

# Mitigation of the Two Child Limit: Consultation

## Citizens Advice Scotland response

### April 2025

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#### **Question 1: Do you agree or disagree with the Scottish Government's assessment that Social Security Scotland should deliver payments to mitigate the two-child cap in Scotland?**

Agree. We welcome as essential the Scottish Government's proposal to mitigate the two-child limit in Scotland. We agree that this should be implemented by Social Security Scotland, an established agency recognised by parents and carers across Scotland for its successful delivery of Scottish Child Payment.

Citizens Advice Scotland (CAS), our 59 member Citizen Advice Bureaux (CABs) and the Extra Help Unit (EHU) form Scotland's largest independent advice network. We deliver front line advice services in over 300 locations across the country, from town and city centres to remote and island communities. We provide essential social security advice to one in two of the people attending our CABs, and we look forward to being at the heart of both the communication and successful delivery of mitigation.

The two-child limit restricts access to means tested social security support for working aged people to the first two children in a household. The limit applies to children born after 6 April 2017. This dramatically severs the link between need and the support available, while failing to account for the fluid nature of real lives. This is contrary to the purpose of a social security system. The impact of the two-child limit on children's lives and prospects is devastating.

The parents and carers supported by the Citizens Advice network in Scotland face practical barriers to increasing their income through work. These can include accessing affordable and flexible childcare, balancing the need for flexibility and workplace progression, and commuting far from children's schooling or childcare. Parents and carers must also manage various irrational features of the social security system, such as the five week wait for a first payment of Universal Credit (UC), which can place people in debt from the outset of their claim.

#### ***The impact of the two-child limit on poverty***

The two-child limit typically impacts households at the most challenging junctures in their lives, such as illness or relationship breakdown.

Many parents and carers who discover that they are affected by the two-child limit are managing applications for other forms of social security support at the same time. This means that incomes can be constrained when support is most urgently needed. This is demonstrated in Angela's experience below:

*Angela is a lone parent to three children aged 10, 5 and 4 years. She visited her local CAB seeking help to access social security pertaining to her children. Angela lives with dyslexia, sciatica and poor mental health. Angela recently left an abusive relationship and is still adjusting to her new circumstances. She has applied for UC. She has requested a change in the nominated parent in respect of Scottish Child Payment, Child Benefit and Child Disability Payment. These payments are currently in her former partner's name. Angela advised that when she left the relationship her former partner was self-employed and in complete control of the household finances. While she is unable to access additional financial support, she is struggling to meet the needs of her children and herself.*

Some parents and carers undergoing overwhelming life changes are facing the prospect of not knowing how they will adequately provide for their children, this is illustrated in Christopher's experience below:

*Christopher has been unable to work due to ill health for 6 months. He lives with his partner Diane who has limited earnings from self-employment. The couple do not have access to significant savings or assets to help them weather financial storms. They live in a mortgaged property. They care for their children aged 17, 8 and 6. Christopher attended his local CAB for advice about sources of social security support. His current income is Statutory Sick Pay (SSP); his entitlement to this will shortly be exhausted.*

In April 2024, 42,000 Scottish households with three or more dependent children were receiving UC Child Tax Credit. 27,000 households were in scope for the two-child limit, with 26,000 households having already had the limit applied to their award.<sup>1</sup>

During 2024, provided advice related to food insecurity to 1037 people who were part of a couple supporting three or more children. During the same period, we provided advice on food insecurity to 5,419 lone parents from households that may include three or more children.<sup>2</sup> In April 2024, one in two households affected by the two-child limit were lone parent households. By contrast, only 1% of those that we supported with UC advice were recorded as being part of a couple supporting one child; this cohort does not represent a significant number or proportion of those receiving advice related to food insecurity.

64%, close to seven in ten of those that we supported with advice about UC in Quarter 3, were living in the most deprived areas in Scotland as measured by the Scottish Index of Multiple Deprivation (SIMD 1 and 2). These are households facing multiple barriers to increasing their income and who are struggling to meet their basic needs. This is reflected in the fact that, in the winter of 2024-2025, one in two of those that we supported with energy advice alongside other advice needed social security support. Traffic on our online advice pages concerning the

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<sup>1</sup> [Mitigating the two-child limit and the Scottish Budget - January 2025](#)

<sup>2</sup> These are proportions of individuals who received advice and provided information about their households' composition

help available to those on a low income increased by 22% during the year from February 2024 to February 2025.

10% of those that we supported with UC in Quarter 3 of 2024-2025 were living in remote areas, where the stigma associated with low income and accessing social security can be compounded, while logistical challenges such as transport are greater, and where the cost of living is higher.

Analysis by the Scottish Government reveals the extent to which households with three or more children and lone parent households are disproportionately living in relative and absolute poverty.<sup>3</sup> The impact of removing the two-child limit on child poverty is therefore certain to be profound.

Analysis by the Child Poverty Action Group (CPAG) estimates that mitigating the two-child limit in Scotland could lift around 15,000 children out of poverty.<sup>4</sup> Analysis by the Institute for Fiscal Studies concluded that removing the two-child limit at the UK level would lift around 540,000 children out of absolute poverty; at a cost of £4,510 per child brought out of poverty. The analysis found this to be the most efficient child poverty reduction policy of those modelled.<sup>5</sup>

### ***The two-child limit and employment***

In Quarter 3 (Q3) of 2024-25, three in ten of those we supported with UC advice were employed. In April 2024, 59% of people impacted by the two-child limit were in work. This is a strong indicator of the limitations of the role of work in improving household income for parents and carers.

Other parents and carers are facing formidable barriers to accessing and sustaining work. This means that they are often unable to earn more to compensate for lack of social security support.

Julie's experience, included below, shows the challenges facing larger families navigating the labour market. It demonstrates that low pay, precarity and access to childcare are not the only barriers to work as a route out of poverty. Flexibility matters too:

*Julie is currently on maternity leave but is due to return to work soon. Julie is a single mum of four young children and was seeking advice from her local CAB as she is struggling to sustain employment due to the care needs of her disabled son. Her son has been diagnosed with learning difficulties. He attends nursery, but is not yet settled, and Julie is frequently called upon to take him home due to the levels of distress he displays. Julie is keen to stay in her job as a learning support assistant, but her employer cannot give her the flexibility that she needs. Julie currently receives the low*

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<sup>3</sup> [Additional child poverty analysis 2024 - Gaviscon](#)

<sup>4</sup> [Campaigners call on UK government to remove two child limit | CPAG](#)

<sup>5</sup> [Child poverty: trends and policy options | Institute for Fiscal Studies](#)

*rate of the care component of Child Disability Payment on behalf of her son and is seeking to review the award with the aim of having it raised to the middle rate. This would qualify her for Carer Support Payment, but she would be financially no better off, as that payment is considered as income for the purposes of calculating Universal Credit entitlement.*

## **Summary**

The two-child limit lacks both compassion and policy coherence. It runs contrary to the purpose of a social security system to support people to manage typical fluctuations of their life cycle. There is no evidence that the policy has had any impact on either parental employment outcomes or choices about family size.<sup>6</sup> Evidence does show that the two-child limit has increased both the prevalence and depth of poverty among larger families.<sup>7</sup> Far from incentivising work, the two-child limit contributes to financial constraint that can place work further out of reach. It can also make the calculations involved in leaving or forming a relationship complex.

It is clear therefore that any meaningful strategy to tackle child poverty must involve consigning the policy to history. Restoring equal provision of support for all children is urgent and essential; if the status quo is maintained, we are failing to hold ourselves to the standards expected of a compassionate, fair society rooted in a rights-based approach to policy.

It must be acknowledged, however, that even if implemented at speed, mitigating the two-child limit is constrained in what it can achieve for children in Scotland in the absence of fundamental reform to the wider social security system, including UC.

## **Question 2: Do you agree or disagree that to mitigate the two-child cap, the Scottish Government should use the powers at s79 to top-up Universal Credit?**

Agree. We support using the powers provided by section 79 of the Social Security (Scotland) Act 2018 to top up UC. The Scottish Child Payment Regulations 2020 provide an example of an existing exercise of section 79 powers. Mitigation of the two-child limit could be delivered by amending these Regulations to increase the level of the top up provided in respect of third or subsequent children born after 6 April 2017.

Significantly, the legislation governing Scottish Child Payment (SCP) already provides for awards to be made without application where “the individual has been properly awarded a Scottish child payment in respect of another child and has an ongoing entitlement to that payment.”<sup>8</sup>

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<sup>6</sup> [Two-child limit](#)

<sup>7</sup> [Child-poverty-trends-and-policy-options 1.pdf](#) ; [UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation](#)

<sup>8</sup> [The Scottish Child Payment Regulations 2020](#) Schedule Paragraph 11

We envisage that those potentially eligible for mitigation could be identified using a data sharing arrangement with the Department of Work and Pensions (DWP) and the SCP database. The SCP database could be especially helpful in identifying potentially eligible households who are in receipt of SCP for three or more children but have only provided information to the DWP about two of those children. Potentially eligible households could then be proactively contacted, and determinations could be made without application.

### ***Mitigating the two-child limit through amending SCP Regulations could reduce confusion and optimise uptake***

SCP has a very high take-up rate; the estimated take-up rate for children aged under 6 in 2023-24 was 97%.<sup>9</sup> The relatively light administrative burden associated with SCP seems likely to be contributing to this.

The simplicity of the payment also appears to be reflected in the fact that SCP represents just 2% of the CAB network's social security advice caseload, and just 3% of SCP inquiries that we handle relate to re-determinations and appeals.

Analysis by the CPAG has revealed the level and impact of confusion regarding eligibility for SCP and how it sits alongside Child Benefit and UC Child Element.<sup>10</sup> We are concerned that delivering mitigation of the two-child limit through a distinct payment could increase the extent of confusion, while delivering it as an amendment to SCP could reduce the risk of confusion and provide a communication opportunity.

The risk of confusion, particularly where communication barriers are present, is illustrated by Sam's experience below:

*Sam is a self-employed taxi driver. Sam speaks English as a second language and requires some interpretation support. He lives with his partner and three children, aged 7 years, 5 year and 4 months. His partner is studying part time. The couple are in receipt of UC; they receive a standard allowance and child element for two children, subject to deductions for earnings and to repay a new claim advance. Sam attended the CAB for support to apply for Council Tax Reduction. While providing this support, it became evident to the CAB that Sam and his partner are only receiving SCP for two children; until advised otherwise by the CAB, Sam had understood that SCP was also subject to the two-child limit.*

### ***Limitations of amending SCP Regulations to mitigate the two-child limit***

It is, however, important to recognise that amending the SCP Regulations is not an ideal delivery mechanism. Eligibility will be dependent upon receipt of a qualifying payment. The Regulations provide that in order to receive SCP parents and carers must be getting "qualifying

<sup>9</sup> [Take-up rates of Scottish benefits: November 2024 - gov.scot](#)

<sup>10</sup> [Children's benefits in Scotland: clearing up confusion to maximise take up | CPAG](#)

benefits at a rate of more than £0 before any third-party deductions or sanctions are applied.”<sup>11</sup>

This means that many people will not be supported by this change. This includes households with no entitlement to UK social security, and mothers in receipt of Maternity Allowance (who do not have housing costs, are in temporary or supported accommodation, or have either one child only or more than two children). Sarah’s experience below illustrates the challenge.

*Sarah attended her local CAB because she did not understand why she has not been awarded UC. Sarah is living in temporary accommodation with her three young children. Sarah receives Housing Benefit and Council Tax Reduction (CTR). Sarah’s Housing Benefit entitlement leaves her with a shortfall of £29/month rent to meet. Rent arrears of more than £1000 have accumulated dating from when Sarah’s former partner resided with her. The relationship ended due to domestic and financial abuse. Sarah’s ex-partner had access to her credit card and Sarah had been providing funds to her ex-partner to meet core expenses. Sarah has entered into repayment arrangements to manage these arrears. Sarah’s only income is Maternity Allowance; due to the combination of this income, the funding of temporary accommodation by Housing Benefit, and her ineligibility for additional Child Element, the CAB confirmed that Sarah was not entitled to UC. As Sarah is not in receipt of a qualifying benefit, she cannot access SCP. Sarah is in acute financial hardship. She advised that she has been using her credit card to pay her energy bill. She has had some engagement with Woman’s Aid in the past but let this lapse as she was anxious that her ex-partner would find out. The CAB supported Sarah to apply for Best Start Grant and Best Start Foods and a Discretionary Housing Payment to temporarily cover the housing costs shortfall. Additionally, they, signposted her to the TSB Bank domestic abuse account, and referred her for specialist support with her energy supplier.*

People who have inconsistent entitlement to UC are at particular risk of missing out. This is because a loss of entitlement, however temporary, will present as a nil award for the purposes of an assessment period. UC entitlement could be inconsistent because of fluctuating earnings, or the frequency of earnings (those paid weekly, fortnightly or four-weekly pay, are affected in the four months of the year that have five-weeks because they appear to have been paid multiple times in one assessment period). This group of people also experience disruption to support with Council Tax and other locally administered means tested support such as school clothing grants.

The speed of the impact is demonstrated in Andrea’s experience below.

*Andrea attended her local CAB for support as she has discovered that she loses her entitlement to Council Tax Reduction (CTR) every time there is a 5-week month. Andrea and her husband have a joint claim for UC. Andrea earns £220 a week. Her husband cares for their son with significant care needs. Assessed on a weekly basis, the couple are entitled to a CTR of around £60 a month. Since Andrea is paid on a weekly basis, she occasionally has five pay days fall*

<sup>11</sup> [The Scottish Child Payment Regulations 2020](#) Section 18

*within the UC monthly assessment period. When this occurs, Andrea's earnings take her over the threshold for CTR and she loses her UC entitlement temporarily. She must reapply for CTR for the following month.*

In circumstances where the SCP ended due to a break in receipt of a qualifying benefit, it is possible to have a SCP award re-established without a new claim. This only applies if parents and carers have been in receipt of SCP during the previous 12 weeks.<sup>12</sup> This needs to be well communicated to ensure eligible parents and carers can benefit.

The risk of, and potential impact of, errors is illustrated by Nicole's experience.

*Nicole attended her local CAB in distress. She did not receive an expected payment of UC in January 2025. It transpired that her employer had reported all weekly earnings since September 2024 as having been paid in the last month. Nicole is a single parent of two dependent children. She works part-time and is paid weekly. Her employer had failed to notify her wages to HMRC for a period of 4-5 months, but when they were reported, they were taken as having been received as a lump sum in the latest assessment period for UC. Nicole had highlighted to the DWP that they were not taking her earnings into account, to no avail. Nicole asked the CAB how to raise an earnings dispute. She is facing a month without UC, leaving her with less than £200 in earnings a week plus Child Benefit to support the household. She will have to meet rent of £519 a month from this income. The CAB supported Nicole to restore her UC and re-establish her SCP as soon as possible.*

### ***Mitigating the two-child limit does not remove the "non-consensual conception" exception***

Significantly, mitigating of the two-child limit does not remove the pernicious exception for "non-consensual conception". This exception fails to protect women trying to leave an abusive relationship. It risks unwanted disclosure and does not account for nuances such as incidences where it is an older child who was conceived in abusive circumstances.<sup>13</sup> It is therefore clear why this accounts for so few of the exceptions in place.<sup>14</sup>

CAS recognises the challenge that Scottish Government faces with mitigating the effects of this reserved policy. We urge the Scottish Government to continue to work with the UK Government and explore routes to counteract its harmful effects.

Mitigation will require both effective information sharing with the DWP to identify current recipients of an exception, and effective, sensitive communication (ideally involving some

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<sup>12</sup> [The Scottish Child Payment Regulations 2020](#) Schedule Paragraph 12

<sup>13</sup> [Two-child limit](#)

<sup>14</sup> [Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children, April 2024 - GOV.UK](#)

messaging co-ordination between the DWP and SSS) with potential beneficiaries of mitigation to support those who may be eligible for an exception to apply.

Ideally, mitigation should be designed such that the obligation is not on parents and carers to understand their entitlement and apply for exceptions. Rather, the process should ensure that people potentially eligible for exceptions are already benefitting from them.

### *Young people*

We recognise that SCP is currently limited to children up to the age of sixteen, unlike the Child Element of UC<sup>15</sup>. To deliver mitigation via our proposed mechanism of amendments to SCP, we would therefore support the extension of eligibility to qualifying young people (defined to align UC) applicable to third or subsequent children born on or after 6 April 2017 only.

### *Discretionary Housing Payments*

CAS would not support the use of Discretionary Housing Payments (DHP) to mitigate the two-child limit. This is because the DHP is limited. Only those with an award of Housing Benefit or UC award which includes an amount for rent at the end of the first assessment period would qualify. In addition, using this mechanism would require separate applications to local authorities from potentially eligible recipients.

Both could present significant barriers to success. The experience of Caroline highlights the risks.

*Caroline approached her local CAB for support with managing her claim for UC. Caroline lives with learning difficulties and mental health challenges. She transitioned from legacy payments to UC in late 2024. She struggled to manage her finances during the transition and is feeling overwhelmed. Caroline had made a telephone claim to UC due to digital access and literacy issues. She was unable to request via the telephone claim that her Housing Element entitlement be paid directly to her landlord (one of the Scottish Choices available via an online claim); she was advised by the Helpline that her landlord must submit the request. This left Caroline feeling disempowered and reliant on support to resolve the matter. The CAB adviser observed that "this process creates unnecessary barriers for vulnerable clients who rely on telephone claims and are already disadvantaged by their inability to use online systems. The reliance on the landlord to action the request shifts the responsibility away from the tenant, potentially delaying resolutions and causing further anxiety." At the same time, Caroline is facing financial pressures due to deductions from her UC to recover the rent arrears and a historic overpayment of Employment Support Allowance. The CAB ascertained that Caroline's DHP ended on the same date as her two-week run on of Housing Benefit. This is because Caroline's eligibility for UC was to be confirmed at the end of Caroline's first assessment period. This has contributed to the*

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<sup>15</sup> [The Scottish Child Payment Regulations 2020](#) Regulation 18

*total rent arrears accumulated as a result of the move to UC. The CAB supported Caroline to complete a fresh application for a DHP and a request that the payment be backdated.*

### ***Two-child limit could be mitigated using the 32A Social Security (Scotland) Amendment Act 2025***

Mitigation could also be delivered by introducing the new Scottish Childhood Assistance in accordance with section 32A Social Security (Scotland) Act 2018.<sup>16</sup> Section 32A allows a streamlined form of assistance to be introduced “to help towards meeting some of the costs associated with having a child in the family.”

This will be a crucial provision in respect of the development of the future of SCP and could be integral to a child poverty strategy for Scotland.

Since this payment will be “stand alone”, it could involve the introduction of a specific means test, distinct from that used by the UC system, which may have to consider employment incentives as part of its development (“regulations may make an individual’s eligibility depend on the individual’s financial circumstances”).

We would support consideration of whether a new Scottish Childhood Assistance should be extended to some children beyond the age of sixteen. This would involve expanded criteria able to reflect the ways in which children’s lives evolve between the ages of sixteen and nineteen e.g. continuing to make the payment to parents and carers of older teenagers who continue in full-time non advanced education provided all other conditions of entitlement are met.

This is a longer-term solution that would not be capable of providing immediate relief to families.

### ***Summary***

We consider that, on balance, utilising section 79 is the most administratively straightforward and immediate way of delivering on the policy intent of mitigation.

SCP is a successful example of the use of this power; it has a high take up rate, which can be linked to its administrative simplicity. We would therefore advocate amending SCP to deliver mitigation, rather than designing a distinct payment introduced by a distinct set of Regulations. We recognise that this mechanism could create challenges if the two-child limit is scrapped at source and the mitigation payments would need to be unwound, but we consider that the benefit of using a well-recognised, successful payment will outweigh this challenge.

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<sup>16</sup> [Social Security \(Amendment\) \(Scotland\) Act 2025](#)

The section 79 mechanism could deliver rapid and transformative change. This is because it could be achieved without primary legislation and without requiring an application process on the part of parents and carers. Additionally, it would be delivered by Social Security Scotland, an agency that most eligible households will be familiar with.

### **Question 3: Do you agree or disagree that payments to mitigate the two-child cap should be disregarded as income by the UK Government?**

Agree. It is vital that the proposed payment is treated in the same way as, for example, SCP, and not included as unearned income as defined in Regulation 66 of the Universal Credit Regulations 2013<sup>17</sup>. This is because unearned income (defined by Regulation 66) is deducted in full from Universal Credit entitlement, meaning that recipients of two-child limit mitigation payments could find that they are financially no better off.

It is also important that mitigation is not treated as unearned income to prevent any backdated payments from being treated as capital. Section 18 of Schedule 10 of the Universal Credit Regulations explains that payments in arrears of “a social security benefit which is not included as unearned income under regulation 66(1)(a) or (b)” are to be disregarded.

The potential impact if this were not to be achieved can be illustrated by example.

Take a parent, aged over twenty-five, of three children aged seven, four and one, all of whom are without health conditions. Imagine that, against a background of domestic abuse, the household relocates from temporary accommodation to permanent social rented housing. Like one in two Universal Credit claimants in Scotland, the household is subject to a deduction from the standard allowance payable; imagine this to be the most common deduction, that is repayments of a new claim advance taken to manage the five week wait when a claim for Universal Credit is initially made.<sup>18</sup>

In these circumstances, the Universal Credit award would consist of a Standard Allowance of £393.45, two Child Elements of £269.58 each, and a Housing Element of £364.95 (based on typical social rents in Central Scotland where no underoccupancy charge applies). The total payable would be subject to a deduction of £54 to repay the new claim advance. This would leave the parent with £878.61/month after housing costs to meet household needs.

Since the eldest child was born after 6 April 2017, the parent would not benefit from a higher Child Element for a first child. Therefore, as unearned income is deducted in full from the standard allowance, the parent’s financial position would not be improved by mitigation of the two-child limit.

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<sup>17</sup> [The Universal Credit Regulations 2013](#)

<sup>18</sup> [Universal Credit deductions statistics December 2023 to November 2024 - GOV.UK](#)

**Question 4: Do you have any information you wish to share about any additional potential impacts of the proposed approach outlined in this consultation?**

We welcome the proposed approach and believe that it can swiftly provide essential relief to families.

However, there is a risk that mitigating for flaws in our safety net will not deliver the change so desperately needed in the absence of fundamental reform, while increasing complexity.

We are optimistic that as evidence emerges of the positive impact of mitigating the two-child limit, the pressure for fundamental reform can only increase. We therefore urge the Scottish Government to ensure that robust systems are in place to evidence and report on the impact, for example data collection on take-up and qualitative research to understand the real-world effect on children's lives.

We would support the use of such evidence as part of a strategic overview of the social security landscape to better integrate and streamline its various components and the agencies responsible for delivering them.

The CAS network is helping to end child poverty in Scotland by providing support to families to navigate the complex social security system, increasing take up and individual financial gain. It is essential that advice services, such as ours, are adequately resourced to promote the uptake and efficacy of social security payments, while gathering evidence and reporting on the impact of policies in practice. Long-term and secure funding would provide job security to our advisers, retaining the knowledge and expertise that is trusted in communities across Scotland.