LEGISLATIVE CONSENT MEMORANDUM

Universal Credit (Removal of Two Child Limit) Bill

Draft Legislative Consent Motion

1. The draft motion, which will be tabled by the Minister for Communities, is:

> ***"That this Assembly agrees, in line with section 87 of the Northern Ireland Act 1998, to the principle of the extension to Northern Ireland of the provisions of the Universal Credit (Removal of Two Child Limit) Bill relating to the removal of the two-child limit as contained in clauses 2 and 3 of the Bill, which was introduced in the House of Commons on 8 January 2026."***

Background

2. This memorandum has been laid before the Assembly by the Minister for Communities under Standing Order 42A(2). The Universal Credit (Removal of Two Child Limit) Bill was introduced in the House of Commons on 8 January 2026. The latest version of the Bill can be found at:

   https://bills.parliament.uk/bills/4059

Summary of the Bill and its policy objectives

3. The Bill is a single topic Bill that 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.

4. To put this reform in place the Bill amends provisions in the Welfare Reform Act 2012, the Welfare Reform and Work Act 2016 and the Universal Credit Regulations 2013 for Great Britain.

5. For Northern Ireland the Bill makes corresponding amendments to the Welfare Reform (Northern Ireland) Order 2015, the Welfare Reform and Work (Northern Ireland) Order 2016 and the Universal Credit Regulations (Northern Ireland) 2016.

Provisions which deal with a Devolution Matter

6. The purpose of the Legislative Consent Motion ("LCM") is to seek agreement to the inclusion within the Bill of a number of provisions for Northern Ireland as set out in clauses 2 and 3.

7. The provisions which deal with a transferred matter relate to the two-child policy in the Welfare Reform (Northern Ireland) Order 2015, the Welfare Reform and Work (Northern Ireland) Order 2016 and the Universal Credit Regulations (Northern Ireland) 2016 that limit payment of the child element in UC to two children or qualifying young people. The amendments in the Bill remove this restriction and as a result an amount will be included in the UC calculation for all children or qualifying young people in the household.

8. The amending Northern Ireland provisions are at clause 2 –

- 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;
- subsection (2) provides for consequential amendments to Article 10 of the Welfare Reform and Work (Northern Ireland) Order 2016 and Regulation 25(1) of the Universal Credit Regulations (Northern Ireland) 2016;
- subsection (3) notes the revocation of regulations 25A, 25B of, and Schedule 12 to, 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;
- subsection (4) sets out 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.

9. Clause 3(2) and (3) set out the territorial extent of the provisions. Clause 3(4) sets out the coming into operation date for clause 2 as 6 April 2026. Clause 3(7) provides a delegated power for the Department for Communities ("DfC") to make transitional or saving provision for clause 2.

Reasons for making the Provisions

10. The Chancellor of the Exchequer announced in her Autumn Statement on 26 November 2025 that the two-child limit in UC is being abolished from April 2026.

Reasons for utilizing the Bill rather than an Act of the Assembly

11. Although social security is a devolved matter here, there is, in effect, a single system of social security in Northern Ireland and Great Britain.

12. The timeline for progressing the Westminster Bill would present several challenges for introducing corresponding measures through an Executive Bill. A parity Executive Bill would not normally be introduced to the Assembly until there is no further opportunity for amendments to the corresponding Westminster Bill. This means that it would be difficult for an Executive Bill to complete its passage through the Assembly and meet the same operational date as the Westminster Bill. Even the use of the accelerated passage procedure would present a significant risk of an Executive Bill not maintaining alignment with the Department for Work and Pensions ("DWP") implementation date for this reform.

13. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for under section 87 of the Northern Ireland Act 1998.

14. If it is not agreed that provisions in the Bill extend here, it would be necessary to bring forward a separate Assembly Bill to ensure that parity between jurisdictions is maintained. However, this would mean that people in Northern Ireland would not benefit from these changes at the same time as those in Great Britain and this could have an adverse financial impact on claimants here.

15. The UK Government is working to progress this legislation as quickly as Parliamentary time allows to enable the changes to take effect from 6 April 2026. Sir Stephen Timms MP, Minister for Social Security and Disability in DWP has confirmed that formal consent will be required before the Bill reaches Royal Assent, which is likely to be mid-late March 2026. It would, therefore, be prudent to agree that the relevant provisions in the Bill, extend to Northern Ireland.

Consultation

16. The UK Government is not consulting on measures in the Bill. In view of the severely restricted timeline for delivery of corresponding statutory

provisions for Northern Ireland, it will not be possible for DfC to conduct any specific consultation here.

Human Rights and Equality

17. The Bill is subject to impact screening requirements in Great Britain. The removal of the two-child limit is a positive measure and likely to be beneficial across all section 75 categories and equality screening of the provisions is currently underway in DfC. The DWP Bill Explanatory Notes states that section 19 of the Human Rights Act 1998 requires the Minister in charge to make a statement about the compatibility of the provisions of the Bill with the Convention rights as defined in section 1 of that Act. Pat McFadden MP, Secretary of State for Work and Pensions, has made a statement under section 19(1)(a) of the Human Rights Act 1998 that, in his view, the provisions of the Bill are compatible with the Convention rights.

Financial Implications

18. At August 2025, in Northern Ireland, 13,780 households were impacted by the two-child policy. There were 48,080 children in the impacted households; of these, 17,600 were not eligible for the child element in UC[1].

19. The removal of the restriction will lead to more children being eligible for the child element in UC. This will have a consequential impact on Treasury funded Annually Managed Expenditure (AME).

20. DfC mitigates the Benefit Cap for families through Welfare Supplementary Payments which are automatically paid to offset the amount of benefit lost due to the cap. The removal of the two-child policy means that more families will be impacted by the Benefit Cap, which will mean the costs to provide the welfare mitigation scheme, which is funded through the Executive's Departmental Expenditure Limit (DEL) Budget, will increase. Of the 13,780 households impacted by the two-child policy at August 2025, 650 were affected by the Benefit Cap, following the removal of the two-child policy an additional 1,010 households are estimated to be impacted, bringing the total estimated impacted households to 1,660[2]. The additional funding for the mitigation scheme will require Executive consideration as part of the 2026-29/30 multi-year Budget Exercise.

21. The latest projected AME and DEL implications for 2026/27 to 2029/30 are set out in the table below:

[1] DfC Analytics Division
[2] DfC Analytics Division

Year	Estimated additional AME cost	Estimated additional DEL cost
26/27	£59.6m	£9.4m
27/28	£63.5m	£9.7m
28/29	£66.4m	£10.1m
29/30	£69.3m	£10.5m

Summary of Regulatory Impact

22. A Regulatory Impact Assessment is not required for the Bill as it has no direct impact on business, charities or voluntary bodies.

Engagement to date with the Committee for Communities

23. The Minister for Communities wrote to the Committee on 12 January 2026 to advise of the intention to seek an LCM for this legislation.

Conclusion

24. The view of the Minister for Communities is that, in the interests of good government, the provisions of the Bill dealing with devolution matters should remain in the Bill.

Department for Communities
Date: 19 January 2026