

EXPLANATORY NOTES

Universal Credit (Removal of Two Child Limit) Act 2026

Chapter 13

£8.90

UNIVERSAL CREDIT (REMOVAL OF TWO CHILD LIMIT) ACT 2026

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Universal Credit (Removal of Two Child Limit) Act 2026, which received Royal Assent on 18 March 2026 (c. 13).

- These Explanatory Notes have been prepared by the Department for Work and Pensions in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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Overview of the Act

1 The Universal Credit (Removal of Two Child Limit) Act ("the Act") makes provision to remove the policy of paying for a maximum of two children in a household (subject to a limited number of exceptions) in Universal Credit ("UC"). This change will increase the amount of welfare support available to families on UC with three or more children and aims to reduce the number of children living in poverty.

2 Social security matters are devolved or transferred to differing extents across the UK. The provision covered by the Act is wholly reserved in England, Scotland and Wales, and wholly transferred in Northern Ireland. As drafted the Act will legislate on behalf of Northern Ireland to make equivalent changes which will apply in Northern Ireland.

3 The Act covers this provision in 3 sections, including the changes to Northern Irish legislation.

Policy background

4 Universal Credit (UC) is a benefit designed to help households on low incomes with their living costs.

5 UC awards include an amount for each child or qualifying young person for whom a claimant is responsible, known as the child element. Since 6 April 2017, the child element has only been available in respect of a maximum of two persons who are children or qualifying young people for whom the claimant is responsible. There may be further entitlement for children or qualifying young people born before 6 April 2017 or who qualify for an exception.

6 This Act removes the cap of a maximum of two children or qualifying young people in a household (subject to a limited number of exceptions) for the purposes of Universal Credit.

7 As a result of this measure, an amount will be included in the UC calculation for all children or qualifying young people in the household, increasing the amount of welfare support available to families on UC with three or more children or qualifying young people.

8 This change is part of a package of measures from the Child Poverty Strategy 2025 to reduce the number of children living in relative poverty (after housing costs) by the end of this Parliament (as compared to a 2023/24 baseline).

9 This measure will take effect for assessment periods starting on or after 6 April 2026.

Legal background

Universal Credit (UC)

The structure of UC

10 UC is a social security benefit created by section 1 of the Welfare Reform Act 2012 ("the 2012 Act"). That section also specifies that UC can be awarded to a single claimant or to two members of a couple jointly and that awards are calculated with reference to a standard allowance (section 9), housing costs (section 11), responsibility for children (section 10) and other particular needs or circumstances (section 12).

11 UC is payable in respect of complete assessment periods. An assessment period is one month (see section 7 of the 2012 Act and regulation 21 of the Universal Credit Regulations 2013 (S.I. 2013/376) ("the UC Regs")).

12 Section 8 of the 2012 Act sets out how a UC award is calculated. The award is the maximum amount of the claimant's (or joint claimants') potential UC entitlement, minus deductions for earned and unearned income. The maximum amount is made up of the different amounts that the claimant, based on their individual circumstances, is eligible to have included in the calculation under sections 9 to 12 of the 2012 Act (and the UC Regs made under those sections); see section 8(2). The amounts under sections 9 to 12 are commonly referred to as "elements" of UC.

UC child element

13 Section 10 of the 2012 Act sets out that the calculation of an award of Universal Credit is to include an amount for each child for whom a claimant is responsible. This is known as the child element, a term used in regulation 24 of the UC Regs, where the amounts under section 10 of the 2012 Act are prescribed.

14 Section 10(1A), which was inserted into the 2012 Act by section 14 of the Welfare Reform and Work Act 2016 ("the 2016 Act"), provides that the child element is to be available in respect of a maximum of two persons who are children for whom the claimant is responsible.

15 Section 10(4) was amended at the same time as section 10(1A) was inserted. Subsection (4) provides a power to make exceptions to the two child limit found in subsection (1A) by way of regulations.

16 Regulation 24 of the UC Regs makes provision in relation to:

a. The amount for each child for whom a child element can be paid (i.e. amounts under section 10(1));

b. An additional amount for disabled children (i.e. an amount under section 10(2) at a higher and lower rate depending on the extent of the disability).

17 Regulation 24 directs the reader to regulation 36 to determine the exact amounts payable (see further below).

Ordering

18 With the introduction of the two child maximum, it was necessary to provide a way to determine which children would attract the child element in a family. This was particularly so that exceptions to the policy could function effectively. Generally speaking, children in the household are ordered by date of birth with the earliest first. So, the oldest child is the first and so on. See regulation 24B of the UC Regs on this point.

Exceptions

19 The power to provide for exceptions has been exercised, principally via the Social Security (Restrictions on Amounts for Children and Qualifying Young Persons) Amendment Regulations 2017 (S.I. 2017/376).

20 Regulation 24A of the UC Regs provides that a child element is payable for:

a. any children who are subject to the adoption or non-parental caring arrangements exceptions (see reg 24A(1)(za));

b. the first and second child in the ordering of children explained at para [19] above (see reg 24A(1)(a));

c. third and subsequent children who were born before 6 April 2017 (see reg 24A(1)(b)(i) and (3)) or who are subject to the multiple birth or non-consensual conception exception (see reg 24A(1)(b)(ii)).

21 There is also an exception where the claimant is a step-parent of the child and has responsibility for the child under a UC award that was made following the termination of a joint award with the child's parent, provided that an exception applied to the child under that joint award. Such cases slot into the scheme of exceptions above depending on which of the exceptions was relevant to the particular household's circumstances (see reg 24A(1)(za)(ii) and (b)(ii)).

22 The detail of, and criteria for, each of the exceptions is set out in Schedule 12 of the UC Regs.

Rates (including a higher rate for first children from 2017)

23 The amounts of each different element of UC is found in Regulation 36 of the UC Regs.

24 The 2025-26 rate of child element is, for most children, £292.81 per monthly assessment period.

25 There is also a rate of £339.00 per monthly assessment period for first children that can be found in regulation 36. That rate for a first child is only available for a first child born before 6 April 2017. That cohort is subject to a saving found in regulation 43 of the Universal Credit (Transitional Provisions) Regulations 2014 (S.I. 2014/1230), which was inserted by regulation 3(3) of the Social Security (Restrictions on Amounts for Children and Qualifying Young Persons) Amendment Regulations 2017.

Northern Ireland

26 The Act changes the corresponding Northern Irish legislation to ensure that these measures will apply equally in Northern Ireland.

27 The existing Northern Irish legislation relevant to UC is the Welfare Reform (Northern Ireland) Order 2015 and the Universal Credit Regulations (Northern Ireland) 2016. The Act amends those instruments in order to ensure the same changes to UC are enacted in Northern Ireland as in Great Britain.

Territorial extent and application

28 The matters covered by the Act are wholly reserved in Wales, partly reserved in Scotland, and wholly transferred in Northern Ireland.

29 The table in Annex A summarises the position regarding territorial extent and application in the United Kingdom. This removal of the two child maximum in UC will apply in England, Scotland and Wales. Clause 2 provides for an equivalent provision in Northern Ireland.

Northern Ireland

30 Social security is a transferred matter in Northern Ireland. Section 87 of the Northern Ireland Act 1998 requires the Secretary of State and the Northern Ireland Minister to consult one another from time to time with a view to securing, to the extent agreed, a single system of social security. This assumption of parity also underpins the relevant funding of the Northern Ireland Executive by HM Treasury.

Commentary on provisions of Act

Section 1: Removal of two child limit: GB

31 Section 1 sets out the removal of the two child limit in Great Britain.

32 Subsection (1) provides for the removal of the two child limit (and the power to make exceptions to it) from section 10 of the Welfare Reform Act 2012.

33 Subsection (2) provides for consequential amendments to section 14 of the Welfare Reform and Work Act 2016. The provisions in section 14 that relate to a higher rate of child element payable in respect of a first child born before 6 April 2017 are not amended.

34 Subsection (3) notes the revocation of regulations 24A, 24B and Schedule 12 of the Universal Credit Regulations 2013. The revocation results from the repeal of the primary powers in relation to the two child limit, but this subsection provides clarity for any reader of those Regulations as to how the law applies.

35 Subsection (4) sets when these changes will come into effect and defines "assessment period" by reference to Part 1 of the Welfare Reform Act 2012. Additional child elements can be included in the calculation of entitlement for assessment periods starting on or after 6 April 2026.

Section 2: Removal of two child limit: NI

36 Section 2 makes corresponding provision for Northern Ireland, namely by removing the two child limit in Northern Ireland.

37 Subsection (1) provides for the removal of the two child limit (and the power to make exceptions to it) from Article 15 of the Welfare Reform (Northern Ireland) Order 2015.

38 Subsection (2) provides for consequential amendments to Article 10 of the Welfare Reform and Work (Northern Ireland) Order 2016. The provisions in section 14 that relate to a higher rate of child element payable in respect of a first child born before 6 April 2017 are not amended.

39 Subsection (3) notes the revocation of regulations 25A, 25B and Schedule 12 of the Universal Credit Regulations (Northern Ireland) 2016. The revocation results from the repeal of the primary powers in relation to the two child limit, but this subsection provides clarity for any reader of those Regulations as to how the law applies.

40 Subsection (4) sets when these changes will come into effect and defines "assessment period" by reference to Part 2 of the Welfare Reform (Northern Ireland) Order 2015. Additional child elements can be included in the calculation of entitlement for assessment periods starting on or after 6 April 2026.

Section 3: Extent, commencement and short title

41 Section 3 sets out the territorial extent of the Act, the commencement dates for each of the sections, delegated powers, and the short title of the Act.

42 Subsections (1), (2) and (3) set out the territorial extent of each of the sections.

43 Subsection (4) sets out the coming into force date for sections 1 and 2.

44 Subsection (5) sets out the coming into force date for section 3.

45 Subsection (6) provides a delegated power for the Secretary of State to make a transitional or saving provision for section 1.

46 Subsection (7) provides a delegated power for the Department for Communities in Northern Ireland to make a transitional or saving provision for section 2.

47 Subsection (8) sets out the short title of the Act.

Commencement

48 The sections of the Act came into force as follows:

a. Sections 1 and 2 came into force on 6 April 2026.

b. Section 3 came into force on the day that the Act received Royal Assent.

Financial implications of the Act

49 Removal of the two child limit will cost £3.0bn in 2029/30.

50 This UC costing is for Great Britain only.

Related documents

51 The following documents are relevant to the Act and can be read at the stated locations:

- Welfare Reform Act 2012
  https://www.gov.uk/government/collections/good-law
- The Universal Credit Regulations 2013
  https://www.legislation.gov.uk/uksi/2013/376/contents
- Welfare Reform (Northern Ireland) Order 2015
  https://www.legislation.gov.uk/nisi/2015/2006
- Universal Credit Regulations (Northern Ireland) 2016
  https://www.legislation.gov.uk/nisr/2016/216/contents
- Child Poverty Strategy
  https://www.gov.uk/government/collections/child-poverty-strategy

Annex A - Territorial extent and application in the United Kingdom

Provision	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	**Extends to E & W and applies to Wales?**	**Extends and applies to Scotland?**	**Extends and applies to Northern Ireland?**
Section 1: Removal of the two child limit: GB	Yes	Yes	Yes	No
Section 2: Removal of the two child limit: Northern Ireland	No	No	No	Yes
Section 3: Extent, commencement and short title	Yes	Yes	Yes	Yes

Annex B - Hansard References

52 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
House of Commons		
Introduction	08 January 2026	Vol. 778 Col. 495 Bill 359-EN: Universal Credit (Removal of Two Child Limit) Bill Hansard: Bill Presented - Hansard - UK Parliament
Second Reading	03 February 2026	Vol. 780 Col. 153 Hansard: Universal Credit (Removal of Two Child Limit) Bill - Hansard - UK Parliament
Committee of the Whole House and Remaining Stages	23 February 2026	Vol. 781 Col. 118 Hansard: Universal Credit (Removal of Two Child Limit) Bill - Hansard - UK Parliament
House of Lords		
Introduction	24 February 2026	Vol. 853 Col. 486 Bill 171: Universal Credit (Removal of Two Child Limit) Bill Hansard: Universal Credit (Removal of Two Child Limit) Bill - Hansard - UK Parliament
Second Reading and Remaining Stages	12 March 2026	Vol. 854 Col. 489 Hansard Universal Credit (Removal of Two Child Limit) Bill - Hansard - UK Parliament:
Royal Assent	18 March 2026	House of Commons Vol. 782 Col. 957 Hansard Student Loans - Hansard - UK Parliament
		House of Lords Vol. 854 Col. 940 Hansard Royal Assent - Hansard - UK Parliament

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