading

- Bradshaw, J. (2017) UK benefits restricted to two children in a family likely to increase child poverty, [ESPN Flash Report 2017/20](#)
- Bradshaw, J. (2020) [The two-child limit: Impact on abortion](#)
- British Pregnancy Advisory Service (2020) [Forced into a corner: The two-child limit and pregnancy decision making during the pandemic](#)
- British Pregnancy Advisory Service (2021) [New polling shows majority of the public now oppose the government’s two-child limit policy](#)
- Child Poverty Action Group and Church of England (2020) [No one knows what the future can hold: the impact of the two-child limit after three years](#)
- House of Commons Library (2018) [Two child limit in Universal Credit and child tax credits](#)
- Office for National Statistics (2020) [Abortions Statistics for England and Wales, 2018.](#)
- Official Statistics (2021) [Universal Credit statistics, 29 April 2013 to 11 February 2021](#)
- Official Statistics (2021a) [Households below average incomes – 2019/20](#)
- Stewart, K., Patrick, R. & Reeves, A. (2020) [The two child limit now affects almost one in a million children – and it is being implemented when poverty is rising for larger families](#)
- [Welfare Reform and Work Bill: Impact Assessment of Tax Credits and Universal Credit, changes to Child Element and Family Element](#)

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