

Benefit Matters

Our newsletter for advisers in Royal Greenwich

Resources Directorate

Removal of Two Child Limit from April 2026

The two-child limit, introduced in 2017, restricted the child element of Universal Credit (UC) and Child Tax Credit to the first two children in most households. No child elements were payable for a third or subsequent child born on or after 6 April 2017 unless an exemption applied (for example, for multiple births or non-consensual conception).

Following the government's announcement in the November 2025 Budget, the two-child limit ended on 7 April 2026. Under the *Universal Credit (Removal of Two Child Limit) Bill* eligible families can now receive the child element for every child in their household, potentially increasing UC awards by up to £3,600 per additional child per year. The Department for Work and Pensions (DWP) is expected to make these changes automatically, with claimants notified through their UC journal or standard DWP communications.

Many families will see higher UC awards as a result. However, it's important to understand that in practice, not all families will see an increase in their UC awards.

The **Benefit Cap** limits the total amount of benefit working age households can receive unless they are working and earning above the minimum earnings threshold (currently £846 per month) or are exempt on other grounds.

Benefits that count towards the cap includes UC, Child Benefit, New Style ESA, New Style JSA and Bereavement Allowance (this is not an exhaustive list). Because the cap will remain in place, it will

sharply restrict the practical impact of lifting the two-child Limit and many households will continue to have their UC reduced.

Families who are unlikely to benefit include: out-of-work households, families who are not earning enough to be exempt from the cap, and many of the poorest larger families—especially those in private rented housing where high rents already push them over the cap. For these households, the additional child elements added from April 2026 may simply increase the amount deducted due to the cap, leaving their final UC payment unchanged and them no better off. Low Income Family Tracker (LIFT) analytics data indicates that, as of January 2026, around 105 households in Royal Greenwich will be affected by the Benefit Cap once the two-child limit is removed.

Households most likely to benefit from the removal of the Two-Child Limit are those who were not affected by the Benefit Cap. This includes owner-occupiers with lower housing costs and families in temporary accommodation who receive Housing Benefit and are therefore exempt from the cap. However, once they move into social or private rented housing, the cap may apply.

We include more on the [Benefit Cap](#) – including groups who are exempt and case studies on pages 2-3.

Impact on Transitional Protection

The DWP has confirmed that when additional child elements are added following the end of the two-child limit, they will reduce Transitional Protection (TP) for

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Welfare Rights Service

Advisers Advice Line

020 8921 6376

E: wrs.ce@greenwich.gov.uk

Weekdays: office hours

Public Advice Line

020 8921 6375

Mon, Wed, Thurs: 10am – 1pm

claimants who moved to UC through managed migration. This follows existing TP rules. TP is intended to erode over time and so decreases when most UC elements increase. Therefore, when the child element increases, TP will reduce, or in some cases, erode completely. Some families receiving TP may see no actual increase in their overall UC entitlement, depending on how much TP they currently receive.

Impact on Local Council Tax Reduction Schemes (LCTRS)

The two-child limit has never been applied within Royal Greenwich's Council Tax Support Scheme, so no major changes are expected. However, some boroughs base their calculations on a household's maximum UC award. In those areas, families who gain from the removal of the two-child limit could see their council tax bill increase or lose council tax support entirely.

About the Benefit Cap...

Introduced in 2013, the Benefit Cap was designed to encourage movement into work, promote perceived fairness between working households and those receiving benefits, and reduce public expenditure.

The cap thresholds have only been updated once since 2016, meaning more families are affected as benefit rates rise. In Greater London, the cap is £2,110.25 per month for couples and lone parents, and £1,413.92 for single people. If the household's benefits entitlement (excluding help payable for childcare costs) exceeds these limits, the DWP applies the cap by reducing their UC by the excess amount.

Who is exempt?

The cap will not apply for example if the claimant or partner earns at least £846 a month (2025/26 figure) after tax and national insurance, or receives any of the following:

- UC or ESA and assessed as having Limited Capability for Work Related Activity (LCWRA)
- Carer's Allowance or UC including the carer element
- Guardian's Allowance
- Attendance Allowance or Personal Independence Payment
- Industrial Injuries Disablement Benefit
- Disability Living Allowance for themselves or for a child for whom they are responsible).

There is also a nine month 'grace period' during which the cap will not apply for people who have recently stopped work after earning at least £846 a month for 12 consecutive months.

Options for families affected by the Benefit Cap

Families affected by the cap may still have options to improve their situation. Potential mitigation strategies include checking eligibility for LCWRA, applying for PIP, exploring entitlement to the Carer Element or increasing earnings to reach the cap exemption threshold. They may also apply for a Discretionary Housing Payment whilst they consider the above strategies. These routes will not apply universally, but they may provide a pathway to lifting the cap or reducing its impact.

Visit [GOV.UK](https://www.gov.uk) for further information.

Case studies

1. **Couple with 3 children living in 3-bed private rented property. They are on UC and out of work. Rent is £1,550 (same their Local Housing Allowance).**

Item	Current UC Position	Post-April 2026 (Two-Child Limit Removed)
Maximum UC entitlement	£2,809.91	£3,176.73
Benefit Cap deduction	£962.04	£1,338.83
UC award after cap	£1,847.87	£1,837.90
Total household income	£2,110.25	No change

Maximum UC increases, but the Benefit Cap deduction increases by the same amount. The household receives no additional income.

2. Same couple above, one of them now works and earns £1500 net per month.

Item	Current UC Position	Post-April 2026 (Two-Child Limit Removed)
Maximum UC entitlement	£2,809.91	£3,176.73
Excess earnings deduction	£598.95	£590.15
Benefit Cap applies?	No	No
UC award after excess earnings	£2,210.96	£2,586.58
Total household income (earnings + UC)	£3,973.34	£4,358.93
Difference	—	£385.59 better off

Because the family is exempt from the Benefit Cap through their earnings, they receive the full value of the restored child element as well as the April uprating of their UC and Child benefit awards.

Managed Migration is coming to an end but problems remain

The DWP has confirmed that it is operating an open-ended extension period for the migration to Universal Credit (UC), with no fixed end date. Although it aimed to move as many of the remaining 4,000 legacy benefit claimants by 31 March 2026, it has granted a short extension to ensure the safe transfer of more complex cases. The department says the extension is being reviewed weekly with the Minister, who prioritises ensuring residents move safely and securely. It also notes that migration notice deadlines remain unchanged, with individuals still given a three-month window to claim UC. As ESA abolition has not yet been set in legislation, Migration Notices can still be issued with a 3-month deadline, meaning deadlines may now fall after 31 March. The DWP adds that legislation is expected in the coming months.

Vulnerable ESA claimants at risk during Universal Credit migration

NAWRA (National Association of Welfare Rights Advisers) has [written](#) to the Chair of the Work and Pensions Committee to raise serious concerns about the number of vulnerable Employment and Support Allowance (ESA) claimants who are failing to migrate successfully to Universal Credit (UC).

While overall non-migration rates for ESA claimants are lower than for other legacy benefits, those affected are among the most vulnerable. ESA-only claimants, by definition, have long-term health conditions or disabilities and with ESA often being their sole source of income. Failure to migrate therefore carries a serious risk of destitution, worsening health, and in extreme cases, death.

DWP statistics (published 11 November 2025) show that of ESA claimants sent a migration notice between July 2024 and May 2025:

- 3% failed to make a UC claim and had their legacy benefits terminated.
- For ESA-only claimants, this figure doubles to 6%.

NAWRA members report that even with adviser involvement, some claimants are still unable to complete the migration process. Case studies shared with the Committee include:

- A claimant with profound difficulties engaging with others, who refused contact from both social care and the DWP. Despite adviser requests for deadline extensions, ESA was terminated, leaving the claimant at serious risk as removing income is unlikely to prompt engagement.
- A claimant with severe communication difficulties whose ESA stopped after missing the final deadline. Although a UC claim was later made with adviser support, DWP failed to include the limited capability for work related activity (LCWRA) element, leaving the claimant subject to full conditionality and at high risk of sanctions.

While the DWP highlights a range of safeguards and support measures, NAWRA is concerned that too many vulnerable claimants are still “slipping through the net”. In particular, advisers are worried that the DWP appears to regard safeguarding referrals to local authorities as the end point of its responsibility, rather than ensuring income protection during migration.

NAWRA has urged the Work and Pensions Committee to press the DWP to strengthen its procedures, warning that without further action the managed migration process risks contributing to further preventable harm.

How you can support ESA claimants

- Identify ESA-only clients early and keep an eye on approaching or missed migration deadlines.
- Raise safeguarding concerns as soon as possible (and escalate if needed), including requests for deadline extensions. Encourage clients complete a Benefits Safeguarding Alert Form - this notifies the DWP of any vulnerabilities or complex needs, which may help secure extra time for the move. The form is available on the [Royal Greenwich website](#).
- Check UC awards carefully when someone makes a late claim– especially their LCW/LCWRA status ([see below](#)) and any conditionality applied.
- Consider challenging decisions where benefits have been stopped despite clear evidence of vulnerability. For example the client made a claim for UC but was terminated as they did not accept their claimant commitment/attend their ID appointment.
- Contact our Advisers Advice Line if you need advice about a borough resident you are working with: 020 8921 6376 (weekdays, office hours) or email wrs.ce@royalgreenwich.gov.uk

DWP confirms LCWRA must be included for ESA claimants who miss the final UC deadline

The DWP has conceded that it has been applying the law incorrectly and confirmed that if an ESA claimant fails to migrate to Universal Credit (UC) by their final deadline, and then later makes a new UC claim, they should still have the Limited Capability for Work-Related Activity (LCWRA) element included from the start of that claim — provided they were assessed as having it before. Regulation 21 (1)(a)(i) Universal Credit (Transitional Provisions) Regulations 2014 provides that the LCWRA element should be included from the first assessment period of the UC award.

This clarification is important because we have seen cases where claimants who missed their *final* deadline and had to make a fresh UC claim were initially not given LCWRA immediately, even though they’d previously been in the ESA *support group*. Although claimants who miss the *final deadline* are treated as *new* UC claimants, they shouldn’t lose out on the LCWRA entitlement they already had. Without LCWRA in place from the start, clients can be placed in the wrong conditionality group and may face reduced payments or inappropriate work-related requirements. This rule applies even if the DWP is slow to add the LCWRA element, and advisers can rely on this clarification when challenging incorrect decisions.

The DWP has noted that resolving this issue will require changes to the IT system’s design, and that implementing these changes is likely to take some time.

You can support clients in this situation by confirming if they had *Support Group (LCWRA)* status in their ESA award before it ended and checking that the UC award includes LCWRA from the first assessment period, even if the claim was made after the final deadline. If LCWRA has been refused or applied late, consider challenging via mandatory reconsideration or appeal.

2026-27 Benefits Uprating

Most benefit and State Pension upratings apply from 6 April 2026.

- **State Pension (basic and new)** increase by 4.8% which equates to an increase of around £575 a year for the full new State Pension and £440 a year for the full basic State Pension
- **Pension Credit Standard Minimum Guarantee** increase by 4.8% to £238.00 a week (for a single person) and £363.25 a week (for couples). Maximum Savings Credit increases by 3.8%.

Most working-age benefits, disability benefits (including Personal Independence Payment (PIP) and Carer's Allowance), Statutory Payments, and Additional State Pension increase by 3.8%.

Earnings thresholds and national minimum wage increases from 1 April

The earnings limit for permitted work¹ has increased from £195.50 to £203.50 a week; and the Carer's Allowance earnings limit from £196 to £204 a week.

The National Living Wage/National Minimum Wage hourly rates from 1 April are:

	2026/27 Rate	2025/26 Rate
National Living Wage (aged 21 or over)	£12.71	£12.21
18-20 Year Old Rate	£10.85	£10
Under 18 Rate	£8	£7.55
Apprentice Rate	£8	£7.55

Benefit Rates 'Card'

We're currently working on updating our 'Benefit Rates' card which will be available on the Royal Greenwich website in April. Please note that this this will now be in digital format only. However, you are free to print it off as needed.

Until then, the proposed benefit rates are available via the following GOV.UK and Parliament UK links:

- [2026/7 Benefit Rates](#)
- [Child Benefit, Guardians Allowance and Previous Tax Credits Rates and Allowances](#)

Universal Credit

UC increases have been set outside the annual review.

The monthly childcare costs element increases to a maximum of £1071.09 for one child (it is previously £1031.88); 1836.16 for two or more children (previously £1768.94).

The standard allowance for a single person aged 25+ increases by around £295 a year or £465 for couples (one aged 25 or over).

[Local Housing Allowance rates](#) and the Benefit Cap amounts remain frozen.

¹ Special benefit rules that allow people claiming certain benefits (such as ESA) to try out limited work - visit [GOV.UK](#) for more information

New Crisis and Resilience Fund

From April 2026, the Crisis and Resilience Fund (CRF) will replace the [Household Support Fund](#) and Discretionary Housing Payments. It will run for three years and give councils a clearer structure for supporting residents who face financial difficulties. The CRF brings crisis payments, housing-related help (in the longer term), financial-resilience work and community-level support into one overall programme.

Crisis payments will continue, with councils required to offer help to people on low incomes who experience a sudden financial shock. Support will be application-based, with cash used wherever possible, and should link residents into wider help rather than standing alone. Free school meal holiday vouchers will not form a routine part of this fund.

Housing support through Discretionary Housing Payments will remain separate for the first two years, with the intention of bringing them into the CRF from year three – this is to recognise the implications of local authority reform.

A major part of the fund will be dedicated to building financial resilience. Councils will need to support work that helps residents increase income, reduce priority debt, avoid repeat crises and access good-quality advice. This can include services aimed

at preventing problems before they escalate, not just responding to emergencies.

Councils must also invest in making the local support system easier to navigate—improving information, referral routes and partnership working so people can find the right help quickly. For those working with residents on welfare or financial issues, the CRF is likely to create opportunities to shape local provision. Councils began planning from January 2026, and the three-year timeframe may help services recruit, train and strengthen teams.

Greenwich will use its £4 million allocation to support crisis payments, including contributions to the Emergency Support Scheme (ESS) budget, targeted help for care leavers, those with no recourse to public funds, and families in hotel-based temporary accommodation, as well as school uniform grants. Funding will also maintain key advice services, including the in-house team, the Advice Hub programme and support delivered through Family Hubs. Additional resources will strengthen community resilience through advice in food settings, ambient food support and community grants, with the remaining funds covering essential administration.

UC changes for people with ill health or disability from April

Changes to the Limited Capability for Work and Work-Related Activity (LCWRA) element of Universal Credit come into effect in April. These include the introduction of a lower LCWRA rate for people who first become entitled on or after 6 April 2026, while a protected group of existing claimants—and those who meet strict criteria such as having a terminal illness or a severe lifelong condition—will continue to receive the higher rate. We covered these changes in detail in the [November issue of Benefit Matters](#), so this is just a brief reminder.

To help you support residents, we have created a two-page summary sheet setting out the key points, including who is protected and can still receive the higher rate, who will receive the new lower rate, and what this may mean for claimants you are supporting. The summary is included with this issue's mailing - we hope you find it useful.

Warm Home Discounts 2025/26 update

Energy and food costs remain a key concern, so it's important that older and vulnerable residents receive all the support they're entitled to with their fuel bills. The Warm Home Discount (WHD) is a yearly £150 rebate that mostly targets pensioners receiving Pension Credit Guarantee (PCG) and other low-income or vulnerable households.

Most people receive the discount automatically because information is shared between government departments and energy suppliers. Anyone eligible should have received a letter by early January 2026 confirming their entitlement or asking for more information.

Although the 28 February deadline for contacting the Warm Home Discount Helpline has now

passed for the 2025/26 scheme, you may still come across people who want to check whether they should have received a letter or when the discount will show on their bill. If they were confirmed as eligible, their energy supplier should have applied the rebate to electricity bills by **31 March 2026**.

The Warm Home Discount is an annual scheme, so even if someone missed out on a discount for winter 2025/26, they may qualify again for winter 2026/27. Updated details and dates for the next scheme year will be published on GOV.UK later in 2026 (www.gov.uk/the-warm-home-discount-scheme).

Greenwich Advice Network (GAN) and Greenwich Advisers Forum (GRAF)

The most recent Greenwich Advice Network (GAN) meeting, held on 27 January, focused on the Renters' Rights Act 2025 and its implications for private tenants. Our speaker was Matt Ventrella, Specialist Housing Trainer, who outlined the significant changes the Act will introduce, including strengthened tenant protections and a transformed private renting experience.

The last Greenwich Advisers Forum (GRAF) meeting took place on 16 December and focused on forthcoming changes to the Universal Credit health element from April. There was also an update on the Household Support Fund.

Both GAN and GRAF meetings take place every six months. The next GAN meeting is scheduled for July, with the next GRAF meeting planned for June. Dates and discussion topics have not yet been confirmed and will be shared closer to the time.

Recordings of both meetings are available and are included at below for those who were unable to attend or who would like to revisit the sessions.

If you are not currently on the mailing list and would like to receive information about future GAN and GRAF meetings, please email your contact details (name, organisation and contact number) to sandra.pierre@royalgreenwich.gov.uk

Welfare Rights Service Training Programme

Our training programme is still delayed due to unforeseen circumstances, but we expect it to be available shortly. The programme will include our usual popular courses, such as Introduction to Benefits, alongside a range of Universal Credit courses.

Once released, bookings will be available via the [Learning Hub Royal Greenwich](#), and the full programme will be available [here](#).

Our courses are free for Greenwich Council staff, Health Service staff and to local community

groups voluntary sector advice services that support Greenwich residents. If you work for a voluntary or community organisation and would like to confirm if you're on our list for free training or if you wish to be added, please wrs.training@royalgreenwich.gov.uk

Please note that although many courses are free, a charge applies if you do not attend or if you leave early. Be sure to review the terms and conditions before booking.

Welfare Rights Service emails

Signing up to our mailing list ensures you receive regular training updates and benefits-related information from the Welfare Rights Service. If you would like to join, just email wrs.training@royalgreenwich, using '**Mailing List**' as the subject heading, and include your **name, organisation, and email address** in the body of the email. Your information is confidential and will never be shared with a third party.

If you're already signed up, we would also ask you to confirm your details (if you haven't already), and keep us updated on any changes to ensure our records remain accurate.

Reminder: if you receive updates on behalf of your organisation, please do share it with your colleagues.

Remember to call our advice line for advisers and staff (020 8921 6376) if you need advice about a resident or family you are working with.

Next issue: June 2026

Royal Greenwich Welfare Rights Service produces 'Benefit Matters'. If you would like to contribute in any way, please email Sandra Pierre (sandra.pierre@royalgreenwich.gov.uk)



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