

**Social Justice and Social Security Committee**  
**Thursday 15 January 2026**  
**2<sup>nd</sup> Meeting, 2026 (Session 6)**

## **Two-Child Cap**

### **Note by the Clerk**

#### **Introduction**

1. At its meeting on 20 November 2025, the Committee agreed to schedule an evidence session on the implications of the UK Government's policy change on the two-child cap.

#### **Witnesses**

2. The Committee will hear from a panel of witnesses, including representatives from the Child Poverty Action Group in Scotland (CPAG), One Parent Families Scotland, the Poverty and Inequality Commission, and the Fraser of Allander Institute.

#### **Written evidence**

3. Written submissions were received from CPAG in Scotland, One Parent Families Scotland, Poverty and Inequality Commission and the Fraser of Allander Institute. These can be accessed at Annex A.

**Clerks to the Committee**  
**January 2026**

## Annex A

### Scottish Parliament Social Justice and Social Security Committee

#### Two-Child Cap

Written submission by CPAG in Scotland, December 2025

#### Key Points

1. **CPAG welcomes the UK government's commitment to abolish the two-child limit** from April 2026. It is the key driver of rising child poverty across the UK and abolishing it is the most cost-effective way to reduce child poverty. It will be transformational for many children.
2. Scrapping the limit at UK level means that **the Scottish government's existing commitment to effectively abolish the two-child limit from March 2026 through the introduction of Social Security Scotland administered Two Child Payments is no longer required**. This frees up much needed resources to accelerate progress toward meeting Scotland's statutory child poverty targets. **We urge Parliament to ensure the money freed up stays in social security for families**, as the most effective tool to further reduce child poverty in Scotland.

#### The impact of the removal of the two-child limit

3. At the point the two-child limit is scrapped, 350 000 children across the UK will immediately be lifted out of poverty, around 15 000 of them in Scotland alone, and more children will be prevented from falling into poverty. Had the policy been fully rolled out 650,000 children would have been affected. Most affected families will be on average £3,647 a year better off.<sup>1</sup>
4. There are two key reasons why the removal of the limit is the most effective way to reduce poverty:
  - It boosts the adequacy of social security. Putting money directly into families' pockets is the most effective way to reduce child poverty.
  - It is well targeted as families with three or more children are at greater risk of poverty.

#### The limits of paid work as a solution to child poverty

5. 75% of children in poverty live in families where at least one adult is in paid work. Wages do not adjust for family size, and parents' working capacity is often limited by caring responsibilities. Wages only go so far in meeting the higher costs that come with bringing up children. Fifty-nine per cent of families affected

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<sup>1</sup> <https://cpag.org.uk/news/cpags-briefing-child-poverty-strategy>

by the two-child limit are in work and this would rise to 70 per cent if the policy were fully rolled out.<sup>2</sup>

6. The vast majority of out-of-work families affected by the two-child limit are not working either because someone in the family is disabled or because they are caring for a young child.<sup>3</sup>

### Interaction with the benefit cap

7. **Across the UK some households will not benefit from the scrapping of the two-child limit as they are already affected by the household benefit cap**, a separate policy which limits the total amount of income out-of-work households or those working a low number of hours can receive in benefits. In addition, some households will become newly affected by the benefit cap and will therefore only partially benefit from the lifting of the two-child limit.
8. Analysis of the cap shows that it doesn't incentivise people to move into work. The vast majority of capped families are lone parents with young children who experience high barriers to employment. Instead, the benefit cap just pushes families who would already be in deep poverty without the cap into even deeper poverty.<sup>4</sup>
9. **In Scotland the benefit cap is rightly mitigated** through funding of discretionary housing payments for most affected families. CPAG has been calling for the benefit cap to be scrapped at source by the UK government. This would free up further resources to tackle child poverty in Scotland.

### Implications for Scotland and the Scottish Budget

10. The Scottish government rightly committed in its 2025/26 Budget statement to mitigating the two-child limit as fully as possible and has developed arrangements to deliver Two Child Limit Payments to affected families from March 2026. This would have effectively scrapped the limit for most affected families, although not those for whom the two-child limit means they are excluded from universal credit altogether. The Scottish Fiscal Commission estimated the costs of the planned mitigation payments to be £155 million in 2026/27.<sup>5</sup>

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<sup>2</sup> Department for Work and Pensions, [Universal Credit claimants statistics on the two child limit policy, April 2025](#), 2025

<sup>3</sup> For more detailed analysis of two-child limit stats see CPAG and others, [Two-child limit statistics: new breakdowns show how the policy falls hardest on disadvantaged groups](#), 2025

<sup>4</sup> C Emmerson and R Joyce, [What impact did lowering the benefit cap have?](#), 2023

<sup>5</sup> <https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-may-2025/>

11. Abolition of the two-child limit at source frees up this £155m, although ‘spillover’ costs will be incurred as a result of the increased need for spending on discretionary housing payment to fulfil the government’s commitment to mitigate the separate benefit cap (see above), and to meet the costs of the increased number of families who will become eligible for universal credit, and therefore Scottish child payment. Fraser of Allander estimate these costs at £34 million. As they say, meeting this cost from within the £155m “would likely be seen by campaigners as penny pinching at a time when urgent, ambitious action is needed to tackle child poverty”.<sup>6</sup>
12. The First Minister promised that in the event of UK removal of the two-child limit the resources committed to mitigation payments would be spent on further measures to eradicate child poverty.<sup>7</sup> Ministers and officials have subsequently been clear that the exact use of the freed-up resources will be driven by the evidence on what would make the biggest impact on child poverty, and on deliverability.
13. **The evidence is clear that increasing Scottish social security support for families is the most cost effective, deliverable and impactful way to further reduce child poverty in Scotland.** That is why, along with other members of the End Child Poverty coalition in Scotland, we have written to the Finance Secretary urging her to use the money freed up as result of UK abolition to further boost Scottish social security for families, for example by helping to increase the Scottish Child Payment toward the £40 a week campaigners and others have said is needed to ensure credible progress toward meeting Scotland’s child poverty targets.
14. There is a strong consensus among children’s charities and anti-poverty campaigners that the money freed up must be specifically spent on social security and add to, not replace, existing commitments to fund the free school meals, whole family support, childcare, employment and housing that are also crucial to families.
15. CPAG, along with others, has long called for the Scottish child payment to be increased to £40 a week by the end of this Parliament.<sup>8</sup> Our most recent modelling suggests a £40 per week per child Scottish child payment would reduce the number of children in poverty by 15,000 (one to two percentage points) at a cost of £190m. £155m, as currently earmarked for two child mitigation, would enable the payment to be increased to £37.50, in itself lifting

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<sup>6</sup> <https://fraserofallander.org/budget-preview-2-implications-for-scotland-of-abolishing-the-two-child-limit/>

<sup>7</sup> <https://www.gov.scot/news/fm-removing-two-child-limit-will-help-thousands/>

<sup>8</sup> <https://endchildpoverty.org.uk/wp-content/uploads/2023/11/ECP-Budget-Briefing-2024-2025-.pdf>

10,000 children out of poverty.<sup>9</sup> Fraser of Allander modelling suggest a £35 Scottish child payment would cost around £121 million and reduce child poverty by one percentage point.<sup>10</sup> Increasing the Scottish child payment would also reduce the depth of poverty for many more children and strengthen the protective buffer for families living just above the poverty line.

16. Recent evidence from economists and social policy experts at London School of Economics and the universities of York and Glasgow reinforces the positive impact investment in the Scottish child payment can have,<sup>11</sup> and finds that concerns around the payment acting as a work disincentive are “overplayed”.<sup>12</sup> The researchers say that “the Scottish Government should build on its investment so far and increase the value of the payment.”<sup>13</sup>

### **Summary**

CPAG in Scotland welcomes the UK Government decision to remove the two child-limit at source. We previously welcomed the Scottish government’s decision to effectively abolish the limit in Scotland. We now urge Parliament to ensure that the money freed up as a result of UK abolition remains in the Scottish government’s social security budget lines to further boost cash support for low income families, both in and out of work. Increasing the Scottish child payment is the most cost effective, deliverable and impactful way to further reduce child poverty.

**John Dickie**

**Director of CPAG in Scotland**

**22 December 2025**

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<sup>9</sup> The calculations come from UKMOD version B1.11 UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. The results and their interpretation are the author’s sole responsibility. The cost has been given in 2025/26 prices.

<sup>10</sup> <https://fraserofallander.org/budget-preview-2-implications-for-scotland-of-abolishing-the-two-child-limit/>

<sup>11</sup> [https://sticerd.lse.ac.uk/case/\\_new/publications/abstract/?index=11919](https://sticerd.lse.ac.uk/case/_new/publications/abstract/?index=11919)

<sup>12</sup> <https://ifs.org.uk/publications/does-scottish-child-payment-weaken-work-incentives>

<sup>13</sup> <https://www.lse.ac.uk/news/deprivation-prevented-by-introduction-of-scottish-child-payment-first-cross-nation-study-finds>

**Scottish Parliament Social Justice and Social Security Committee**

**Two-Child Cap**

**Written submission by the Poverty and Inequality Commission, December 2025**

The Poverty and Inequality Commission has welcomed the UK Government’s decision to remove the two-child limit from April 2026. The two-child limit was a policy choice that pushed children and their families into poverty. The decision to reverse this will lift children out of poverty.

**The Two-Child Limit**

Since 6 April 2017, families on Universal Credit or Child Tax Credit have only been able to claim support for up to two children, unless third or subsequent children were born before 6 April 2017, or an exception applies. These exceptions include children in a multiple birth, children born as a result of non-consensual conception or where the claimant was in a controlling or coercive relationship at the time of conception and children who are adopted or in non-parental caring arrangements who would otherwise be in local authority care or at risk of entering the care system.

**The impact of the Two-Child Limit in Scotland**

Earlier this year, the Scottish Fiscal Commission estimated that, based on UK Government statistics, in April 2024 there were around 32,000 children in Scotland who were affected by the two-child limit.<sup>14</sup>

Statistics for families in Scotland with three or more children show that relative child poverty increased from 32% in 2017-20 to 41% in 2021-24. This compares to a relative child poverty rate of 17% in 2021-24 for households with one or two children.<sup>15</sup>

The Scottish Government had committed to mitigating the impact of the two-child limit by introducing a Two Child Limit Payment from April 2026. This mitigation payment will not now be needed. Modelling suggests that removing the two-child limit will reduce relative child poverty in Scotland by between one and two percentage points.<sup>16</sup>

While the removal of the two-child limit will have an important impact on child poverty in Scotland, the Commission would emphasise that it still leaves Scotland a long way from the meeting the 2030 child poverty targets that were agreed unanimously by the Scottish Parliament.

**Benefits of removing the Two-Child Limit instead of mitigation**

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<sup>14</sup> [Mitigating the two-child limit and the Scottish Budget - January 2025](#) - This number excludes children for whom one of the UK Government’s exceptions applies.

<sup>15</sup> [Scottish Government child poverty data](#)

<sup>16</sup> [No shortcuts to Scotland’s child poverty targets | FAI](#)

While the Scottish Government had already committed to mitigating the two-child limit, the UK Government's decision to remove the limit has a number of benefits over mitigation.

Firstly, removing the limit completely will benefit more children, because the Scottish Government's mitigation would only have been able to reach children in families who were already receiving Universal Credit. By removing the limit itself, some additional families will now become eligible for Universal Credit for the first time. As a result, children in these families will also become eligible for the Scottish Child Payment.

Secondly, mitigation through the proposed Two Child Limit Payment would have required families to make an application for the new payment. Removing the limit directly is more straightforward for families and will ensure that most families receive the additional money automatically. It will reduce the burden on Social Security Scotland of administering an additional benefit and complications of managing the interactions with exceptions.

Finally, the UK Government's decision will free up money which the Scottish Government had committed to mitigate the two-child limit from April 2026, enabling this to be used for other action to tackle child poverty.

### **Issues that remain despite the removal of the Two-Child Limit**

While the removal of the two-child limit is undoubtedly a positive step, its impact is dampened by the fact that the benefit cap remains in place. Removing the two-child limit is also likely to mean that the benefit cap hits more families. While the Scottish Government mitigates the benefit cap through Discretionary Housing Payments, families need to know to apply for this, and the Commission had called on the UK Government to abolish the benefit cap along with the two-child limit.

The Commission has also highlighted the position of children in families with No Recourse to Public Funds (NRPF). These are children who may experience the deepest poverty and will not be helped by the removal of the two-child limit because their families are not entitled to Universal Credit. NRPF is a reserved policy matter and the Commission is disappointed that the UK Government did not take action to lift these children out of poverty in its recent Child Poverty Strategy.

### **Funding and further action required**

The Scottish Fiscal Commission forecast that the Two-Child Limit Payment would cost the Scottish Government £155m to mitigate in 2026-27.<sup>17</sup> The First Minister guaranteed that if the UK Government abolished the two-child limit, the resources that had been

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<sup>17</sup> [Scotland's Economic and Fiscal Forecasts Update – June 2025 | Scottish Fiscal Commission](#)

committed to mitigation would be used on measures to eradicate child poverty in Scotland.<sup>18</sup>

There may be some additional costs to the Scottish Government as a result of the UK Government's decision if more children become eligible for the Scottish Child Payment and more families hit the Benefit Cap and are eligible for mitigation through Discretionary Housing Payments. The Fraser of Allander Institute has estimated these 'spillover costs' at around £34m.<sup>19</sup>

The UK Government decision means that the Scottish Government will now be saving £155m (or £121m if spillover costs are taken into account) against planned spending for 2026/27, creating the opportunity for additional investment to eradicate child poverty. This should provide additionality and not be viewed as a replacement for the funding that would already have been required to support the next Tackling Child Poverty Delivery Plan.

The Commission recently provided its advice to the Scottish Government on the action that will be needed in its third Tackling Child Poverty Delivery Plan if it is to meet the 2030 child poverty targets. Over the period of its first two tackling child poverty delivery plans, the Scottish Government has invested considerable resources in tackling child poverty. Its actions, particularly the Scottish Child Payment, have had a direct and important impact on children's wellbeing and on child poverty rates. At the same time, the reality is that significantly more is needed.

To meet the 2030 targets, Scotland needs to reduce child poverty by 12 percentage points. While the removal of the two-child limit should result in a reduction of one-to-two percentage points, meeting the targets will require three or four major policy shifts, on the scale of the Scottish Child Payment, backed by significant investment. An extra £155m will not be enough to deliver this but it is a welcome addition.

The Commission has made a range of recommendations to Scottish Government that could be supported with additional funding, including:

- Increasing the Scottish Child Payment and expanding it to cover children aged 16-19 in full-time education
- Ensuring advice services have sustained, secure and adequate funding
- Investing in more specialist, targeted employment support for parents who face specific barriers to employment, such as disabled and minority ethnic parents
- Increasing access to affordable early learning and childcare and school age childcare
- Supporting families with energy costs

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<sup>18</sup> [Vision for eradicating child poverty in Scotland: First Minister's speech - 15 January 2025 - gov.scot](#)

<sup>19</sup> [Implications for Scotland of abolishing the two-child limit | FAI](#)



The Commission's full recommendations and advice on what is needed to meet the 2030 targets can be found in its *Advice on the Scottish Government's Child Poverty Delivery Plan 2026-2031*.<sup>20</sup>

The Fraser of Allander Institute has costed some options for use of the additional funding (based on spending £121m, after spillover costs). These include raising the Scottish Child Payment to £35, or raising the Scottish Child Payment to £31 and extending it to include children aged 16-19 in full-time education. Both options would reduce child poverty by around one percentage point.

## **Conclusion**

The Commission welcomes the UK Government's decision to mitigate the two-child limit and the fact this frees up additional Scottish Government funding. The focus now should be on investing in and implementing the further action needed to meet the 2030 child poverty targets.

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<sup>20</sup> [Advice on the Scottish Government's Child Poverty Delivery Plan 2026-2031 - Poverty & Inequality Commission](#)

## Scottish Parliament Social Justice and Social Security Committee

### Two-Child Cap

Written submission by the Fraser of Allander Institute, December 2025

#### ***Introduction***

This written submission provides an overview of issues related to the removal of the two-child limit at the UK level of interest to the committee.

The submission covers fiscal issues, expected impacts on poverty, and the issue of where money allocated for mitigation in Scotland could be reallocated. It concludes with some discussion of general issues related to top-up benefits in Scotland that may be of interest to the committee.

Broadly, we discuss issues related to both:

- The removal of the two-child limit by the UK Government across the UK from April 2026, and
- Previous plans by the Scottish Government to mitigate the two-child limit in Scotland through a top-up to Universal Credit.

#### ***Overview of policy changes***

The two-child limit is a social security policy that applies to Universal Credit and tax credits. It allows families to receive child elements of UC or tax credits only for the first two children in the family. It applies to all children born after 6 April 2017, but has exceptions in cases of multiple births or non-consensual conception.

In the 2025-26 budget statement in December 2025, the Scottish Government committed to mitigating the two-child limit in Scotland in the future. They later confirmed that they would mitigate the policy from April 2026. The First Minister also made the commitment that, if the two-child limit were removed at the UK level, the money planned for mitigation would still be spent on child poverty policies.

The Scottish Fiscal Commission provided [estimates of the cost of the mitigation policy](#) in January 2025. They estimated that mitigation would cost £155 million in 2026-27, rising to £198m by 2029-30.

In the UK budget statement in November 2025, the UK Government announced the end of the two-child limit from April 2026. The announcement means that mitigation by the Scottish Government is no longer needed.

#### ***Fiscal issues***

The UK Government announcement abolishing the two-child limit does not produce Barnett consequential for Scotland because Universal Credit and tax credits are a reserved part of social security spending. However, the removal of the two-child limit does mean that UK Government social security spending in Scotland will rise.

The main fiscal issue for the Scottish Government, therefore, is that spending on mitigating the two-child limit has been planned and will now be reallocated.

Some relevant considerations are:

1. **Spillovers to other benefits** – Removal of the two-child limit will bring more families into Universal Credit who would otherwise not receive it, since UC will taper to zero at a higher level of earnings when an extra child entitlement is included. This will create spillovers to devolved benefits, particularly the Scottish Child Payment. In addition, the removal of the two-child limit will push more families onto the benefit cap, a distinct policy which is already mitigated in Scotland through Discretionary Housing Payments.
2. **Behavioural effects** – The SFC expected that the two-child limit mitigation payment would have certain behavioural effects that would act to increase spending on existing devolved benefits, for example by increasing take-up of the Scottish Child Payment. As these effects will now not materialise, the spillover costs onto devolved benefits may be partially offset.
3. **SFC forecasts for 2026-27** – The SFC will produce another set of forecasts alongside the Scottish budget in January. If mitigation were going forward, we would expect these to include an updated estimate of the cost of mitigation for 2026-27, including behavioural effects. Given that mitigation is no longer needed, it is unclear whether updated estimates will be published. Without these estimates, however, the scale of savings to be reallocated will not be known. It would be helpful for the SFC to publish an updated costing, even though mitigation is no longer required, so that the scale of savings to be reallocated is clear.

### ***Poverty impacts***

[Based on April 2025 statistics](#), the Treasury estimates that 95,000 children in Scotland live in households that will benefit from the removal of the two-child limit. However, the number is closer to 98,000 if we include those who are subject to the benefit cap, which is mitigated in Scotland. The numbers affected by the two-child limit would have increased each year until the policy had been fully rolled out in the early 2030s. We estimate that removing the two-child limit will act to reduce to the child poverty rate by around 1 percentage point in 2026-27, representing around 10,000 children who will be kept out of poverty – although the mitigation payment would have had a similar effect.

[We have modelled a set of illustrative options](#) for reallocating the savings from the two-child limit payment, based on the latest SFC forecasts available at the time. These include channelling the savings into different benefits in combination with increases to the Scottish Child Payment. Although the options vary in important ways, most of them achieve an estimated impact of around 1 percentage point on the relative child poverty rate in 2026-27, meaning they would keep around 10,000 children out of poverty. These impacts would be over and above the impacts of removing the two-child limit. As a point

of comparison, Scottish Government's anti-poverty policies combined [are estimated to keep 70,000 children out of relative poverty in 2025-26](#), with the relative child poverty rate seven percentage points lower than it would be without these policies in place.

Our modelled options focus on cash and in-kind benefits. Policy options in other domains, such as employability services, could also have impacts on child poverty, but these may be less direct and less amenable to measurement. There may also be opportunities to focus the spend on particular groups to improve targeting.

For context, [the latest data show](#) that the relative child poverty was 22% in 2023-24, against an interim target of 18% in this same year and a final target of 10% by 2030, while the absolute child poverty rate was 17% against an interim target of 14% and a final target of 5%. Meanwhile, combined low-income and child material deprivation was 9% and persistent child poverty was 23%, both against interim targets of 8% and final targets of 5%. Thus, depending on the measure, a gap of between 4 and 18 percentage points remained to meeting the final child poverty targets as of 2023-24. These statistics represented reductions over the previous year on three out of four statutory measures, largely due to the completion of the Scottish Child Payment roll-out, but the overall trend over the past two decades has been relatively stable.

### ***Lessons learned from the mitigation policy***

Although the two-child limit mitigation payment will no longer be needed, it is worth reflecting on the initial stages of the policy and issues surrounding the policy had it gone ahead.

The Scottish Government did not inform the SFC of its intention to introduce the payment until 28 November 2024. According to SFC, "this was very late in the Budget process and a week and a day after the deadline for final policy measures". As a result, it was too late for SFC to produce a full costing, and the forecast and spending tables that are routinely published alongside the Budget did not include the policy. Overriding the process in this way inhibits the proper scrutiny and transparency that SFC provide, preventing the Scottish Budget as a whole from being costed in a timely fashion. It also limits the scope of any consultation to an ex-post exercise.

One issue highlighted by the policy itself was the so-called 'cliff edge' that already affects policies like the Scottish Child Payment, whereby a household loses its full award once its income exceeds the point at which it is entitled to any Universal Credit. The two-child limit mitigation payment would have 'steepened' this cliff edge for large families, since beneficiaries would have been liable to lose the mitigation payment alongside the Scottish Child Payment and other similar benefits. This contrasts with the two-child limit being removed at source, whereby the Universal Credit taper acts to prevent abrupt drops in entitlements.

SFC judged that additional behavioural responses to the cliff edge in terms of families choosing to forego opportunities to increase their earnings would likely be limited, since families would have already been subject to the cliff edge through the Scottish Child

Payment. By the same token, however, the cliff edge would have been steeper for these families, increasing the likelihood that they face a situation in which they are made worse off after increasing their earnings. There are also fairness considerations surrounding the possibility that a family earning more than an otherwise identical counterpart could end up with a lower total income.

The experience of the two-child limit mitigation payment therefore raises questions about the use of top-up powers to deliver benefit payments. Although the evidence suggests that the cliff edge has not posed a major issue up to now, it represents an irrationality in the benefit system and could present raise challenges in the future.

A final issue concerns the Scottish Government's approach to evaluation. A basic principle of robust policy evaluation is that it needs to be built into the design of a policy from the outset. As far as we are aware, the Scottish Government never provided details on how they intended to evaluate the two-child limit mitigation payment, including the data and criteria they intended to use. This is despite the policy being due for introduction less than four months after the UK Government announced that it would remove the two-child limit, and despite uncertainties surrounding the cliff edge and other behavioural effects.

## Scottish Parliament Social Justice and Social Security Committee

### Two-Child Cap

#### Written submission by One Parent Families Scotland, December 2025

One Parent Families Scotland (OPFS) was pleased to see that the two child limit was scrapped at source within the UK Parliament 2026-27 Budget. This policy change has been one long campaigned for across anti-poverty organisations and will be life changing for larger families on a low income, in Scotland and across the UK. We know that the impact of this will be felt widely, giving children and families the resources that they need to thrive, and furthering child rights fulfilment for those impacted to date.

Furthermore, analysis by the Scottish Government in 2024 highlighted that families with three or more children, and single parent families, were disproportionately likely to experience poverty. Within this, one in five children in single parent families are also in a large family<sup>21</sup>. As a result, this is an area with strong relevance to our work across Scotland.

For families the impact of this policy has been tangible and resulted in difficult choices about household finances – driving children into poverty, worsening parent and child health and wellbeing, and restricting opportunities. As one parent told us:

“The cost of living’s risen too much to have quality of life, and I can’t see a way out.

I have a 14 year old girl, 9 year old boy, twin girls 4 years old and a 19 month old baby. I receive benefits for three children only.

It’s the domino effect of spending more on food, gas and utilities which then limits money left over for leisure or fun things for the kids. It is very impactful on mental health, especially when it’s not only yourself but your dependents who need security and safety.

I must go without so that my children don’t. It’s not a choice I make it’s the life that has been forced upon me by standing up to and leaving a domestic abuser. It’s becoming very depressing for me that there’s nothing to enjoy in life now.”

- Single parent with 5 children

#### Implications for Scotland

The Fraser of Allander Institute estimates the two child limit Payment would have cost the Scottish Government £115 million in 2026/27. However, around £34 million will instead be spent on provision of passport benefit entitlements for children who

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<sup>21</sup> Scottish Government, [‘Additional Child Poverty Analysis 2024’](#), April 2024.

will now be eligible through receipt of the child element of Universal Credit (e.g. Scottish Child Payment and Discretionary Housing Payments)<sup>22</sup>.

In direct relation to the policy change at UK level, payments for additional children through the child element of Universal Credit will have a significant impact on families who receive them. However, not all children in Scotland will benefit fully – as they will instead be impacted by the Benefit Cap. Across the UK the Benefit Cap will mean that only 4 in 5 families will fully benefit from the removal of the two child limit; 1 in 10 households will see no benefit and a further 1 in 10 will only see part of the potential gain<sup>23</sup>. In Scotland this will be partially mitigated through Discretionary Housing Payments.

It is crucial that campaigning to also scrap the Benefit Cap is undertaken at both Scottish and UK level, to ensure that all children can fully benefit from full realisation of their right to social security.

“It’s as if I’ve done something wrong. It’s like a punishment, even though I am the responsible one. I’ve looked after my three children after their father left.

This was such a shock, but I’ve tried my best to give the kids the life they deserve and not to have all the support we should have is devastating. Why is my youngest not given the same worth as his brother and sister? It seems so unkind”

- Single parent with three children

### Impact on Scottish Budget

In 2024 the Scottish Government announced its intention to mitigate the two child limit from 2026 through devolved social security delivery powers. As a result of the decision to scrap the policy at source, this will no longer be required.

With the bulk of the budgetary allocation, originally intended for the two child limit payment, no longer assigned due to policy resolution at source, the First Minister has committed to retaining this within measures designed to tackle child poverty. We welcome this decision.

Under the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, every child should be able to grow up in a Scotland where their rights to development, health, social security, and education (Articles 6, 24, 26, 28 and 29) are respected, protected and fulfilled. However, at present, too many children in Scotland are growing up without the resources that they need to realise these rights - as a direct result of their experiences of poverty. Elements of social security remain within reserved competency, but there are nonetheless actions that the Scottish Government can take within the scope of devolved powers to further this objective.

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<sup>22</sup> Fraser of Allander Institute, [‘Budget Preview #2: Implications for Scotland of Abolishing the Two-Child Limit’](#), November 2025.

<sup>23</sup> Policy in Practice, [‘Benefit Cap Blocks Support for 1 in 5 Families Hit by Two Child Limit’](#), November 2025.

While recent policy initiatives in Scotland such as the Scottish Child Payment and Benefit Cap mitigation have shown positive impact, with 23% of children still living in poverty in 2023/24, further and faster action is needed to meet statutory child poverty targets of 10% by 2030. Furthermore, this number rises to 36% for children in single parent families – highlighting a need for targeted intervention for this priority family.

Overall, there are a broad array of policy interventions that would impact children and families, and ultimately child poverty levels. However, there are several key areas that OPFS believes would be the most effective vehicles through which to do this with additional available spend from the two child limit payment:

- Increase the Scottish Child Payment to a minimum of £40 by the end of this Parliament, with targeted further increases for priority families – recognising that risks and depths of poverty are different for different groups. Specifically, we are calling for a targeted top-up payment for families with a baby under the age of one, single parent families, and families with a disabled child, as these groups face increased costs and barriers to entering or increasing employment.<sup>24</sup>
- Target additional support to families affected by the Young Parent Penalty. Young parents, under the age of 25, receive a lower amount of Universal Credit than their older counterparts – despite not having lower costs<sup>25</sup>. This discriminatory policy perpetuates poverty for younger families, and efforts should be made to intervene in the absence of resolution at source.
- Increase funding for income-maximisation services, with targeted investment in services which are best able to reach priority families. While efforts to increase social security provisions are important, it is equally important that payments make it to eligible families in the first instance. For some groups, in particular ethnic minority families, uptake of social security entitlements is significantly lower than among the wider population<sup>26</sup>. One solution to this is to provide culturally appropriate, place-based and accessible support within communities – to tackle stigma, increase awareness, and support throughout application processes.
- Provide face-to-face support for parents using the Child Maintenance Service whose separation is complex as part of holistic family support. Initially, this would include funding for a Child Maintenance Service team. If every child in Scotland received the child maintenance they are entitled to, £200 million would go to 100,000 children – lifting 20,000 out of poverty. While child maintenance remains within the competence of the DWP, there are actions

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<sup>24</sup> Joseph Rowntree Foundation, [‘Meeting the Moment’](#), June 2025.

<sup>25</sup> One Parent Families Scotland, [‘End Young Parent Poverty: Top up the Scottish Child Payment’](#), March 2025

<sup>26</sup> Joseph Rowntree Foundation, [‘Poverty in Scotland 2025’](#), October 2025.



that the Scottish Government can take to ensure that children and families in Scotland are accessing crucial payments – in particular where domestic abuse is a factor. These recommendations are further outlined in our joint report with IPPR Scotland and Fife Gingerbread entitled '[Better for Everyone: A New Vision for Child Maintenance](#)'.

### **About One Parent Families Scotland**

One Parent Families Scotland is the national organisation for single parent families. Our vision is of a Scotland where single parent families are celebrated in all their diversity, are treated fairly and live free from discrimination and poverty.

We support family wellbeing, empower single parents with the right advice and information and enable parents to access training, employment and education. Our national advice and information service and family hubs in six local areas reach thousands of single parent families each year.

We campaign for improvements in the here and now and for structural and systemic change alongside single parents who are experts in their dual role of caregiving and providing for their children. We take an intersectional approach, recognising most single parents are women and that many BAME, disabled and young single parents face multiple structural barriers affecting access to services and opportunities.