



EVERY PENNY COUNTS

The struggle to survive on the two-child limit

OCTOBER 2024

A report by UNITY Consulting Scotland for the Wheatley Group



“ —

*Our finances were
a big question on
whether to
continue with
pregnancy or not,
if I'm honest.*

— ”



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TWO CHILD LIMIT RESEARCH

The shift from the previous legacy benefits to Universal Credit has been controversial and contentious since it was first introduced.

Particular dimensions of Universal Credit, such as the two-child limit, the Benefit Cap, conditionality and the sanctions regime, have been amongst the most contested elements of the system.

Concerns about Universal Credit and the overall approach to welfare have been compounded by the growing body of research and evidence showing the real, lasting and negative impact on those receiving Universal Credit.

The two-child limit policy came into sharp political focus over the past year or so after the Labour leader Sir Keir Starmer said before the election that Labour would not reverse the policy if elected.

With Keir Starmer now Prime Minister of a newly elected Labour Government the debate has intensified, but there is still no sign of the policy ending. This debate is likely to increase in the lead-up to the new Labour Government's first budget on October 30th 2024.

Concern over the impact of the two-child limit on their tenants led to the Wheatley Group commissioning Unity Consulting Scotland to conduct research into the policy and assess its impact.

RESEARCH SYNOPSIS

Unity Consulting was previously commissioned by Wheatley to produce a report into the overall impact of Universal Credit on Wheatley tenants.¹ This new report builds on that work and the previously published report, *Existing Not Living*.

Our remit was to hear from tenants themselves about how the policy has impacted their lives and those of their children.

The research consists of a literature review, focus groups of staff, interviews with Wheatley tenants and finally a survey of all Wheatley tenants identified as being affected by the policy.

[1] <https://www.wheatley-group.com/media/news/newsfolder/new-universal-credit-study-reveals-impact-on-social-housing-tenants>

SOCIAL INSURANCE AND UNIVERSAL CREDIT

Social insurance and the welfare state was initially created to provide a safety net when people fell on hard times and required the helping hand of the state. It provided for people when they were in need and it provided the foundation for individual and collective progress. We describe this thinking in our previous report:

A system of social insurance or protection means that the National Health Service treats you free at the point of need, that your child is educated through the universal provision of comprehensive Primary and Secondary Education. If you lose your job you receive unemployment benefits. If you could not work through illness you received sick pay. If disabled you are supported via disability benefits and council and social housing provide homes for millions.²

A campaigner from the Joseph Rowntree Foundation (JRF) succinctly made the case for social protection and the need to support people:

Social security plays a vital role in our society, whether we're in a national crisis or in 'normal' times. Our social security system should protect families from harm. It should help people keep their head above water if they lose their job, if their income is too low or insecure, if they are sick or if their circumstances change. It should protect people from poverty and bring stability, opening up options and opportunities for them to improve their prospects.³

One of the main concerns about Universal Credit is that it does not uphold those worthy and important aspirations. On the contrary, Universal Credit is seen by many as being created, and designed in such a way as to undermine the social security system based on need and instead limits support while attempting to incentivise people back to work through punitive means.

In our previous report we outlined in some detail the origins of Universal Credit, the philosophical and ideological reasoning and the political climate that lay behind its creation. We also laid bare evidence of its (often detrimental) impact on people and how parts of it, such as the sanctions regime, can result in some people quite literally being left destitute.⁴

An idealised version of the welfare state believes it is there to offer people protection and provide for them within the system at their time of need. Essentially, when people need help the state provides it. The greater the help people need the more they should be able to access. However, the contemporary welfare state and the protection people receive from the state, has been steadily eroded.

[2] https://www.wheatley-group.com/_data/assets/pdf_file/0021/224346/Report-into-Universal-Credit.pdf

[3] <https://www.jrf.org.uk/social-security/keepthelifeline-urging-the-government-not-to-cut-universal-credit>

[4] https://www.wheatley-group.com/_data/assets/pdf_file/0021/224346/Report-into-Universal-Credit.pdf

Dimensions of Universal Credit, such as the two-child limit and the Benefit Cap have effectively undermined the principle of support linked to need. The decoupling of that link is embodied in these policies. The result of this has seen those in greater need such as larger families, single parent families and/or those, residing in areas where housing is more expensive, disproportionately living in poverty and not receiving the level of support they need.

JUSTIFYING THE CREATION OF UNIVERSAL CREDIT

The motivation of the previous Conservative UK Government, which created and designed Universal Credit, was undoubtedly philosophical and ideological, but they also wanted to save money at the same time as 'incentivising' people back to work, whilst simplifying the system. As noted in our paper published in March 2023:

*The creation of Universal Credit was built around a view that social security and tax benefits should be integrated, that the system should be simplified, that social security had to 'incentivise' people back to work in a more effective way and that the cost to the taxpayer had to be reduced.*⁵

Given that Universal Credit was created during the austerity measures introduced by the 2010 Conservative/Liberal Democrat Coalition Government, there is little doubt that there were cost saving intentions. This was confirmed in a House of Lords report and quoted in the *Existing Not Living* report, which stated:

A report by the Lords Economic Affairs Committee said how UC at its inception was "designed with money-saving objectives. These include reducing fraud and error and bringing down administrative costs through automation."^{6,7}

The Government's business case for Universal Credit was published in 2018. It stressed that there was a sound business case for its introduction and that when in a steady state Universal Credit will 'generate an economic value of £8bn a year'. It outlines how they believed that Universal Credit would result in cost savings.

The Source of Economic Benefits are:

"A. Impacts resulting from individuals choosing to work / work more under Universal Credit: £5.2bn – at steady state £19.3bn – over the 10 years of the business case

B. Impacts resulting from differences in the level and distribution of welfare benefit payments: £2.7bn – at steady state £16.2bn – over the 10 years of the business case

*C. Impacts resulting from changes in the costs of administering Universal Credit compared with the existing system: £0.3bn – Operational savings per year in steady state (DEL)."*⁸

[5,6] https://www.wheatley-group.com/_data/assets/pdf_file/0021/224346/Report-into-Universal-Credit.pdf

[7] <https://publications.parliament.uk/pa/ld5801/ldselect/ldeconaf/105/105.pdf>

[8] <https://assets.publishing.service.gov.uk/media/63456b85d3bf7f618c35e4d2/uc-business-case-summary.pdf>

THE TWO-CHILD LIMIT

The two-child limit is a regulation within the means tested Universal Credit benefits system. The decision to introduce it does not have many precedents. Limiting state support for larger families is a highly unusual policy when compared to other European countries. Most western countries retain the same level or increase, rather than reduce, support for families with more children. There are only three countries, Spain, Romania and Cyprus, who limit the support given to larger families, but that is for families who have more than three or four children.⁹

The two-child limit stops the support for families who are in receipt of Universal Credit, for any additional child after two. Research from the House of Commons Library describes how Universal Credit supports families with children and the rules around the support they receive for them:

Households claiming Universal Credit or tax credits can get extra amounts if they have children. For children born from 6th April 2017 the two-child limit was introduced, limiting this additional support to the first two children in a household, with certain exceptions. The two-child limit only applies to working-age means-tested benefits and tax credits. It does not apply to Child Benefit or the additional amounts for children in Pension Credit. Neither does it apply to help with childcare costs or some additional amounts provided for disabled children within Universal Credit.¹⁰

The Department of Work and Pensions (DWP) offer this explanation to claimants:

You'll be entitled to an additional amount for any child born before 6 April 2017. Universal Credit will no longer pay you an additional amount for a third or subsequent child born on or after 6 April 2017, unless special circumstances apply.

For example, if you're already claiming Universal Credit, have responsibility for two children and you then give birth to a new child, you won't get an additional amount of Universal Credit for that new child, unless special circumstances apply.¹¹

Some believe that the two-child limit was seen as a method of social control targeting the behaviour of individuals and aggressively disincentivising them to not have any more than two children, unless they could 'afford' to do so.¹² If controlling birth rates was a motivation, such state paternalism has failed with birth rates only minimally affected since the introduction of the two-child limit.^{13, 14} Moreover, it stands in contrast to the needs of Scotland. The demographic challenge of Scotland's ageing population,¹⁵ arguably requires incentives put in place to encourage parents to have more, not fewer, children and help

[9] <https://www.lse.ac.uk/research/research-for-the-world/politics/two-child-benefit-cap-poverty>

[10] <https://researchbriefings.files.parliament.uk/documents/CBP-9301/CBP-9301.pdf>

[11] <https://www.gov.uk/guidance/universal-credit-and-families-with-more-than-2-children-information-for-claimants#:~:text=You%20can%20get%20extra%20Universal,one%20child%20in%20that%20birth>

[12] <https://www.nuffieldfoundation.org/project/fertility-impacts-two-child-limit>

[13, 14] <https://www.nuffieldfoundation.org/news/two-child-limit-will-dramatically-increase-child-poverty>

[15] Scotpho Migration, Policy Context

children and help address fundamental gaps in the labour market and increase the tax base to fund public services.

The introduction of the two-child limit provoked considerable anger, which still resonates to this day, around the exceptions that are applied to the policy. The following clause instigated particular anger:

Children likely to have been conceived as a result of a non-consensual sexual act (including rape), or at a time when the claimant was subject to ongoing control or coercion by the other biological parent of the child. You can get additional Universal Credit for third or subsequent children in your household who are likely to have been conceived as a result of a sexual act to which you didn't or couldn't consent.¹⁶

The so-called rape clause horrified many people and received widespread condemnation. Rape Crisis Scotland reflected the anger many felt, saying at the time:

It is appalling that the policy (2-child limit) forces survivors of sexual violence to disclose rape to access essential benefits for themselves and their families. Nobody should be forced to disclose sexual violence to access welfare.¹⁷

Families with more than two children, who are eligible for Universal Credit, are losing out on significant income. It's said "*Low-income families typically receive an additional £3,455 a year of Universal Credit (or child tax credit) for each child they have.*"¹⁸ Nearly seven years after the introduction of the policy, it was said there were almost 1.6 million children in 440,000 families affected by the two-child limit.¹⁹

Based on these figures £3,455 per year per additional child would be enough to lift hundreds of thousands of children out of poverty. The Child Poverty Action Group (CPAG) found that 300,000 children would be lifted out of poverty and another 700,000 would be in less deep poverty if the policy was scrapped.²⁰

Very recent figures from the Institute for Fiscal Studies (IFS) suggest many more children would benefit if the policy was scrapped. They reported that 540,000 children would be lifted out of poverty if the two-child limit was removed. They said it would cost £2.5bn per annum, which amounts to £4500 per year per child.

[16] <https://www.gov.uk/guidance/universal-credit-and-families-with-more-than-2-children-information-for-claimants#special-circumstances>

[17] <https://www.rapecrisisscotland.org.uk/news/news/our-statement-on-the-two-child-policy-on-child-tax-credits-and-the-rape-clause/>

[18] <https://ifs.org.uk/articles/two-child-limit-poverty-incentives-and-cost>

[19] <https://cpag.org.uk/news/things-will-only-get-worse-why-two-child-limit-must-go>

[20] https://cpag.org.uk/sites/default/files/2024-07/Things_will_only_get_worse.pdf

The IFS research however warns that the two-child limit is only one part of the story and that removing the Benefit Cap would also help reduce child poverty:

70,000 of the poorest households subject to the two-child limit would see the gains from its reversal partially or fully wiped out by the household benefit cap, which limits the total amount of benefits an out-of-work household can receive...Scrapping the household benefit cap and the two-child limit in combination would lift 620,000 children out of absolute poverty, compared with 540,000 from reversing the two-child limit alone. This would come at a substantially higher total cost, of £3.3 billion a year, and a higher cost per child lifted out of poverty, but it would ensure that the children furthest below the poverty line would see their incomes rise.²¹

Removing the two-child limit would undoubtedly have a financial cost for the Government. The Resolution Foundation estimates that if the two-child limit was abolished it would cost £2.5 billion in 2024-25, rising to £3.6 billion in 2024-25 prices if the policy were at full coverage.²² However, the cost to individual families and the lives of children does not only impact the people concerned it also impacts wider society and the economy as a result of unintended costs. As a 2023 CPAG report calculated:

70,000 of the poorest households subject to the two-child limit would see the gains from its reversal partially or fully wiped out by the household benefit cap, which limits the total amount of benefits an out-of-work household can receive...Scrapping the household benefit cap and the two-child limit in combination would lift 620,000 children out of absolute poverty, compared with 540,000 from reversing the two-child limit alone. This would come at a substantially higher total cost, of £3.3 billion a year, and a higher cost per child lifted out of poverty, but it would ensure that the children furthest below the poverty line would see their incomes rise.²³

We argue that these individual and wider societal costs should concern the Government the most. They beg the question whether the Government can afford, economically and morally, not to scrap a policy that is having such an impact on child poverty and to continue with the two-child limit given its hugely negative impacts.

The initial financial costs to scrap the policy is therefore just one 'cost' element but it should not be the only consideration. When legislating for welfare cuts and savings, the impact of rising poverty rates and other unintended costs should also be factored into any cost assessments. A critical cost is diminishing life outcomes and opportunities for the children who are impacted by the decision to maintain the two-child limit. It also impacts local economies because the spending power of those affected by the policy is reduced.

[21] [Abolishing the two-child limit would be a cost-effective way of reducing child poverty but is no silver bullet](#) | Institute for Fiscal Studies (ifs.org.uk).

[22] <https://www.resolutionfoundation.org/publications/catastrophic-caps>

[23] <https://cpag.org.uk/sites/default/files/2023-08/The%20cost%20of%20child%20poverty%20in%202023.pdf>

POVERTY AND THE TWO-CHILD LIMIT

The two-child limit policy has been a significant driver of higher rates of child poverty and disproportionately affects the poorest people the most.²⁴ This is especially the case within single parent and/or larger families. Evidence shows the poverty rate for children in families with three or more children was 42%, compared with 23% and 22% among children in families with one or two children.²⁵ Statistics from HMRC also showed how in 2023, 50% of families affected by the two-child limit were single parents.²⁶

A Resolution Foundation study suggested that this trend of rising poverty in larger families is likely to continue over the next few years. A House of Commons Library Research Paper said of it:

*Relative poverty will continue to rise for families with three or more children. Around a third (34%) of households with three or more children were in relative poverty in 2012/13, which they estimate will reach 51% by 2028/29.*²⁷

The majority of families affected by the two-child limit are living in poverty, despite 59% of these families having one or both parents in paid work.²⁸ Abolishing this policy would have an instant and positive impact on poverty levels especially amongst larger families, inclusive of families in and out of work.

Conversely, as more families with children born after 2017 are captured by the policy, the numbers of people impacted is rising. If there is no reform to the policy it is said that an additional 670,000 children will be affected by the end of this parliamentary term.²⁹ A very recent report showed that since the new Labour Government was elected 10,000 children - 109 per day - have been dragged into poverty.

The Scottish Government, who introduced the Scottish Child Payment to mitigate against the two-child limit, said:

*Our analysis shows that removing the two-child limit and reinstating the family element could result in 10,000 fewer children in Scotland living in relative poverty in 2024-25, with around the same impact on absolute child poverty. As more children are affected by the limit over time, with an increasing proportion being born after the April 2017 cut-off, this impact will continue to grow until the policy is fully rolled out in 2035.*³⁰

[24] <https://ifs.org.uk/articles/two-child-limit-poverty-incentives-and-cost>

[25] <https://endchildpoverty.org.uk/wp-content/uploads/2023/12/MP-briefing.pdf>

[26] <https://ifs.org.uk/articles/two-child-limit-poverty-incentives-and-cost#:~:text=HMRC%20statistics%20show%20that%20in,one%20adult%20in%20paid%20work>

[27] <https://researchbriefings.files.parliament.uk/documents/CBP-9301/CBP-9301.pdf>

[28] <https://cpag.org.uk/news/things-will-only-get-worse-why-two-child-limit-must-go>

[29] <https://ifs.org.uk/news/without-reform-two-child-limit-will-affect-670000-additional-children-end-next-parliament>

[30] <https://www.gov.scot/publications/child-poverty-cumulative-impact-assessment-update/pages/7/>

There is a growing body of evidence that shows how the current welfare system and elements of it such as the two-child limit are entrenching child poverty. This affects early years development, educational attainment, and the health and well-being of children. It also affects their parents and guardians by raising levels of stress and anxiety caused and as a result of the struggles they face due to their low income. As a recent study said:

Parents living on lower incomes are more likely to be affected by stress, poor mental health and relationship conflict, which can have a negative impact on the parent-child interactions that are crucial for healthy child development.³¹

The impact of poverty on single parent families trying to survive the Cost of Living crisis was chronicled in a report from One Parent Families Scotland. Their report describes:

The grinding poverty faced by many single parent families indicates that the pandemic's impact has not been borne equally. Women who are single parents have been particularly hard hit by the economic storm that has engulfed us and, with women's poverty being inextricably linked to child poverty, we are living amid a rising tide of family hardship.³²

Alongside larger and single parent families poverty as a result of the two-child limit also disproportionately impacts minority groups and communities. An IFS study reported that:

We estimate that 43% of children in households with one adult of Bangladeshi or Pakistani origin (400,000 children) would be affected by the policy when fully rolled out, compared with 17% of children in other households (2.4 million children). This reflects both these families having more children and them being more likely to be on low income.³³

The Cost of Living crisis impacts the poorest people most. Often unable to meet their basic needs, (such as food, electricity, heating, rent and council tax bills) let alone enjoy trips, holidays and treats, they often end up saddled with debt. A recent report outlined that four out of five people on lower incomes were being driven into debt.³⁴

The unique and callous nature of the two-child limit and the impact it has had on entrenching and increasing poverty rates drew opposition from its inception. This has continued ever since and calls are growing to end it and to significantly reduce child poverty by doing so.

[31] <https://www.nesta.org.uk/data-visualisation-and-interactive/how-might-the-two-child-limit-policy-be-affecting-childrens-early-learning/>

[32] [Living-without-a-Lifeline-summary.pdf \(opfs.org.uk\)](#)

[33] <https://ifs.org.uk/articles/two-child-limit-poverty-incentives-and-cost>

[34] <https://capuk.org/about-us/policy-and-research/pushed-under-pushed-out>

OPPOSITION TO THE TWO-CHILD LIMIT

From the outset, the two-child limit was criticised by trade unions, religious leaders, campaigners, academics and politicians.³⁵ In 2021 there was a legal challenge to it, which contended that it breached childrens' and parents' human rights. The challenge was rejected by the Supreme Court.³⁶ Prominent academic, Jonathan Bradshaw, Emeritus Professor of Social Policy at the University of York, described the two-child limit as '*the worst social security policy ever*' and '*morally odious*'.³⁷

Political attitudes to and opinions on, the two-child limit are mixed. During the 2024 General Election campaign the Greens, Liberal Democrats and SNP were opposed to it. In Scotland, the SNP have been consistently opposed to the two-child limit and have sought to mitigate it to a limited extent through the creation of the Scottish Child Payment. The Conservatives as architects of the policy remain committed to it.

The Labour Party has recently had a very mixed approach to Universal Credit and the two-child limit. When campaigning to become leader of the Labour party, new PM Keir Starmer said he was committed to the abolition of Universal Credit, which presumably also meant the abolition of the two-child limit.³⁸ Starmer reneged on this commitment not long after being elected leader.³⁹ During the 2024 election Starmer intimated that the economic situation facing the Government would prevent them from scrapping the two-child limit:

*I will only make promises I know we can afford. It is not our policy for a reason. We are not going to be able to afford to scrap it because of the damage the Tories have done.*⁴⁰

Since winning the 2024 election Labour has stuck to its position that they do not have the necessary resources to abolish the policy at this time. However, since winning the election they have also come under renewed pressure to do so from both inside and outside the Labour Party.

In Scotland, Labour MSP's were vocal in their opposition to this position.⁴¹ The Scottish Labour leader, Anas Sarwar, also said that the two-child limit should be scrapped. Stating:

*Scottish Labour policy has not changed. We continue to oppose the two-child limit. We continue to believe that it exacerbates poverty, and we continue to believe that it needs to change.*⁴²

[35] <https://www.theguardian.com/society/2023/jul/16/two-child-benefit-cap-explainer>

[36] <https://www.bbc.co.uk/news/business-57776103>

[37] <https://social-policy.org.uk/50-for-50/two-child-policy/>

[38] <https://www.clpd.org.uk/wp-content/uploads/2020/10/Keir-Starmers-10-Pledges.pdf>

[39] <https://www.theguardian.com/politics/2023/jul/04/u-turns-labour-keir-starmer-tuition-fees-income-tax>

[40] <https://news.stv.tv/politics/keir-starmer-labour-uk-government-wont-be-able-to-afford-to-scrap-two-child-benefit-cap>

[41] <https://www.holyrood.com/news/view/scottish-labour-remain-opposed-to-the-twochild-benefit-cap>

[42] <https://www.independent.co.uk/news/uk/scottish-labour-monica-lennon-alison-thewliss-credit-bbc-b2376758.html>

However he also said:

We recognise that an incoming Labour government will inherit economic carnage and that means we will not be able to do everything we want, and we won't be able to do everything as fast as we want.

Ian Murray MP, the new Secretary of State for Scotland, said last year that Labour must find the money to scrap the two-child limit.⁴³ Shortly after the 2024 election Anas Sarwar again intervened on the subject, the Daily Record quoted him as saying:

We want to have a review of Universal Credit. We want to create the financial conditions where we can move on the two-child limit." "We will continue to push for it to happen and we want to make sure we're part of helping create the economic conditions to make that happen." Asked to describe the two child cap, as well as the so-called rape clause, Sarwar said: "Not right, wrong, needs to be reversed."⁴⁴

The renewed pressure facing Labour has seen some suggesting the leadership may eventually scrap it. Keir Starmer himself said he would consider doing so and endorsed the comments of new Education Secretary Bridget Phillipson who said "(we would) consider [lifting the cap] as one of a number of levers in terms of how we make sure we lift children out of poverty".⁴⁵ While the Health Secretary, Wes Streeting said that people need to bear with the Government and be patient with them as they seek to repair the damage caused by the previous Government.⁴⁶ However, these words stand in contrast to the actions of the Labour Government which saw them suspend the whip from seven Labour MPs who voted for an amendment to scrap the two-child limit.⁴⁷

Whether the UK Labour Government abolishes the two-child limit remains to be seen. The litmus test for the new Government on this policy will be the first budget that the Chancellor Rachael Reeves unveils on October 30th 2024.

Our findings from the voices of those affected make a compelling case for the abolition of the two-child limit. No family and no child should be experiencing the challenges and difficulties that we have uncovered during the course of this research. Child poverty and the state's role in entrenching it is a deep stain on our society. The following section, the central section of this work, gives voice to those people impacted. They should not be ignored.

[43] <https://www.heraldsotland.com/news/23670958.ian-murray-says-party-must-find-money-scrap-two-child-benefit-cap/>

[44] <https://www.dailyrecord.co.uk/news/politics/anas-sarwar-says-two-child-33203298>

[45] <https://www.theguardian.com/society/article/2024/jul/22/two-child-benefit-cap-education-secretary-bridget-phillipson-poverty>

[46] <https://news.sky.com/story/wes-streeting-says-bear-with-government-on-two-child-benefit-cap-as-pm-sir-keir-starmer-faces-first-backbench-challenge-13176777>

[47] <https://www.bbc.co.uk/news/articles/c978m6z3egno>



DATA SECTION

INTERVIEWS AND SURVEY

To understand the impact on Wheatley tenants impacted we heard directly from them about their experience of having their income reduced by the two-child limit policy. The findings are often heartbreaking and should provoke anger in any of us who wish to see all children be given the platform and opportunities to thrive, flourish and realise their potential.

What the two-child limit has done is to create a set of conditions that holds children back, resulting in their basic needs not being met, let alone them enjoying treats and stimulating experiences. We believe that the strength of this research lies in the voices of the people we spoke to. They bravely and honestly outlined the challenges facing them, how their kids are missing out on things that many of their peers no doubt take for granted and how they are living, quite literally, a day at a time in order to survive.

Their stories are hard to listen to, which is exactly why they must be heard by policy makers and those in positions of power.

THE VOICES OF WHEATLEY TENANTS

The interviews we conducted included people from across the various Housing Associations within the Wheatley Group. Some were people who have come to this country recently and for whom English is not their first language, people in and out of work, some working part-time and others in full-time employment, people who are carers and those who are struggling with mental and/or physical illnesses.

Each of them demonstrate incredible resilience, strength and character in providing loving and nurturing homes for their children in spite of the financial challenges that they face. Often balancing study, work, raising their children and sometimes caring responsibilities for one or more of their family who are disabled or in need of additional care. Speaking to them was moving and humbling and we hope this report helps amplify their voices, and the voices of others in a similar situation because of the two-child limit policy.

We have sought to protect the identities of each of the interviewees. By its nature we were asking questions that are deeply personal, occasionally troubling and sometimes upsetting. We had to ask these sensitive questions in order to draw out and fully grasp the human consequences of this policy and its impact.

We are not referring to any research participants by name or location. We have only at times provided an overview of their family circumstances and most importantly their testimonies.

We asked them to tell us what elements of Universal Credit they got paid, what the two-child limit meant financially and the impact on them and their family from their financial situation. This threw up a mix of answers. The following sections thematically set out their responses.

We also surveyed Wheatley tenants identified as those, who in all probability, were affected by the two-child limit. The number identified was over **1000** families. From that **160** engaged with the survey and around **110** fully completed it.

We asked people what their family circumstance was and what support they get from Universal Credit.

Parent S has three children and recently had to give up work to look after her disabled son, whilst her husband worked full time. They previously got support from tax credits, but now having given up work the family gets housing support, the carer's element of UC, a severe disability premium for their son and general UC support for two out of three children.

Parent G was a Libyan national who came to this country to study as a Petroleum Engineer. When the war and violence started in Libya he was unable to go back. He and his wife stayed in this country and were granted asylum. He cannot get a job in the oil industry so he now works as an interpreter. He has five children and only gets support for two from Universal Credit. One of his children is disabled and his wife looks after him. His wife is also studying.

Parent A has three children and works part time. Her partner is currently not working due to mental health problems. They have received support from Universal Credit for nearly four years.

Parent U lived with her mother and three children and works part time, for approximately 16 hours a week as a support worker whilst bringing up her children. What Parent U receives from Universal Credit is impacted by the amount of hours that she works.

Parent M lives with his wife and four children. He works as a food delivery driver and is studying to become a taxi driver. His wife is also in employment. They get support from Universal Credit for rent and their children. Because they are both working and their hours fluctuate the income they receive from it can change resulting in them having less income some weeks.⁴⁸

[48] When calculating what people are to receive there are assumptions made that people earn a certain amount of money based on previous hours worked, which impacts their Universal Credit. If in future months they don't work as many hours and earn less through work they can also end up with less Universal Credit (as a result of a calculation being made on previous months work income as opposed to the reality of the month where they earned less), thus impacting their income.

Parent Y has been in the UK for 11 years, is living alone with three small children and is not working. She receives support for her rent, her children and the standard payment.

Parent J lives with her partner and three children. She lives in a rural area, which is hampering her attempts to find part time work. Childcare issues are an additional barrier to employment. Her partner works but they still receive Universal Credit and, like all research participants, are affected by the two-child limit.

Parent J has studied at the local college and has been involved in council led employability research. It was clear from speaking to her that Parent J wants to work despite child care responsibilities, including having a child who may be autistic. Taking on a job in the rural community where she lives she may actually end up with her being worse off due to the level of wages and cost of public transport.

Parent H does not work. He and his wife have four children. His wife is not allowed to claim benefits in this country. He gets the standard allowance, support for housing and rent as well as for two children. He also mentioned the support they get from the Scottish Child Payment, saying:

*It's better than before, to be honest. They are helping me which is good.
It's not enough, but you know. It's better than nothing*

Parent F, who works part time, has three children, two girls and a boy. It is these four people who live in the house. She was previously in receipt of child tax credits but moved onto Universal Credit when her circumstances changed.

Parent R lives with her partner and four children. She was previously in work but had to give up in order to look after two of her children who are neurodivergent. Her partner suffers from mental health problems. She felt she only understood the consequences of the two-child limit when she had to leave work. Because three of the children were born before 2017 and the fourth post 2017, meant that the family gets support for three of the children.

Parent D lives with his wife and three children. He works full time as an Uber taxi driver, and is classified as 'self-employed'. He doesn't get any financial support when he is off sick and can't work. He previously worked in a better paid job as a lorry driver, but had to change jobs in order to have more flexibility so that he can help his wife care for their autistic daughter. His wife is his daughter's full time carer. He gets support for two out of three children and for his housing costs.

The survey respondents reflect a blend of people with different circumstances all with larger families of three, four or five children but who were only given support for two children. There are people who have been on Universal Credit for a while and others who have just recently claimed it. Some lived with spouses/partners and others in single-parent families.

The type of support people receive includes housing costs, the childcare element, the carers element and disabled child's element. The people who took part also included 25% of respondents for whom English is not their first language, which reflects how immigrant communities, some from cultures where larger families are the norm, are also being disproportionately affected by the policy.

We asked participants what the impact of the current system of UC and the two-child limit was on them and their families.

Parent G spoke of how he has to work very hard to keep financially afloat. Working as an interpreter he takes work whenever it arises:

I try to work hard, you know, sometimes like I work everywhere. Any job that is offered to me I accept. Like around Scotland and also when I have free time. So most of my time is busy. Sometimes I finish work from court and after that I'm offered a job from the police so I might stay a whole night in the police station. And the day after I sleep for maybe two hours and then go back for another job.

Parent A explained how when she found out she was pregnant they thought seriously about whether to have their third child based on their household finances. She said:

Our finances were a big question on whether to continue with pregnancy or not, if I'm honest.

Parent A also said that spending had to be planned and never spontaneous, describing how:

You have to plan wisely. You can't just do things off the cuff. You can't just buy things like little toys and stuff. You need to think, do I need this bit of clothing? Can we afford these toys? Can we afford this take away? Things have to be more thought out now.

Parent M spoke of how difficult it was to stay in credit and that after just a couple of weeks he was in overdraft:

Honestly, today I am in minus. My account now is minus honestly. I've just borrowed some money from my friends and just transferred it in order to make the balance...we try to manage. I'm working over the weekend in order to get money. That's what happened last weekend. I worked the weekend, so that I made almost 60 pounds and transferred it immediately in order to cover some stuff.

Parent Y said:

I try my best. The money for my first and second children supports the third one. It is hard, but we don't have a choice.

Parent Y also explained:

The third is an extra mouth to feed. To be fair, it's extra clothes and clothes to buy. I feel like sometimes when we're out shopping and the kids ask for something, that you can't buy just one, you've got to buy for all three. And if you can't afford that at that time...

Parent F raised:

It impacts me, because the money I get from Universal Credit is not much. So when I'm buying, I buy for three of them, I'm not going to say, OK, they're paying this for two people. I'm only going to spend it on them. So I spend it on all of them...

...It affects me, like when I get the money it just takes me like maybe I will say one week, two weeks and everything is gone. The cost of living is just too much and with the electric bill and stuff like that...

Parent R said:

I have to constantly check when my next payday is and stuff like that. I feel as if every other day I'm checking to make sure I've got enough to cover the gas, the electricity, daily stuff like bread and milk and tuck for the kids for school.

Luxuries are a no-go, you have got to save for a day out. You can't just say come on, we will go swimming today or whatever, because by the time you go swimming and take them for a bite to eat and stuff like that, you just can't afford to do it.

Parent S said that shifting from tax credits to Universal Credit was beneficial, saying that:

With tax credits, it was an absolute nightmare. But since we moved over to Universal Credit, it's been a bit better because we seem to get more for Universal Credit than what we were getting from tax credits.

Parent D described how careful they have to try to be when managing their income and how finances can change quickly if and when circumstances change:

Every penny counts. Before, when I had a really good job before COVID and everything, then we didn't feel the difference when our last child came. But then when your earnings drop, you feel the impact of the missing pennies in the bank accounts. But you still need to spend on this child. This child will not be going to grow up just by himself and wearing the clothes worn by the older kids or eating leftovers. You still need to be spending the money on the third child. When the earnings drop this is a big, big difference.

Parent R also described how their ability to move home to more appropriate accommodation for their autistic child is limited because of their income:

We only have a two-bedroom. Our daughter, who is autistic. She should have a separate room. Normally, if I can afford it probably. We would be looking to rent something even privately or or get a mortgage. But because the struggles are too big, there is no chance. We need to stay here.

We also asked if people were able to meet their basic needs

Parent S said that they could, but spoke of the cost of school uniforms as an issue for them as a family:

I would say probably I can. We've got enough to feed the kids....We can meet them but when it comes to uniform shopping, that's an absolute nightmare. 'cause we don't get help towards uniforms and obviously we're only getting paid for two children.

Parent G said:

80% I can do that. I can manage that. But sometimes you know, I struggle. But I'm still doing the best I can to survive.

One participant, **Parent S**, whose husband was working six days a week, said:

I would say we are probably just about managing, but I would say we are luckier than a lot of people....Stuff comes up, especially when the kids go through clothes and shoes like nobody's business.

Parent A said:

It's a struggle we've had to use food banks and stuff. We have had to use our community pantry a few times... We've got a direct debit for electricity and energy. So we've managed that. That's our kind of necessity...We have had to scrimp and scrape elsewhere to make sure we've had that.

Parent A also spoke about the worry of paying for school uniforms but did appreciate the help that they received:

We are eligible for the clothing grant, I believe. So I do get something from Glasgow City Council. I think it's £175 or something which helps but doesn't cover the full cost, but it does help which is appreciated.

Parent U said:

It's very hard to maintain the amount of money we receive to cater for three children. And now food and electricity have gone up. It's really very difficult to maintain that cause we find it so difficult to buy food for three children and I...Sometimes they go without fruits, or vegetables so that you can maintain the house, sometimes my children go with two meals a day. We try to minimise the cost of food.

The electricity is so high, we pay a lot more money for electricity than before. Sometimes in the winter, we stay in the cold...We try to switch off the hot water so that the electricity is low so we can maintain the food in the House for three children. It's not easy.

That's why I tried to go and work and see if I can bring some more into the house for my boys not to go hungry and not stay in the cold during wintertime.

However **Parent U** also spoke to how even those in work are struggling to make ends meet:

Even though I'm working, I'm still struggling. I'm still struggling.

Parent M spoke of how his family was currently struggling trying to pay his rent and electricity:

Yes, especially the last 10 days. Absolutely. I'm struggling honestly, if and if and I still owe an amount for my rent £58 or something...Also, for electric gas, my account is minus as well and no credit debit now...in debit £228

Parent Y said that paying for gas and electric was a challenge:

It is very hard because electricity is very expensive. I have gas and electricity so sometimes it's very hard, especially in winter time. Gas costs a lot of money and electricity. I pay £200 per month.

The kids need their shopping every week. The young one needs nappies, they need food. That costs a lot of money...It's very hard, but we don't have a choice. We have to accept it.

Parent Y raised how unexpected costs can result in a struggle to pay for basic needs like rent and food. Living in a rural area, with limited public transport, they need a car for her partner to get to work.

This past week we have struggled, I can't pay the rent until Friday. We had a lot of car and garage bills.

Parent J spoke of how they just about get by with family support networks and described how it's such a struggle for them in the last week of every month:

We get by money wise, we manage and we get by without the family support... We are all fed and watered, and we've all got a warm house, but it's always the last week of the month...For three weeks we can manage on his wage and my income. But in the last week before he gets paid and I get paid at the end of the month it's an absolute nightmare. I've still got two 1/2 loafs of bread and two lots of butter and two lots of meat, and I get my milk delivered so I've got four or five two pinters every week...

Before I was pregnant as well. I was eating one meal a day. I was only having dinner. Really. But now I'm having to eat for the child. I'm eating more, so I'm having to spend more on food

Parent H spoke of the rising costs of food in the past few years:

Before coronavirus for my family and me it was OK but when shopping now, it's triple. I went shopping yesterday like every week. Everything is expensive, things that used to cost a pound now cost three pounds...

He went on to say later:

I'm not (managing to meet my basic needs), to be honest, I'm in debt. To be honest, I'm not lying. I can't afford things. I'm in debt...

Parent F said:

With people with three kids, how we do things might not be the same, but for me, I always think about food, this is important. That's the first thing I think about whenever I'm budgeting my money. I know food is important, but also taking the kids out too is important to have experiences. To see things. If you want to take them to Edinburgh it costs a lot. I have been planning it for ages but still I can't do anything.

Parent R said:

Take energy for example, we have four kids, they're all at different ages. So they all want to do different things technology wise, whether it be on the phone or the tablet or the computer or the TV, whatever it may be. I'm constantly watching the meter because I don't want it to run out altogether. And sometimes you have to tell them to get off the TV's or whatever. Stupid stuff like that is affected, stuff you shouldn't have to worry about...Food is an issue as well. Most nights I'll have either noodles or pasta. Because the kids need a better meal.

Parent D offered:

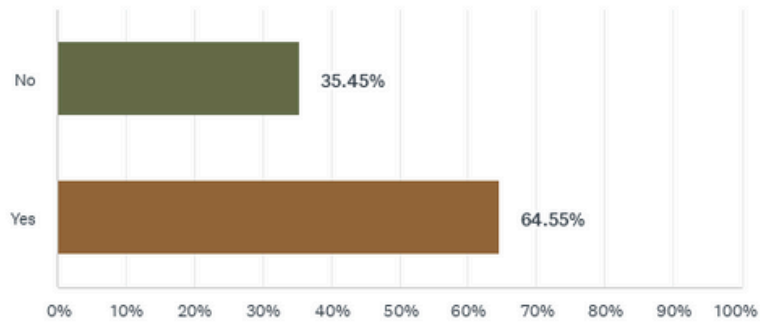
It's just really tight. If for example we need to buy something for our older son, when he is taller and bigger than me, that means it needs to be the adult section. They are expensive and you need to look at your budget to see what you can afford. If you buy the shoes that means the budget drops. But it is not like you can say to the kids sorry we're not eating today because we need to get clothes or something. You need to watch every penny of what you're spending...

...We get the heating, but it's always at the balance of getting the emergency credit because you obviously don't top up too much. You're just counting the money and then it's really tight

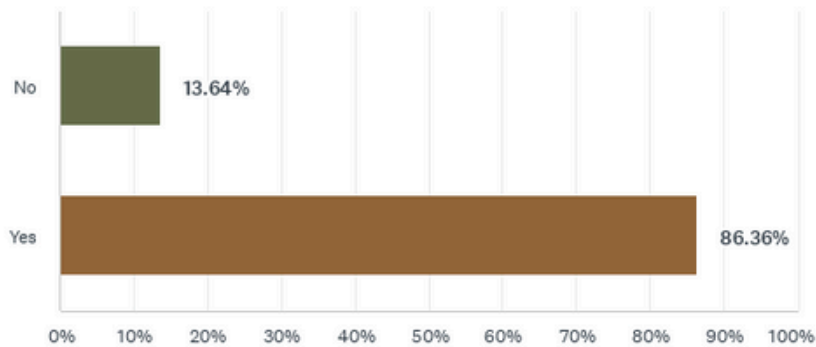
Parent D then alluded to how they have to think of food and that they always ensure the children get what they need first:

You're always putting the kids first, then you're thinking about yourself when you're preparing the dinner. You're thinking about them, not yourself, we're not saying we're starving, but we always put the kids first.

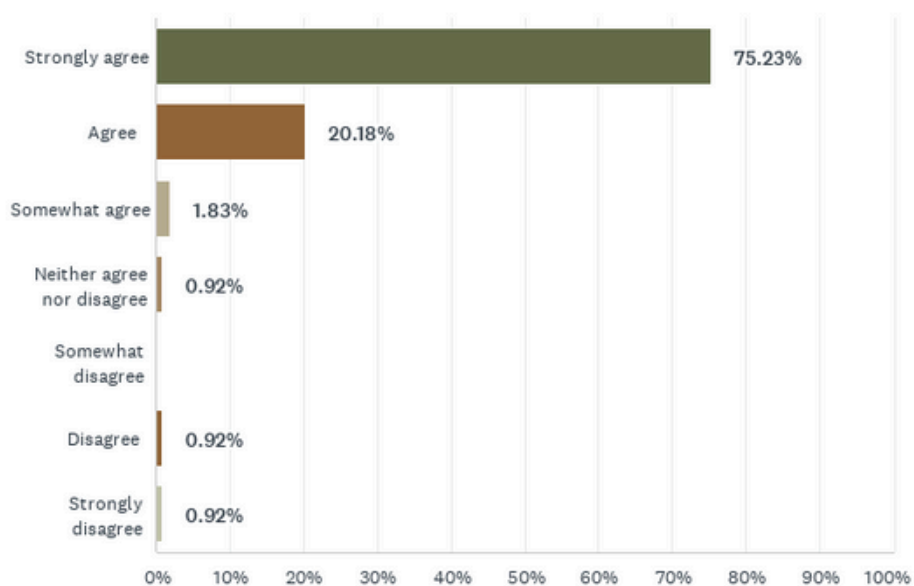
In the survey we asked **"Have you ever had to use a food bank?"** The data confirms that food insecurity and reliance on food banks is commonplace:



We also asked **"Do you feel that you eat less, skip meals, miss rent or council tax payments because you don't have enough money?"**



We also asked how people felt about the following statement: **"The two-child limit is causing me to experience financial hardship, and the rising cost of gas/electricity/food prices has made it harder for me to meet my basic needs."**



We also asked an open question in the survey about the two-child limit, financial hardship and inability to meet basic needs. This is an example of some of the answers:

"We struggle week to week with only one wage coming into the house, and no payments from Universal Credit except a little towards rent some months, we have to buy less to make it last longer due to rising food, petrol and day to day living."

"It makes you feel you can't provide properly for your kids as you need to budget more."

"It's a struggle with rising costs to provide healthy regular meals for my four children."

"With the rising cost of everything it is hard to juggle the budget to make sure my kids have everything they need. I can provide the basic e.g. food, clothing but everything is bare minimum. I buy the cheapest of products to make sure my kids have meals everyday, I have just enough to keep electricity and hot water on. Sometimes I don't buy things I need, I go without a proper meal myself. I would love to afford to take them for a day out, buy wee treats, more expensive and durable clothing. It's constant worry and planning ahead what to spend every penny on. It's exhausting."

"We couldn't heat the house during winter, to keep the bill down."

"I do not have much money to meet the basic needs of my children. They grow so quickly too that they constantly need shoes and seasonal clothes which I really struggle with. We do our best with food and I bulk cook for the week often having the same dinner for days. The winter is extra layers to and living out of two rooms to keep the cost of gas and electricity down."

"I was skipping meals to feed everyone else. Some weeks I struggled to pay rent. I am now expecting my fourth child so food shopping has become an even bigger expense as I have to eat more than I previously did when little one is here. I will go back to skipping meals but the impact of not getting any help for the third and fourth child when there are the Extra mouths to feed makes shopping and rent more stressful as well as the increase in gas lecky etc."

"I worry about putting the gas on to heat the kids up. I shop for meals for the kids and not for myself and eat whatever is left over from their plates."

We also asked people what their children are missing out on due to insufficient income?

Parent S spoke about how his children had to give up sporting activities:

There are some organisations around my area where you can take part for free. But three of my boys. They were going to (paid) karate courses, after Covid I couldn't manage to pay for the course. So I just stopped them from going there.

Parent A said that additional income could help with day trips:

Just buying them a day trip or something, they don't get much of that and stuff unless they're at school.

Parent A continued:

Even just a trip to the beach, we can't do that because every penny is a prisoner. So just going to the beach to get a wee fish supper or something. Things like that we can't do. We go to local parks and stuff. But it's not the same as going out and seeing different parts of the country.

Parent A also said her kids have had to give up activities due to a lack of money and that help for this would be very welcome:

Helping registered clubs, even if they helped towards the cost of things like that, would be beneficial for a lot of families...not the families actually receiving the money but if the money goes directly to the club, it would help everybody.

Parent M spoke of how his children are doing without simple things such as a visit to the soft play. They go the local park instead, because it does not cost anything:

My kids want to play in the softplay. But honestly, maybe in my whole life here my kids have gone 10 times, so 10 times in 10 years here. We just try to go to the park and the playground area but that depends on the weather...

Because if we went to the soft play I would need £70 every time and for the football £50 and that is too much. To cover the four kids, that's at least £200, to cover this stuff.

Parent H spoke about the kids getting out to play:

We go out sometimes to play in the yard. You know, the kids want to have fun. We don't do that a lot, to be honest...the kids want to go out. They need out.

Parent F explained:

I would say it prevents me from spending things on the kids and as a mother that's all you care about, like, maybe doing something for your kids. Maybe they want a toy or something and you can't afford that for them. And maybe. Sometimes the house, because right now their bed is not that good.

Well, you know you need to calculate a lot because obviously for me food is very important because they need it. And, you know, we can't go by without eating anything. So that's very important for me - so sometimes we do miss out on a lot.

Parent F spoke about the challenge of ensuring her daughter, as she gets older, doesn't feel left out amongst her peers:

Sometimes my older one goes out. I don't want her to go out without giving her anything because I don't want to see, maybe see some of our friends buying something and she can't afford it. You know, I don't want her to feel left out. As a mother we don't want our kids to feel left out.

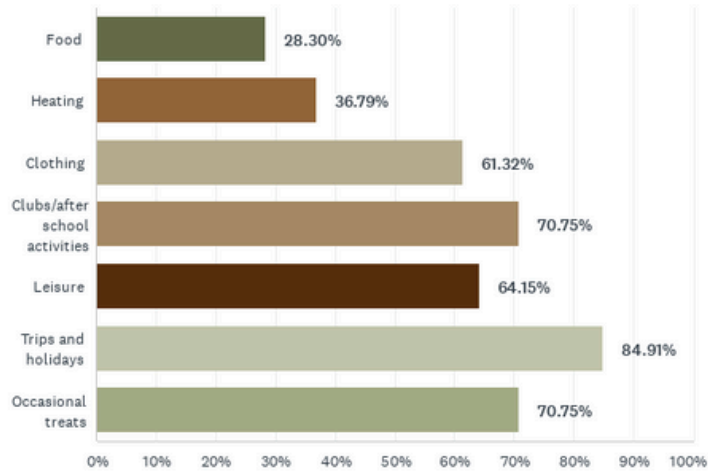
Parent R spoke of how they are unable to do things they used to and to help their daughter cope with illness:

My oldest daughter, she's got possible autism and ADHD and my 11 year old has possibly got autism and dyslexia and some of their coping mechanisms are like just going for a drive and that helps them calm down and helps them settle. But I can't afford to do that every other night with them because I don't have the money for fuel... I can't even do that anymore, which is something that I did today when I was working.

Parent D said:

Yes, obviously you need to watch out if the kids want to go to something after school or extra things like dancing classes or playing football or some other clubs. What you need to pay monthly or weekly for them, then you need to think about this, can you afford it because it's always something you need to pay there like a fee for the club and then outfit and the shoes and stuff like that. Then you need to think about every penny... Or going on a trip with the kids. You, you also need to think about this. You cannot afford something like that.

In the survey we asked **“Do you feel your children miss out on anything due to the income lost because of the 2-Child Rule?”**. Respondents were not limited to just one choice.



We also asked people in the survey if they could elaborate on and describe their experience and that of their children missing out on things as a result of the level of their income. This is a glimpse of their answers.

“We try to do things, but there's just never anything left over.”

“At times, but we can only do things that cost money when we have it so we tend to plan, so it's enough time to have the money for the trip/activity eg football training, swimming, softplay.”

“I cannot put money aside, to save up for holidays or even a day out. I rarely buy treats for kids. They often ask if they can go somewhere with friends or buy something. I have to say no constantly, because I have to make sure I have enough money to get us through till next payday.”

“As a family we are not able to do anything we wanted to, as I work full time and sometimes I do extra hours, just to pay the bills. I am not able to take my kids on trips or even spend time with them!”

“We are not able to go to see our family in the Czech Republic because of financial difficulties. It affects mine and my children's mental health.”

“Yes we do things as a family but there is so much more as a family we would love to do and financially not possible such as a holiday on a plane or days out as paying for three kids and some places charge adults as well as providing a meal for that outing.”

“Most activities cost money which we can't afford.”

We also asked if people found themselves in debt due to insufficient income

Parent G said sometimes he has to sometimes borrow from friends:

Yes, obviously you need to watch out if the kids want to go to something after school or extra things like dancing classes or playing football or some other clubs. What you need to pay monthly or weekly for them, then you need to think about this, can you afford it because it's always something you need to pay there like a fee for the club and then outfit and the shoes and stuff like that. Then you need to think about every penny... Or going on a trip with the kids. You, you also need to think about this. You cannot afford something like that.

Parent A said:

I have to borrow from my Mum and Dad sometimes.

Parent Y said that she had to borrow money, sometimes to ensure her children had enough to eat and do things, especially when not at school:

Sometimes we need to borrow from my friends. Because you know kids, especially when they do not go to school, they have to eat all the time, then snack. Then they want to do things and if you don't do it, they feel bad. So we have to do it sometimes even if I don't have money, then I have to borrow for my friends to help.

Parent J described how she is in debt to the dentist. Normally, she got free treatment but when she didn't meet the threshold for free NHS dental treatment she was unable to pay the £150 charge and then incurred an additional £100 surcharge to add to the debt, meaning she now owes £250. She said:

I was getting free dental treatment. And then I got a letter through for one of my appointments in September for false teeth I have. It was £150.00 and if I hadn't paid it, it would be £250. It was that one time I didn't meet the threshold...that's in the back of my mind that I've got this £250 to pay out...that was that was a big shock, 'cause like obviously I knew I met the threshold, but then that one time he did overtime in his hours and I had to pay.

Parent H described how it was difficult to manage on his families income and this leads him to borrowing money:

It is hard. Sometimes I don't have money, you know, and I ask my sister to find me money. Can I borrow 100 pounds, you know? It is hard. You know, there is always something missing, you know. When you got kids, it's always something missing. Like it's not enough to be honest.

Parent H also spoke of missing his electricity payments:

My electricity is high. It's expensive...I don't pay for a couple of months now, I can't afford to. What can we do? That's life...It's hard to pay for it, to be honest. Then if I pay it I don't have food for my kids. Which one should I do? I take the food, you know?

Parent R described getting into council tax debt when she moved from a legacy benefit to Universal Credit:

When I was working full time, I was originally on working tax credits. And then when I stopped working, I had to go on Universal Credit. And when I went on Universal Credit, I was still getting my monthly bill for my council tax because obviously they hadn't worked that side of things out, because I was working, I was paying full council tax. So that ended up with a debt collecting agency. So now I have paid them every month as well as try and keep them happy as well as pay my council tax that's for the next year coming.

Parent D as a 'self-employed' driver described how he went without income from his job due to having to undergo surgery; this has led to debt:

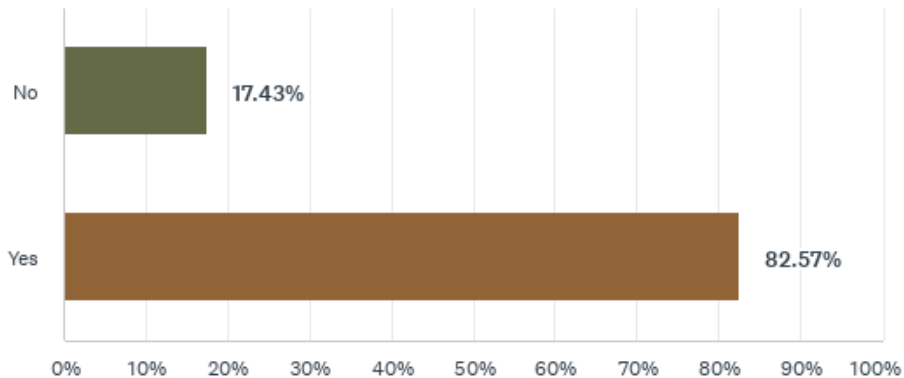
It's a struggle. Especially, four weeks ago I got my surgery done and I've been left without work. I need to stay at home for three weeks. You need to borrow the money to just keep you going...because I'm self-employed working for Uber if you're not working, then you don't get any money...at moments like that you you can feel the difference.

Parent D elaborated further about getting into debt:

We've had bad debts. That was especially after COVID. When I lost the good job and my wife just got into debt. She went bankrupt. That was six months ago and we're trying to catch up, but it's up and down then things happen like my hernias. Just when you think you're going quite good, then something happens and you again get in debt

The testimonies above support and underline the evidence gathered in the survey.

We asked in the survey '**Have you found yourself in debt as a result of not having enough money to pay your bills?**'



We also asked people what they thought of the two-child limit and if they thought that it was fair.

Parent S raised the arbitrary cut off for children born after 1st April 2017. Saying:

I don't not really think it's fair because how do people born before 2017 deserve to be fed? But people after 2017 don't?

Parent G said:

I think it's not fair because from my experience, I know that there are some people, they struggle. I have a friend, he said to me that, during the winter, he can't put on the heater for a long while. So he tried to use more blankets just to keep warm.

Parent J said:

Makes me feel like it's unfair. To that other child like. Because your entitlement has to then be split between the three children. It just feels kind of unfair because I've like a single parent friend. She's got three kids. She's got the same bills as me. She's got the same stuff as me And I don't know how she gets by, let alone thinking about myself who has a partner.

Parent F said:

I don't think it's fair for people with three kids or more than that. And it's not even fair on the kid because you don't have to blame the kid because they are born as the third one. So I don't think it's fair.

Parent F then elaborated further:

I feel like she (third child) is missing out and I don't think that they should blame the kids and its like they are blaming the parents like it's your fault you have another child. So it's just like they're telling us we should have only two, because that's what we can afford...It's not fair because some people have three kids and because their kids are born in 2017 and some are not eligible because they are born in 2019. And that's not the kids fault. That's not the mum's fault. It's not something you choose .

Parent D said:

Every kid deserves the same treatment. it's not like we can skip one child and and go to another.

We also asked what the additional money for three or more children would help with?

Parent S who was forced to give up work to look after her disabled son said:

I would have been able to give it work a lot sooner than what I did. I've only just recently given up work, but if we were getting support for the third, I would have been able to do it a lot sooner and we wouldn't have been awake 24/seven and not getting any sleep.

Parent A said:

It would definitely help make a difference and put a few more meals on the table over the month...it would buy brand new clothes as i go to charity shops for clothes and stuff.

Parent U wanted her children to take part in activities such as football and swimming but paying for these activities was difficult so she had stop them from going:

The boys need shoes and clothes. They need after school clubs like swimming and football. They need those activities. They need to go out. But they all need money.

They used to go before, but I stopped. I'm thinking about taking them back for football and swimming sports but they stopped 'cause I'm trying to maintain the cost of living. I'm trying to make sure they do not go a day without food in the house or fruits or vegetables and forgo the football and and swimming classes.

Parent Y spoke of how it would help with food:

If you got the little bit extra we need even if it has a smaller amount in comparison to the first and second. Then that little bit would help with extra bread and extra milk, because I go through tonnes and tonnes of milk and bread and butter .

Parent J spoke of how it would help with buying shoes:

I would get them shoes. They all need new shoes. Like seriously, I need to replace all their shoes. They're growing and their shoes are done...then come the start of August they are going to need fresh new school clothes. Their food as well, i would up their food...if that extra money was there on my payday. I would get more food to make it last for a bit longer because in the last week of the month I struggle.

Parent J also spoke of how currently her children are doing without treats:

Sometimes they say they want to go to the soft play. And you have to tell them I can't this week, I have no money this week...and then you go to the shop to get them a sweetie, but they want a magazine and magazines are like six pounds roughly each. So that's £18 just for three magazines. And you're like, no, you're just having a sweetie. That's it.

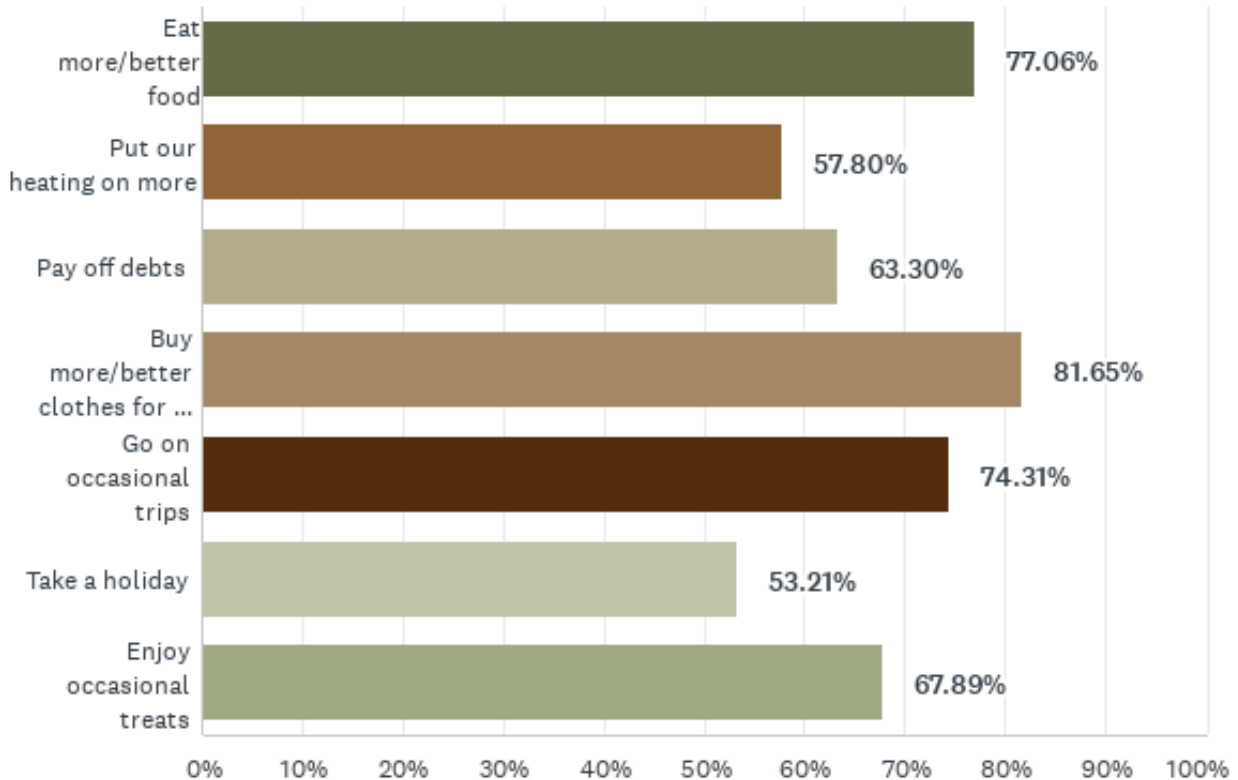
Parent F said:

If she (the third child) was getting something, it might help a little bit, it's not going to solve all of my problems, but it's going to go a long way.

Parent R simply said:

Life would be much easier

In the survey we asked 'If all your children were treated the same by the benefits system how would the additional income help you and your family?'



In our interviews we specifically asked what participants could do as a family with additional income?

Parent S said:

We could do more stuff at the weekend and when they're off school we could maybe spend more time together...If we had that extra, it would mean that my husband wouldn't need to work 12 hour shift six days a week as well...Especially because my four year old eats far more than my 13 year old. Does he cost more than what the 13 year old does for food and stuff?

Parent G said:

I have two children now in secondary school. If I have more money. I would enrol them in some courses that support their study and they can, you know, study more and they can explore more

Parent G added:

Maybe going for a holiday. Or, visiting friends, in the UK but in other parts like in England or Ireland. Because you know this summer, I tried to book a holiday and meet one of my friends in Manchester. But when I just checked, the train ticket is quite high So I tried to save some money because, especially like children when they get back to school from holiday all of them (pupils). They ask each other where they spend their holiday. And I don't want them to be, you know, exceptional (different from their schoolmates)) or maybe they can say that I can't do it for them.

Parent M was forthright in saying that additional income would significantly help their general finances:

Well, it would be a big help, honestly a big help. If I get help for the four kids, it's a big help. I'm not gonna struggle like I am now these last 10 days. I mean, if I get at least extra, maybe £300 or £200 or more, it's gonna be fine for me...if I get support for the four kids, not just for the two kids. I mean, if they cover for all of my kids, I'm not gonna struggle like I have in the last two weeks or 10 days.

Parent M also spoke of the difference it could make to their quality of life and help pay for activities that the children could take part in, which currently they can't do:

For the kids food or summer clothes or even just for the gym, for swimming pool or something like that. Maybe for the football club, my son is always asking me to go to the football club. Instead. We are always going to the park playing together.

Parent J spoke of doing more things as a family and going on holidays:

Take them out a bit more, 'cause. I don't feel like they get to go out and do a bit more things. They haven't been on holiday, like they have had caravan holidays, but they've not had aeroplane holidays or Disneyland. They want to go to Disneyland and it's just something we can't do...You just get by month to month. You just survive really. You don't really do anything. It's hard.

Parent D said:

I think every parent will want to go with the kids for a nice trip. Like for example with the motor, to the beaches or to the Safari park or something like that. But simply you can't afford a trip like that every week or taking the kids at least once a year to some kind of holiday. The last time we were on holiday was a few years ago, it wasn't even a holiday, it was my wife's, younger sister's wedding. Then, that was only our our break.

Parent D also said how extra income would mean:

You could go for a simple meal to some kind of the restaurants or organise somewhere to go for the kids, like something nice where they can spend time differently rather than sitting in home and watching the TV or going to the park that is quite close, but which means us constantly going to the same places because you can't afford to go some somewhere else.

Parent F said:

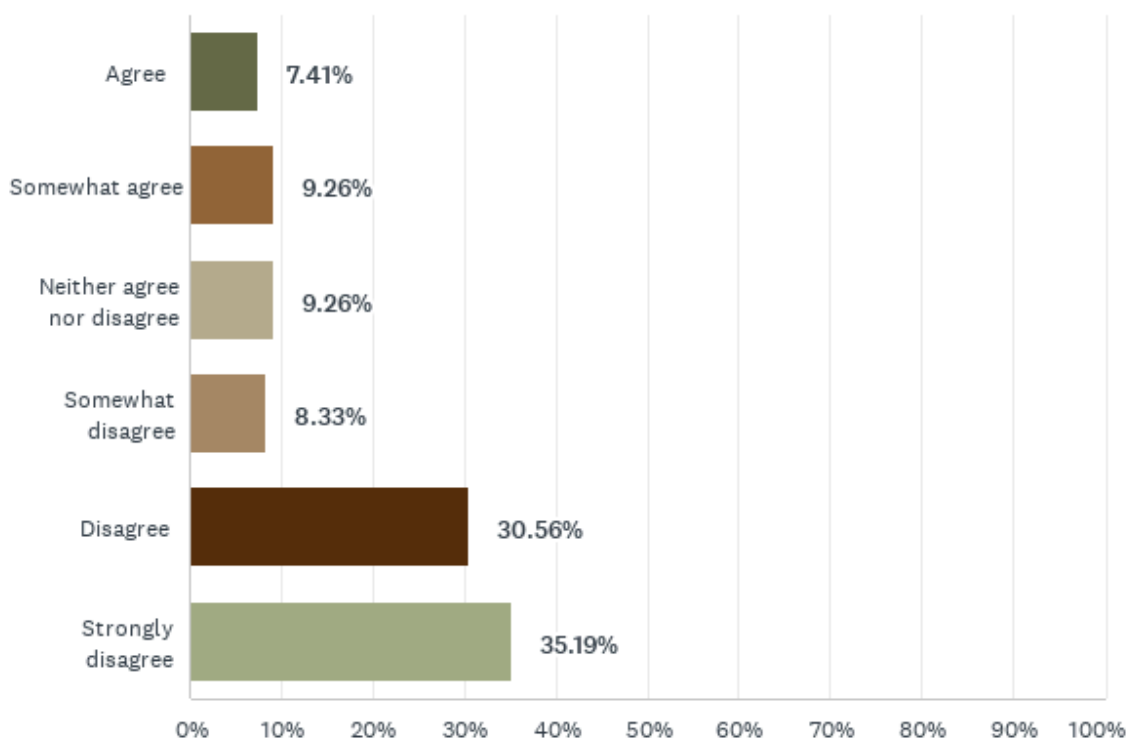
I would spend more on food and clothing for them. But sometimes I like to take them out to have fun. Sometimes we do miss out on that... If I want to buy something for them or the first one, say OK, I want this. I'm always like maybe we can do it next time because I can't afford three things for all of you.

Like summertime, because summertime here we spend a lot. I do make plans like to take the kids to the playground and other places. Or maybe take them sometimes to Mcdonalds. So if you go there with the three kids, you might spend up to 20 pounds, or more than that. And sometimes what I do if I go, we just buy a 25 to 20 chicken Nuggets box for them to share...

Parent R said:

Silly things like take them on holiday...

In the survey we asked: '**As a family do you do all of the things that you would like too?/Do you feel that you are able to do all the things/activities that you would like to do?**'



In the survey we also asked people to answer some open questions about what they would like to do as a family if they had additional income. Here is a snapshot of the responses.

"I would love to take a trip or even better a holiday but we don't get enough to live on to save for anything like that."

"Sports clubs for the kids and gym membership."

"To go see our family."

We also asked people the effect this was having on them, how they felt and if they were able to withstand the pressures facing them?

Parent U said:

I feel stressed, very stressed. It is very stressful, you know.

Parent M said how they sought to provide a safe and loving home for their children in spite of the financial challenges that they face:

We are fine. We are fighters. Don't worry. We try to meet the challenge and we try to keep our home homely. For the kids and we we try to make our flat and home cosy and we don't talk about this stuff with the kids...

People like us, we are not sitting in the corner and watching. No, we are trying. My wife is working and so am I. We are moving. We are working. We are trying to find the income.

Parent Y said:

I like my kids to be happy. So if I get the money, then I'll do more for my kids. So because sometimes they want to go outside, and I tell them no, I don't have money, we need to stay.

Parent F said:

It makes me feel sad and a bit angry with the rules, because I think when they are making it, they don't think about how it's going to affect the people with three kids.

Parent J described how her partner was working hard, with long hours, to try and keep them financially afloat:

He's away like seven in the morning till seven at night. And, I'm at home basically as a single parent...

My partner feels like he's doing two jobs, spending less time with the family. It's really getting to him and especially with the other on the way, he's like, I've got to work most of the time because I'm working to get an income...I do feel lonely sometimes, like in the house, like I'm in the house on my own when the kids are at school, and then he's not home at seven.

We asked **Parent R** how it felt going into council tax arrears? She said:

I think it affected my partner more than it did me because he suffers bad mental health problems. And I think the finances have got a big, a big bit to do with that.

We also asked **Parent R** how she felt about struggling financially, she said:

It makes me feel like I'm failing my kids.

Parent D said:

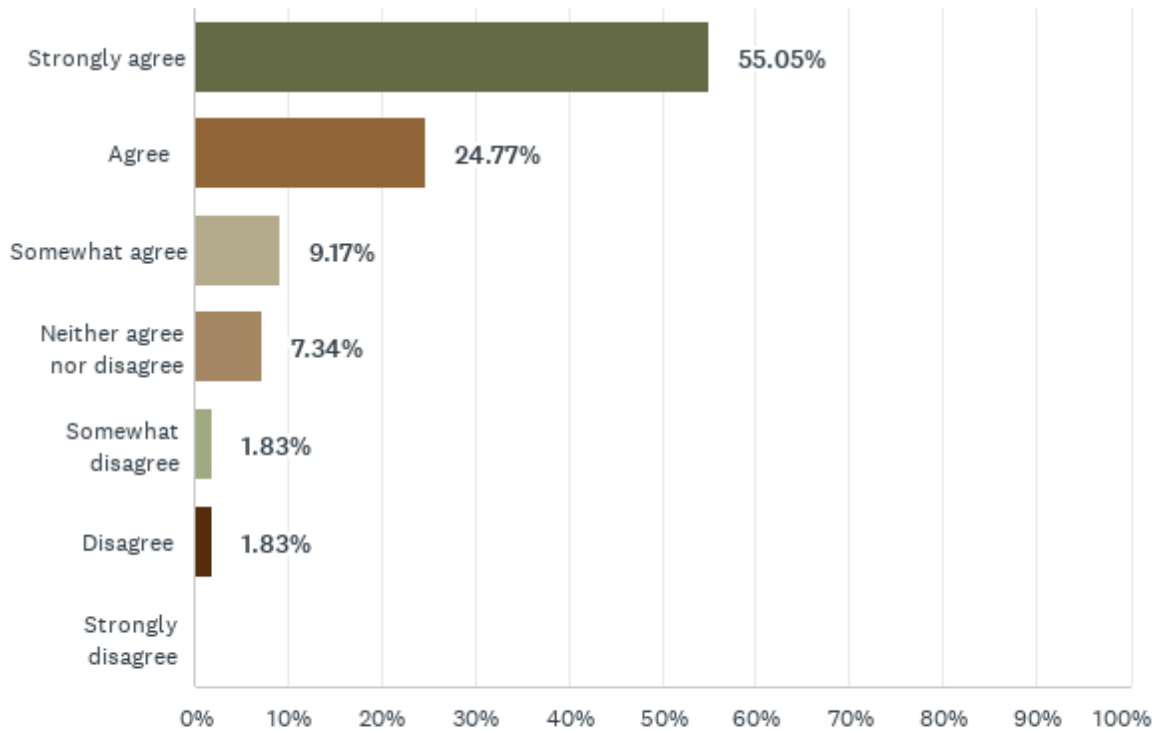
You feel the pressure, you want to do the best for your kids and you simply can't afford things. Our older son can understand that we can't afford the same things as his friends from school.

Our daughter, she's autistic and sometimes doesn't understand. That you can't afford to go for example, on a trip or to do something. When she wants something and you promise to her. You need to keep your word and do the thing

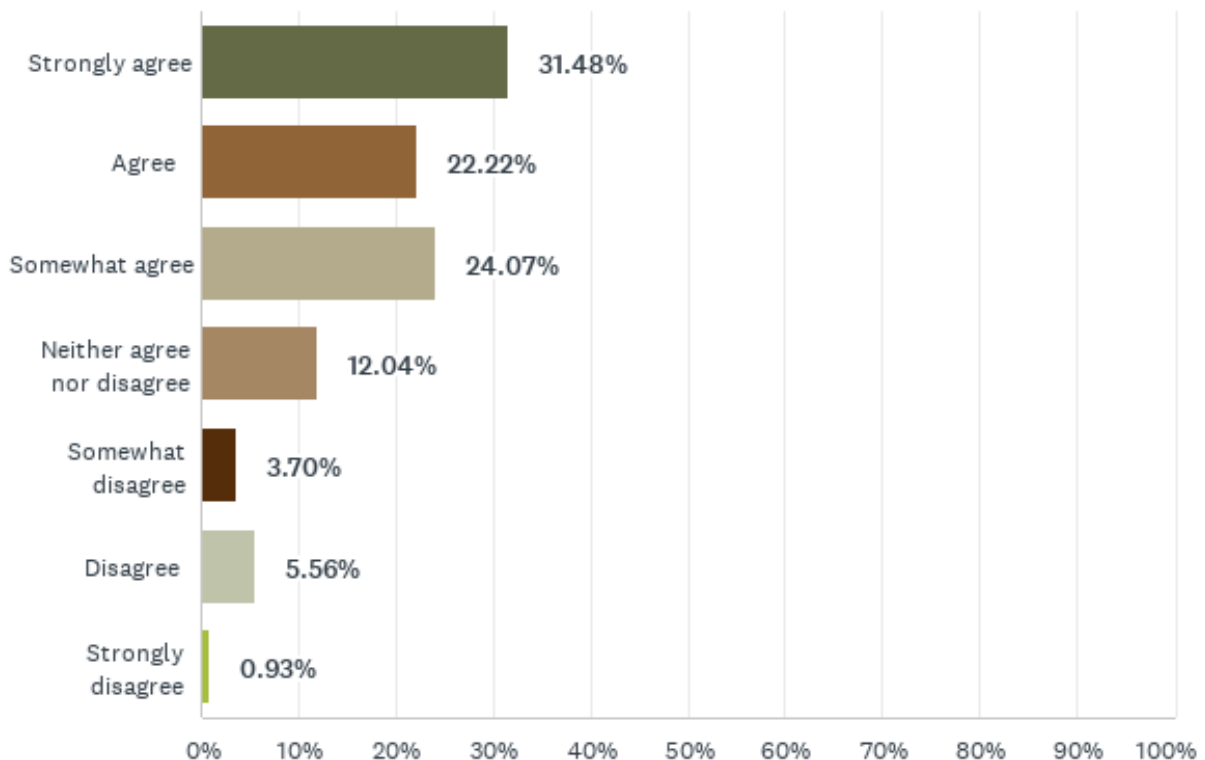
It's hard to explain to the kids like that. So when you can't afford to go for example, to McDonald's or for a nice trip, you're having to say sorry. I don't have any money...That is quite hard, it's quite a struggle.

Me and my wife were at the edge of getting depression because we live in a too small flat and you're struggling financially. It's not easy.

In the survey we also asked ***"How do you feel about the following statement: "My financial situation has had an adverse effect on my family's mental health and wellbeing?"***



We also sought to understand how children were feeling by asking, "How do you feel about the following statement: ***"My children feel excluded by their friends/peers because of my lack of income?"***"





CONCLUSION

CONCLUSION

The evidence gathered here builds on the report of last year commissioned by the Wheatley Group and produced by Unity Consulting, which considered the overall impact of Universal Credit. *Existing Not Living* demonstrated unequivocally the negative consequences for people dependent on the current system of welfare, including its different strands such as the two-child limit.

This new study and the survey data and testimonies from people affected by the two-child limit policy make for grim reading, the evidence speaks for itself and is consistent with numerous other studies. Some of these are referenced in this report and present evidence of the two-child limit's role in creating and consolidating child poverty.

Families, children and their parents are suffering from a lack of income that does not cover their basic needs. Children are going without, or are limited in their access to, fundamental necessities such as food, heating, clothing, footwear and access to leisure, play and cultural activities such as clubs and activities, trips, holidays and occasional treats.

This study has drawn out other wider structural factors that exacerbate and entrench poverty. Universal Credit is a clear factor that has an effect on incomes and the socio-economic circumstances of claimants. Our research has shown that people in and out of work are affected and that in-work poverty is a feature of British working life for so many, often as a result of insecure employment and working in jobs, often in the so-called gig economy, which sees working hours and incomes fluctuate.

Some parents are working so hard and for such long hours that they don't spend the time with their children that they would like to. This often leaves their partner alone with the stress of having to look after the children. This can be compounded when children have disabilities or an illness and further help cannot be provided due financial restraints or work commitments.

Most tragic is the consequences for the lives and life chances of children and young people, their current lives as well as concerns about how their material circumstances affect life outcomes in later life. The two-child limit disproportionately and negatively impacts larger families, many of whom are migrants. This is happening despite clear evidence illustrating how childhood experiences influence future life outcomes and opportunities.

It is a punitive system that entrenches poverty even when evidence shows it affects the quality of life, educational attainment and future prospects of our youngest and most

vulnerable citizens. Some parents also raised their concerns about their children potentially feeling excluded and becoming socially isolated from their peers due to their lack of income. Our survey showed how parents understand their children's experiences are being hindered, with almost 78% of the survey respondents reporting that their children have been excluded by their peers due to a lack of income.

We found further evidence of children being hampered by the low family income that the two-child limit has contributed to. It was heart rendering to hear parents describe how they cannot afford to pay for children's activities such as football, swimming and dancing, affecting their ability to realise their potential in these activities and many more.

We heard and found in the survey data how parents can't afford little treats for their children, such as a short holiday or day trip. As one respondent said 'luxuries are a no-go'. The consequence is that there is little opportunity for spontaneous enjoyment or leisure and cultural experiences. If they ever do occur it is rare and only because of careful, considered financial management of the family income.

There was a constant recognition amongst our research participants that food insecurity is a significant issue and that ensuring they had enough food to feed their children was their first priority and a constant worry. Similarly, ensuring families are able to heat their home and buy clothes are other major anxieties. This will be amplified in the coming weeks and months now that the energy price cap has been lifted from October 2024.

In short, we heard from parents how their children were experiencing what can only be described as a form of social isolation, whilst living in households that are food insecure and often faced with the choice between heating and eating. This is happening in the fifth richest country in the world.

Struggling to meet their basic basic needs has also left an indelible mark on the parents we spoke to. They are clearly resilient and intent on providing a loving, nurturing home for their children, but they acknowledge that they are struggling to meet their family's basic needs. We also heard how many parents are struggling with the burden of poverty and feelings of guilt that they are failing their children, and how they often skip meals so that their children have enough.

As a result their mental health is being negatively affected. This was drawn out in the survey data, which showed almost 90% agreed that their financial situation has had an adverse effect on their mental health and wellbeing.

Their attempts to survive has led people into debt. Claiming Universal Credit can, and often does, lead families into debt due to the (at least) five week wait on the processing of an initial claim. But what we heard from participants was something more basic than just

that wait. They spoke of their lack of income, trying to cope with the cost of living and the day to day, week to week challenge of paying for their basic needs and often plunging into debt in order to do so.

We heard how some people simply do not have enough income to meet their outgoings and this means people have to borrow money to pay their bills and fall into debt. This debt can be private debt owed to a family member, friend, or commercial lender, but it can also include debts to public agencies such as the DWP, a landlord, a local authority or even a dentist as they are forced to choose paying for one necessity over another. For example paying for food rather than their council tax bill.⁴⁹

The two-child limit is seen by the families affected by it, as unfairly and unjustly treating children who were born after the first two children and/or who were born after the arbitrarily set cut-off date of 1st April 2017. Some also alluded to a sense of unfairness because they feel like the government has sought to influence their personal and private decision to have children. This was expressed to us by a participant who spoke of her and her partners' discussions about whether to have their third child when she discovered she was pregnant. A conversation that was based on their financial situation and the (lack of) support they would receive for their third child.

A consequence (and arguably an intention) of the two-child limit policy is to limit the number of children families have. Yet, here in Scotland due to demographic challenges, there is a strong argument that we need to actually encourage families to have more children.

Scrapping the two-child limit would have a massively beneficial impact on the families we spoke to. The additional income would ensure their basic needs could be paid for, and their quality of life enhanced allowing them to enjoy the types of lives that other children and families take for granted. It would help alleviate food insecurity, fuel poverty and provide the clothes that children need. As the recent IFS research suggests, this single policy change would immediately take over half a million children out of poverty.

[49] An emerging issue to be aware of, that could well lead to more people into debt is ongoing transitioning from legacy benefits to Universal Credit. The so-called managed migration from legacy benefits to Universal Credit is a live issue that feels especially pertinent at the present time. At the end of this financial year there is going to be a hard closedown of the Tax Credit system. This will mean that anyone receiving Working and/or Child Tax Credit will need to receive their Migration Notice by December 2024 to give them the three months migration period before 31st March 2025. For many they will have to wait five weeks for their new claim to be processed, which will undoubtedly lead to debt for many.

This research adds to the already existing body of evidence that shows the negative manifestations that the two-child limit policy has for families across the UK, including the tenants of the Wheatley Group. The case for the abolition of the two-child limit has arguably never been stronger.

RECCOMENDATIONS

- Scrap the two-child limit
- Introduce an essential guarantee that embeds into Britain's social security system the principle that, at a minimum, Universal Credit should protect people from going without essentials

