



HM Revenue
& Customs



Department
for Work &
Pensions

Coverage:
United Kingdom

Released:
16 July 2020

Media contact:

HMRC Press Office
03000 585018

Statistical contacts:

Boniface Yao Seworde

David Bailey

benefitsandcredits.analysis@hmrc.gov.uk

Jessie Smith
JESSIE.SMITH1@dwp.gov.uk

Ally Mays
ALLY.MAYS@dwp.gov.uk

HM Revenue and Customs
KAI Benefits & Credits

**Department for Work and
Pensions**

Child Tax Credit and Universal Credit claimants

Statistics related to the policy
to provide support for a
maximum of two children

2 April 2020

An Official Statistics Publication
© Crown Copyright 2020

Child Tax Credit and Universal Credit claimants

Statistics related to the policy to provide support for a maximum of two children

April 2020

Contents

Introduction.....	3
What are Child Tax Credit and Universal Credit?	3
What is the policy to provide support for a maximum of two children?	3
What are the exceptions to the policy?	3
What does this publication tell me?.....	4
Who might be interested?	5
User Engagement.....	5
Rounding	5
Commentary.....	6
Overall numbers of households affected by the policy to provide support for a maximum of two children.....	6
Households affected by work status	7
Households affected by number of adults	8
Households affected by country	9
Households by category of exception and country.....	10
Households affected by number of children	11
Appendix A: Background Information.....	15
Child Tax Credit and Universal Credit Full Service Administrative Data	15
Validation and quality assurance processes	15
Geographical allocation.....	16

Introduction

What are Child Tax Credit and Universal Credit?

Child Tax Credit (CTC) provides income-related support for families with children or qualifying young people aged 16-19 who are in full time non-advanced education or approved training, payable to the main carer. Families can claim whether or not the adults are in work.

Universal Credit (UC) is a flexible system which supports people both in and out of work. It replaces six legacy benefits (Child Tax Credit, Housing Benefit, Income Support, income related JSA, income related ESA and Working Tax Credit).

More information about Child Tax Credit, including making a claim, is available online here:

<https://www.gov.uk/child-tax-credit>.

Further information about Universal Credit, including making a claim, is available online here:

<https://www.gov.uk/universal-credit>.

What is the policy to provide support for a maximum of two children?

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

The policy aims to ensure fairness between claimants of benefits and those who support themselves solely through work. The child disability element of CTC and UC will continue to be paid for all eligible children. In addition, Child Benefit continues to be paid for all children and additional help for eligible childcare costs are also available regardless of the total number of children in the household.

What are the exceptions to the policy?

In recognition that some claimants are not able to make choices about the number of children in their family, the Government has put in place exceptions for certain groups. In both CTC and UC, there are four categories of exceptions. They apply to:

Third and subsequent children who are:

- Additional children in a multiple birth where an extra amount will be payable for all children in a multiple birth other than the first child;
- Likely to have been born as a result of non-consensual conception, which for this purpose includes rape or where the claimant was in a controlling or coercive relationship with the child's other biological parent at the time of conception.

An exception also applies to any children in a household who are:

- Adopted when they would otherwise be in Local Authority care;
- In non-parental caring arrangements when they would otherwise be at risk of entering the care system, including where a child (under 16) has a child.

Note: until 28 November 2018, the above exceptions applied to third and subsequent children only. A change to include all children who would otherwise be in Local Authority care came into force on 28 November 2018.

Further information on the policy and the exceptions are available online at:

Child Tax Credit: <https://www.gov.uk/guidance/child-tax-credit-exceptions-to-the-2-child-limit>.

Universal Credit: <https://www.gov.uk/guidance/universal-credit-and-families-with-more-than-2-children-information-for-claimants>.

What does this publication tell me?

This publication shows the number of claimants (single or joint adult households with any dependent children or young people) affected by the policy to provide support for a maximum of two children and eligible for a positive Child Tax Credit or Universal Credit award on 2 April 2020. Claimants are considered to be affected by the policy if they have added a third or subsequent child to their household since the policy was introduced on 6 April 2017, including those for whom an exception applies.

The tables show the number of claimants in these two categories (those for whom an exception does or does not apply), split between Child Tax Credit and Universal Credit claimants. Numbers of exceptions are broken down into exception type and country of residence, and those affected are broken down into work status, number of adults in the household, and country of residence.

Statistics relating to Universal Credit claimants cover those claimants in UC Full Service only. Universal Credit Live Service claims transferred to Universal Credit Full Service by the end of March 2019 and no new claims can be made to Live Service.

The coverage of the statistics mirrors the areas of responsibility of HM Revenue & Customs and the Department for Work and Pensions. Consequently, statistics on Child Tax Credit relate to the United Kingdom, whereas Universal Credit statistics relate to Great Britain. Northern Ireland statistics for Child Tax Credit are shown in certain tables.

A small number of Child Tax Credit claimants live outside the UK (such as Crown servants posted overseas) or have no postcode information. These cases are identified as “foreign/not known” in certain tables but are included in United Kingdom totals, in line with the presentation of other tax credit statistics.

The statistics in this publication relate to the position after the policy had been in operation for almost three years. In future years, more households with two or more children claiming

CTC or UC will have a child who has been born on or after 6 April 2017, and so the numbers affected will increase over time.

The publication does not contain information relating to those who have applied for an exception but have not met the criteria to qualify. Once claimants have submitted supporting documents which meet the eligibility criteria for an exception, the exception will be granted and there are no circumstances in which an exceptions would not be granted where the correct supporting documents have been provided.

The definition of an application is also problematic for a number of reasons. Within tax credits, certain types of exceptions for multiple births are determined automatically by the tax credit system rather than requiring claimants to make contact. Claimants to both CTC and UC can also make enquiries about their potential eligibility for an exception and it is not clear at what stage such an enquiry would be considered as a potential application or not.

Who might be interested?

The statistics contained in this publication will be of interest for anyone that is looking for information on the impact of the policy to provide support for a maximum of two children, and the exceptions in particular.

User Engagement

We are committed to improving the official statistics we publish. We want to encourage and promote user engagement, so we can improve our statistical outputs. We would welcome any views you have using the contact information at the beginning of this publication.

Rounding

The figures have been independently rounded to the nearest 10. Low numbers including zero are suppressed in accordance with disclosure rules. This can lead to components as shown not summing to totals..

Commentary

Overall numbers of households affected by the policy to provide support for a maximum of two children

Note that figures in this section may not sum due to rounding.

As at 2 April 2020 there were in total around 846 thousand households with three or more children claiming either Child Tax Credit (600 thousand) or Universal Credit (246 thousand).

Of these, a total of 250 thousand households across Child Tax Credit and Universal Credit Full Service were affected by the policy to provide support for a maximum of two children, which was introduced in April 2017 (Table 1). Around 243 thousand (97 per cent) were not receiving a child element or amount for at least one child in their household. Around 11 thousand households (4 per cent) were receiving an exception to the policy.

The majority of households affected (58 per cent) were in receipt of Child Tax Credit. This reflects the overall gradual roll out of Universal Credit at this point in time. The proportion of UC households in the total is expected to rise as Universal Credit is gradually rolled out whereas the proportion of tax credits households is expected to fall.

The 250 thousand households affected by the policy represents 30 per cent of all households with a third or subsequent child claiming CTC or UC. This proportion will grow over time as more households with three or more children will include a child born on or after 6 April 2017.

Table 1 – Number of households affected by the measure as at 2 April 2020²

	Child Tax Credit	Universal Credit	Total
Households reporting a third or subsequent child on or after 6 April 2017 and not receiving a child element/amount	142,180	101,090	243,270
Households reporting a third or subsequent child on or after 6 April 2017 and in receipt of an exception	5,940	5,160	11,100
All households reporting a third or subsequent child on or after 6 April 2017	145,880 ¹	104,420 ¹	250,300 ¹

¹ This does not equal the sum of the two components above as there are households both not receiving a child element/amount for one child and in receipt of an exception for another child.

² Child Tax Credit figures are on a UK basis, whereas the Universal Credit figures are for GB only (as DWP do not administer Universal Credit in Northern Ireland). Universal Credit figures include only claimants in Universal Credit Full Service.

Overall numbers of households with an exception

On 2 April 2020, three years since the introduction of the policy to provide support for a maximum of two children, almost 6 thousand households in Child Tax Credit and 5 thousand households in Universal Credit Full Service were in receipt of at least one exception (Table 2).

Across both CTC and UC Full Service, more than 8 thousand households – 76 per cent of all those with an exception – were in receipt of a multiple birth exception. More than 1 thousand households, or 13 per cent, received an exception for non-parental care, including households subject to the ordering provisions of the non-parental care exception where the child is a first or second child. About 3 per cent of households with an exception received an exception for adoption and under 1 thousand households (8 per cent) received an exception for non-consensual conception.

Table 2 – Number of households in receipt of an exception as at 2 April 2020²

	Child Tax Credit	Universal Credit	Total
Multiple birth	4,480	3,980	8,460
Non-parental care	860	600	1,460
Adoption	60	220	280
Non-consensual conception	540	360	900
Total	5,940 ¹	5,160 ¹	11,100 ¹

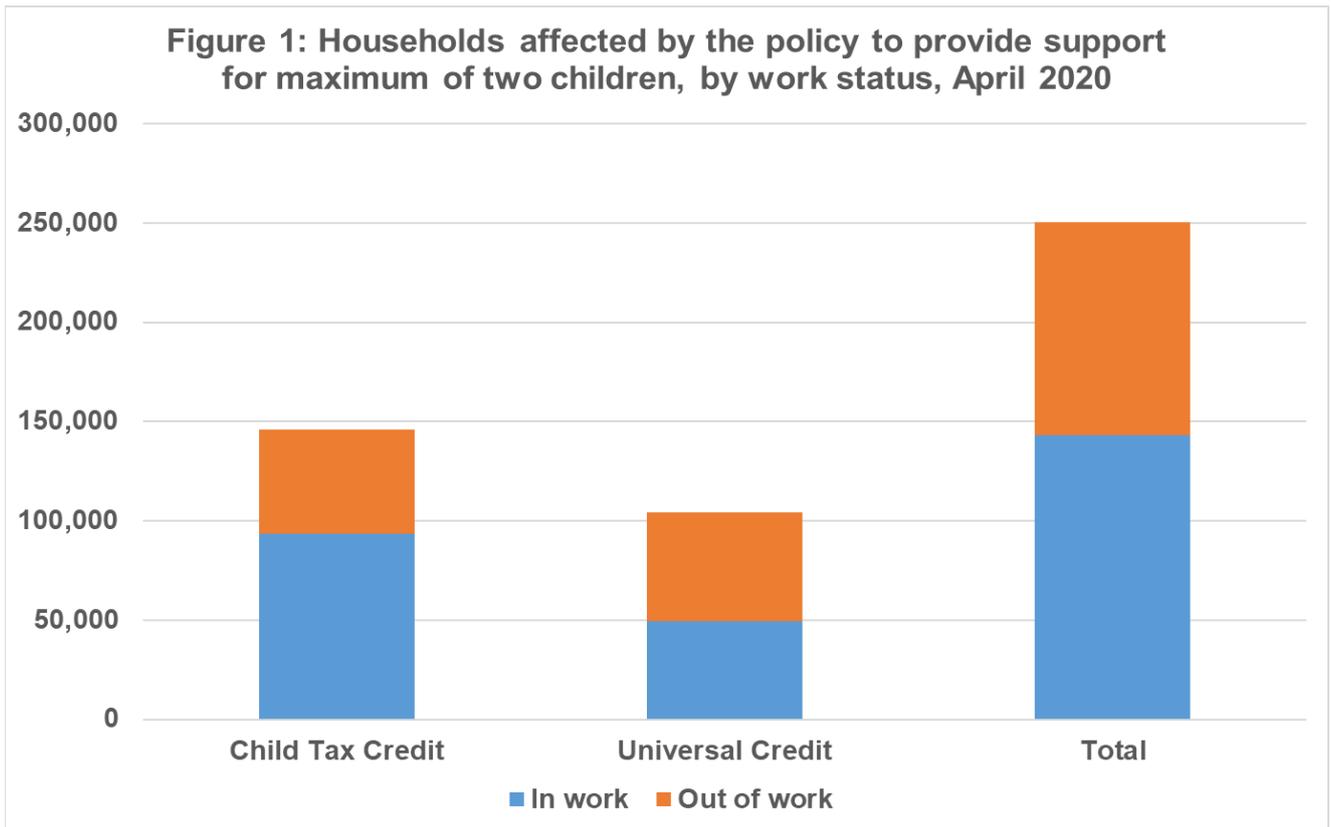
¹ This does not equal the sum of the components as there are a number of households that have exceptions in more than one category. They are counted once in each appropriate category but only once in the total.

² Child Tax Credit figures are on a UK basis, whereas the Universal Credit figures are for GB only (as DWP do not administer Universal Credit in Northern Ireland). Universal Credit figures include only claimants in Universal Credit Full Service.

Households affected by work status

Overall, the majority of claimants affected by the policy – 57 per cent – are classified as in-work (Figure 1). “In work” is defined as eligible for Working Tax Credit within the tax credit system, and in receipt of employment income within Universal Credit. A higher proportion are in work within Child Tax Credit (64 per cent) than Universal Credit Full Service (47 per cent).

A slightly lower proportion of households with an exception (52 per cent) are in-work compared to those not receiving a child element or amount (57 per cent).

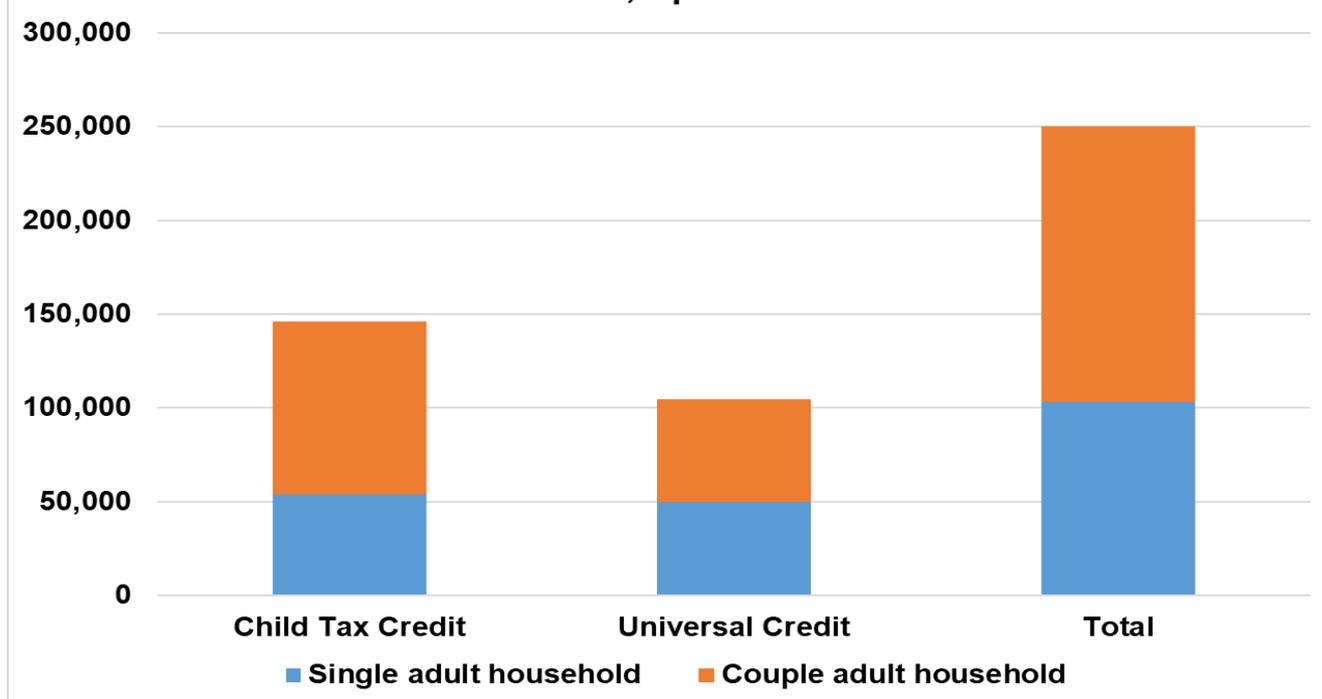


Households affected by number of adults

Almost 60 per cent of households affected by the policy have two adults (Figure 2) in the household. The remainder are single adult households. The proportion of couples is higher in Child Tax Credit (63 per cent) than in Universal Credit Full Service (52 per cent). This may reflect the population of UC at this stage of its rollout.

The proportion of couples amongst households with an exception across the two systems is lower (50 per cent) than those not receiving a child element or amount (59 per cent).

Figure 2: Households affected by the policy to provide support for a maximum of two children, by number of adults, April 2020



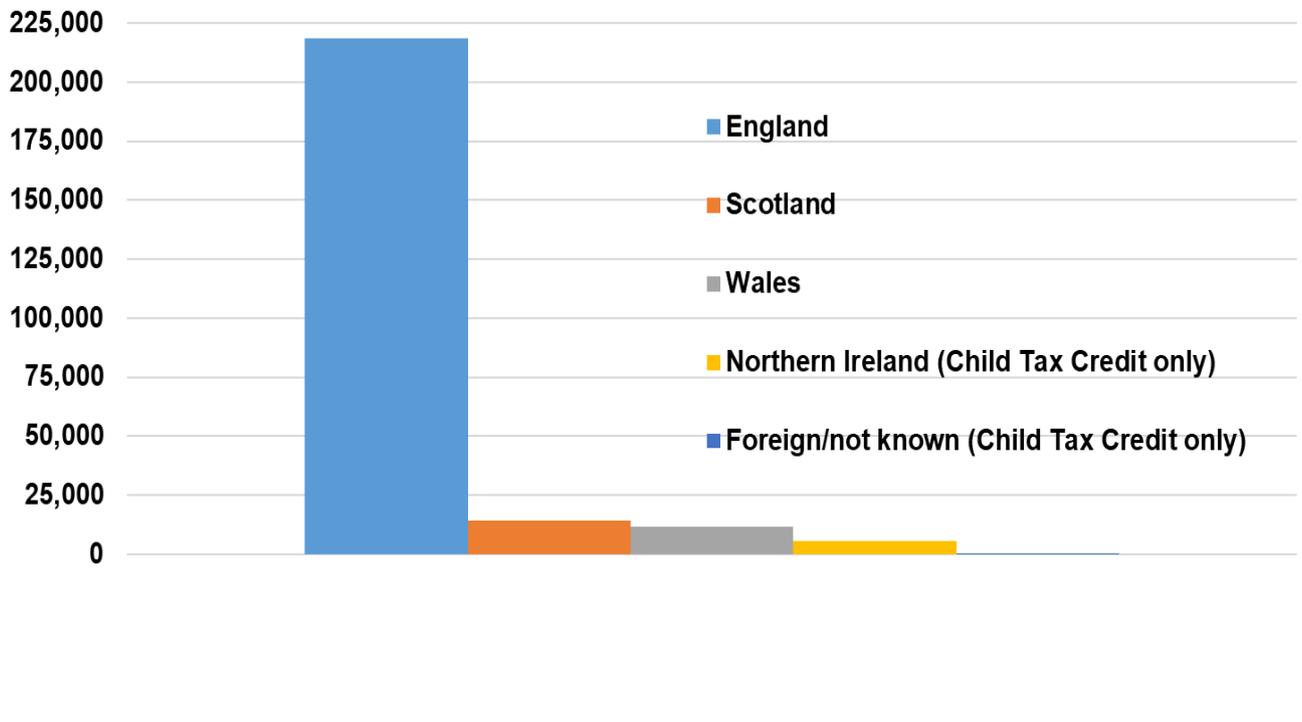
Households affected by country

Around 218 thousand (87 per cent) of those UK Child Tax Credit households and GB Universal Credit Full Service households affected by the policy were resident in England in April 2020 (Figure 3). 14 thousand (6 per cent) were resident in Scotland and almost 12 thousand (5 per cent) in Wales. Nearly 6 thousand (2 per cent) were CTC recipients in Northern Ireland. A small number of CTC claimants (less than 1 thousand) were either resident abroad or their country could not be identified.

Around 4 per cent of households in England who were affected by the policy were in receipt of an exception in April 2020. About 6 per cent of households affected in Scotland received an exception, as did 5 per cent of households in Wales and 4 per cent of CTC households in Northern Ireland.

These figures reflect areas of responsibility of HM Revenue & Customs and the Department for Work and Pensions. Consequently, statistics on Child Tax Credit relate to the United Kingdom, whereas Universal Credit statistics relate to Great Britain.

Figure 3: Households affected by the policy to provide support for a maximum of two children, by country, April 2020

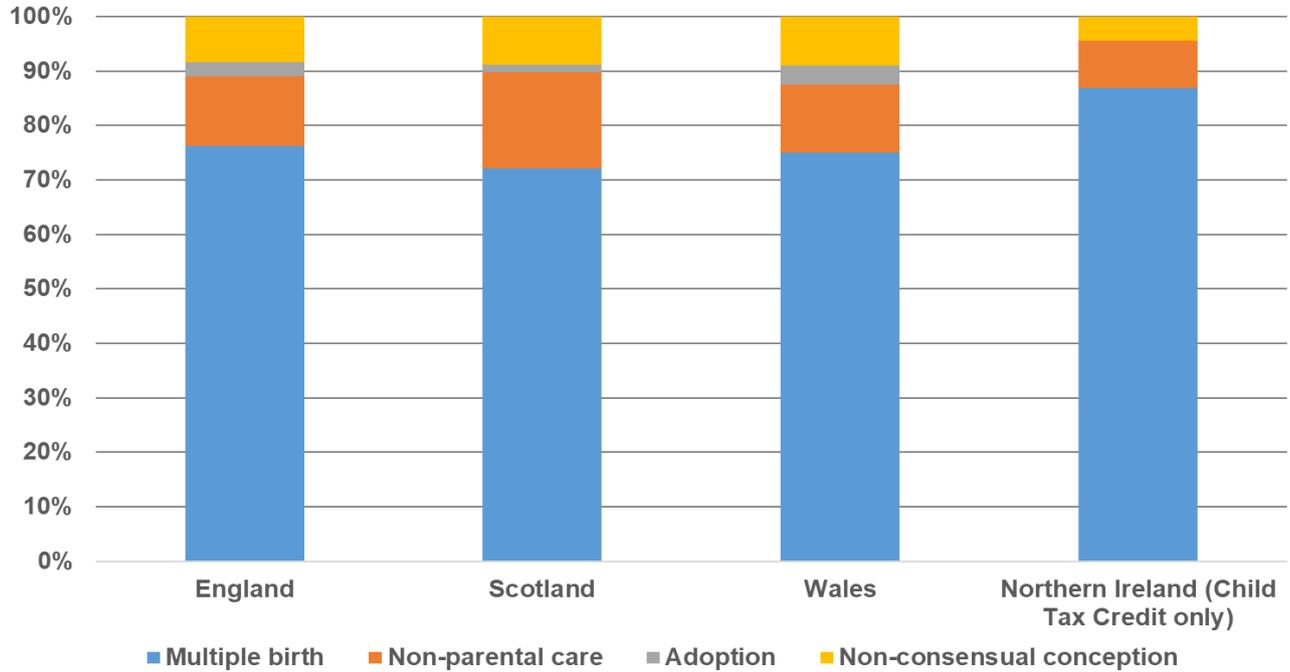


Households by category of exception and country

Across all countries of the UK, households with a multiple birth were the most common type of exception, accounting for 76 per cent of Child Tax Credit or Universal Credit households with an exception in England, 72 per cent of households in Scotland, 76 per cent of households in Wales and 87 per cent of CTC households only in Northern Ireland (Figure 4). Given small population sizes related to the fact that the policy had been in operation for only three years at April 2020, it is not recommended to draw robust conclusions from the differing proportions of households with other types of exceptions by country at this point in time, owing to both rounding and suppression of small numbers of cases. As noted earlier, in future years the numbers affected by the policy, and the numbers of exceptions, are expected to increase.

These figures reflect areas of responsibility of HM Revenue & Customs and the Department for Work and Pensions. Consequently, statistics on Child Tax Credit relate to the United Kingdom, whereas Universal Credit statistics relate to Great Britain.

Figure 4 - Proportions of households in each country by category of exception, April 2020



Note: figures should be treated with caution owing to rounding or suppression of small numbers

Households affected by number of children

A majority of households affected by the policy, 59 per cent, contain three children (Figure 5), with 26 per cent containing four children. The remaining 15 per cent are households with five or more children. The proportion of three child households is lower in Child Tax Credit (53 per cent) than in Universal Credit Full Service (67 per cent). Again this may reflect the population of UC at this stage of the rollout and the way this policy has been implemented.

Overall, there are around 911 thousand children in households affected by the policy (Figure 6), with 49 per cent in households with three children. 29 per cent of the children are in households with four children, the remaining 22 per cent being in households with five or more children.

Figure 5: Number of households affected by the policy to provide support for a maximum of two children, by size of family

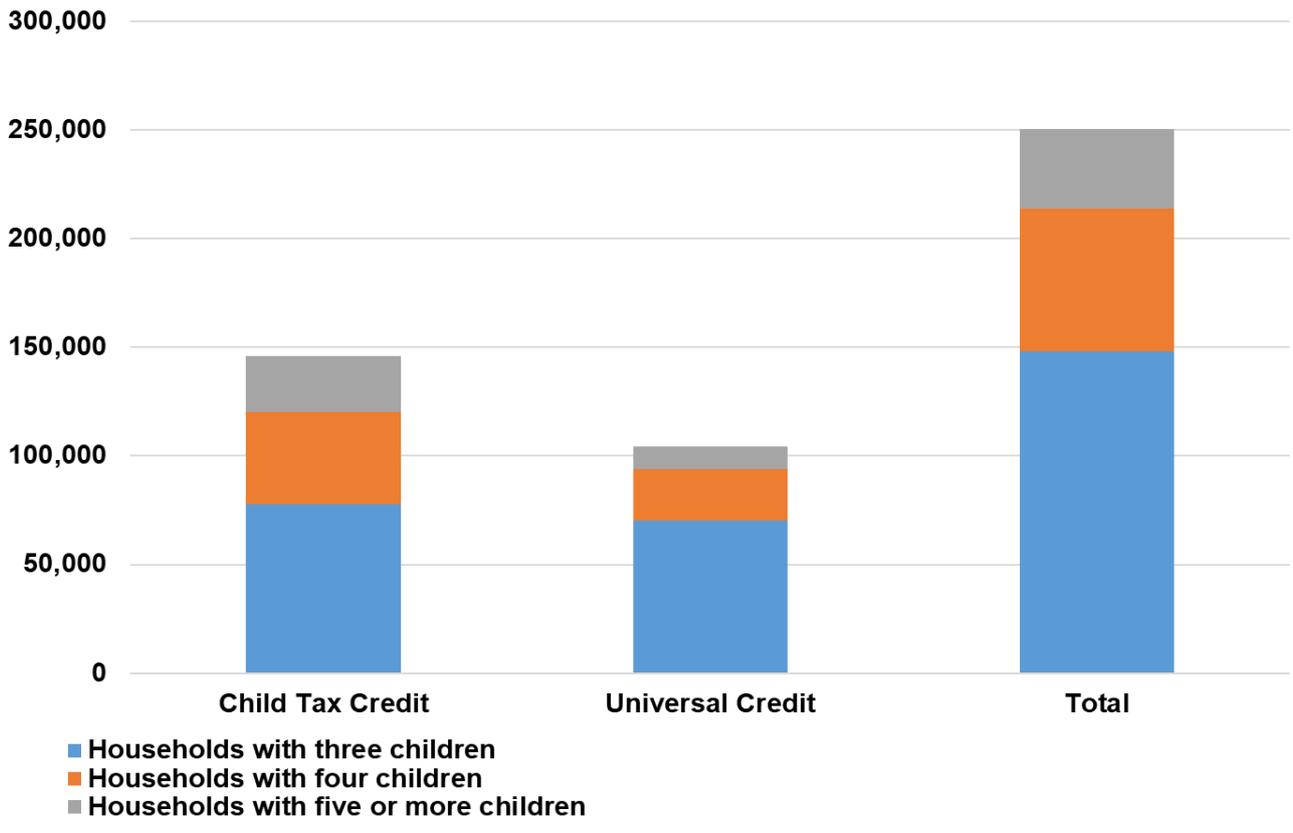
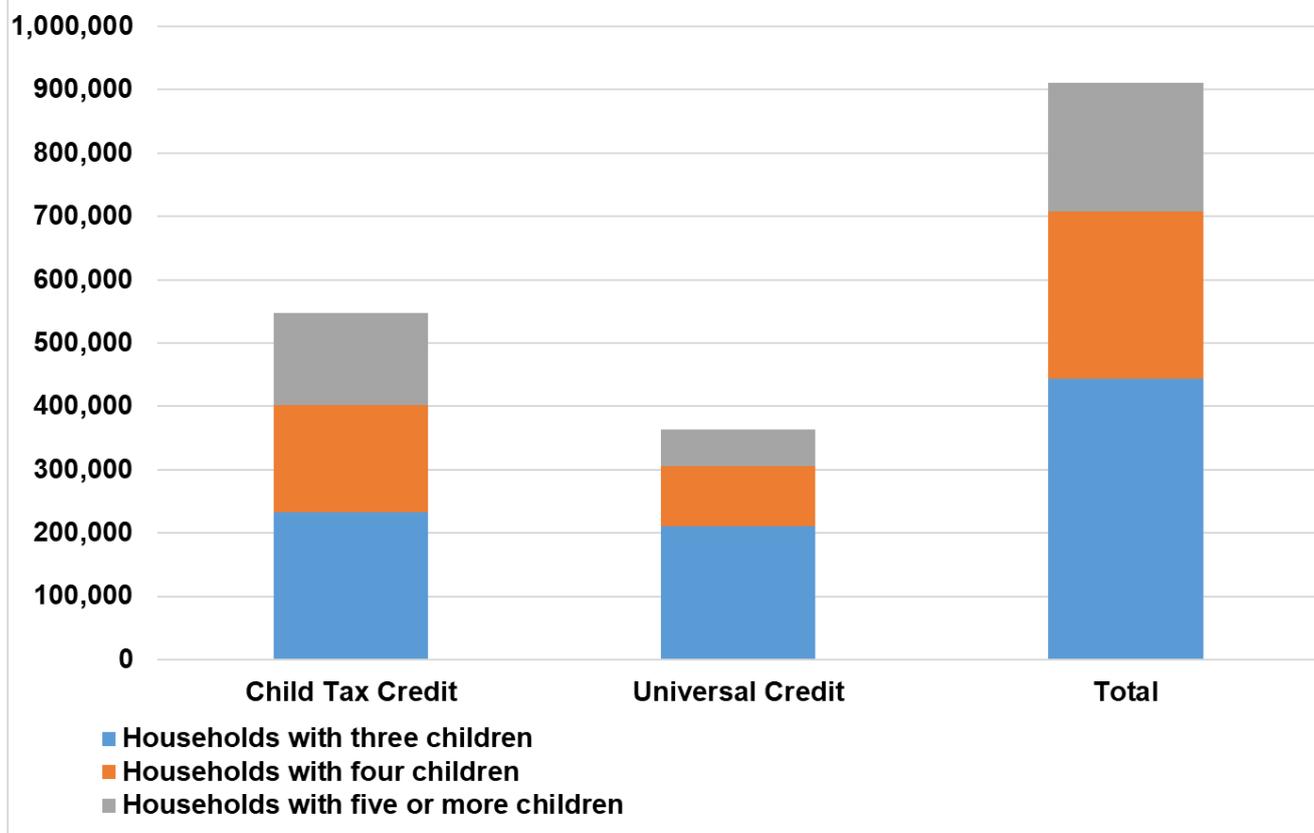


Figure 6: Number of children in households affected by the policy to provide support for a maximum of two children, by size of family



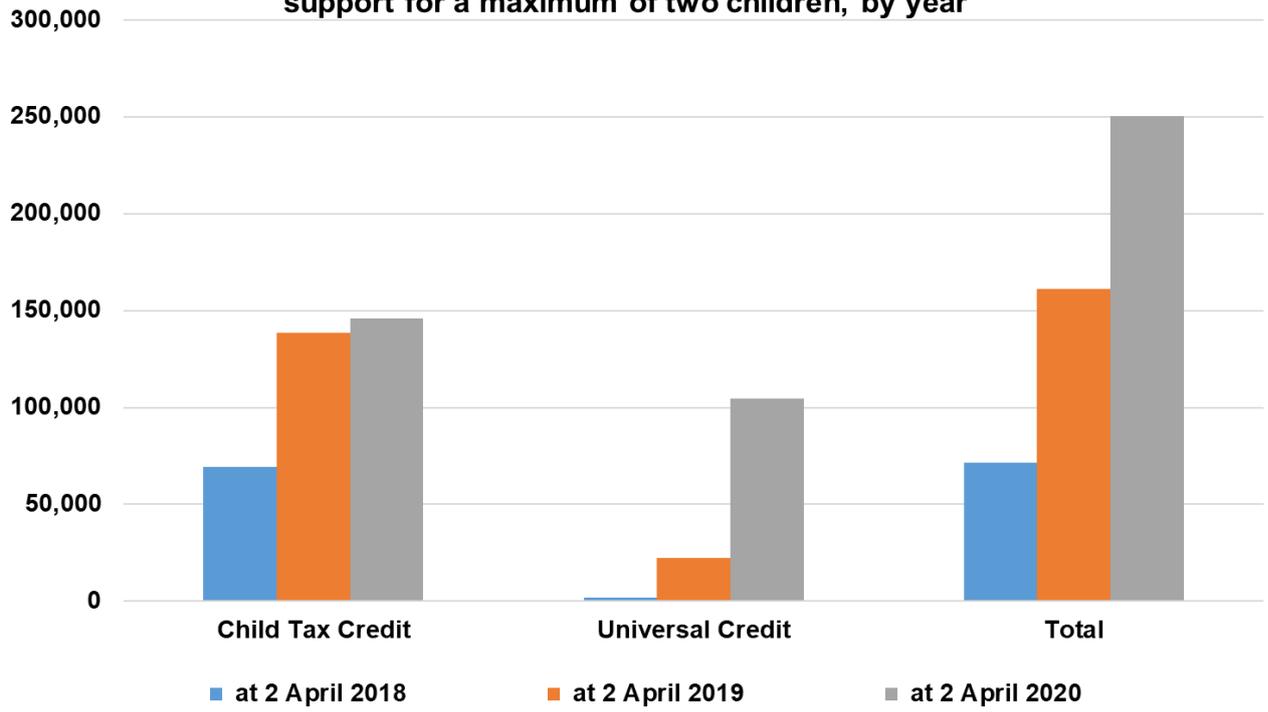
Overall numbers of households affected by the policy to provide support for a maximum of two children, by year

There is a net increase of 89 thousand as at 2 April 2020 of the number of households in receipt of Child Tax Credit or Universal Credit affected by the policy to provide support for a maximum two children.

The total number of households with three or more children at 2 April 2020, including children born before 6 April 2017, reduced slightly from 848 thousand to 846 thousand households.

An improved methodology has been implemented to improve the accuracy of the Universal Credit reported figures, specifically determining the number of eligible children and identifying UC claims affected or exempt from the policy. This has increased the estimate of all households reporting a third or subsequent child on or after 6 April 2017 by 6 per cent. The figures for April 2020 are therefore not directly comparable to prior years.

Figure 7: Number of households affected by the policy to provide support for a maximum of two children, by year



Appendix A: Background Information

Child Tax Credit and Universal Credit Full Service Administrative Data

The data used in this publication is based on 100% extracts of provisional tax credit awards from the tax credit computer system (NTC) and Universal Credit claims from the UC Full Service system, taken at 2 April 2020. The extract date was selected to ensure consistency with the parallel National Statistics release providing figures on provisional tax credits awards on the same date.

Tax credit awards are provisional until they are finalised at the end of the year, when claimants confirm or make changes to their incomes and other circumstances as reported at the date when the statistics were extracted.

The Universal Credit figures have been compiled using administrative data covering UC Full Service only. UC Live Service has been excluded. Universal Credit Live Service claims transferred to Universal Credit Full Service by the end of March 2019 and no new claims can be made to Live Service.

Analysis covers all UC Full Service claims that have declared a third or subsequent child as being born on or after 6 April 2017. The number of eligible children declared was compared to the number of children paid for as part of their April payment. If there is a difference, they have been impacted by the policy and if there is no difference then they have received an exception.

A UC Full Service claim's in work status is determined by having positive take home earnings included in their April statement.

Validation and quality assurance processes

Child Tax Credit statistics were compared against those derived from the parallel April 2020 provisional awards dataset used to produce regular tax credit National Statistics. This dataset is based on a 10% sample of single awards and 20% sample of couple awards, and was not used for the current publication due to the need to derive figures for small sub-populations. Results between the two datasets were broadly comparable and differences can be accounted for by sampling variability and minor differences in methodology.

An improved methodology has been implemented to improve the accuracy of the Universal Credit reported figures, specifically determining the number of eligible children and identifying UC claims affected or exempt from the policy. This has increased the estimate of all households reporting a third or subsequent child on or after 6 April 2017 by 6 per cent. The figures for April 2020 are therefore not directly comparable to prior years.

Universal Credit statistics have been continually monitored over the past year and comparison of previous month snapshots have shown a consistent proportion of claims have been affected by the policy. Internal departmental quality assurance checks have been carried out to reassure the reliability of the statistics. Figures have also been

compared to the number of claims with children declared to contextualise the percentage of UC claims which have been affected.

Geographical allocation

Within both Child Tax Credit and Universal Credit data, postcode information for claimants were combined with geographical details obtained from the Office for National Statistics' National Statistics Postcode Look-up (NSPL). England, Scotland and Wales data represents geographical boundaries derived from Census 2011 data and has been taken from the NSPL. Northern Ireland data represents geographical boundaries derived from Census 2001 data, which is still the latest available, within the NSPL.

For a small number of Universal Credit cases where the postcode information was not available the postcode of the Job Centre the claimants had been allocated to was used. Further information on the National Statistics Postcode Look-up can be found on the ONS website:

<http://geoportal.statistics.gov.uk/datasets?q=Lookups%20for%20ONSPD%20and%20NSPL&sort=name>