



House of Commons  
Work and Pensions Committee

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**Two-child limit:  
Government Response  
to the Committee's  
Twenty-Third Report**

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**Twenty-First Special Report of Session  
2017–19**

*Ordered by the House of Commons  
to be printed 24 April 2019*

## Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

### Current membership

[Frank Field MP](#) (*Independent, Birkenhead*) (Chair)

[Heidi Allen MP](#) (*Independent, South Cambridgeshire*)

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### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

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### Committee staff

The current staff of the Committee are Anne-Marie Griffiths (Clerk), Stuart Ramsay (Second Clerk), Libby McEnhill and James Mirza Davies (Senior Committee Specialists), Kemi Duroshola (Committee Specialist), George Steer (Assistant Policy Analyst), Esther Goosey (Senior Committee Assistant), Michelle Garratty (Committee Assistant) and Jessica Bridges Palmer (Senior Media and Policy Officer).

### Contacts

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# Twenty-First Special Report

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The Work and Pensions Committee published its Twenty-Third Report of Session 2017–19, [Two-child limit](#), on 10 January 2019. The Government response was received on 9 April 2019 and is appended below.

## Appendix: Government Response

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1. The Government welcomes the Twenty-Third Report of Session 2017-19, published on 11 January 2019, following the Work and Pensions Select Committee's inquiry into the policy to provide support for a maximum of two children.
2. The Committee made 4 recommendations that fall within the remit of the Department for Work and Pensions. The Government's response to these recommendations is set out below.

### Recommendation 1:

***On their own, any one of the concerns outlined in this report should raise a red flag for the Government. We will return in more detail to these issues through a wider inquiry into the two-child limit. But in the meantime, the Government must consider whether the very serious consequences we have identified are offset by any benefits it believes the two-child limit will deliver.*** (Paragraph 21)

The Government continues to be committed to the policy to provide support for a maximum of two children through Universal Credit and legacy systems. It is worth noting that Child Benefit continues to be paid for all eligible children regardless of household size. Further support is also available for all disabled children through the additional element in Child Tax Credit or Universal Credit. Moreover, additional help for eligible childcare costs through Working Tax Credit and Universal Credit are available regardless of the total number of children in the household.

The Government is committed to action that makes a lasting difference to long-term outcomes for poor and disadvantaged families and children. This goes beyond a focus on income, to tackle the root causes of poverty, recognising the importance of employment and education to children's long-term outcomes. Work offers people the best opportunity to get out of poverty and become self-reliant. Children in workless households are around 5 times more likely to be living in poverty after housing costs than those where all adults work. This is why we are undertaking the most ambitious reform to the welfare system in decades – so that it supports people to find and to stay in work. Compared with 2010, there are now over 3.5 million more people in work, and more than a million (1,024,000) fewer workless households. The number of children in workless households is at a near record low, with around 665,000 fewer children living in such households.

We aim to ensure that our policies encourage families to move into and progress in work where possible so that they have the best opportunity to move out of poverty and become self-reliant. This policy ensures that families in receipt of benefits face the same financial choices as those supporting themselves solely through work. Where families have

joined the benefits system following an unexpected change of circumstances, Universal Credit supplies the tailored support to help them to get back on their feet at the earliest opportunity.

The Government has assessed the impact of the policy from an equality and human rights perspective, and is confident that it has met its obligations. The Government welcomed the High Court judgment, dated 20 April 2018, that the policy was lawful overall. The narrow point on which the Government was unsuccessful was the ordering provisions for non-parental caring arrangements and these were amended by regulations that came into force in November 2018. The policy is currently being considered by the Court of Appeal.

### Recommendation 2:

*The Government introduced the two-child limit to make the benefits system fairer. But this fails to recognise the fact that people move in and out of the system. The distinction between benefit claimants and those “supporting themselves in work” is crude and unrealistic—someone supporting themselves in work today might well need help from the benefits system tomorrow. This fundamentally undermines the Government’s arguments that the two-child limit is about fairness.* (Paragraph 25)

The Government’s view is that providing support for a maximum of two children or qualifying young persons in Universal Credit and Child Tax Credit will ensure fairness between claimants and those who support themselves solely through work. Parents who support themselves solely through work would not usually see their wages increase simply because of the addition of a new child to their family.

The previous system, which saw benefit awards increasing with family size was unsustainable and unfair to those families who support themselves solely through work. Statistics from the Office for National Statistics show that in 2016, of all families with dependent children, 85% had a maximum of two in their family. For lone parent families, this was 87%. The government therefore feels it is fair and proportionate to provide support through Child Tax Credit and Universal Credit for a maximum of two children.

It is worth noting again that Child Benefit continues to be paid for all eligible children regardless of household size. Further support is also available for all disabled children through the additional element in Child Tax Credit or Universal Credit. Moreover, additional help for eligible childcare costs through Working Tax Credit and Universal Credit are available regardless of the total number of children in the household.

Recommendation 3 and 4 shall be dealt with in the same response

### Recommendation 3:

*Furthermore, applying this policy retrospectively to children born before it was even announced, let alone introduced, entirely undermines any notion that the two-child limit is designed to influence decisions. Pressing ahead with the planned changes on 1 February 2019 will demonstrate a complete disregard for people’s ability to plan for the two-child limit.* (Paragraph 26)

**Recommendation 4:**

*As previously stated, we will return to the wider issues of the two-child limit in a future inquiry. But the most immediate and obvious injustice is the retrospective application of this policy to children born before it was introduced. We therefore recommend that the Government immediately abandon its plans to apply the two-child limit retrospectively from 1 February 2019.* (Paragraph 27)

We have always been clear that we would keep the impact of the policy under consideration. The Government has listened to the concerns of stakeholders, including those of the Committee, and concluded that it would not have been right to continue with the extension of this policy to new claims in Universal Credit regardless of date of birth.

Families will therefore continue to receive an additional amount in Universal Credit for all children born before 6 April 2017, regardless of when they make a claim. The necessary legislation to effect this was laid before Parliament on 11 January 2019 and came into force on 1 February 2019. This change will help approximately 15,000 families each year at a £250 million cost to the Exchequer up to and including 2023/24.