**Briefing paper Needs Matter: How the two-child limit and the benefit cap harm children**

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**Summary**

Households with dependent children have additional financial needs, tied to the costs of looking after and bringing up children. This has long been acknowledged by our social security system, through a combination of universal and means-tested support. However, two policies introduced by the Conservative-led governments of 2010-15 and 2015-17 have greatly reduced the support available for families with children, especially where families live in areas of high rent (the benefit cap) and where families have more than two children (the two-child limit).

In this rapid-response briefing, we share new findings from qualitative research with families directly impacted by these policies. We detail the material, social, emotional and relational harms these policies cause children. We highlight how children are often keenly aware of the hardship their family faces, sometimes trying to protect their parents from the consequences of poverty. We show how the continuation of these policies during the cost of living crisis is creating an almost impossible context for affected families, with a risk of causing long-lasting harm for millions of children. Both policies should be abolished as part of a commitment to tackling child poverty, and ensuring that all children have the chance to enjoy a safe and happy childhood.

**Context**

The two-child limit and benefit cap are policies that, by their very design, disproportionately affect families with dependent children. The two-child limit directly restricts support to the first two children in a family and the benefit cap places an upper limit on support available to households, which disproportionately affects families with children who have higher financial needs. 86% capped households are families with dependent children (see DWP, 2022). Both policies were introduced by the Cameron and Osborne Conservative-led governments, as part of a wider rhetoric on the supposed need to end ‘welfare dependency’ and deliver ‘fairness’ to ‘hard working families’.

The two-child limit was introduced in 2017, and restricts support provided through Tax Credits and Universal Credit to two children in a household (for children born after April 2017), with some exemptions.[[1]](#footnote-1) Households lose £55 per week for each affected child. As of April 2022, 1.3 million children were living in households affected by the two-child limit. This means almost 9% of children in the UK (8.7%) now live in households affected by the two-child limit. This is an increase of 1.3% since 2021, with the numbers affected inevitably increasing year on year, as more and more children are born into a country with this policy in place.

The benefit cap was introduced in 2013, and limits the total amount of benefit income that low-earning and out of work households can receive. The level of the cap was initially set at £26,000 per family but this was lowered in 2016. Families are now capped at £23,000 in London and £20,000 elsewhere, irrespective of how many children they have. The level of the cap has stayed the same since 2016, and there are currently no plans to uprate it, even at a time of record inflation. In February 2022, 120,000 households were capped, losing out on £50 a week on average (DWP 2022). Again, there are some exemptions and a nine- month ‘grace period’ after someone leaves a job before the cap is applied. But even with these exemptions, the majority (82%) of households affected by the cap have been assessed by the DWP as not being required to look for work, mainly because they are disabled, have an illness, or care for a very young child (WPC 2019).

In this rapid-response briefing paper, we draw on early findings from the *Benefit Changes and Larger Families* project which is investigating the impacts of the two-child limit and benefit cap on families with three or more children (see Appendix A for methodology). We report from a first round of interviews conducted between April and November 2021 and a subsequent round of interviews conducted between January 2022 and June 2022, with families navigating the intersecting impact of these policies and the cost of living crisis. This evidence shows that the policies are causing very real and significant harms to affected children. Both policies make it almost impossible for families to meet their basic needs, and this inevitably has negative effects on children, which could be long lasting and very difficult to remedy.

**Material harms: ‘I have to make ends meet’**

By removing entitlement to social security, the two-child limit and the benefit cap mean that parents do not have adequate benefit payments to meet their children’s basic needs. The parents and carers we spoke to highlighted a wide range of basic items they struggle to afford, including food, clothes and utilities. Lucy, who is capped by just under £200 per week, explained:

*When you can’t feed your children and you keep going to the food bank it’s not so easy; because in the food bank it’s not like you can do actual shopping, it’s what they give you and it’s, like mostly it’s tinned food, and, you know, living on tinned food constantly can get kind of like boring and frustrating for the children.*

(Lucy, subject to the benefit cap)

The policies also negatively impact the quality of food that parents were able to afford. Getting by without enough also left parents with nothing spare for emergency expenses, with several parents mentioning the struggle to replace broken white goods and furniture. Parents could not always afford to buy new items when needed as they simply did not have any financial buffer. Asma, who is affected by the two-child limit, which applies to her youngest child, told us:

*The end of the bed it just broke. So we tried to fix it for the time being because we couldn’t buy a bed immediately, so we tried to see, right, if we can put something on it, like a piece of wood, we’ll see if it stays the same but it didn’t, so we knew it were ready to go out to the tip. But it took a few weeks and, as I said, it’s not good for their health because the way they’re sleeping is not right, it’s not good. I can’t explain it; it’s a bit like when you’re going down a slide, that’s how you sleep.*

(Asma, subject to the two-child limit)

Concerningly, parents with very young children explained that they found it particularly difficult to buy essentials. Parents affected by the two-child limit highlighted that it was especially unjust that they did not get the child element for the youngest child, given the extra spending needed for young children (for example on nappies and new clothes as they grow rapidly). Alisha, who is affected by both the two-child limit and the benefit cap, explained that she felt she had no choice but to potty train her youngest child before he was ready:

*It's put me under pressure to try and rush my younger one's potty training which he's clearly not ready [for], he's not getting there but I can't afford nappies, so it is stressing me out… I don't have money at the end of the month. I have to make ends meet, I have to sell things, I have to do whatever I can.*

(Alisha, subject to the two-child limit and the benefit cap)

Rachel, whose two youngest children are affected by the two-child limit, struggled to afford new shoes for her one year old:

*[One-year-old daughter] was in size four shoes and she had her feet measured the other day and she’s a six, so for the last two months she’s been wearing shoes that are two sizes too small, but I couldn’t do anything about it… it’s not even Clarks shoes she’s getting, it’s ASDA’s, you know, cheap and cheerful.*

(Rachel, subject to the two-child limit)

Evidently, and inevitably, the material impacts on the children can have knock on impacts on their emotional and physical development. This points to the long-term detrimental effects these policies have. There is a wealth of evidence of the ways in which experiencing poverty as a child can lead to adverse outcomes later in life (Cooper and Stewart, 2017; Wickham et al, 2016, Hair et al, 2015). Both policies increase child poverty and so are inherently harmful in both the immediate and long-term.

Getting by without enough financial support often means making difficult daily decisions about competing essentials. It also means that affected households struggle to afford extra-curricular and leisure activities. The majority of the participants explained that their children either could not take part in extracurricular activities or had to stop on account of the cost. Laura, who is affected by both policies, said:

*I mean my oldest, since [youngest child]’s come along he’s had to stop doing things… like after school clubs and stuff, and things like that. I just can’t afford any extras; so he’s had to stop going to his Jujitsu classes which he really loved.*

(Laura, subject to the two-child limit and the benefit cap)

Parents also commonly reported that they could not take their children out for the day or do any leisure activities that cost money. Many parents, like Melissa, felt their children were missing out as a result.

*They just don’t get many days out or owt like that, cos it just costs like a lot and obviously with me not getting nothing for her and paying all that rent like it’s just literally week-to-week, pay yer bills and buy yer bit of shopping and then that’s it really. It’s sad really, in a way, for kids, you know, it’s the kids that suffer more than anybody… it’s them that miss out and you know, you feel for.*

(Melissa, subject to the two-child limit and the benefit cap)

Material harms also gave rise to social harms, for example, when children were socially excluded by their peers because they were unable to take part in extra-curricular and leisure activities.

**Social harms: ‘he either can’t go or he’s gonna be embarrassed’**

Parents talked about how their children felt left out because they could not take part in activities. Ashley, who is affected by the benefit cap, explained the impact this had on her daughter (aged twelve):

*She asked if she can go cinema; I can’t afford to just give her the money to go*

*cinema. And all her other little friends, she’s watching her other little friends going out.*

(Ashley, subject to the benefit cap)

Similarly, Alisha was fearful about letting her children attend birthday parties because of the costs involved:

*I mean God forbid when it comes to the kids having parties again cos obviously when you send the child to a party, you’ve got to pay for a present; I can’t do it. I get presents for my kids on the catalogues, I can’t just go to the shop and buy a £10 Lego thing and a birthday card and wrapping paper, but if you don’t do that then he’s excluded, he’s not like the other children. So yeah, he either can’t go or he’s gonna be embarrassed*.

(Alisha, subject to the two-child limit and the benefit cap)

Parents frequently commented on the peer pressure their children faced regarding the clothes and devices they did - or more often did not - have. Jessica, who is affected by both the two-child limit and the benefit cap, explained how difficult it was for her daughter when she did not have the 'right' school shoes:

*One of my children has been wearing trainers that she’s not actually allowed to wear at school because I can’t afford her a new pair of school shoes… so things like not being able to wear the school uniform properly is affecting her wanting to go to school… my child’s going to school and getting picked on cos she can’t wear the right school shoes because I don’t have £10.*

(Jessica, subject to the two-child limit and the benefit cap)

This again points to the significance of the harms done by these policies; the negative comments from peers not only had social and emotional effects, but also had the potential to hinder Jessica's child's education.

**Emotional harms: ‘he didn’t have anxiety issues before’**

We know that poverty negatively impacts maternal mental health, but we also found that the two policies negatively impact children’s mental health. The peer pressure the children experienced and comparisons the children made with those around them inevitably led to feelings of anxiety, sadness and embarrassment. Alisha explained:

*My nine-year-old, a huge impact on him; things like school photos, when school photos come round, he starts to panic because he wants a haircut, he daren’t ask me. Cheapest haircut I can get for him is about £10 or £11. I’ve tried doing clippers and stuff at my home; no, it don’t work, he’s got very thick hair and he’s nine, he wants to look nice. Things like their school uniform, if it wasn’t for his school actually buying it this year; again he’s got quite anxious. He is a more shy child than my oldest but he didn’t have anxiety issues before.*

(Alisha, subject to the two-child limit and the benefit cap)

The children were also affected by their parents’ distress. Quantitative research from the *Benefit Changes and Larger Families* project has found that the benefit cap worsens the risk of maternal mental ill health (Reeves et al, 2021). Similarly, walking alongside participants affected by the two-child limit and benefit cap has shown how the policies directly cause parents stress, worry, depression, insomnia and tiredness. While parents try hard to shield their children from the extent of their financial concerns, the negative impacts on their mental health can in turn affect the children. Laura told us:

*I think the biggest impact that it has on them is just my stress levels and my worries about money affects, I don’t want to say it negatively affects my ability to parent them cos it doesn’t, I’m a loving parent and I’m always there for them, but especially my oldest, he picks up on the fact that there’s money worries and that I’m struggling and that I’m worried about finances.*(Laura, subject to the two-child limit and the benefit cap)

Several of the parents explained that they wished their children could be free from financial worry and able to enjoy their childhood. This is not always possible given the severity of the financial hardship the policies cause. Instead, children can suffer from considerable anxiety on account of the acute financial pressure their families are facing daily.

**Relational harms: ‘you know mummy hasn’t got money’**

The harms these policies cause are cumulative, and interlocking. As well as the material, social and mental health harms, the policies can negatively impact family dynamics. We hear a great deal about the ‘heat or eat’ dilemma households in poverty routinely face. Families affected by the benefit cap and two-child limit also told us about the stressful and difficult decisions they face when they have to choose which of their children’s basic needs to meet. This can lead to siblings feeling resentful of one another and can also cause increased conflict between children and their parents. Khadra, who is affected by the two-child limit, and receives no support for her youngest children, explained:

*I feel bad because sometimes you cannot meet all the needs… sometimes we’d say “OK, let me get this one what they want” and the other one she’ll be like “Oh, why has she got it and why I don’t have it?”*

(Khadra, subject to the two-child limit)

The parents often prioritised spending on younger children and children with health conditions, which could be difficult for older children. Rez, who is affected by the two-child limit, said:

*The eldest feels now kinda left out, cos everything for the little ones and nothing for*

*her because she is older.*

(Rez, subject to the two-child limit)

These impacts are an important reminder that the two-child limit restricts a families’ total household income and this inevitably means that all children in the family are negatively affected, not just those for whom means-tested support is unavailable.

While children sometimes expressed resentment towards their parents, at other times they tried to protect their parents from the emotional distress caused by the financial fallout from the policies. Some children stopped asking for things. Several of the parents also reported that their older children tried to stop younger siblings from asking their parents to buy things for them. Laura said:

*You’ll hear him [oldest child] say things when he will be in the shopping, his sister will say that she wants a magazine, he’ll say “Don’t ask mummy, don’t ask mummy, you know mummy hasn’t got money.” You know, and you can see that he’s trying to be really like protective and he knows like, all right, I don’t want you to ask mum because it’s gonna stress her out, she’s gonna feel guilty about saying no. And, you know, he’ll just say things, like if his friends want to go and do something, he’ll say “Oh, you know, my friends are doing this on the weekend can we go with them? I know if we can’t if it’s going to cost lots of money, mum, then it’s fine, I understand.” And, you know, he’s too grown up for his age really.*(Laura, subject to the two-child limit and the benefit cap)

So while parents are trying to protect their children from the negative impacts of the policies, at times, older children are trying to protect their parents from further emotional distress. This adds to the burden the policies place on growing children, and points to the significance and lasting harms likely caused.

**Collision with the cost of living crisis: ‘everything’s got so sky high’**

There is a risk that the harms caused by these policies are worsened by the cost of living crisis, which sees a collision of rising prices with inadequate social security support. While there has been some targeted support for households on a low income, this has taken the form of flat-rate payments, meaning that a family of five will receive the same level of support as a single-person household - ignoring the greater financial needs of larger families.

When we spoke to families earlier this year, many of the parents explained that the impact of the policies was worse than the previous year because of rising prices. Khadra said:

*To be honest with you, I think it’s worse because what I found out that everything has*

*gone up in terms of prices, like grocery, everything has gone up so the impact has gone worse.*

(Khadra, subject to the two-child limit)

Similarly, Kimberley, who is affected by both the benefit cap and the two-child limit, said:

*With gas and electric and food, everything’s gone so sky high; so I don’t know where they expect me to get it from. I take it all out the kids’ money but then if the kids need new shoes or clothes I ain’t got the money there just to go get it for ‘em.*

(Kimberly, subject to the two-child limit and the benefit cap)

The cost of living crisis has created fears about how families will cope in the future, as prices continue to increase. Many expressed worry about the coming months. On being asked what her hopes were for the future, Asma replied:

*If anything I think it’s about to get worse… things are going up high, and also in shops as well price increase so, you know, that is worrying. So I don’t think there is any hope at the moment.*(Asma, subject to the two-child limit)

Families affected by the benefit cap and two-child limit were struggling to afford basic necessities even before prices started to rise. Our interviews with parents during the cost of living crisis show that there is a widespread sense that it will be simply impossible to withstand and cope with further price increases, leaving families facing extreme hardship and daily anxiety about how they will manage.

**Conclusions**

Despite parents’ best efforts to protect their children from the negative impacts of the two-child limit and the benefit cap, both policies mean families face a struggle to meet basic needs. This directly causes material harms that affect the whole household, and generate specific social and emotional harms for children. The financial hardship that these policies create also increases tensions in households and can result in children trying to protect their parents from further distress. Previous research has shown that poverty has lifelong consequences for children, in terms of their physical health, social, behavioural and emotional development, cognitive development and school achievement (Cooper and Stewart, 2017). This is reinforced by the findings from this study which evidences the harms caused by the benefit cap and two-child limit. Both policies should be abolished given the severely detrimental and long-lasting effects on children.

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**Appendix A: *Benefit Changes and Larger Families* Research Methods**

To investigate the impacts of the two-child limit and benefit cap on larger families (classified as those with three or more children), the Benefit Changes and Larger Families project is using both quasi-experimental quantitative methods and qualitative longitudinal research. Qualitative longitudinal research involves repeat interviews, with time becoming both a tool and a focus of study. In this briefing, we report on early evidence from the first two waves of interviews, which were conducted in 2021 and 2022.

The main aim of the qualitative longitudinal work is to find out how larger families are experiencing and responding to the changing policy context. We are following 45 larger families in Yorkshire and London over 18 months, conducting three interviews over this period. We had initially planned to do face-to-face interviews, but due to Covid-19 we have done most of the interviews over the phone.

We conducted the first round of interviews in 2021. The second round of interviews took place between January and June 2022. We will do the third and final round of interviews in Autumn 2022. At the first round of interviews, 21 participants were affected by the two-child limit, 12 were affected by the benefit cap and 12 were affected by both policies. Reflecting the national picture, families with three children were most common in the sample. We intentionally have participants from a mix of ethnic backgrounds due to concerns raised about the disproportionate effects these policies could have on families from certain ethnic minority backgrounds. The research is underpinned by an ethics of care and reciprocity, and principles of anonymity and confidentiality mean that all names have been changed in this briefing.

Population estimates for the percentages affected by the two-child limit were derived using ONS population data for 2020.

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1. These include multiple births, adopted children and those living with kinship carers. There are also exemptions for children conceived as a result of non-consensual sex and during coercive relationships which have caused controversy due to how these exemptions are applied. [↑](#footnote-ref-1)