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The Scottish Parliament
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26 March 2025

Dear Colette,

The options and evidence considered for mitigation of the two-child limit

You may be aware that during recent budget scrutiny sessions, the Finance and Public Administration Committee asked for detail of the evidence considered ahead of the decision to mitigate the two-child limit. The Cabinet Secretary for Finance and Local Government followed this up in writing with a brief outline of some key findings and relevant papers that were published in advance of the budget in December.

Given the Social Justice and Social Security Committee's role in scrutinising the social security system in Scotland, I thought this information may also be of interest to committee members.

Child Poverty Action Group published a range of recommendations in their [Autumn budget representation](#) in September 2024. In this they stated: *"The first step to reducing child poverty must be removing the two-child limit. Scrapping the policy today would instantly pull 300,000 children out of poverty and stop another 200,000 being drawn into poverty over this parliament. It is the key driver of rising child poverty today and the most cost-effective way to stop the number of children in poverty increasing."*

The Joseph Rowntree Foundation [published a report](#) in October 2024, which asked how effective social security is at reducing poverty and advancing equality in Scotland. As part of their report they stated: *"scrapping some of the most egregious elements of the UC, such as the 2-child limit, younger person's rate and benefit cap could lift around 25,000 children out of poverty."*

The Institute for Fiscal Studies also [published a report](#) in October 2024, looking at trends in child poverty and options to address this. The report outlined that *"The government has a number of levers it can pull through the benefits system if it wants to reduce child poverty."*

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Among the policies we consider, the single most cost-effective policy for reducing the number of children living below the poverty line is removing the two-child limit.”

The End Child Poverty Coalition [published briefing](#) outlining their priorities for the budget, in November. As part of this they stated that “CPAG estimates mitigating the two-child limit in Scotland would lift an additional 15,000 children out of poverty at a cost of around £100 million.”

Since the policy was announced in the budget, the **Fraser of Allander Institute** have [published details of their own modelling](#). As part of this they advise: “Our modelling shows that about 20,000 children would be kept out of poverty by mitigating the two-child limit in 2026-27, slightly higher than the [Scottish Government estimate](#) of 15,000. The reduction would mean a 2-percentage point decrease in the relative child poverty rate.

I trust you and your members will find this update useful.

Yours Sincerely,

SHIRLEY-ANNE SOMERVILLE

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