



# Policy & Information Briefing

## NI Assembly Committee for Communities

### Removal of the Two-Child Limit

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Policy & Information Briefing  
NI Assembly Committee for Communities, 29th Jan 2026  
Removal of the Two-Child Limit

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Advice NI is grateful for the invitation to present to the Committee on this issue of the removal of the two-child limit within our benefits system, and some of the issues that this raises for us locally.

**Purpose:** Advice NI wish to ensure that the issue of the removal of the two-child limit and the resultant potential impact on the Benefit Cap and our attendant Benefit Cap mitigations are fully understood, so that our poorest families with children can continue to have certainty regarding their household finances and the lifeline that the Benefit Cap mitigation provides for them.

We also wish to flag other issues including:

- the impact of this change for those families that have recently migrated to Universal Credit, in particular where Transitional Protection is in place;
- the need to raise awareness of the removal of the 2 child limit, and encourage Universal Credit uptake where this change brings entitlement;
- the importance of this issue in relation to children living in poverty.

### **Introduction**

Firstly, just to say a few words about the independent advice network: Advice NI is involved in service delivery via our Freephone helpline, providing direct advice to members of the public on benefits, debt, HMRC products and services and the EU Settlement Scheme. We also provide infra-structural support, such as policy & information, training, membership services, and quality assurance, to frontline advice providers.

There are frontline providers across all Council areas, and Committee Members will know local providers in their area. The network also includes specialist providers (either by subject, for example 'housing', or by client group, for example 'older people' or 'people with disabilities').

Last year the network dealt with over 288,000 enquiries, with over 75% being social security-related, generating almost £150 million in unclaimed benefits and entitlements. The debt service dealt with approximately £46m in debt, with an average debt per client of just over £11,000, and average debt of the small business caseload amounting to just over £53,000.

## Policy Context

### The Two-Child Limit:

- Under this policy, introduced in 2017, families' entitlement to benefit (primarily Universal Credit) is restricted to the first two children in a family, affecting third and subsequent children who are born after April 2017.
- Limited exceptions to the two-child limit apply in the case of multiple births, adoptions, non-parental caring arrangements and non-consensual conception.<sup>1</sup>
- As a result, families affected by the policy currently lose out on entitlement to Universal Credit amounting to £292.81 per month per child. This figure will rise to £303.94 under the proposed up-rating of benefits with effect from 6 April 2026.<sup>2</sup>
- According to official information published by the Department for Communities there are 13,780 households impacted, with 17,600 children not entitled to the child element of Universal Credit as of August 2025.<sup>3</sup> This equates to approximately £62m in lost entitlement for Northern Ireland claimants in the current tax year.

### Benefit Cap:

- Under this policy, introduced alongside Universal Credit from 2016 in NI, the amount of benefit certain households can receive is limited to £22,020 per annum for couples / households with children, and £14,753 for single people without children.
- In addition to Universal Credit, the Benefit Cap also takes account of awards of several other welfare benefits, including Child Benefit, Housing Benefit, Maternity Allowance, Widowed Mother's Allowance and Widowed Parent's Allowance.<sup>4</sup>

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<sup>1</sup> Universal Credit Regulations (Northern Ireland) 2016, [Schedule 12](#)

<sup>2</sup> [Proposed benefit and pension rates 2026 to 2027: Universal Credit \(UC\) \(monthly rates\)](#)

<sup>3</sup> [Universal Credit Statistics - August 2025](#)

<sup>4</sup> Welfare Reform (Northern Ireland) Order 2015, [Article 101\(7\)](#)

- The Benefit Cap does not apply if a claimant has limited capability for work-related activity, or if they receive Industrial Injuries Disablement Benefit, Attendance Allowance or a War Pension. Nor does it apply if either a claimant or a child or qualifying young person for whom a claimant is responsible is entitled to either Disability Living Allowance or Personal Independence Payment.<sup>5</sup>
- Likewise, the Benefit Cap will not apply to an award of Universal Credit in any month where a claimant's earned income is equal to or exceeds the amount that a person would be paid at the national living wage for 16 hours a week.<sup>6</sup> On [current figures](#) this would be equivalent to monthly earnings of £846.56.
- According to official statistical information from NISRA and the Department for Communities for August 2025 there were 1,140 households subject to the Benefit Cap and the average amount capped was £45 per week.<sup>7</sup>
- In NI, the majority of capped households are families with children. 440 households (about 39%) are families with 3 or more children.

### The 'Evason' Mitigations

- The Fresh Start Agreement of November 2015 provided for the appointment of a Working Group led by Professor Eileen Evason to devise a strategy to mitigate the effects of introducing welfare reform legislation in Northern Ireland.
- A range of welfare mitigation schemes were introduced, with the two most prominent aspects currently in place being:
  - o Benefit Cap
  - o Bedroom Tax (or Social Sector Size Criteria)
- All Benefit Cap and Bedroom Tax reductions are mitigated by these schemes.
- Expenditure in 2024/25 – Benefit Cap: £3,394,290.<sup>8</sup>
- The mitigations as they apply to the Benefit Cap have been extended until 2028<sup>9</sup>;

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<sup>5</sup> Universal Credit Regulations (Northern Ireland) 2016, [Regulation 83](#)

<sup>6</sup> Universal Credit Regulations (Northern Ireland) 2016, [Regulation 82](#)

<sup>7</sup> See [NI Universal Credit Statistics Supplementary Tables - August 2025](#), in particular tables 32 and 33.

<sup>8</sup> [Welfare Supplementary Payments Discretionary Support Additional Provision of Advice Sanctions: Annual Report 2024/25](#), p. 9

<sup>9</sup> [Welfare mitigation payments to be extended for another three years | Department for Communities](#)

## Policy Analysis

### Impact of the removal of the two-child limit

In November 2025, the UK government announced that from April 2026 it will be removing the two-child limit so that families can receive the child element of Universal Credit for all children regardless of family size. UK Government states “It is estimated that there will be 450,000 fewer children in relative low income after housing costs in the final year of parliament (financial year ending (FYE) 2030) as a result of removing the two-child limit, compared to baseline projections.”<sup>10</sup>

The Minister for Communities, in response to a Matthew O’Toole MLA Assembly Question, has confirmed the following: “Subject to the Assembly’s approval of a Legislative Consent Motion for provision in the Universal Credit (Removal of Two Child Limit) Bill to extend to Northern Ireland, the change will take effect for assessment periods in Universal Credit beginning on or after 6 April 2026.”

The NI Audit Office has stated: “Families in Northern Ireland tend to be larger than those in the rest of the UK. Around 21% of families in Northern Ireland have three or more children, compared to just under 15 per cent of families in the UK as a whole. It has been suggested therefore that the two-child limit, which restricts the child element of social security benefits to the first two children in a family (born after 2017), has had a disproportionate effect on families in Northern Ireland. Almost half of children in relative poverty in Northern Ireland live in families where there are three or more children (based on 2019-20 figures, after housing costs).”<sup>11</sup>

## Local issues to consider

### 1. Knock-on impact on Benefit Cap (and the NI mitigation scheme)

The Benefit Cap is applied after the household entitlement to Universal Credit has been determined under normal rules, by calculating the maximum amount the claimant(s) are entitled to receive and deducting any relevant income as follows:

- Establish the Standard Allowance that applies

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<sup>10</sup> [Removing the two-child limit on Universal Credit: Impact on low income poverty levels in the United Kingdom](#)

<sup>11</sup> [Child Poverty in Northern Ireland](#)

- Include additional elements, such as child element(s) (**apply two-child limit**)
- Calculate housing costs
- Deduct earned income, less work allowance and taper
- Deduct other income
- **Apply Benefit Cap**, and reduce any Universal Credit award in line with the Benefit Cap.

As a result, any additional entitlement to a child element (with the removal of the two-child limit) will contribute to the overall entitlement that will be subject to the Benefit Cap. This will mean that there will be a certain number of households whose entitlement to Universal Credit will exceed the Benefit Cap because of this change.

There are no published statistics which tell us how many households will have their awards capped. However, we do know from official statistics that in August 2025 there were 440 capped households in Northern Ireland with 3 or more children<sup>12</sup> – for these families, we would expect that all their additional entitlement will be subject to the Benefit Cap.

As we know, any entitlement to Universal Credit that exceeds the Benefit Cap is automatically protected through the mitigations scheme, and affected households will be entitled to a Welfare Supplementary Payment, or an increase to an existing payment. Therefore, the main consequence of an increase in capped households or sums capped will be an increase in costs for the Executive.

## 2. What might the financial impact be on the Benefit Cap

Given the restrained financial situation, it is vital that the Departments of Finance and Communities and the NI Executive are aware of this issue and ensure budgets are in line with requirements, to meet the legal obligation<sup>13</sup> to fund the Benefit Cap mitigation scheme.

Advice NI has contacted the Departments and the relevant Committees to raise awareness of this issue, seek certainty on the figures involved and ensure the necessary preparations are made. We have made some attempt to estimate what the impact might be:

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<sup>12</sup> [NI Universal Credit Statistics Supplementary Tables - August 2025](#), Table 35

<sup>13</sup> [Welfare Reform \(Northern Ireland\) Order 2015](#), Article 137

- i. As indicated above, we know that as of August 2025 there were 440 households with 3 or more children already subject to the Benefit Cap, with a total of 560 children in capped households not eligible for the child element of Universal Credit. As a result, the removal of the two-child limit in these cases will result in an additional £2m being added to the cost of Benefit Cap mitigations during the 2026-27 tax year.
- ii. In addition, there will be some households not currently subject to the Benefit Cap whose total entitlement will be pushed over the limit because of the award of further child elements. It is impossible based on currently available data to estimate the financial impact of these cases with any certainty. Official statistics for August 2025 show that the average monthly Universal Credit payment to couples with children was £1,190 and for lone parents it was £1,290,<sup>14</sup> but this only gives us the margin for the average household and we do not have household data showing in detail the number of children per family.
- iii. A report published by the NI Human Rights Commission in 2019 estimated that households with 3 or more children “lose over £1,200 per year ... on average” due to the two-child limit.<sup>15</sup> However, this figure appears to be a population-level generalisation, as on the lower rate of the UC child element applicable at the time the cash loss to directly affected claimants was at least £2,780 per year, and in some cases two or three times as much.
- iv. If we take into account an estimate highlighted by Baroness Lister<sup>16</sup> that “one in twelve children escaping the frying pan of the two-child limit will be no better off because they’ll be caught in the fire of the cap”, which amounts to 8%, and round this up to 10% based on NI Audit Office findings of larger families here, we estimate, against the global UK figure for two-child limit removal (£2.5billion) and taking account of NI Barnett

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<sup>14</sup> [NI Universal Credit Statistics Supplementary Tables - August 2025](#), Table 13

<sup>15</sup> [Cumulative impact assessment of tax and social security reforms in Northern Ireland](#), p. 85

<sup>16</sup> [Tackling Child Poverty: A First Step](#)

consequential (at 3.0%), that the total impact of the two-child limit amounts to approximately £75m in NI, with a 10% knock-on impact on the Benefit Cap of approximately £7.5m.

- v. And if we take into account the response given to a Kellie Armstrong MLA Assembly Question<sup>17</sup>, (“To ask the Minister for Communities to detail the amount he included for benefit cap mitigations in his bid for the Proposed Draft Budget 2026-29/30”), the Minister for Communities states the following: “In the budget exercise my Department submitted a bid for Welfare Mitigations which included Benefit Cap Mitigations of £12.7million in 2026-27, £13.0million in 2027-28 and £13.4million in 2028-29.”

Therefore, the additional impact on our Benefit Cap mitigation scheme could range from anywhere between £2m to £12.7m.

### 3. Child Poverty in NI

Aside from the figures, it is worth reminding ourselves about the woeful child poverty figures in NI<sup>18</sup>.

- “The proportion of children in **relative poverty (BHC) is estimated to be 23% (approximately 104,000)** in 2023/24”
- “In 2023/24 the proportion of children in **absolute poverty (BHC) increased to 20% (approximately 90,000)**”

Larger families are more at risk of poverty than other groups. This is because children come with additional costs: from food to clothing to school uniform to housing and energy, to childcare. This pressure on household finances comes at precisely the time when parents’ capacity to work is likely to be limited because they may be on parental leave or working part time to manage childcare.

As policies, both the benefit cap and the two-child limit deny resources to families which the social security system itself has assessed them to need, contributing to rising deep poverty among larger families. They are poverty producing – by their very design; the impact of these policies is felt by everyone in the household, including all children.

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<sup>17</sup> [AIMS Portal](#)

<sup>18</sup> [Northern Ireland Poverty and Income Inequality report 2023-24](#)

The removal of the two-child limit is very much to be welcomed in this regard, as national research has shown this to be ‘the most cost-effective way to reduce child poverty’.<sup>19</sup> In addition, the initiative shown by the NI Executive to mitigate the impact of the Benefit Cap via the ‘Evason’ mitigations ensures that families here receive the full benefit of this change.

Advice NI wish to ensure that the issue of the removal of the two-child limit and the resultant potential impact on the Benefit Cap and our attendant Benefit Cap mitigations are fully understood, so that our poorest families with children can continue to have certainty regarding their household finances and the lifeline that the Benefit Cap mitigation provides for them.

#### **4. Impact on Managed Migration claimants**

It is worth noting that as currently set out in the [Universal Credit \(Removal of Two Child Limit\) Bill](#), the benefit of this change will be limited as regards those families that have recently migrated to Universal Credit, although the level of the impact will vary depending on the circumstances of the claimant. The Bill effectively removes all reference to the two-child limit from the relevant legislation. As a result, from 6 April 2026 households with 3 or more children will be entitled to the lower rate of the child element for those children not currently covered.

However, if a Universal Credit award includes a transitional element to protect the claimant(s) entitlement following migration, this transitional protection is subject to erosion by the amount of any increase to the claimant(s) maximum amount, which includes any child elements.<sup>20</sup> Consequently, some claimants will not receive the full benefit of the additional child element(s) as these will be deducted from their transitional element.

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<sup>19</sup> Resolution Foundation, [Limited ambition? An assessment of the rumoured options for easing the two-child limit](#) (2025). For local analysis see Trussell’s [Hunger in Northern Ireland](#) report, especially pages 15, 54 and 84.

<sup>20</sup> Universal Credit (Transitional Provisions) Regulations (Northern Ireland) 2016, [Regulation 56](#)

No provision has been included in the Bill to protect existing claimants from this outcome, which would presumably require an amendment to the Universal Credit (Transitional Provisions) Regulations.

## **5. The need to encourage Universal Credit uptake**

We are aware that the removal of the two-child limit may bring about entitlement to Universal Credit (i) for families that may previously have claimed Universal Credit but were turned down because of the two-child limit; and, (ii) for families that never claimed Universal Credit because of the two-child policy.

It cannot be assumed that everyone (in particular larger families) will be aware of these changes. There will be a need for an uptake campaign to ensure that all families are aware of the changes and are encouraged and supported to claim Universal Credit where there might be a potential entitlement to benefit.

Advice NI wish to ensure that the issue of the removal of the two-child limit and the resultant potential impact on the Benefit Cap and our attendant Benefit Cap mitigations are fully understood, so that our poorest families with children can continue to have certainty regarding their household finances and the lifeline that the Benefit Cap mitigation provides for them.

We also wish to flag other issues including:

- the impact of this change for those families that have recently migrated from legacy benefits to Universal Credit, in particular where Transitional Protection is in place and Matt will speak more about this;
- the need to raise awareness of the removal of the 2 child limit, and encourage Universal Credit uptake where this change brings entitlement for the first time;
- the importance of this issue in relation to children living in poverty.

Before I hand over to Matt, I just want to say that this Assembly rightly should be proud of the welfare mitigations scheme, and the work done by Professor Evason, mindful of the anniversary of her death in January 2023.

I know she would be delighted that the 2 child limit has finally been removed, something that the UK Government estimates will mean that there will be 450,000 fewer children in relative low income by 2030.

And in NI we will have a double bounce, because whilst we know that there will be a knock-on impact with an increase in the numbers affected by the Benefit Cap (by the way, the Benefit Cap exclusively impacts on families with children here) ... that knock-on impact is mitigated by the 'Evason' mitigations scheme,

So, come April we will be in the brilliant position of families with children not affected by the 2 child limit and not affected by the Benefit Cap. This is huge. Families will have more money to feed their children, more money to clothe them, more money to heat their homes, more money to keep a roof over their heads. We just need to get the planning right to ensure these families can rely on this support ... Matt ...



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