A step towards normal: the impact of the two-child limit and its abolition

Executive summary

November 2026

Introduction

In April 2026, the UK government abolished the two-child limit, leading to the biggest overnight reduction in child poverty since records began. The policy restricted the child element in universal credit to two children, leaving larger families facing severe financial hardship. The removal of the policy provides a much-needed increase in support to families on low incomes and will lift 450,000 children out of relative poverty.

We spoke to 19 parents before and after the abolition of the two-child limit to capture how this change has made a difference to families. This briefing shares their accounts of the transformational impact the removal of the two-child limit has had, as well as highlighting some of the challenges they still face.

The effect on family finances

Before the policy was abolished, all the families we interviewed reported that the two-child limit had a negative effect on their ability to meet basic living costs, such as food, clothing, rent and household bills, despite careful budgeting and efforts to find the best offers. When looking ahead to the end of the policy, most parents we interviewed anticipated a greater ability to meet essential everyday needs, such as providing nutritious food, clothing, transport to school and extracurricular activities for their children.

> *'It could be used to give them a break and… take the bus more often when we need, or it could go on food and other essentials, to relax a bit more about spending on essentials.'*
> Single parent with three children, in full-time work, March 2026

In reality, the additional money has meant different things for different families. For some, it has created more room in household budgets for things they had previously gone without. For others, it has noticeably enhanced their quality of life, from nutrition to children's learning and mental health. Some have used it to address financial problems that had built up while they were subject to the policy. Many of the reported positive impacts related to areas severely affected at the initial interviews, with the additional income helping families afford essentials and improving family life, children's experiences and health.

> *'I would say it has added to the financial resilience and added a small buffer. So it has kind of taken the temperature down a bit on many different parts of family life. Like the pressure is still there, but it's kind of, I can deal with that pressure as opposed to it being overwhelming.'*
> Couple with four children, parents in full-time and part-time work, July 2026

Across many of the interviews there was a sense that the two-child limit combined with rising cost of living pressures had broken families' budgets, and the removal of the policy has halted a descent into crisis, allowing families to stabilise their finances and start paying off debt. Notably, over half of interviewed parents reported improved ability to repay debt in the second interviews, and just over a third (seven out of 19) noted a greater capacity to save money. For some families it will take more time before they feel the full effects of the change, but they are in a better place.

> *'It's [the increase] just filling a hole at the moment. It's just getting into our overdrafts and so we're not seeing a massive change yet… And we're managing to get our overdraft paid a little bit faster.'*
> Couple with three children, parents in full-time and part-time work, July 2026

In the first interviews, most parents reported being under enormous pressure, spending significant time budgeting and being preoccupied by family finances. This sometimes affected their parenting, and they reported finding it harder to be as present and patient with their children. The vast majority of interviewees also reported that financial difficulties were putting a strain on their mental health, and over half noted a negative impact on their health or that of other family members. This had started to change for many families by the second interviews, with more than two-thirds of parents (13 out of 19) reporting improvements in health including mental health, nearly three-quarters (14 out of 19) noting a positive impact on family life, and over a third (seven out of 19) reporting a positive effect on parenting.

> *'It's just having that little bit of a buffer, that little bit of breathing space, and then how that impacts your mental health in terms of feeling that you can get your two-year-old proper shoes that he needs now. I mean, with the bigger expenses, it is still a massive worry. But it is nice to be able to think, "I can get him the shoes that he needs, and I can provide for them"' And I've always provided for them, but now providing for them isn't sending me into a downward spiral every time.'*
> Single parent with three children, in full-time work, July 2026

Food and clothing

An overwhelming majority of parents reported difficulties affording food in the first interviews. Many families accessed food banks, some parents reduced their food intake, and many reported being unable to provide a nutritious diet for their children. A few reported that their children had insufficient food. In the second interviews, a majority of parents (13 out of 19) reported improvements in their ability to afford food.

> *'Shopping has just been so much easier since we got the increase. We're able to buy more nutritious food, food that is better for the growing children, more fresh vegetables and protein-based food, instead of just all the cheap stuff.'*
> Couple household, one parent in part-time work, July 2026

The costs of clothing and school uniforms posed a significant challenge for the majority of families at first interview, with almost four-fifths reporting they struggled with these costs. Following the abolition of the two-child limit, more than two-thirds of families (13 out of 19) reported finding it easier to afford clothing their children need.

> *'I've been able to get the uniform with the increase, they have 25 per cent off in Tesco and so being able to get that, other than having to get everything from second-hand sales like always, which was really good.'*
> Single parent with three children, in full-time work, July 2026

Transport to improve employment and other opportunities

Many parents reported that transport used to be frequently unaffordable, blocking children seeing friends and making everyday logistics such as getting to school, work or medical appointments harder.

Now that families have more money, some have reported being able to afford outings, and to get buses when this previously wasn't an option. One single mum of three reported a transformation in her career prospects and family circumstances because they have been able to get a car.

> *'I was able to buy a little, runaround car… That's opened up the doors for me to be able to look at a job that is slightly better, slightly further away because I've got the flex to put a little bit towards the car right now. So it kind of enabled me to make this choice about my new job rather than going for a local job or one accessible by public transport… it's opened up many more possibilities for me.'*
> Single parent with three children, in full-time work, July 2026

Housing and the rising cost of living

Housing costs emerged as a challenge for some families in the first round of interviews, with approximately a third of families experiencing overcrowding and over a quarter facing unaffordable rent. Parents described being stuck in unsuitable accommodation and in inadequate conditions that sometimes adversely affected the health or development of their children. By the second round of interviews, there was little evidence of improvement in respondents' housing situations. Only around one-third of parents (seven out of 19) reported some positive effect of the increase on their housing circumstances, including a small number of parents who reported that the extra money had made rent somewhat more manageable, and a few who noted that they were able to afford minor home repairs.

> *'I know when it [winter] comes, we should be able to get them what they need, the radiator and anti-mould paint… Whereas before, I mean, I looked on eBay, but we were not able to pay for it then, even if it's £10–£15, we just didn't have it. But hopefully, we will be able to when the cold weather hits.'*
> Couple household, one parent in part-time work, July 2026

Some parents indicated that while the additional income is useful, continued pressures and fears about rising housing costs remain.

While scrapping the two-child limit has brought some relief to families, many are concerned about the rising cost of living and will struggle to absorb higher costs. Families on low incomes are particularly susceptible to rising prices as they spend a higher proportion of their income on essentials, and more than half of parents we spoke to envisage the extra income being eroded by rising costs.

> *'Parents have got this constant battle of just offsetting other rising living costs every time they've got something else in their bank... Heading into the winter, no, it's still going to be a struggle… It's just not risen enough [my income after the removal of the policy] that it's going to cover food, fuel, and (...) all costs that are going to go up.'*
> Single parent with three children, in full-time work, July 2026

Enabling key childhood experiences and development

Parents told us in their first interviews that financial pressures prevented their children from accessing key childhood experiences. The two-child limit meant many families were unable to afford activities such as soft play for younger children, sports, or socialising with peers on playdates or at birthday parties. Some interviewees reported that these missed opportunities hindered children's social development and contributed to isolation. Parents also told us that they had missed out on family celebrations, days out, holidays, visiting relatives and treats. After the abolition of the two-child limit, nearly three-quarters of interviewed parents (14 out of 19) reported being able to offer their children more experiences.

'It has meant that, say their friend goes to karate, and you consider doing a taster session and perhaps inquiring about cost. So, whereas before it would just be like… shut down, we can't. But now it's like, "okay, let's think about it. Do you want to try it, see if you like it, go to karate? Or swimming?" … that's paid a lot of dividends, like not financial ones, obviously, but sort of social ones and child health and being active and that kind of thing.'
Couple with four children, parents in full-time and part-time work, July 2026

As a result of the abolition of the two-child limit, parents are now also able to afford items or opportunities that will help their children learn, such as a device for homework, art equipment, extracurricular activities or school trips.

Conclusion

The two-child limit had a devastating impact on children and families. Parents have struggled to afford the essentials, children have gone without adequate food, clothing and housing, and missed out on opportunities. This policy has harmed children and held them back. The end to the two-child limit offers new hope to families and a better future for their children. Parents we spoke to have shown the transformational difference investment in social security for children can make.

But ending the two-child limit does not undo austerity. The real value of much of our social security system remains below 2010 levels. Millions of children are still affected by the debilitating impacts of poverty. Some families have not seen any change from the removal of the two-child limit because the overall household benefit cap remains. And a family freed from the two-child limit can still only access an inadequate social security system. Ending the two-child limit was necessary, but it is one repair to a system that badly needs further investment. As one parent told us, 'It's a step towards things being normal. But we're definitely not there yet, more needs to be done.'

Achieving long-term growth requires investing in children now so they can unlock their potential. Supporting families to meet their needs is vital to children's lives and to our future, and it cannot wait. The government must lay out a clear plan and take bold actions, building on the policies implemented by the child poverty strategy. As one parent explained:

'I would say… that's [the abolition of the two-child limit is] a very good one. I would say go further, because it's investing in the future, and the future of the country so the children, but also everyone, because we can all fall on hard times at some point and, you know… it just doesn't make sense to keep people in poverty.' Couple with four children, parents in full-time and part-time work, July 2026

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights. Child Poverty Action Group is a registered charity in England and Wales (294841) and Scotland (SC039339).