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Welfare Rights Conference 2026

End of the two-child limit – what next?

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The two-child limit

- Introduced for children born after 6 April 2017
- Restricted amount of child tax credit, housing benefit and universal credit
- 'Same financial choices as families supporting themselves through work'
- Exemptions – in return for disclosing sensitive personal information
- Subject to errors and misunderstandings

Abolition of the two-child limit

- Universal Credit (Removal of Two Child Limit) Act 2026 came into force on 6 April 2026
- Child element included for all children in assessment periods (AP) starting on or after 6 April 2026
- Some families will not have seen impact yet: e.g. AP starting 5 May – payment due around 12 June
- Claimants must report that they are responsible for the child – verification checks may be required
- If not reported – good reason required to backdate child element to start of first AP starting on or after 6 April 2026?

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Claimants who did not report responsibility for a child

- Grounds for 13 months backdating are strict – ignorance or misunderstanding of law is not taken into account
- Full backdating possible if official error by DWP
- If an exception should have applied – child element can only be payable if notified within 13 months from date of change
- If a disabled child element or childcare costs element should have applied – these depend on being responsible for a child
- Check if also missed out on child benefit – backdate 3 months (no reason required)
- Check if also missed out on Scottish child payment (4 weeks backdate possible if already getting it for another child)

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Example 1 – multiple birth & disabled child

- Claimant with 2 older children had twins in September 2025; not reported to UC
- Twin 1 awarded CDP from January 2026
- In June 2026, claimant comes to you for advice:

Notify UC = 2 child elements + 1 disabled child element added from June 2026

- Backdating to September 2025 for Twin 2: exception applies – but must be a good reason for not notifying from date of birth?
- Backdating to April for both twins: good reason or is change in law sufficient?
- Backdating of disabled child element for Twin 1 to January 2026?

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Example 2 – kinship carer

- Claimant with 2 older children became kinship carer for non-looked after child in January 2025
- Reported this on journal at the time and received reply that no extra child element payable due to the two-child limit
- In June 2026, comes to you for advice

Notify UC – child element added from June 2026

- Official error? – exception for non-parental caring arrangements should have been applied
- Request decision revised at any time on official error grounds: child element backdated to January 2025?

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Erosion of transitional element

- Claimants who moved from legacy benefits/tax credits may have a transitional element (TE) included in their maximum UC
- TE is reduced be relevant increases in UC = increase in elements or elements being included for first time
- An additional child element is a relevant increase of £303.94
- If TE is less than additional child element(s), it will be reduced to nil and claimant better off by difference
- If TE is more than additional child element(s), it will be reduced by £303.94 per child, and claimant no better or worse off
- Challenge? Contrary to Parliamentary intention of removal of two child limit?

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Benefit cap

- Most families with 3 or more children will find that their maximum UC plus child benefit will exceed the benefit cap of **£1,835 a month**
- <u>Example</u>
- Couple over 25, 3 children born after 6 April 2017
  - £666.97 couple
  - £303.94 x 3 child elements = £911.82
  - £27.05 + £17.90 + £17.90 child benefit x 52/12 = £272.35
  - **TOTAL = £1,851.14**
- Lone parent with 3 children and no housing costs would be below benefit cap
- Once housing costs element is added, almost all families with 3+ children will be affected

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Benefit cap exemptions

- Earning 16 x minimum wage pw = £881 a month
  - 9-month grace period if earning that level for 12 months
- Entitled to:
  - child disability payment, adult disability payment, pension age disability payment or Scottish adult DLA
  - LCWRA element in UC or ESA
  - carer support payment, or carer element in UC
  - guardian's allowance
  - industrial injuries disablement benefit
  - war pensions
- Backdating of exemption possible under qualifying benefit rules

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DHPs and the benefit cap

2.3 DHPs for mitigation of the removal of the spare room subsidy and benefit cap are to be paid by an LA when they are satisfied that an individual has been affected by these reductions

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DHP guidance – cap exceeds rent

8.2 ‘In benefit cap cases a DHP award can be made above the eligible rent up to either the total amount removed by the cap, or total housing costs, whichever is lower. Housing costs are those which can be reasonably incurred in connection with housing.’

Other costs in connection with housing

3.2 '……Any costs considered to be reasonably incurred in connection with housing to ensure the accommodation is habitable can be considered. For example, but not limited to, housing costs such as electricity, gas, heating bills, and service charges may be paid, in combination with rent, up to the level of the capped amount….'

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Example – lone parent, 4 children

DHPs – who misses out?

Renters

- housing benefit, or
- housing element of UC

No housing costs – includes homeowners

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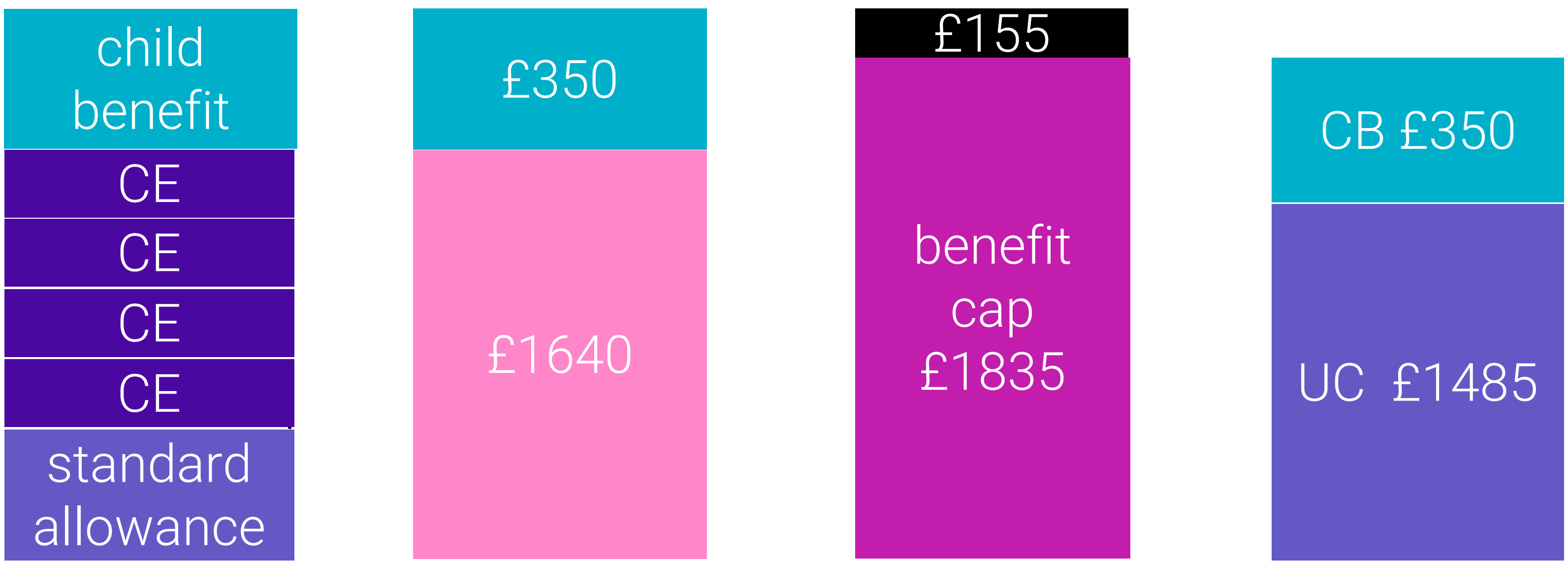
Example – lone parent, 4 children – no housing costs



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Council Tax Reduction (CTR)

- CTR in Scotland did not have a two-child limit – child premium amounts should always have been included in applicable amount or all children
- Child elements count as unearned income for CTR (or total UC award if this is lower)
- Affects families not entitled to maximum CTR because total income is higher than their applicable amount, e.g. in work
- CTR may be reduced by up to 20% of additional child elements
- No grounds for review – change legislation?

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What next?

UK government

- Abolish the benefit cap
- Improve adequacy of benefits – starting with child benefit and/or child element of UC

Scottish government

- Increase Scottish child payment
- Widen eligibility for Scottish child payment
- Make Scottish child payment more reliable for low-income workers

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Early Warning System

- Share your anonymous case studies with us
- https://cpag.org.uk/welfare-rights/support-advisers/tell-us-about-your-case

- For more information, contact
- kmckechnie@cpagscotland.org.uk

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Help for advisers

CPAG Welfare Rights

Advice by telephone:

0141 552 0552

Monday to Thursday, 10am - 4pm,
Friday 10am – 12 noon.

Advice by email:

advice@cpagscotland.org.uk

Free, independent, expert, up-to-date advice and information to frontline advisers and support staff on all aspects of the benefits system. More info here.

More resources for advisers can be found at cpag.org.uk/welfare-rights

Sign up to our email newsletter: what's new for advisers – CPAG welfare rights

New Welfare Benefits Handbook

Our flagship publication, the Welfare Benefits Handbook, is the must-have guide to the social security system. Fully updated for 2026/27, and written by a team of more than 20 experts, this edition covers the latest changes to universal credit elements, work-related requirements and disability and carers' benefits.

It also provides practical guidance on overpayments, deductions from benefits to third parties, how to challenge benefit decisions, and provides the expertise needed to maximise clients' income, carry out comprehensive benefits checks, support claims and deal confidently with problems when they arise.

We've also produced a wall chart (available in A2 and A4) which give quick and handy access to the benefit rates for 2026/27.

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Handbook

Welfare Benefits Handbook

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+ A2 Benefits Rates poster

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CPAG Training

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