



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.dwp.gov.uk

ministers@dwp.gov.uk

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Mr Andrew Boff AM
Chair of The London Assembly
AssemblyChair@london.gov.uk

6 March 2024

Dear Mr Boff,

Thank you for your letter of 14 December 2023 to the Secretary of State regarding the request of the London Assembly to remove the policy to support a maximum of two children. I am replying as the Minister for Employment and I apologise for the delay.

The Government is committed to supporting families and helping parents into work. This requires a balanced system that provides strong work incentives and support for those who need it, but that also ensures a sense of fairness to the taxpayer and many working families who do not see their incomes rise when they have more children. We feel that the policy to support a maximum of two children is a proportionate way to achieve this.

Since 6 April 2017, families can claim support for up to two children, and there may be further entitlement for other children if they were born before 6 April 2017 or if an exception applies.

We recognise that some people are not able to make the same choices about the number of children in their family and that is why exceptions have been put in place:

An exception applies to any child in a household who is:

- Adopted when they would otherwise be in local authority care
- Living long-term with friends or family, who would otherwise be at risk of entering the care system, or where a child is born to a young person for

whom the customer is also responsible (until they make a separate claim upon turning 16).

Exceptions also apply to third and subsequent children who are:

- Additional children in a multiple birth
- Likely to have been born as a result of non-consensual conception, which for this purpose includes rape or where the customer was in a controlling or coercive relationship with the child's other biological parent at the time of conception.

Child Benefit continues to be paid for all children in eligible families. An additional amount of Universal Credit for any qualifying disabled child or disabled qualifying young person is payable regardless of the number of children in the household.

The Government is committed to a sustainable, long-term approach to tackling poverty and supporting people on lower incomes and we have a range of policies which support children and families across the tax and benefits system and public services.

In 2023/24 we will spend around £276bn through the welfare system including around £124bn on people of working age and children. From April 2024, subject to Parliamentary approval, working age benefits will rise by 6.7 per cent, in line with inflation.

To further support low-income households with increasing rent costs, the Government will raise Local Housing Allowance rates to the 30th percentile of local market rents in April 2024. This will benefit 1.6 million low-income households by around £800 on average in 2024-25.

The Government has consistently said that the best way to support people's living standards is through good work, better skills, and higher wages. The latest available data shows that in 2021/22 children living in workless households were 5 times more likely to be in absolute poverty, after housing costs, than those where all adults work.

Universal Credit has work incentives at its core. In November 2021 the Universal Credit taper rate was reduced from 63 per cent to 55 per cent, meaning customers keep more of their earnings. At the same time the Work Allowance was increased by £500 a year.

These two measures mean 1.7m households keep, on average, around an extra £1,000 a year. These changes represent an effective tax cut for low income working households in receipt of Universal Credit. They allow working households to keep more of what they earn and strengthen incentives to move into and progress in work.

The Government recognises that high childcare costs can affect parents' decisions to take up paid work or increase their working hours. This is why the changes to the Universal Credit childcare element, announced in the Spring Budget 2023, now provides generous additional financial support to parents moving into work and/or increasing their working hours. The Spring Budget saw the Universal Credit childcare costs 'caps' (maximum amounts) increase by 47 per cent.

In addition, from September 2025, eligible working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks of the year, from when their child turns 9 months old to when they start school.

Our overall approach is working; between January to March 2017 and January to March 2023 the number of people with dependent children in employment has increased by 590,000 (a 2.3 percentage point increase in the employment rate for this group).

The Government understands the pressures people are facing and is taking action to support them, providing total support of £104 billion over 2022/23 to 2024/25 to help households and individuals with the rising bills.

Households on eligible means-tested benefits will receive up to £900 in means-tested Cost of Living Payments, paid in three separate instalments of £301, £300, and £299 across the 2023/24 financial year. The first £301 payment was made to 8.3 million households.

The DWP made the second means-tested Cost of Living Payment worth £300 to over seven million households between 31 October and 7 November 2023 (99 per cent of eligible households). A further means-tested Cost of Living Payment worth £299 was paid between 6 February and 22 February 2024.

In addition, over six million people across the UK on eligible 'extra costs' disability benefits have been paid a £150 Disability Cost of Living Payment and more than eight million pensioner households have received an additional £300 Cost of Living Payment from November 2023 as a top up to the Winter Fuel Payment.

From April, subject to Parliamentary approval, working-age benefits will rise by 6.7 per cent, in line with inflation. The basic and new State Pensions will be increased by 8.5 per cent, in line with the increase in Average Weekly Earnings in the year to July 2023.

For those who require further support, the Government is providing an additional £1 billion of funding, including Barnett impact. In England support is being delivered through an extension to the Household Support Fund backed by £842 million, running from 1 April 2023 to 31 March 2024. This extension

allows Local Authorities in England to continue to provide discretionary cost of living support to those most in need. It is for the devolved administrations to decide how to allocate their additional Barnett funding.

I hope this helps to clarify the position to The London Assembly.

A handwritten signature in black ink, reading 'Jo Churchill', with a decorative flourish underneath.

JO CHURCHILL MP
MINISTER FOR EMPLOYMENT