

DRAFT POLICY NOTE

THE TWO CHILD LIMIT PAYMENT (SCOTLAND) REGULATIONS 2026

SSI 20XX/XXX

The above instrument was made in exercise of the powers conferred by sections 79 and 95 of the Social Security (Scotland) Act 2018 (“the 2018 Act”). The instrument is subject to affirmative procedure.

Summary Box

Insert one or two sentences to explain what the purpose of the instrument is.

The purpose of the instrument is to set out the rules and eligibility criteria for the Two Child Limit Payment (TCLP). The TCLP is a new form of assistance that provides a top up payment to individuals who are in receipt of Universal Credit and not receiving the Child Element of Universal Credit for one or more of their dependants due to the application of the UK Government’s two-child limit policy.

Policy Objectives

Section 79 of the 2018 Act makes provision to enable top up of reserved benefits for individuals who:

- are entitled to a reserved benefit, and
- appear to the Scottish Ministers to require financial assistance (in addition to any amount the individual receives by way of reserved benefit) for the purpose, or one of the purposes, for which the benefit is being provided.

The Two Child Limit Payment (TCLP) is a new form of assistance to mitigate the UK Government’s two-child limit policy for Universal Credit. The TCLP will contribute to the Scottish Government’s key priority to eradicate child poverty. Scottish Government modelling estimates that mitigating the two-child limit will result in 20,000 fewer children living in relative poverty in 2026-27¹.

Eligibility

The value of the TCLP is equivalent to the value of the Child Element of Universal Credit for the second or subsequent dependant. It is to be paid by Social Security Scotland on a monthly basis, following a UC assessment period. The TCLP will be available to all households in receipt of Universal Credit who do not receive the Child Element of Universal Credit for one or more of their dependants due to the application of the UK Government two-child limit policy.

The applicant must demonstrate that the dependant is recognised on their Universal Credit award as a child or qualifying young person for whom they have responsibility.

¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2025/03/child-poverty-modelling-update/documents/child-poverty-modelling-update/child-poverty-modelling-update/govscot%3Adocument/child-poverty-modelling-update.pdf>

Suspension of Assistance

Provisions relating to the suspension of assistance are included in the draft regulations. Regulation 18 sets out the specific circumstances in which payment of assistance can be suspended. The regulations also set out the considerations that Scottish Ministers must make before suspending payment of assistance, the individual's right to request a review of the suspension, the information that should be provided to the individual when a suspension occurs and the circumstances in which a suspension should end.

An individual may also request a cancellation of determination of entitlement.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children's rights.

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, the Two Child Limit Payment (Scotland) Regulations 2026 are compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This legislation is not relevant to the Scottish Government's policy to maintain alignment with the EU, because each EU member state has its own social security laws. EU rules coordinate these separate social security systems between member states to support freedom of movement, but this legislation is not relevant to social security co-ordination specifically.

Consultation

Public Consultation

A public consultation took place between February 2025 and April 2025. Prior to the launch of the consultation the Cabinet Secretary for Social Justice held a roundtable meeting with key poverty stakeholders to outline the Scottish Government's proposals and understand stakeholders' key questions and concerns. During the consultation period officials held two events for stakeholder organisations to promote the consultation and one workshop event for individuals with lived experience. Ten participants with lived experience participated in the workshop providing valuable qualitative insight about the realities of being impacted by the UK Government's two-child limit policy and the potential difference the TCLP would make to their lives.

Most individuals who responded to the consultation expressed the view that parents should take responsibility for their own children and family size and the cost of raising children should not be subsidised by the taxpayer, with many citing affordability as a key concern.

There was broad support from organisational respondents for the Scottish Government's proposals as set out in the consultation. It was recognised that the proposed approach would minimise complexity and ensure that the TCLP is delivered quickly. As a result, the regulations set out that TCLP will be delivered by Social Security Scotland using the powers at section 79 to 'top up' Universal Credit for families impacted by the two-child limit.

Organisations representing women's interests called for the Scottish Government to consider the interaction with the UC exception process, particularly in the case of non-consensual

conception, and avoid the unnecessary disclosure of traumatic experiences. As a result, the TCLP has been designed to ensure that nobody will be expected to disclose information about the conception of their child in order to apply.

A full list of those consulted and who agreed to the release of this information is attached to the consultation report published on the Scottish Government website², it includes:

- Citizens Advice Scotland
- Child Poverty Action Group in Scotland
- One Parent Family Scotland
- The Poverty Alliance
- Save the Children

Scottish Commission on Social Security

To comply with the requirements of section 97 of the 2018 Act, Scottish Ministers have shared the draft regulations with SCoSS for their scrutiny.

The Scottish Government will publish its formal response to SCoSS's report when laying these regulations before the Scottish Parliament.

Impact Assessments

The following impact assessments have been completed on the draft SSI and are attached:

- An Equalities Impact Assessment
- A Consumer Duty Impact Assessment
- A Business and Regulatory Impact Assessment
- A Fairer Scotland Duty Impact Assessment
- An Islands Communities Impact Assessment Screening
- A Children's Rights and Wellbeing Impact Assessment
- A Data Protection Impact Assessment

There were no significant negative impacts or equalities issues identified in these assessments, but they have highlighted the need for the Scottish Government to ensure that we utilise appropriate communications and engagement to drive take-up of the payment and ensure individuals are aware of their entitlement. The assessments identified positive impacts on children's rights, equalities and child poverty in Scotland.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) has been completed and is attached. The impact of this policy on business is limited and will have no adverse impact on the competitiveness of Scottish companies or the third sector within Scotland, the United Kingdom or internationally, including Europe and the rest of the world.

The Scottish Fiscal Commission's Economic and Fiscal Forecasts published in May 2025³ included estimated costs for the commencement of the TCLP. These are:

- £155 million in 2026-27
- £170 million in 2027-28

² [Mitigation of the two-child cap - Scottish Government consultations - Citizen Space](#)

³ [Scotland's Economic and Fiscal Forecasts – May 2025 | Scottish Fiscal Commission](#)

- £182 million in 2028-29
- £194 million in 2029-30
- £204 million in 2030-31

These estimates will be updated as part of the Commission's Scotland's Economic and Fiscal Forecasts publication on 25 June 2025.

Scottish Government
Social Security Directorate

[date]