Analysis of Responses to the Scottish Government Consultation on Mitigation of the Two-Child Limit

Final Report

June 2025

Scottish Government
Riaghaltas na h-Alba

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Executive Summary

Introduction

In December 2024, the Scottish Government set out plans to mitigate the current two-child limit cap on the 'child element' of Universal Credit payments for families in Scotland. The proposal is for a 'mitigation payment' to be made, equal to the Universal Credit child element for each third and subsequent child in Scotland impacted by the two-child cap (currently £292.81 each month).

In order to develop a strong evidence base to help inform the Scottish Government's approach to drafting the necessary legislation needed to provide such a payment, a public consultation was conducted to seek feedback on proposals for how the mitigation payments may be implemented. The consultation was open for eight weeks between February and April 2025. Responses were accepted via Citizen Space and via email or post, and one workshop event was conducted with individuals with lived experience of the two-child limit cap. The same consultation questions were asked of those who submitted written responses and workshop attendees, with similar feedback being provided across these two participation methods.

In total, 267 written responses were received. Most came from individuals (84%, n=225), compared to organisations (16%, n=42). A range of different organisational sectors were represented in the responses, including third sector organisations, local authorities, membership bodies, health/mental health bodies, and national representative bodies. In addition, 10 individuals attended the workshop event, along with one participant supporter from a third sector organisation.

As individuals responded in greater numbers than organisations, their views tend to dominate the closed question feedback. However, their qualitative responses were typically much shorter and focused on opposition to the introduction of mitigation payments generally rather than on the specific proposals at each question. Meanwhile organisations provided much longer and more detailed qualitative responses, meaning greater balance and understanding was provided between the opposing arguments.

Q1. Social Security Scotland should Deliver Mitigation Payments

Most respondents (73%, n=190) disagreed that Social Security Scotland (SSS) should deliver the mitigation payments, compared to 24% (n=62) who agreed. However, opinions were split between individuals and organisations, with 84% (n=189) of individuals disagreeing, and 86% (n=30) of organisations agreeing.

Those who **disagreed** (mostly individuals) did so because they generally supported the current two-child limit on benefits payments and were against the introduction of mitigation payments. They argued that parents should be responsible for their children and held accountable for decisions around family size, and that they should not be subsidised by the taxpayer. There was also a concern that mitigation payments could encourage greater reliance and dependency on benefits and

engender worklessness. Similarly, it was suggested that the payment might encourage more people to have large families. Further, these respondents argued that there were a range of other priority areas that should be targeted for public spending, such as tackling low wages and unemployment, education, healthcare, housing, and other public services. A few disagreed because they felt the Department for Work and Pensions (DWP) should make the payments, either because they already held all the required information, or because the issues caused by the two-child limit was the responsibility of the UK Government, and that Scottish Government mitigation payments would absolve them of this.

Those who **agreed** (most of the organisations, some individuals, and most of the workshop attendees) mainly indicated either support for the mitigation payments in general, or support for SSS to make the payments rather than any other body. These respondents argued at length about the negative impacts of the two-child limit, and they acknowledged that mitigation payments could help boost the effectiveness of other payments, that the approach aligned with government responsibilities as well as other priorities, and that the payments would support vulnerable children and families. These respondents were also supportive of the payments being made by SSS, indicating that this would be the fastest, most straightforward, and most effective way to set up the system. Many noted that SSS already have the required infrastructure in place due to administering the Scottish Child Payment. Conversely, it was noted that the alternative option of local authorities making payments in an equivalent way to Discretionary Housing Payments (DHPs) would involve greater limitations on eligibility, and respondents were concerned that local authorities would not have the resources to take on this responsibility.

Some **concerns and caveats** to support were raised, however. Respondents were keen to ensure that funding the mitigation payments was not done at the expense of other public services or initiatives to tackle poverty. Fast and effective data sharing would also be needed between DWP and SSS, and the application process for mitigation payments should be as easy as possible. Clarity was sought over how the mitigation payments would interact with current DWP exceptions, and in particular, the ‘rape clause’ which several respondents were keen to see removed.

Q2. Use of s79 Powers to Top-Up Universal Credit

The Scottish Government proposed using the powers at section 79 (s79) of the Social Security (Scotland) Act 2018, which allows top-up of a UK qualifying benefit, to introduce the mitigation payments.

Again, most respondents (71%, n=185) disagreed with this proposal, compared to 22% (n=56) who agreed with it. Consistent with the results above, however, feedback was polarised, with 82% (n=184) of individuals disagreeing and 88% (n=30) of organisations agreeing.

Disagreement at this question (coming mostly from individuals) was almost entirely driven by a general opposition to the introduction of mitigation payments themselves rather than any specific views about how the payments should be

made. Again, many felt that the two-child limit was appropriate and should be retained, with the arguments made against the introduction of mitigation payments provided at Q1 being reiterated. Only a few new issues were raised, including uncertainty about whether the scheme was affordable and doubts that it would be effective in tackling child poverty. Anti-SNP or anti-Scottish Government sentiments were also expressed.

Those who **agreed** (including most of the organisations and some individuals) did so because they felt this would be the fastest and most straightforward way to set up and administer the payments, ensuring money reached families as quickly as possible. Respondents also welcomed the possibility that the mitigation payments could encourage greater uptake of benefit entitlements. A series of factors which respondents felt were important in supporting the success of the scheme were also outlined in response to this question. These included ensuring that the application process was as easy as possible for families (with a preference for automatic eligibility if possible), the provision of clear and effective communication and awareness raising about the payments, and effective data sharing with DWP.

Again, respondents who were generally supportive of the proposal also outlined a range of **concerns and caveats**. The most significant issue, discussed, both here and throughout the consultation feedback, was the gaps inherent in the system if using s79 powers. It was stressed that many families experiencing poverty would not be eligible for the mitigation payments because they cannot claim Universal Credit, which in some cases was as a direct result of the two-child limit on the income threshold (i.e. if this policy was dropped families would be eligible). Several respondents (including organisations and workshop attendees) urged the Scottish Government to consider alternative or additional mechanisms to capture these families and ensure they are not excluded, even if this requires a longer lead in time for such families. Again, respondents sought clarity over how the mitigation payments would interact with current exceptions, while a few urged consideration of 'cliff-edges' that families face in balancing work-based income against benefits payments.

Workshop attendees' views were largely mixed regarding the use of s79 powers to establish the payments. Some supported this in order to get the system set up and payments introduced as quickly as possible. However, a few supported taking the time to establish a bespoke, but more inclusive scheme to ensure no families were missed. The gaps in eligibility were again a main concern for most of the workshop attendees.

Q3. Disregarding Mitigation Payments as Income

The Scottish Government proposed that the mitigation payments should be disregarded by the UK Government as income for benefit and tax calculations, and that the benefit cap should be adjusted to accommodate them.

Slightly less than two thirds (61.5%, n=160) disagreed with this proposal, compared to 31.5% (n=82) that agreed. Again, opposing views were largely provided between

individuals and organisations, with 71% (n=159) of individuals disagreeing with this, and 92% (n=34) of organisations agreeing.

Again, those who **disagreed** (mainly individuals) tended to reiterate their objections outlined at earlier questions. Those who gave new substantive responses either argued that all pay/benefits should be treated as income and properly considered in means testing and other assessments, and/or that there were already too few people paying taxes and so disregarding this benefit as income would compound issues around tax generation and input into the system. These respondents highlighted that all income received from work was taxable, as were pensions, therefore it was fairer to ensure income from benefits was treated in the same way. Ultimately, they argued that all income should be taxable, regardless of the source.

Those who **agreed** that the payments should be disregarded as income (including most of the organisations, some individuals, and all workshop attendees) provided a range of reasons. Mostly, respondents argued that not disregarding the payments would result in deductions being made from other benefits (such as Universal Credit itself, as well as potentially other means tested support), thus making the payments less helpful for families in tackling poverty and ultimately defeating their purpose. It was also argued that not disregarding the payments would result in the transfer of funds from Scotland to England as DWP would reduce Universal Credit payments. It was also noted that disregarding the payment as income would be consistent with other existing benefits (such as the Scottish Child Payment and DHP), and therefore, the mitigation payments should be consistent with this. Disregarding the payments would provide the greatest support for families and be most impactful in tackling poverty, it was felt, and it would reduce complexity for frontline staff and advice services who support families.

A few **strategic and practical considerations** were also outlined by respondents who supported this proposal. These included the need for clear communication related to the requirement to disregard the payment as income - this was necessary for the debt sector as well as local authorities in considering the impact on the Council Tax Reduction scheme. Clarity and accuracy would also be needed in the interaction between the mitigation payments and exceptions.

Q4. Potential Impacts

While this question sought to focus on the possible impacts for different groups of people, communities and businesses, and information that might be relevant for the range of Impact Assessments to be carried out on the policy, most respondents discussed the impacts in a much more general sense. Overall, individuals again focused on their reasons for opposing removal of the two-child limit and introduction of mitigation payments, while organisations reiterated their general support for the proposals and sought clarity or reassurance over how the policy would be implemented and would operate in practice.

Many discussed the **impacts of the two-child limit**. They argued that the policy perpetuated cycles of poverty and often disproportionately impacted certain groups, particularly, women, minority ethnic families, certain religions or faiths, refugees,

and young parents. The ‘rape clause’ was also seen as particularly inappropriate and as having a significant negative impact on women and their children.

Others did consider the **impacts of the mitigation payments**, with both positive and potentially negative impacts outlined. Positive impacts (mostly identified by organisations), included that the payments would provide support for families in poverty, resulting in immediate as well as longer-term benefits for them and the wider community. It was noted that this would help families to afford food, heating, transport, clothing, and tackle a range of educational issues such as hunger at school, attendance, concentration, etc. Over the longer term, the payments would help to tackle the effects of poverty, including improved outcomes in education, employment, physical and mental health, etc. It was also felt that the payments would provide support for specific groups, such as women, but that a wide range of demographic characteristics and issues needed to be considered within the impact assessments. These included: women/gender issues; age (in relation to children and young parents); ethnicity, and particularly BME groups; families with certain religious beliefs/faiths; care experience (including care experienced parents, parents of care experienced children, and kinship households); refugees, asylum seekers and those with no recourse to public funds; carers; and people with disabilities.

Again, respondents took the opportunity to highlight **concerns about the impact** of the scheme. They flagged the potential for gaps in eligibility and urged the Scottish Government to find a mechanism to address this; questioned how the interactions with exceptions would be managed; and stressed the need to consider ‘cliff-edges’ which families might experience. Similarly, concerns around the impact that the mitigation payments may have on wider public finances, on other initiatives and public services, and on the taxpayer were reiterated. Other perceived negative impacts were also reiterated (mostly by individuals), including that the payments may encourage worklessness, promote reliance on benefits, and stop parents from tackling the root-cause of their financial problems. Several individuals were also concerned that the payments would result in an increase in the number of larger families, and could impact migration (with large families moving to Scotland to collect the benefit and working taxpayers leaving if the tax burden increases).

Several other general comments were also provided at this section, which largely repeated feedback outlined above. However, there were two key issues of note. The first included the desire from organisations to maintain pressure on the UK Government to scrap the two-child limit policy entirely, with calls for the Scottish Government to continue being pro-active in this area. The second issue, raised by individuals and workshop attendees, was caution that the Scottish Government should be prepared to tackle negative publicity which was likely to surround the scheme if it goes ahead.

Conclusion

Overall, responses to the consultation were highly polarised. Individuals responded in higher numbers and were generally more opposed to the introduction of mitigation payments, as well as each of the specific proposals in the consultation

document. Although organisations and workshop attendees participated in lower numbers, they were generally much more supportive of the mitigation payments and the specific proposals around how they could be implemented.

A number of recurring concerns were highlighted throughout the feedback, however. These included the need to address potential eligibility gaps, providing clarity around how the mitigation payments and exceptions would work in practice, considering ‘cliff-edges’, ensuring there are no negative impacts on other initiatives or public services, and that continued pressure should be put on the UK Government to drop the two-child limit policy.

The consultation provided useful feedback on the proposals for the mitigation payments, which the Scottish Government should take into account when finalising their plans and any legislation required to take forward any final policy.

Introduction

Background

The Scottish Government is currently responsible for delivering 15 benefits through Social Security Scotland (SSS), an executive agency of the Scottish Government. However, all existing work-related benefits paid to people in Scotland remain reserved to the UK Government. Universal Credit (UC) was introduced in 2013 and has been available across the UK since December 2018. It is administered by the Department for Work and Pensions (DWP). Currently, Universal Credit is the only option for any working-age individual or family wishing to apply for a means-tested benefit. It is available to those who are in work on low incomes, as well as those who are unemployed or whose capability for work is limited by sickness or disability.

Part of the Universal Credit payment relates to the child[ren] a claimant is responsible for. This is called the 'child element'. The UK Government only pay the Universal Credit child element for the first two children in a family, except in some limited circumstances. If a third or subsequent child was born after 6 April 2017, then no Universal Credit child element will be paid in respect of that child, unless it was part of a multiple birth (for example, twins), part of a non-parental caring arrangement, or born as a result of non-consensual conception.

DWP statistics show that in April 2024 a total of 1.6 million children in the UK were affected by the two-child limit policy. Meanwhile, the Scottish Fiscal Commission (SFC) estimated that in April 2024 there were around 32,000 children in Scotland recorded on claims for Universal Credit for whom no child element was being paid[1].

In December 2024, the Scottish Government set out plans to mitigate the two-child cap in Scotland as part of the annual budget statement to the Scottish Parliament[2]. The proposal is for a 'mitigation payment' equal to the Universal Credit child element for each third and subsequent child in Scotland impacted by the two-child cap (currently £292.81 each month).

The SFC estimated that mitigation payments would apply to 42,000 children in Scotland at a cost of £3,609 per child per year in 2026-27, rising to 49,000 children and £3,845 by 2029-30. The forecast includes £3 million in 2026-27, rising to £9 million in 2029-30, for behavioural change, such as families choosing to work fewer hours to remain eligible for Universal Credit, or parents choosing to receive a mitigation payment from the Scottish Government instead of applying to DWP for an exception. On this basis, the SFC estimates the total cost of the policy for 2026-27 at £155 million, increasing to £198 million by 2029-30[3].

[1] Mitigating the two-child limit and the Scottish Budget - January 2025

[2] Scottish Budget 2025 to 2026 - gov.scot

[3] Mitigating the two-child limit and the Scottish Budget - January 2025

Mitigation of the cap is not a straightforward task, however. It will require significant policy and technical work to develop and implement an appropriate solution. This includes cooperation from the UK Government around systems development, data sharing and legislation. It will also be important to ensure that existing benefits payments from Social Security Scotland and other improvement work is not disrupted or delayed as a result of the introduction and administration of mitigation payments.

In order to develop a strong evidence base to help inform the Scottish Government's approach to drafting the necessary legislation, a public consultation was conducted to seek feedback on the proposals for mitigation payments. The findings will inform the development of draft regulations, which are expected to be shared with the Scottish Commission on Social Security and laid in the Parliament later in 2025.

The Consultation

The consultation ran for eight weeks, opening on 21 February and closing on 18 April 2025. A few late responses were also accepted after the closing date.

The consultation was available on Citizen Space, the Scottish Government's online portal for public consultations. In addition, respondents could submit written responses via email or post. One workshop event was also conducted to gather qualitative feedback from individuals with lived experience of the current two-child limit cap on Universal Credit payments.

Four questions were asked in the consultation paper in total, including:

- three which asked both a closed element (e.g. agree/disagree options) and an open element (inviting free text responses); and
- one which sought free text responses only.

Feedback was sought on:

- whether Social Security Scotland should deliver payments to mitigate the two-child cap in Scotland;
- whether the powers at s79 of the Social Security (Scotland) Act 2018 to top-up Universal Credit should be used to mitigate the two-child cap;
- whether payments to mitigate the two-child cap should be disregarded as income by the UK Government; and
- any potential impacts of the proposed approach outlined in the consultation on different groups of people, communities and businesses.

At the workshop event, Scottish Government staff delivered a presentation which set out the proposals and led discussion focused on the same four consultation questions as the main Citizen Space questionnaire.

Profile of Respondents

In total, 271 written responses were received. This included an organisational response which detailed feedback from six service users and staff members collated as part of a survey. This response was separated and entered as six separate responses from individuals to ensure all the discrete question responses could be included in the analysis. Nine duplicate responses were also identified, i.e. where the same respondent had submitted more than one response. These were collated into one response per person, ensuring that no data were lost in the process. Based on the information provided in the Respondent Information Form (RIF), one respondent was also recategorised from an organisation to an individual as part of the data cleaning process.

Ultimately, **267 responses** were included in the analysis. Of these, most (n=251, 94%) were received via Citizen Space, while 16 (6%) were received via email or post and manually entered into the dataset.

Most responses came from individuals (n=225, 84%), while 42 (16%) were received from organisations. Organisational responses were allocated to sector categories to support the identification of any differences in opinions between sectors. The table below outlines the profile of organisational respondents by sector.

Breakdown of Responses by Organisational Sector

Sector	Number	Percentage
Health/Mental Health Bodies	3	7%
Local Authorities	11	26%
Membership Bodies	4	10%
National Public Bodies	2	5%
National Representative Bodies	3	7%
Third Sector Organisations	18	43%
Other Organisations	1	2%
Total	**42**	**100%**

In addition to the written responses, 10 individuals with lived experience of the two-child cap on Universal Credit attended the workshop event. One participant supporter, from a third sector organisation, also attended. The workshop included two breakout sessions, with six individuals in one session and four individuals and the supporter in the second session. Both breakout sessions discussed the same four consultation questions set out in the main consultation document.

Reporting Conventions and Caveats

Not all respondents answered all questions. In addition, some respondents answered the closed element at individual questions but did not provide free-text comments at the open question element (or vice versa). Respondents may also have participated in the consultation in multiple ways. For example, it was possible for people to attend the workshop event and submit a written response. The small number of people attending the workshop compared to the overall number of consultation responses, however, minimises the risk of bias being introduced due to this. For completeness, all data provided was included in the analysis. Further, all responses were treated with equal weight within the analysis.

Organisations typically provided longer and more detailed responses at each consultation question, often citing more than one issue and/or offering evidence to support their opinion. Individuals tended to provide shorter and more concise feedback at each question, typically outlining one main concern. Where multiple issues were highlighted, these were generally high level and concise.

One organisation had conducted a survey based on the consultation questions, and their response detailed the collated views from various services and departments across their local authority area. The survey elicited around 50 responses. This organisational response outlined the percentage of survey respondents who selected various response options at the closed questions and summarised the qualitative feedback provided at each question. It should be noted that the option selected at the organisational level at each closed question reflected the majority view of the survey respondents involved, however, mixed feedback was generally provided at each question. While another similar response had been received from an organisation that had conducted a smaller scale survey which was converted into six separate individual responses (as discussed above), such conversion was not possible in this case. The exact number of survey respondents providing each closed response was not provided (only percentages were cited), and similarly, it was not possible to identify the number of survey respondents who discussed each of the topics within the qualitative feedback. As such, this response has been retained and analysed as a single organisational response and the data summarised below as appropriate. The feedback from this organisation tended to be more consistent with the views of individuals rather than of other organisations.

The difference in the number of responses received from individuals and organisations needs to be borne in mind when interpreting the results presented in this report. Many more individuals responded compared to organisations. As such, comparisons based on percentages between these two cohorts do not represent similar numbers. For example, 80% of individuals represents a much higher number of respondents than 80% of organisations.

While there was a reasonable response overall from individuals, it should be noted that there was a lack of written responses from those who disclosed that they had lived experience of the two-child limit. This could be due to the way that the consultation was distributed (i.e. largely online) meaning it was not accessible to some, and/or the limited time period available to respond. Often third sector

organisations promote relevant consultations to any vulnerable and hard to reach groups that they represent or work with, but the limited time period available for this consultation may have restricted their ability to promote the consultation or undertake any wider engagement with their service users. While the workshop event specifically targeted those with lived experience, this included only 10 individuals. Although the feedback provided at this event was highly valuable, the small numbers overall mean that the insights gathered from this cohort were somewhat limited.

Where respondents gave permission for their responses to be published, these can be read on the Scottish Government's website.

Where quotes are used in this report, they have been taken from those respondents who gave permission for their response to be published (as per their permission in the Respondent Information Form (RIF)). Where organisational respondents gave permission to be published and named, the quotes are attributed by both the organisational sector and the organisation name. Where organisations gave permission to be published but not named, these are attributed only by organisational sector. All quotes from individuals have been attributed at the individual level, rather than naming people, regardless of the level of permission provided in the RIF.

It should be noted that, this report uses the term 'parent' to refer to both parents and carers in the context of families who may be entitled to the mitigation measures and other benefits.

Finally, the findings here reflect only the views of those who chose to respond to this consultation. It should be noted that respondents to a consultation are a self-selecting group. The findings should not, therefore, be considered as representative of the views of the wider population.

Delivery of Mitigation Payments

Introduction

The Scottish Government's priority is to make mitigation payments as soon as possible, given the immediate impacts that the two-child cap is having on peoples' lives. In order to administer the payments, the consultation paper set out three possible options which have been considered, as follows:

- to ask for the two-child cap to be disapplied in Scotland 'at source' as part of the Universal Credit system controlled by DWP - this would have multiple benefits and positive effects, but would require the UK Government to introduce new legislation and make system changes which would take additional time;
- for mitigation payments to be delivered by local authorities in a similar way to Discretionary Housing Payments (DHPs) - however, the DHP scheme was designed to mitigate the bedroom tax and other benefit caps and welfare cuts related to housing. It is focused solely on housing costs, so if this approach is adopted, some families may be excluded from receiving the two-child limit mitigation payments; or
- for Social Security Scotland to deliver mitigation payments - this will require engagement with DWP around data sharing and to pass any necessary legislation in Westminster. However, it will allow a consistent approach without adding pressure to local authorities. It will also mean that the Scottish Government will retain control of the implementation timetable.

The consultation identified Social Security Scotland as the preferred option for administering the mitigation payments and sought feedback on this proposal.

Q1. 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?

	All Respondents	Individuals	Organisations
Agree	62 (24%)	32 (14%)	30 (86%)
Disagree	190 (73%)	189 (84%)	1 (3%)
Don't know	8 (3%)	4 (2%)	4 (11%)
Total[1]	**260**	**225**	**35**

[1] Seven respondents did not answer this question, all were organisations.

Of those who answered the question, nearly three quarter (73%, n=190) of respondents disagreed with the assessment that Social Security Scotland should deliver payments to mitigate the two-child cap in Scotland. There was, however, a

stark difference in opinion between individuals and organisations. Overall, 84% (n=189) of individuals disagreed with the proposal, while 86% (n=30) of organisations agreed with it.

Reasons for Disagreeing

Disagreement came almost entirely from individuals - of the 190 respondents who disagreed, 189 were individuals. Within the individual respondent cohort, the majority disagreed with this proposal, with 84% disagreeing, compared to 14% who agreed and 2% who did not know. Only one organisation expressed explicit disagreement with this proposal, although their response represented wider views based on a survey of different departments and service users rather than an agreed organisational standpoint. This response provided mixed feedback overall.

Individuals who disagreed at this question generally supported the current two-child limit on benefits payments and were against the introduction of mitigation payments.

Parental rather than taxpayer responsibility

Among the reasons given by individuals, there was an overwhelming view that parents should take responsibility for their own children and family size. Respondents commonly suggested that people should not have more children than they could afford to care for:

> “Don’t have children if you can’t afford to keep them.” (Individual)

> “Every person should tailor their lifestyle to their available finances.” (Individual)

> “If parents can’t afford children they shouldn’t have them.” (Individual)

Many also felt that the cost of raising other people’s children should not fall on, or be subsidised by, the taxpayer. Again, parental responsibility was considered paramount in this, however, some people also felt that the current tax burden was too high (with a few noting that tax is higher in Scotland than the rest of the UK), and that the total cost of benefits was too high:

> “Having children is a financial choice - it is not for the taxpayer to pay for people's choice to have more children.” (Individual)

> “Taxpayers should not be responsible for bringing up children. If you can't afford them, don't have them” (Individual)

A few also felt that mitigation payments may be considered unfair to working families[4] and those who have chosen to limit the number of children they have due to financial constraints:

[4] It should be noted that Universal Credit, and the child payment element, is paid to those in work, as well as unemployed adults.

> “As a full-time working parent me and my partner decided we could not afford to have a third child a few years ago so we didn't. We could not afford the additional childcare costs plus all other stuff associated with having a child. Why should we pay our taxes to support people on benefits to have as many kids as they want…?” (Individual)

Several were concerned about how these mitigation payments would be funded. They were concerned that the available finances were not already available in the public purse and therefore, this could result in higher taxes over time.

Reliance on benefits

Another common issue for individuals was a perception or concern that these additional payments could simply encourage greater reliance and dependency on benefits rather supporting people to seek employment or higher paid jobs. It was suggested that these additional payments would make ‘a life on benefits’ more attractive than working as the money individuals receive on benefits would be higher than they could achieve via work:

> “The taxpayer should not be held responsible for people’s life choices. No one wants to see children suffer as a result of their parents’ situation/ choices, but when people always feel someone else (the state in this case) will step in every time, they become less responsible/resilient and it becomes too easy to make poorer choices. Parents need to be encouraged and supported to provide good physical and emotional care for their own children, not expect taxpayers to do it for them.” (Individual)

Several individuals were also concerned that some people currently abuse the system. This included perceptions that people have more children in order to claim additional benefits. It was suggested that this could lead to an increase in the number of larger families, and therefore an increase in the cost of mitigation payments and negatively impact housing and education provision.

Another concern linked to abuse of the system was that claimants do not/would not use the money as it was intended (i.e. it was not or would not be spent on children). In particular, it was suggested that some people on benefits spend money on branded and luxury items, rather than on the child’s/children’s welfare.

One individual was also concerned that these mitigation payments, which would only be available in Scotland, could result in families moving to Scotland in order to take advantage of the higher benefits. This would result in greater pressure on other infrastructure and public services, such as housing, education, health services, etc.

Rather than implementing a mitigation payment, several individuals suggested that more needed to be done to tackle low wages and unemployment instead. It was argued that tackling the root causes of poverty would be more beneficial:

> “A better way to reduce poverty is to tackle the root cause. This is low wages and high unemployment. If people can’t afford to have kids the state shouldn’t be paying for them. Scotland has always prided itself on

hard work and being thrifty. This policy engenders a work-shy attitude." (Individual)

Other priority issues

Several individuals also suggested that there were other societal issues that needed to be more urgently addressed, and that public money should be targeted at these before considering benefits. This included housing, healthcare, education, transport and the roads, drug and alcohol deaths, etc.

Individuals also highlighted that many other supports and payments are already available to low-income families in Scotland. These included breakfast clubs, the Scottish Child Payment, etc. A few argued that, between the income related benefits available from DWP, and the existing additional payments and supports available within Scotland, families were already sufficiently provided for.

Support for alternative approaches

Several individuals advocated for alternative approaches to mitigating the impacts of child poverty.

A few suggested that, rather than removing the two-child limit on state provided benefit payments, other more targeted safety net provision should be provided for cases of extreme poverty. It was argued that this should be provided on a case-by-case basis via tailored and exceptional schemes, rather than providing a blanket monetary payment as proposed by the consultation. One suggested introducing food vouchers, while a few advocated for greater provision of breakfast clubs and free school meal provision. More generally, several individuals advocated for the provision of support to families to mitigate the impacts of poverty, or to help raise them out of poverty, via existing services. This included improved education (including teaching parenting and budgeting skills), childcare provision, access to sports facilities, encouraging and supporting parents into work and improved employment opportunities. A few also stressed that greater consideration needed to be given to working families (including those who are not eligible for benefit payments) when considering poverty and child poverty mitigation policies.

One individual was supportive of greater flexibility being applied in relation to the current two-child limit, while another suggested that a short-term change may be sensible. They agreed there should be a cap in terms of the number of children where benefits payments would be made, with one suggesting this should be a maximum of four children while the other did not specify the appropriate limit. They also suggested that greater scrutiny of applicants was needed to avoid abuse of the system, and that payments for additional children should be made on a sliding scale.

A few disagreed with the Scottish Government or Social Security Scotland making mitigation payments as it was felt this was the responsibility of the UK Government. Such a provision was perceived as absolving the UK Parliament of their responsibilities. On a more practical level, a few individuals who appeared to support the mitigation payments in principle argued that the DWP should make these payments as they already have all the information relating to families financial

needs and this would provide the most streamlined and seamless approach. One of these respondents also suggested that their second choice would be for local authorities (rather than SSS) to be responsible for making the mitigation payments as they already have the payment infrastructure and data sharing protocols with DWP in place, are familiar with DWP processes and how to challenge inaccuracies, and can signpost families to other support and assistance. They did note, however, that local authorities would need to be adequately funded to undertake this.

Organisational disagreement

Only one organisation expressed disagreement with the proposal for Social Security Scotland to deliver payments to mitigate the two-child cap in Scotland. However, their response collated views from various services and departments across their local authority area, and contained mixed feedback. They noted that 64% of their survey respondents disagreed with this proposal, 25% agreed with it, and 11% did not know. Those who disagreed gave similar reasons to the individuals above. They felt that the two-child limit was a fair and reasonable policy, and therefore families in Scotland should not receive more than that calculated by the Universal Credit system. It was also argued that the Scottish Government already provides significant additional support to low-income families through the Scottish Child Payment, free nursery hours, school meals, Best Start Grant and clothing grants. As such, they felt that parents should take personal responsibility for family size and that public resources should be focused elsewhere. There was also concern that these mitigation payments could encourage more families to move to Scotland in order to receive the benefit, thus placing greater pressure on public services, such as the NHS and schools.

Reasons for Agreeing

As noted in the table above, just under a quarter (24%, n=62) of all respondents who answered the question agreed that SSS should deliver payments to mitigate the two-child cap in Scotland. The majority of organisations, 30 out of the 35 who answered the question (86%) agreed, while 14% of individuals (n=32) supported this.

The reasons for supporting the proposal were largely split between those who agreed with the need for mitigation payments in principle and those who agreed that these should be made via SSS rather than other bodies.

Support for mitigation payments

Many of those who agreed at this question (including both individuals and organisations) were supportive of the introduction of mitigation payments, largely to tackle the impacts of child poverty and to support families on low incomes.

Key issues that were raised included:

- The negative impact of the two-child limit;
- That the mitigation payments could help to boost the effectiveness of other payments;

- That the approach aligned with other priorities;
- That the mitigation payments would fulfil the state's responsibility to ensure access to a welfare system and support those most in need; and
- That the mitigation payments would support vulnerable children and families.

Each of these issues will be discussed in turn below.

Negative impacts of the two-child limit

Organisations discussed the negative impacts of the two-child limit at length, both in terms of impacts for families directly affected by the cap and for society more generally, with third sector organisations and others stressing the need for the UK Government to end the cap. Indeed, some noted that while they agreed with mitigation payments as an interim measure, they felt it was important to maintain pressure on the UK Government to drop the two-child limit (which would ultimately make mitigation payments unnecessary). Organisations and one individual highlighted that there was a wealth of research and evidence which shows the negative immediate and long-term impact of the two-child limit on children, families and communities. It was said that the policy had increased and deepened levels of poverty for households across the UK, and was widely criticised on human rights grounds:

> "Families affected by the two-child limit report not being able to provide for their children's basic needs, including food, clothing and heating… There is now overwhelming evidence that shows the two-child limit policy has directly contributed to rising child poverty over the last decade…We witness the effect it has on children's physical health, on parents' mental health and the hopelessness that families feel…Quite simply the two-child policy has pushed families to breaking point. This in turn only serves to exacerbate the additional challenges in families' lives and creates more pressure and demand on our social work, housing and health services. The majority of families affected by the two-child limit have a parent either in work, who is disabled or is caring for younger children. The effect of ending the two-child limit would be to put more money in families' pockets. Families would be less reliant on food banks and charities. It would bring economic and social benefit." (Other Organisation, Wheatley Group)

Individuals and third sector organisations described the current two-child limit policy as "cruel", "damaging", "unfair" and "unjust and unjustifiable". Meanwhile, organisations highlighted that poverty rates were higher for large families in Scotland, and that the poverty gap had increased between smaller and larger families. They also noted that the impacts of poverty include poorer health outcomes, poorer mental health, poorer educational attainment, poorer employment opportunities, substance abuse issues, and fewer opportunities generally (i.e. many of the areas which individuals above argued should be strengthened). In addition to being harmful to children and their families, it was said this weakens the economy and places greater pressure on public services.

Organisations also highlighted that the two-child limit had not achieved the policy aims that were intended, including reducing family sizes and encouraging people into work. Third sector organisations noted that there had only been a tiny decrease in the number of households with three or more children since the introduction of the policy and that it was not generally impacting on parental decisions around family size. It was felt that the two-child limit did not take into account family circumstances, noting that often people apply for benefits at a time of distress or due to significant life changes (e.g. death of a partner, relationship breakdowns, escaping domestic abuse, due to illness or disability, etc.). Organisations also stressed that many Universal Credit claimants and those impacted by the two-child limit were in work, with one third sector organisation indicating that three quarters of children in poverty in Scotland live in a working household[5], and another indicating that 59% of those impacted by the two-child limit were in work. As such, it was argued that, while initiatives to encourage parents into work were important, this alone would not alleviate child poverty due to the prevalence of low-paid and part-time working, as well as difficulties in accessing affordable and appropriate childcare, and the possible need to commute long distances to access work opportunities - contrary to the arguments put forward by individuals who opposed mitigation payments. A few organisations also noted that the introduction of the two-child limit had been shown to have had no positive impact on parental employment, citing research/evidence which highlighted this[6]. It was, therefore, argued that mitigation was unlikely to reduce levels of employment - again, contrary to the concerns above from individuals that the mitigation payments would encourage worklessness and a reliance on benefits. Ultimately, third sector organisations suggested that the two-child limit had been shown to pull children and families into poverty and trap them there.

Boosting the effectiveness of other payments

A few organisations also highlighted that the two-child limit makes the Scottish Child Payment and Best Start Grant payments less effective. For large families, these payments help to offset the loss of income due to the two-child limit in other benefits payments. Dedicated mitigation payments, however, would make these other Scottish payments more effective at reducing poverty. One third sector organisation also suggested that some families do not claim the Scottish Child Payment for third and subsequent children as they mistakenly believe that the two-child limit applies across all benefits. Therefore, introducing mitigation payments could encourage greater uptake of other benefits and payments that families are entitled to.

Align with other priorities

A few respondents (including organisations and one individual) also highlighted that the new policy would align with key Scottish Government and local authority priorities for reducing child poverty and maximising the uptake of social security

[5] Based on data from: https://data.gov.scot/poverty/#Children

[6] These included: House of Commons Work and Pensions Committee 'The Two Child Limit: Third Report of Session 2019', and Stewart et al (2025) 'Does Reducing Child Benefits Mean Parents Work More? A Mixed-Methods Study of the Labor Market Effects of the United Kingdom's "Two-Child Limit".' Social Services Review, Vol. 99:1.

entitlement. It would also align with wider human rights commitments, such as the UN Convention on the Rights of the Child (UNCRC) and the European Convention on Human Rights (ECHR):

> "Since July 2024, the United Nations Convention on the Rights of the Child has been incorporated directly into Scots law albeit in a limited way following the enactment of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act). Mitigating the two-child cap impacts aligns with Scotland's human rights commitments, including the UN Convention on the Rights of the Child (UNCRC) and the Scottish Government's broader child poverty reduction targets." (Membership Body, Law Society of Scotland)

> "We agree that the Scottish Government is bound by its duties under the United Nations Convention on Rights of the Child to address the causes and effects of child poverty. We also believe that it is possible the Scottish Government may be uniquely duty bound under the European Convention on Human Rights to take steps necessary to end the direct and indirect discrimination exerted by the policy against the 'six priority families'." (National Representative Body, National Association of Welfare Rights Advisers (NAWRA))

Fulfilling state responsibilities

In contrast to many of the comments provided by individuals who opposed the introduction of mitigation payments, a few individuals and organisations argued that the state did have a responsibility towards all children and young people. Indeed, one organisation highlighted that Scotland recognised that social security was a human right, and essential to the realisation of other rights. As such, it was felt that the government and welfare system should step in to support families/children and young people when parents were unable to provide:

> "If for whatever reason the parents are unable to provide economic stability for the children then it is the state's duty to step in and do so." (Individual)

> "Our social security system is a public service and a basic human right that should secure the wellbeing of everyone in society…Strengthening our social safety net by addressing the inadequacies and insecurity of our current social security system must therefore be a priority. The decision to implement the two-child limit has removed support from many of the families who need it most [and] unjustly severs the link between what children need and what they are entitled to." (Third Sector Organisation, The Poverty Alliance)

Support for vulnerable children and families

Respondents argued that mitigation payments would help the most vulnerable families during the current cost of living crisis and with the increasing cost of food, heating, fuel and other essentials; that all children would receive equal support and have the best start in life; and that families would not be 'penalised' or 'punished' due to the size of their family. One individual also hoped that the introduction of

mitigation payments in Scotland may also result in pressure on the UK Government to abolish the two-child limit across the UK.

A number of impacts of the two-child limit were identified specific to equality groups and those with protected characteristics. This included views that the current policy disproportionately affects minority ethnic families; families with certain religious beliefs; immigrants, refugees and asylum seekers; women (as most single parent households are led by women); young parents (those aged under 25); those with disabilities; and unpaid carers. These issues are explored in more detail at Q4 below, which asked specifically about the impacts of the proposals.

Support for Social Security Scotland to make mitigation payments

Several respondents (again both individuals and organisations) supported the assessment that the mitigation payment should or would need to be made by SSS. Of the three options that were set out in the consultation paper (i.e. for the Scottish Government to pay DWP to 'disapply' the two-child cap for Scottish families, for local authorities to administer the payments in the same way as they make Discretionary Housing Payments (DHPs), or for SSS to make the mitigation payments) it was felt that SSS was the only realistic option. One individual argued that DWP was focused on implementing the two-child cap on benefit payments, while organisations felt that it would take too long for the Scottish Government, the UK Government and DWP to agree and set up suitable systems to support the 'disapplication' of the two-child limit for Scottish families. Respondents also argued that local authorities did not have the capacity or resources to take on the administration of such payments, with organisations also highlighting that those eligible for the mitigation payments did not match the cohort of recipients for DHPs and so families could be missed using such an approach.

More pro-active support for SSS to make these payments (rather than a lack of alternative options) was also provided by several respondents (again including both individuals and organisations from across different sectors). This included perceptions that:

- making the payments via SSS would be the easiest, fastest, cheapest and most efficient and realistic way to implement such support;
- SSS have the networks, mechanisms and delivery systems required, and operate a rights-based approach;
- SSS already administer the Scottish Child Payment, which could provide valuable data to allow the identification of eligible families and provide possible overlaps in delivery options;
- delivery via SSS would offer a consistent, national approach and reduce the risk of regional variations that might arise from local delivery models. This would be more straightforward and reduce complexity for both claimants and advisers;
- SSS are experienced in reaching those who may be entitled to benefits but are not claiming;

- this would allow the Scottish Government and Scottish Ministers to retain ownership of the policy, implementation and administration; and
- a system designed and operated in Scotland and for Scotland would be better:

  "Social Security Scotland is the right vehicle for delivering this support - consistently, efficiently, and with dignity. A nationally delivered payment avoids postcode lotteries, reaches families quickly, and builds on existing systems such as the Scottish Child Payment, which is already reducing hardship. A single, clear mechanism will be easy for families to access and understand, reduce stigma, and ensure every child receives the same support - no matter where they live." (Third Sector Organisation)

It should be noted that most local authorities agreed that the mitigation payments should be made by SSS (rather than through them delivering the payments in an equivalent way to Discretionary Housing Payments (DHPs)). Consistent with the views above, they generally perceived SSS as having the existing infrastructure and resources to manage this, and noted that they already held relevant information via the Scottish Child Payments which could help support the mitigation payments. It was felt that having the payments administered by one central organisation would also provide consistency and a single point of contact for claimants. Local authorities also identified difficulties with the suggestion that they could implement the payments. It was highlighted that DHPs require households to be in receipt of Housing Benefit or the housing element of Universal Credit, but many families that would be eligible for the mitigation payments do not claim these housing benefits - therefore, many families could be missed if mitigation payments were to be paid by local authorities and/or linked to DHPs. Again, there were also concerns around capacity and resourcing to deliver such a requirement within local authorities.

Caveats to Support and Other Issues

Several respondents outlined caveats to their support of mitigation payments, and/or offered other comments or concerns.

One individual suggested that it would be important to ensure that any increase in funding needed to support mitigation payments should not be detrimental to other services and supports that families rely upon. Similarly, a few organisations stressed that funding mitigation payments should not done at the expense of other national and local initiatives to tackle child poverty, as it was felt that a variety of approaches were necessary to meet the Scottish Government's child poverty targets.

Other caveats were also offered by organisations. A few considered it important to ensure that data sharing between SSS and DWP was robust, fast, and effective. A few organisations (here and at later questions) favoured an approach where entitlement could be established automatically (e.g. via existing data and data sharing processes) so that families would not need to apply - it was considered important to remove potential barriers and ensure the system is as simple as

possible for families. There were also concerns (among both organisations and individuals) that the mitigation payments may be treated as income by DWP and therefore limit/impact other benefit payments. One organisation echoed concerns from those who disagreed with the mitigation payments, in that they wanted more to be done for those on low incomes but earning just above the benefits threshold and who were therefore not eligible for any financial assistance currently.

A few organisations also sought clarity over how the Scottish Government's mitigation payments will work in practice and interact with the current DWP exceptions and, in particular, the 'rape clause'. Typically, this clause was considered to be inappropriate and traumatising, and so respondents were keen to avoid any mitigation system which required such disclosures.

Finally, one organisation felt they did not have enough information to make an informed decision and sought clarity over how different factors would impact the payment and how the mitigation payments might impact receipt of other benefits. Meanwhile one individual wanted additional safeguards to ensure that children benefited from the payments as they were intended, while another was unsure about the overall cost of the payments and whether the scheme would be affordable.

Lived Experience Workshop

Attendees at the workshop event were asked the same question as those who completed the written consultation document. These attendees all had lived experience of the two-child limit cap.

Generally, attendees supported the proposal to introduce mitigation payments and for this to be administered via SSS, although some mixed views were provided.

Attendees stressed that the current payments received via Universal Credit were not enough. This resulted in parents/families struggling to afford or going without basic things, having to borrow money, and not being able to afford activities. They stressed that their children fell behind others in terms of quality of life. The mitigation payments, therefore, would have a positive impact by supporting families to meet their basic and essential costs:

> "For me it has not been easy. I had to borrow money and then I struggle to pay it back. I feel like I need to buy things and I have to buy things second-hand to save money. It has never been enough. You skip things that you think are necessary but you can't afford. Food is necessary, we need to do that first. If we had more money I could afford to take them out. There are activities that they could do. They will be behind others who have access to that." (Lived Experience Workshop Attendee)

In terms of which organisation should make the payments, most preferred the proposal that SSS should be responsible for this. A few attendees noted that SSS already had most of the information needed due to existing payments administered by them, with one suggesting that it would therefore not require a new application. It was also felt that this would be the quickest route to setting up the scheme. Further,

it was stated that SSS was a kinder and more helpful organisation compared to DWP:

> "…seems like the process would be faster and easier than if DWP did it." (Lived Experience Workshop Attendee)

> "Like idea of it going through Social Security Scotland as [they] have most of the information already. It should cut down time to receive the payment as I already get payments from now. Without having to apply for a new benefit." (Lived Experience Workshop Attendee)

> "If it can't be something added on to Universal Credit as they are being awkward, my preference as a user would be Social Security Scotland. When I had an issue with my Scottish Child Payment someone was really helpful and sorted it within the day. The organisation feels kinder and more helpful." (Lived Experience Workshop Attendee)

While a few felt that DWP should make the payments, ideally attendees wanted DWP to drop the two-child limit policy entirely. Should barriers exist to DWP undertaking this, for example if it was not possible, if DWP were unwilling, or if it would take too long, then these attendees also typically supported SSS as the next best option. One attendee also suggested that SSS could make the payments in the short-term as this would be faster to set-up, but that work should continue in the background to encourage DWP to make the payments:

> "Is it possible the top way initially and continue working in the background to get it done by Department of Work and Pensions between two government issues. So many families don't feel seen. It would be great to make them feel seen." (Lived Experience Workshop Attendee)

Use of s79 Powers to Top-Up Universal Credit

Introduction

The consultation paper set out the different options for how the mitigation payments could be made.

While the Scottish Government considered the possible introduction of a new, bespoke, means-tested benefit which could include tapered payments, this was ultimately discounted. It was decided that this would require significant time and costs to create and would require additional data from sources other than DWP (such as income data from HMRC, and other information direct from applicants) making the system more complex.

The Scottish Government's intention is, therefore, that the payments will be made using the powers at section 79 (s79) of the Social Security (Scotland) Act 2018, which allows top-up of a UK qualifying benefit. It was argued that this offers the quickest operational route to delivery. However, limitations were also identified, for example some people will not receive Universal Credit simply due to the way the system is designed and the way DWP applies the two-child cap in relation to income thresholds. Where the 'qualifying benefit' is not received, the mitigation payment cannot be made.

Other issues that will need to be considered relate to the current exceptions on the Universal Credit two-child limit and how the mitigation payments will interact with these. Exceptions are currently provided for multiple births, for people responsible for a child via adoption or kinship care, and where a third or later child has been conceived non-consensually (typically referred to as the 'rape clause').

Q2. 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?

	All Respondents	Individuals	Organisations
Agree	56 (22%)	26 (11%)	30 (88%)
Disagree	185 (71%)	184 (82%)	1 (3%)
Don't know	18 (7%)	15 (7%)	3 (9%)
Total[1]	**259**	**225**	**34**

[1] Eight respondents did not answer this question, all were organisations.

Just under three quarters (71%, n=185) of the respondents who answered the question disagreed that to mitigate the two-child cap the Scottish Government should use the powers at s79 to top-up Universal Credit. In comparison, 22%, (n=56) of respondents agreed. Again, however, the results were very different

between individuals and organisations, with 82% (n=184) of individuals opposing this proposal, and 88% (n=30) of organisations in favour of it.

Reasons for Disagreeing

As with Q1, most of the opposition to this proposal came from individuals - of the 185 respondents who disagreed, 184 were individuals while only one organisation disagreed (although again this organisation provided wider and more mixed feedback).

Disagreement at this question was almost entirely driven by a general opposition to the introduction of mitigation payments themselves rather than any specific views about how the payments should be made. Again, many individuals felt that the two-child limit was appropriate and should be retained, with the arguments made against the introduction of mitigation payments provided at Q1 being reiterated.

Only a few individuals provided new feedback at this question. One individual felt it was not for the Scottish Government to top-up underfunding from the UK Government, particularly when it has limited revenue raising and borrowing powers. Some were also concerned about how the cost of the mitigation payments would be met, being unconvinced that the scheme was affordable:

> “There is insufficient funding available to justify this.” (Individual)

Several individuals also appeared to be anti-Scottish Government or anti-SNP, suggesting that the policy would be a “misuse of funds by [the] ruling SNP party”, or that the policy to introduce mitigation payments was not about helping children, but was “about the SNP helping themselves in next year's election”:

> “Scottish Government are addicted to benefits being the solution to all problems and no doubt some MSPs see it as a great vote booster. Start empowering and enabling people to provide for their families and raise both their income and self-esteem.” (Individual)

The single organisation that disagreed at this question had again conducted a wider survey, with the results indicating that 61% of their respondents disagreed with this proposal. This was mainly because the survey respondents believed the payments would not be effective in addressing child poverty in the long-term and they questioned whether mitigation payments were the best way to tackle poverty in Scotland. These respondents also expressed uncertainty over the costs of the scheme and how it would be funded, noting that full costings had not been provided. Consistent with views from individuals above, some felt that it was not the Scottish Government’s responsibility to fund larger families, they noted that significant additional support is already provided to families in Scotland through a range of payments and policies, and they argued that any available funds could be better spent on other initiatives.

Reasons for Agreeing

As outlined above, around one in five respondents (22%, n=56) agreed that to mitigate the two-child limit the Scottish Government should use the powers at s79

to top-up Universal Credit. Again, in keeping with the results at Q1, the majority of organisations that answered the question (88%, n=30 out of 34) agreed with this proposal, while a minority of individuals (12%, n=26) agreed, although both groups agreed in similar numbers.

The main reasons for agreement focused on this being the fastest and most straightforward way to set up and administer the payments, ensuring money reached the families as quickly as possible.

Fastest way to administer the payments

Individuals who agreed with the proposal considered it to be the best, quickest, most straightforward and pragmatic way to administer the payments.

Similarly, most of the organisations who agreed that the s79 powers should be used to make the mitigation payments felt this was the quickest, most straightforward and most practical solution. Organisations suggested that this would provide an integrated Scottish social security system, clear entitlement, and a more straightforward system for families and those in the advice sector to navigate/ understand.

Encourage uptake of benefits

One aspect welcomed and supported by a few organisations (and one individual) was the suggestion that the provision of the mitigation payments could encourage greater uptake of benefit entitlements. This was seen as a positive step.

Factors which could support success

Respondents who supported the approach also outlined a series of factors which they felt would be necessary or beneficial in ensuring success. This included making sure the application process was as easy and streamlined as possible; for clear and accessible communication to be undertaken around the payments; and to develop effective data sharing arrangements with DWP.

Ease of the application process

Some organisations argued that eligibility assessments and payments needed to be undertaken automatically and pro-actively by SSS rather than requiring an application (with one suggesting this may be possible by comparing or combining information from DWP and the Scottish Child Payment database). This was considered important to ensure the process is as accessible and streamlined as possible, does not introduce delays and barriers for families, and maximises uptake. It was stressed, however, that if automated systems are not possible then the application process needs to be as straightforward and easy as possible. Suggestions included existing recipients of the Scottish Child Payment being actively invited to claim the mitigation payment, and for the application for the Scottish Child Payment to be adapted to cover both this and the mitigation payments. Several organisations also suggested that, rather than introducing a new standalone mitigation payment, the Scottish Child Payment could be amended to incorporate the mitigation payments. It was felt this would reduce confusion among families and maximise uptake. It was suggested that the benefits landscape was

already busy and confusing for families, with different payments available from a range of different bodies, including HMRC, DWP, SSS, and local authorities. Respondents also highlighted that families also often think the two-child limit applies across all benefits and support payments. Therefore, it was considered important to ensure the introduction of mitigation payments was clear, easy to understand and straightforward to apply/receive.

Communications plan
Several organisations (from across different sectors) also felt that the Scottish Government needed to provide clear and effective communications about the mitigation payments. This should include an awareness raising campaign, clear guidance both to support understanding and promotion of the new system, and partnership working to ensure families can access support regardless of which organisation they initially contact:

> "Processes must be designed to ensure eligible families automatically receive the correct entitlement and additional resources must be provided to ensure support is available for families who are unclear about their entitlement and require further support to access their full entitlement. This is particularly the case for young families, families who are digitally excluded, and families from Black and Minority Ethnic communities." (Third Sector Organisation, includem)

> "We recommend that the Scottish Government develops clear and accessible guidance to support advisers and clients in understanding eligibility, especially where [exceptions] may apply or where clients may fall outside the scope of the s79 mechanism. Ensuring that advisers are equipped with up-to-date information will be key to promoting take-up and preventing confusion or delays in access to support." (Membership Body)

Effective data sharing with DWP
Similarly, a few organisations stressed that the success of this approach would rely on high quality, effective and timely data sharing between DWP and SSS. This would be necessary to identify all Universal Credit claimants who are eligible for the mitigation payments, to identify any families already receiving payments for more than two children due to exceptions, and to identify any families who experience a change in circumstances (such as increased income) that mean they are no longer eligible for or receiving Universal Credit payments (in order to avoid overpayment of the mitigation payments).

Caveats to Support

While generally supporting the proposal, a number of respondents expressed concerns about potential gaps and limitations.

Concerns over gaps in the system and other limitations

The main concern raised related to gaps in eligibility which could lead to large families in need missing out on the mitigation payments. Indeed, most

organisations and a few individuals were concerned about this issue. Respondents identified a range of cohorts which may be affected, including:

- those who would be eligible for Universal Credit if the two-child cap was not in place, but who currently have no award of Universal Credit;
- those with inconsistent entitlement to Universal Credit (e.g. who lose their Universal Credit entitlement temporarily due to fluctuations in income or the frequency of earnings);
- kinship carers who do not qualify for the child element of Universal Credit;
- those in receipt of Housing Benefit but not Universal Credit, for example, those in specified accommodation such as homelessness tenancies;
- mothers in receipt of Maternity Allowance and who do not have housing costs, are in temporary or supported accommodation, and have more than two children; and
- those with no entitlement to UK social security.

One third sector organisation was also concerned that these gaps and exclusions could disproportionately affect particular groups, including those from ethnic minority backgrounds.

It was also acknowledged, however, that addressing these gaps would be time consuming and challenging, and therefore, using s79 was preferrable to lengthy delays in getting support to families:

> "While we acknowledge the limitations of using s79 - particularly that it can only provide payments to people currently in receipt of a qualifying UK benefit - we believe that the urgency of the issue justifies using the most immediate and workable route. Many of the families impacted by the two-child cap are experiencing financial hardship, and any delay in delivering support risks deepening that hardship." (Organisation, Membership Body)

Some organisations suggested that additional work needed to be undertaken to investigate alternative powers that could be used to ensure all families can be considered for support, to identify and capture these additional families to ensure they are not excluded, and/or to develop alternative mechanisms (such as a standalone benefit) or to facilitate applications via the proposed scheme:

> "…it is noted that there would be a cohort of families who should qualify for the top-up, who are not in receipt of the initial payment [due to the impact of the two-child limit on income thresholds]. Due to the nature of this means tested system, it is possible that the people at the threshold are living in in-work poverty…This brings the potential to exclude a significant proportion of children at risk and penalises those parents who are opting to work. Consideration should be given to an investigation into the families who would qualify for the benefit if the two-child cap were not in play, and the families identified should be compensated in line with the

top-up provided to those families in receipt of benefits." (Health/Mental Health Body)

"Consideration must be made for low-income families who do not receive UC and have three plus children (through qualifying criteria such as income threshold, these applicants could apply direct)." (Local Authority)

More specifically, several organisations suggested using Childhood Assistance[7] powers in the longer-term as this could cover the gaps in s79 coverage. However, one thought that the limitations with this for adoption and kinship families meant it might not be suitable.

Interactions with current exceptions

A few organisations also stressed the need for careful consideration of the current exceptions, and how the mitigation payments would interact with these. One third sector respondent flagged issues with the 'rape clause' in particular and stressed the inappropriate and retraumatising nature of this provision. It was suggested that the mitigation payments could provide an alternative option to Scottish families to access payments that they are entitled to without the need to disclose sensitive and traumatic information. Communication around this would also need to be sensitive while raising awareness and encouraging uptake.

Similarly, one individual sought greater information and clarity about how the mitigation payments would operate and interact with each of the two-child limit exceptions, with particular concern around the 'rape clause', but also ensuring equality in how each exception group would be treated. This respondent was keen to ensure an inclusive approach was taken (e.g. when considering evidence for exception and eligibility of informal kinship care), while also avoiding and removing any elements which risk being invasive or retraumatising for people. They also expressed wider concern around how data related to the 'rape clause' was stored and used more generally.

Understanding 'cliff-edges'

A few third sector organisations highlighted the potential trade-offs and more severe cliff-edges that may face parents who will need to juggle working hours/ income against the impact any increases may have on their benefit payments. On balance, however, they agreed that the current proposals were the most suitable options to ensure money could be paid to eligible children and families as quickly as possible, which was the most important issue overall:

"Using top-up powers and increasing the support available to families with children in receipt of UC and legacy benefits creates even larger cliff-edges in numeric terms - where small increases in earned income can take you out of eligibility of Universal Credit and thus also out of eligibility for Scottish Child payments, payments to mitigate two child limit and the

[7] The Social Security (Amendment)(Scotland) Act 2025 enables Scottish Ministers to introduce regulations for 'childhood assistance'. This could be used to create a new benefit to help towards meeting some of the costs associated with having a child in the family.

additional ‘passported’ help to which you become eligible.” (Third Sector Organisation, Joseph Rowntree Foundation)

Other Issues

Of the 18 respondents who selected ‘don’t know’ at the closed element of this question, 12 provided comments and feedback, including 10 individuals and two organisations. These respondents were either typically against the mitigation payments in principle but noted there was not an option for this at the closed question, or they were concerned about the gaps in provision for certain families not receiving Universal Credit and wished to see an alternative mechanism for including them. A few were also concerned about the effectiveness of the proposals and whether they would be sufficient to lift children and families out of poverty.

Consistent with the feedback from others at Q1, one third sector organisation also sought to discredit the concern that mitigation payments may result in disincentivising work. They indicated that the two-child limit had no real impact on incentivising work, but that it had been responsible for driving many larger families into poverty. Further, they noted that they had been unable to identify any credible evidence that the proposal to introduce mitigation payments would result in disincentives to work.

Lived Experience Workshop

While lived experience workshop attendees supported the introduction of mitigation payments, there were mixed views about whether s79 should be used to set this up as quickly as possible, or whether a bespoke and more inclusive system should be developed, thus taking longer to implement.

A few attendees supported the use of s79 in order to get payments to families in need as quickly as possible:

> “I think the quicker the better.” (Lived Experience Workshop Attendee)

It was noted that many families could miss out due to the time that would be required to set up an entirely new system, i.e. children would have aged out of eligibility for support by the time it was introduced:

> “The longer that it takes to get it out there then a lot of people would miss out of it. It could be the case that teenagers just now won’t benefit from those payments because it would be years after they are adults it would come into place.” (Lived Experience Workshop Attendee)

Consistent with the concerns above, however, most attendees were concerned about the potential for gaps in the proposed system. Attendees noted certain exclusions, such as families who do not currently qualify for Universal Credit due to income thresholds but who would if the two-child limit did not apply, as well as those in work who do not receive benefits but still experience poverty:

> “Top up sounds really good but how many children are going to miss out. Working payments and not receiving a benefit doesn’t mean that you

> aren't in poverty and it's a shame that these people would be missing out." (Lived Experience Workshop Attendee)

It was also highlighted that this exclusion extended to the Scottish Child Payment as well as Universal Credit and any mitigation payments. Attendees argued that every child should be entitled:

> "A top up would be the most easiest way but then would cause a divide as every child should be entitled." (Lived Experience Workshop Attendee)

> "Created a divide between people who work and don't work. It's bad enough just now. Is there anything that can be done with paying lower national insurance etc. to make it easier for them, and not be mothers against mothers. It's not fair for people who are ineligible for benefits who are missing out, and get everyone on a level footing for all children who are living in poverty." (Lived Experience Workshop Attendee)

As a result, a few supported the development of a bespoke and inclusive system rather than the proposed mitigation payments in order to ensure every child would benefit, despite the fact this would take longer to set up:

> "What I understand is if we start from scratch it is better. I think better to start afresh and take time. I think we make the rules clear. If there is going to be changes it is going to be for the good." (Lived Experience Workshop Attendee)

> "It would be better to start from scratch. Less people would benefit from topping up UC." (Lived Experience Workshop Attendee)

Others did not specify a preference, other than to suggest that alternative mechanisms should be explored to support those that would otherwise miss out:

> "…could you do both? Introduce an interim payment and then deliver a more fully developed solution." (Participant Supporter)

Disregarding Mitigation Payments as Income

Introduction

The consultation document indicated that provisions already exist in the Fiscal Framework between the UK and Scottish Governments to ensure that benefits provided in Scotland provide additional income. Those provisions have been relied upon with previous payments made in Scotland and delivered by Social Security Scotland. For example, the Scottish Child Payment is disregarded as income, and disregarded when applying for legal aid and council tax reductions. This helps ensure that receipt of Scottish Child Payment does not rule out recipients from receiving other forms of support which they may be entitled to.

It was therefore argued that the mitigation payments should also be disregarded by the UK Government as income for benefit and tax calculations, and that the benefit cap should be adjusted to accommodate them. Legislation will likely be required in both Scottish and UK Parliaments to achieve this.

Q3. Do you agree or disagree that payments to mitigate the two-child cap should be disregarded as income by the UK Government?

	All Respondents	Individuals	Organisations
Agree	82 (31.5%)	48 (22%)	34 (92%)
Disagree	160 (61.5%)	159 (71%)	1 (3%)
Don't know	18 (7%)	16 (7%)	2 (5%)
Total[1]	**260**	**223**	**37**

[1] Seven respondents did not answer this question, including two individuals and five organisations.

Of those who answered the question, slightly less than two thirds (61.5%, n=160) disagreed, while slightly less than one third (31.5%, n=82) agreed that payments to mitigate the two-child cap should be disregarded as income by the UK Government. Consistent with the earlier questions, there were polarised views between individuals and organisations. Nearly three quarters (71%, n=159) of the individuals who answered this question disagreed, while most organisations (92%, n=34) agreed.

Reasons for Disagreeing

Again, consistent with earlier results, most of the respondents who disagreed were individuals - of the 160 respondents that disagreed, 159 were individuals while only one organisation disagreed. Within the individual respondent cohort, 71% (n=159) disagreed, compared to 22% who agreed and 7% (n=16) who did not know.

Many individuals who disagreed simply cross-referenced their responses to earlier questions in the consultation. Many others simply reiterated that they did not agree with the mitigation payments policy in principle, and as such did not agree with this specific proposal either.

Among individuals who gave new substantive responses to this question, the main reasons given for not supporting the proposal included:

- that all pay/benefits should be treated as income and should be properly considered in means testing and other assessments; and
- that there were already too few people paying taxes and so disregarding this benefit as income would compound issues around lack of tax generation/ income/input to the system.

Several individuals again stressed that that all income received by working individuals was taxable. Therefore, making the mitigation payment taxable would be fair/equitable with the taxes imposed on others (i.e. that all people should contribute financially to the country where their income from any source falls within appropriate thresholds):

> "Every penny I earn is classed as income, why on earth should that be different for people who don't work!" (Individual)

> "Every worker has to pay the appropriate tax on their income. Benefit income should be treated the same." (Individual)

A small number specifically commented that as pensions were taxable, so too should the mitigation payment be.

Again, comments were made that people wishing to have more than two children should consider the financial impacts of doing so and find a means of meeting the associated costs themselves:

> "Any payments to mitigate the two-child cap should be treated as income and taxed accordingly. Those who want more than two children should finance themselves." (Individual)

Several others also used this question to highlight what they perceived to be political point scoring, i.e. that the Scottish Government was proposing this approach purely to be different to England and Wales.

It was also suggested that existing legal frameworks to determine assessment of tax were already well embedded and that this question required specific legal advice rather than being open to broad consultation.

The overriding objection from individual respondents, however, was that **all** income should be considered as income, irrespective of its source.

The one organisation that disagreed with this proposal (and who outlined responses from a wider survey) noted that 57% of their survey respondents had disagreed, generally because they perceived the two-child limit to be fair. As such,

they felt that additional income should not be disregarded and, if payments were made, they should be counted as income to avoid families receiving more than they would have received through the standard Universal Credit calculation. Again, it was felt that this would ensure that families who have more children do not receive extra financial support, which may be perceived as inequitable to those with smaller families and those who work.

The same organisation again raised concerns that giving more support to families who do not work may discourage them from making efforts to improve their financial situation. Instead, they suggested that the government's priority should be to help those experiencing in-work poverty, rather than providing more support to those who do not work.

Reasons for Agreeing

As noted above, just under one third (31%, n=82) of all respondents agreed that that payments to mitigate the two-child cap should be disregarded as income by the UK Government. Nearly all organisations who answered the question agreed (92%, n=34 out of 37), while just under a quarter (22%, n=48) of individuals agreed. While still a minority, it should be noted that this question elicited the largest level of agreement among individuals across all proposals.

Not disregarding would make payments less effective

Individuals who agreed with the proposal did so mainly on the basis that if the mitigation payments were not disregarded, their impact would be diminished or diluted. Specifically, failing to disregard the payments as income would mean that families would not feel the full benefit of the support, making it counterproductive:

> “Putting money in one hand to take it out of the other, albeit there might still be a gain, will be counterproductive in many cases and cause confusion around benefit awards and amounts. Any mitigation payments should be given to the benefit of the recipient to 100% value in order to maximise income and reduce poverty.” (Individual)

Organisations, almost all of whom agreed with the proposals, gave broadly similar reasons as individuals for their support, e.g. that not doing this would make the mitigation measure counterproductive and potentially penalise families already living in poverty:

> “We strongly agree that mitigation payments should be disregarded as income by the UK Government for the purposes of benefit calculations, tax, and access to other entitlements…The purpose of these payments is to offset the financial harm caused by the two-child cap…To protect the value of the payments and ensure they genuinely alleviate hardship, we support a clear and consistent approach where the payments are fully disregarded…This will also support the principle of fairness and ensure families are not penalised for receiving support intended to reduce child poverty.” (Membership Body)

> "The effect of not disregarding the mitigation top-up would be to undermine the purpose of the mitigation in the first place. The Scottish Government and UK Government must agree this to ensure families in Scotland who are eligible for the two-child limit mitigation feel the full benefit as intended." (Third Sector Organisation, Aberlour Children's Charity)

Not disregarding would impact other benefits/supports

There were also views that if payments were not disregarded, it would result in families being worse off by reducing their entitlement to Universal Credit, Council Tax Reduction and/or other benefits:

> "Means-tested benefits are also by long-standing policy not taxable income in UK law. Taxing mitigating payments would add an unnecessary level of complexity and burden on an exceptionally vulnerable cohort of low-income families, and the prospective income generated by UK Government from this would make this a disproportionately unfair difference in treatment…Treating such payments as income would also plainly defeat their very purpose - ultimately, by giving with one hand, and taking with the other." (National Representative Body, National Association of Welfare Rights Advisers (NAWRA))

A secondary consequence of people losing access to Universal Credit was that it would remove entitlement to other passported benefits such as free glasses, dental treatment, access to Discretionary Housing Payments (DHP), etc. This was also given as a reason to support the disregard.

Not disregarding means transferring funds from Scotland to England

Several individuals commented that if payments were not disregarded, money would subsequently be deducted from individuals' other benefits such as Universal Credit. This would mean that the Scottish Government would be paying families, only for money to be claimed back by Westminster and the DWP:

> "If this does not happen, families lose some of the benefit from the mitigation being given; also money flows back into the UK government purse from Scotland." (Individual)

> "It would be grossly unfair to have the extra income from the Scottish mitigation clawed back by the UK Government. It would defeat the purpose of reducing child poverty in Scotland." (Individual)

Again, several organisations concurred with this view. They felt that failure to disregard the payment would essentially mean taking money from the Scottish Government and handing it to the DWP:

> "The net result of this on a macroeconomic scale would appear to be a transfer of wealth from the Scottish budget to the UK budget. That would be clearly contrary to long-established constitutional principles including the Barnett formula, and hopefully contrary to the intentions of both

Governments as well." (National Representative Body, National Association of Welfare Rights Advisers (NAWRA))

"If the payments are not disregarded then this would mean that DWP would reduce the amount of Universal Credit payable and it would be the DWP that gained and not the citizen affected by the current two-child limit." (Local Authority, Glasgow City Council)

Disregarding consistent with existing precedents and wider principles

Organisations urged that the payment be disregarded to make it consistent with other Scottish entitlements, such as the Scottish Child Payment. It was noted that a precedent had already been set to disregard the Scottish Child Payment as both income and capital in calculating entitlement to reserved means-tested benefits, and therefore the same approach should apply here:

"We see no justification in regarding payments to mitigate the two-child cap as income. Avoiding doing so would be consistent with the approach taken by Social Security Scotland for other forms of assistance, including the Scottish Child Payment, and would align with the policy objectives of the proposed mitigation measures. In contrast, classifying the proposed payments as income would undermine those policy objectives." (Third Sector Organisation, The Mental Health Foundation)

The Scottish Child Payment, and the bedroom tax and DHP benefit cap mitigation were also cited by many as examples of where this approach was already in place. It was suggested that it would be generally inconsistent with the UK social security system as a whole for payments of a means-tested benefit to be treated as income.

An observation was also made that monies for this proposal had been calculated and set aside by the Scottish Government to help families, especially children, in line with the UNCRC, and that to make it taxable would undermine this principle:

"If this were to be counted as taxable income, the UK Government would in effect be opposing a democratic decision to appoint this money to people in need. The SG [Scottish Government] are considering the UNCRC in this proposal and have calculated the benefit amount in line with this, and to act to reduce this would be morally and socially unjust." (Health/Mental Health Body)

Disregarding payments provides greatest support

Some organisations again used this question to stress the negative implications of the two-child cap and highlighted that this could have negative consequences for families in terms of financial insecurity/poverty, risk of homelessness, poor health/mental health and development opportunities. Allowing families to retain as much 'cash' as possible was seen as the best way of giving them the autonomy and independence required to find their way out of poverty:

"Through our work surrounding poverty in Scotland, we are aware that the most effective way to reduce the likelihood of deprivation is through the retention of personal finance. A cash-first approach has been vital in

relation to the success of Social Security Scotland, enabling individuals to have more control and choice over their personal and professional lives." (Third Sector Organisation)

Other reasons for support

Another reason given in support of disregarding the mitigation payment as income was that that earnings volatility was relatively common in in the UK and that for those experiencing unstable or erratic pay, having this as a stable and predictable non-taxed income would be welcomed (especially for low-income working larger families):

> "There has to be some guarantee that this extra income will have a positive impact on reducing child poverty and allow families the comfort to know that they can provide all the basic and essential necessities for a healthy life." (Health/Mental Health Body)

Several individuals simply noted that they perceived taxing benefits as wrong.

Practical considerations

Several respondents also discussed more strategic and practical considerations around decisions to either recognise or disregard this as income.

A few organisations commented that disregarding the mitigation payment would help to reduce complexity for frontline staff and advice providers working with families, who would otherwise have to navigate conflicting rules across benefit systems in different jurisdictions:

> "If payments were not disregarded then this will result in further complications and administrative burden on other agencies benefits (such as LAs [local authorities] administering CTR [Council Tax Reduction], or DWP implementing Benefit Cap) and may ultimately reduce the impact of the mitigation payments. Again, if the Scottish Government are hoping to provide a quick and relatively straight forward payment scheme to mitigate the two-child limit (which matches the SSS ethos) then [we] agree that disregarding these payments as income would be the best option. This would also be simpler and fairer for recipients…" (Local Authority)

Similarly, one organisation urged clear communication of the disregard policy to creditors (if adopted). This should include making sure that information about disregarding mitigation payments was embedded within relevant guidance used across the debt advice sector to prevent any wider unintended negative consequences for families:

> "Importantly, these payments should also be disregarded in all income and expenditure assessments used in the context of debt advice, including the Common Financial Tool (which is the tool used by the Accountant in Bankruptcy to assess a person's ability to repay their debts). We know that accurate and fair budgeting is critical to supporting

sustainable financial solutions. Including this payment as income in financial assessments could lead to unaffordable repayment plans, reduce access to debt relief options, or give a misleading picture of a household's disposable income." (Membership Body)

Some organisations also noted that clarification would need to be provided as to whether local authorities should include or disregard the top-up from the Council Tax Reduction scheme if the proposal went ahead:

> "…for the migration process to be effective, the Scottish Government will also need to persuade the UK Government that these amounts will be disregarded as income by any other DWP benefits assessment and for the need for local authorities to have clarity on whether any two-child payments should be included or disregarded in other benefits/reliefs assessments administered by local authorities e.g. Council Tax Reduction." (Local Authority, Moray Council Money Advice Moray)

One local authority also noted potential financial impacts for councils:

> "The suggestion in the consultation is that the number of those eligible for two child payment will increase as some recipients may chose not to increase hours or actively come off Universal Credit, this will also impact on CTR [Council Tax Reduction] expenditure for Local Authorities if the payment is disregarded." (Local Authority)

A handful of organisations commented that there would need to be assurances that assessment of the two-child cap had been correctly carried out by DWP, and that the applicant/child did not meet any existing exception criteria.

Another strategic and political concern noted by one local authority was that the UK Government would need to pass secondary legislation to formally exclude mitigation payments from UK benefit assessments and that there may be a risk that UK authorities would not cooperate. One membership body also posited that disregard of mitigation payments as income may raise issues which would impact in legislative competence terms, should the Scottish Ministers seek to legislate on that issue.

Overall, organisations who agreed did so on the basis that this policy would only be effective if it did not reduce other benefits or create further inequities. Many urged that reducing poverty (especially child poverty) should remain the main aim of policy development in this area:

> "[Organisation's] perspective is always guided by what will help children most. In this case, that means ensuring every pound of support reaches families in full, so that they can afford to buy food, clothing, and other essentials that support children's wellbeing and development." (Third Sector Organisation)

Other Issues

Among both the small number of individuals who gave 'don't know' responses (and who also gave reasons for doing so), the main reasons for their indecision appeared to be that it may be better to consider the need for disregarding the mitigation payment on a case-by-case basis. This included, for example, one individual who indicated that it may be appropriate to tax this income for those with a total income above £15,000, but not for those below:

> "There has to be a point where personal responsibility kicks in and that benefits are not considered an entitlement without putting something back i.e. tax." (Individual)

A small number indicated that they were unsure how to answer this question as they either perceived that the question was unclear or felt that the implications and/or impacts of this proposal were not clearly set out.

The one organisation who indicated that they did not know how to answer this question, (and gave a reason for doing so), noted that this was because they lacked clarity around whether Scotland would need an additional system if the UK Government ended the two-child cap:

> "The Scottish and UK Governments must ensure a system is in place which enables the Scottish Government to use its devolved powers to implement social security changes to the benefit of the people of Scotland. The current landscape of social security where some elements are administered by the UK and others by the Scottish Government means that we are not able to answer this question. If the UK Government ends the two-child cap, Scotland might not need to have an additional system. Whilst the UK has the two-child cap, Scotland must aim to ensure that families with more than two children are properly supported." (Membership Body, Scottish Association of Social Work)

This same organisation also again stressed that they perceived that Scottish social security decisions must not negatively impact on any payment by the UK Government and noted that it was imperative that increased financial support was not negated by reduced payments elsewhere in the social security system.

Lived Experience Workshop Event

Again, attendees at the lived experience workshop were asked the same question about whether to disregard the mitigation payment as income. All attendees who commented on this agreed that the payments should not be treated as income. They stressed that treating the payment as income would result in deductions, either in tax or as a result of other benefits being reduced due to this perceived increase in their income levels. It was felt that such deductions would lower the value of the payments and reduce how impactful they were for families.

> “It is good if it is not counted as income. Once it is added as income it would be taxed and the value of the payment would be brought down.” (Lived Experience Workshop Attendee)

> “Agree it shouldn’t be counted as income as it’s money for children to get you out of poverty...What about debt, if it’s classes as income could this put them straight back into debt?” (Lived Experience Workshop Attendee)

Indeed, one attendee suggested that they would end up losing around half of the value of the mitigation payment as a result of adjustments in their Universal Credit payments if it were to be counted as income:

> “If it was income I would lose about half of it, 55p for every £1 earned. I would only receive about half of it.” (Lived Experience Workshop Attendee)

One attendee also highlighted that treating the mitigation payments as income could create complex and punitive cyclical issues with the calculation of their Universal Credit payment, which could result in pushing them over the income threshold and result in Universal Credit and the mitigation payments being stopped:

> “…if counted as income would affect people when get UC as may put [you] over the threshold” (Lived Experience Workshop Attendee)

Another was concerned that the requirement to consider the payments as taxable income would create another barrier to parents considering work/increasing their working hours. They suggested that understanding the interplay between work, benefits and tax was already confusing, and so having this as a taxable payment could stop people from exploring options to combine this with work:

> “Don’t think it should be counted as income. People already nervous about going back to work, and tax is already confusing, so this could stop people from exploring this.” (Lived Experience Workshop Attendee)

Potential Impacts

Introduction

The consultation document set out the requirement for Impact Assessments to be developed and considered in relation to the mitigation payments. These adopt an evidence-based process to consider the possible effects, outcomes and unintended consequences that the proposals and/or legislation will have on different groups of people, communities and businesses.

High level summary information was provided about each of the following Impact Assessments, with feedback and a request for additional information sought:

- Equality impact assessment - which pays particular attention to people with protected characteristics as identified in the Equality Act 2010[8];
- Childs Rights and Wellbeing Impact Assessment - to ensure that policies and measures protect and promote the wellbeing of children and young people;
- Business and Regulatory Impact Assessment - to analyse the potential costs, benefits and risks of policy changes that may impact on the public, private or third sector;
- Fairer Scotland Duty Impact Assessment - to actively consider how inequalities of outcome caused by socio-economic disadvantage can be reduced, when making strategic decisions;
- Consumer Duty Impact Assessment - to consider the impact on consumers; and
- Island Communities Impact Assessment - to consider the unique needs of the Scottish islands when developing a new policy, strategy or service that may have a significantly different effect on island communities.

Q4. Do you have any information you wish to share about any additional potential impacts of the proposed approach outlined in this consultation?

No closed question element was included here, only free-text responses were invited. Overall, 146 respondents provided substantive feedback at this question, however, some respondents had also discussed impacts (especially equality impacts) at earlier questions. All feedback related to impacts was collated and is discussed below.

Overall, individuals again focused on their reasons for opposing removal of the two-child limit and introduction of mitigation payments, while organisations reiterated their general support for the proposals and sought clarity or reassurance over how the policy would be implemented and operate in practice. Very few respondents linked their answers to the specific impact assessments highlighted in the

[8] The protected characteristics covered are age, disability, gender reassignment, pregnancy or maternity, race, sex, sexual orientation and religion and belief.

consultation document, instead discussing impacts in a more general and wider sense. As such, the following findings reflect the feedback provided rather than detailing findings against each of the impact assessments.

Impacts of the Two-Child Limit

Across the consultation questions much of the feedback (largely provided by organisations) related to the impacts of the two-child limit on families. It was argued that the policy perpetuated cycles of poverty and undermined efforts to reduce inequalities. Respondents highlighted the negative and often disproportionate impact this has on particular groups. A number of specific groups were identified by respondents as being negatively impacted by the two-child limit, which included some overlap with the priority family types outlined in the Scottish Governments Tackling Child Poverty Delivery Plan. The key groups highlighted by respondents included:

- women, who are often more reliant on social security, and because more single parent households are headed by women compared to men;
- minority ethnic families, who are more likely to have larger families, to experience insecure work, underemployment, and in-work poverty, and where those living in relative poverty are more likely to have three or more children compared to all families in relative poverty;
- families from particular religious backgrounds, who are more likely to have larger family sizes;
- refugees; and
- young parents, as they receive less via Universal Credit than other claimants in the same circumstances.

It was argued that the two-child limit, in combination with other cuts and restrictions on benefits impacted the adequacy and availability of social security. In addition, these issues were said to disproportionately impact certain vulnerable groups, and often those with protected characteristics:

> "…we see shrinking and inadequate entitlements being acutely experienced by disabled, BME [black and minority ethnic] and refugee women, lone parents, unpaid carers and other marginalised groups who are at even greater risk of poverty and destitution." (Third Sector Organisation, Engender)

The impact on women was specifically highlighted and discussed across the consultation by a few organisations. It was argued that the welfare system was inherently biased against women's situations and circumstances, despite women often being more reliant on this. In relation to the two-child limit specifically, women were perceived as having to justify their reproductive choices and family/household circumstances in order to access social security:

> "The current two-child limit systemically discriminates against women and is part of a wider, entrenched misogyny within the design and delivery of Universal Credit…The two-child limit does not account for women's

> fundamental rights to reproductive autonomy, religious and conscientious views on the use of contraception, the fallibility of contraception, bereavement, family breakdown, new relationships and blended families, economic uncertainty and countless other factors that shape women's lives. The policy also ignores realities about women's choices in pregnancy, as domestic abuse commonly includes elements of reproductive coercion. Anecdotal evidence tells us that the two-child limit forces women to terminate wanted pregnancies, a serious affront to human rights. Meanwhile, international evidence shows that 'family caps' do not result in reducing the number of children born to recipients of social security but instead push families into deeper poverty." (Third Sector Organisation, Engender)

The 'rape clause' was also highlighted repeatedly throughout the consultation as being particularly inappropriate, having a significant negative impact on women and potentially the children involved as well. It was stressed that this approach retraumatises applicants, removing their right to privacy in sensitive matters, and could also result in 'outing' them and the circumstances of the child's conception to family, friends and others. It was also suggested that the definition of 'non-consensual' was inadequate and could result in inequitable delivery, while the evidence requirements (i.e. a criminal conviction, a criminal injuries compensation award, or the word of an 'approved third party') were perceived to act as barriers:

> "The widely discredited 'rape clause' can re-traumatise victim-survivors by forcing them to disclose sexual violence at a time and in a context not of their own choosing, on pain of falling into deeper poverty." (Third Sector Organisation, The Poverty Alliance)

Impact of the Mitigation Payments

Positive impacts

Support for families in poverty with immediate and long-term benefits

There was overlapping feedback from organisations in relation to impacts which would be relevant to the Fairer Scotland Duty/socio-economic assessment and the Equality Impact Assessment in respect of particular protected characteristics. For example, they argued that the mitigation payments would support children and families experiencing poverty and help to improve living standards for some of the poorest families in Scotland, which disproportionately include women, single parent households, BME families, etc. Organisations said the mitigation payments offered an opportunity to address child poverty, as well as the poverty experienced by their families.

The link between poverty, hunger and poor school attendance and educational outcomes was also highlighted by organisations. It was suggested that the mitigation payments would help families to afford food, heating, transport, clothing and childcare. This should, therefore, result in less reliance on foodbanks, less hunger at school, improved attendance, concentration and overall better educational outcomes, it was felt.

Several organisations and one individual also flagged the longer-term impacts for those children who will receive the mitigation payments, as well as wider societal benefits. It was noted that child poverty was a predictor of homelessness, physical and mental health issues, and other adverse childhood experiences (ACEs). Therefore, the payments should support better long-term outcomes as these children become adults. Similarly, it was argued that tackling poverty and securing better educational outcomes should lead to better employment opportunities, thus helping to break the cycle of poverty. Further, it was noted that lifting more families out of poverty or alleviating the effects of poverty would result in lowering the demand on public services.

Support for specific groups

Again, gender-based impacts were discussed by organisations. A few stressed the need for the new approach to be both gender compliant and domestic abuse competent, and stressed the need to include robust equality impact assessment of the mitigation payment's design and delivery, and tackle the gendered impacts of the 'rape clause' on victim-survivors:

> "As well as being gender competent, the approach to mitigating the two-child limit must be domestic abuse competent, including competence in economic abuse…The mechanism developed by Scottish Government to make payments must support and empower victim-survivors of domestic abuse…Scottish Government must put safeguards in place to ensure that the payment system cannot be manipulated or weaponised by perpetrators of domestic abuse." (Third Sector Organisation, Scottish Women's Aid)

Key groups identified by respondents, which required consideration by the Scottish Government across the impact assessments included: women/gender issues; age (in relation to children and young parents); ethnicity, and particularly BME groups; families with certain religious beliefs/faiths; care experience (including care experienced parents, parents of care experienced children, and kinship households); refugees, asylum seekers and those with no recourse to public funds; carers; and people with disabilities. Some organisations highlighted issues for particular groups (typically women and BME families), others provided references to studies and further reading for the Scottish Government to inform the impact assessments, and others simply noted the groups that needed to be considered.

Consideration of Impact Assessments

A few organisations and individuals flagged the importance of the impact assessments, and were encouraged that either the full suite of assessments would be undertaken, and/or that specific ones were being included.

In relation to specific impact assessments, one organisation suggested that Article 12 from the UNCRC was important to consider, i.e. the right for children and young people to be heard and taken seriously in matters that affect them. It was stressed that those with lived experience should be engaged throughout the process, with feedback sought on experiences and impacts of the mitigation payments. Another organisation advised consideration of the human rights legal framework in general,

as well as Conventions which include requirements to protect the rights of specific groups (such as disabled people, women and those from ethnic minority backgrounds). One individual also suggested that environmental, housing and educational impact assessments should be undertaken.

A few individuals, however, were critical of the Scottish Government's competence in conducting impact assessments and developing new policies, with some citing previous controversial examples, such as the Deposit Return Scheme and the Gender Recognition Reform (Scotland) Bill (GRR).

Concerns to be addressed

Again, respondents took the opportunity at this question to outline their range of concerns or to flag issues for further consideration.

Gaps in eligibility

Organisations were consistently concerned about the gaps in eligibility for the mitigation payments, including families who do not receive Universal Credit because of the effects of two-child limit on the income threshold, and those who may have intermittent eligibility (due to fluctuating income or receiving weekly wages). Again, respondents were keen to ensure some mechanism was designed/introduced to ensure these families were not excluded, and to make sure they could be identified and supported to apply:

> "…there are some families who will miss out on support because they are not in receipt of UC but would be if they were not subject to the two-child limit. To achieve maximum impact in reducing child poverty in Scotland the Scottish Government should investigate how these families may be supported through other means to ensure they are in receipt of the maximum amount of social security entitlements, representative of the number of children in the household." (Third Sector Organisation, includem)

> "…some of the families facing the greatest hardship will miss out on vital support, unless Scottish and local Government work together to strengthen parallel and local lifeline support. With record numbers of families with children trapped in temporary accommodation…we are particularly concerned about those families who are at greatest risk of missing out on support for low-income families because they are ineligible (for example, migrant families) or find it difficult to claim (those who cycle in and out of UC eligibility due to fluctuating earnings and/or those living and/or working in expensive temporary accommodation)...[We] urge the Scottish Government to explore all alternative mechanisms to ensure an equivalent level of support can be given, as a matter of principle and urgency." (Third Sector Organisation, Joseph Rowntree Foundation)

Interaction with exceptions

A few organisations were also concerned about how the mitigation payments would interact with exceptions. One cautioned that fairness was needed between those claiming the mitigation payments and those who qualify for exceptions, and stated

that there needed to be consistency in calculations, for example, in Council Tax Reductions. Another suggested that mitigation payments may be more risky for some families. They argued that it may be better for some families to apply for an exception (where applicable) rather than mitigation payments, as the exception would raise their earnings threshold for Universal Credit eligibility whereas the mitigation payments would not. As such, they felt it would be important to promote and inform families about exceptions and any risks of opting for a mitigation payment rather than an exception.

Consideration of 'cliff-edges'
Again, a few organisations felt that further consideration was needed in relation to 'cliff-edges', how these might impact families, and how they could best be managed. A range of situations and/or suggestions were provided in this respect, including:

- supporting families to understand how changes in their income could impact their Universal Credit and mitigation payments;
- understanding that increased earnings mean families are taken above the Universal Credit threshold, which would result in the loss of payments compounded by the loss of mitigation payments and also the loss of the Scottish Child Payment; and
- looking at the age at which young people 'age out' of eligibility for the child element payments.

Impact on public finances
A few organisations and individuals who generally supported the proposals, nevertheless raised concerns that the introduction of mitigation payments could stretch public finances and impact on other poverty related interventions or other policy commitments/areas. They sought reassurances that funding for the mitigation payments would be robust and sustainable over the long-term, but also that funding would not be taken from or limit other key initiatives or sectors. Indeed, it was stressed that other measures would also be needed to ensure the Scottish Government reaches its child poverty targets:

> "It must also be considered that this does not negate the need to continue to address other issues that affect people in areas of deprivation the most, such as, lack of affordable housing, cold/damp/mouldy homes, targeted interventions in areas of deprivation for employability, smoking cessation and rural transport issues, for example. Although lifting families out of poverty financially is a key first step, there is a long way to mitigate and undo the legacy of poor outcomes now ingrained into communities that still would need to be addressed in tandem with the rise in household income to really reverse the true impact of decades of austerity and deprivation. We urge the Scottish Government to recognise that any funds allocated to this work should not be taken from any such Community or Health and Social Care budget to mitigate the spending." (Health/Mental Health Body)

> "I am entirely in favour of these actions. However, an impact assessment should take into account the impacts of such payments on the monies then available to Councils to make other payments and deliver services. For example, if Councils lack the funds and services to support children with disability, or home care for the elderly, they cannot fully carry out these statutory duties. Decisions to mitigate the two-child cap or pay the Scottish Child Payment are not without consequences and I think the Scottish Government needs to be more open and honest about this." (Individual)

How the mitigation payments would interact with and impact on the Scottish Welfare Fund was also highlighted by a few organisations. It was suggested that demand for the Scottish Welfare Fund should reduce among those eligible for mitigation payments. However, as families get used to this new payment, respondents wondered whether additional need for the Scottish Welfare Fund could be created among families that have fluctuating eligibility for Universal Credit.

Similarly, many individuals who were against the proposals were also concerned about the overall cost of the mitigation payments, and remained unconvinced that the scheme was affordable. Individuals also stressed that the impact on other services, the taxpayer, working families, and those not eligible for benefits needed to be considered. This included reflecting on fairness to families with working parents and taxpayers, as well as the total cost of setting up the system and funding these payments, whether this was affordable, provided value for money, and whether this was a good use/the best use of public funds. Many individuals commented that abolishing the two-child cap would have a direct effect on the taxpayer, either through increased taxation or reduced provision of other public services. Several also questioned why households who either do not have any children, or who make the choice to delay starting a family and/or not to have more than one or two children, should be taxed to support what they perceived to be "irresponsible" families who choose to have more children than they can afford to support:

> "Implementation of the proposal would presumably lead to either increased taxation or a reduction in public services to the detriment of some members of the population i.e. childless couples or those who for economic reasons had limited the size of their own families. This has not been considered…Increasing benefit payments means increased taxation for all or a reduction in services. It is not equitable to place this additional cost on those who have perhaps decided to limit the size of their own families to a number they themselves are able to support." (Individual)

Other perceived negative impacts

There was also concern among many individuals and one organisation (who reported wider survey findings) that the mitigation payments may encourage worklessness, promote reliance on benefits, and lead to parents/families not tackling the root-cause of their problems. It was suggested that focusing on initiatives to improve financial literacy, teaching budgeting and self-sufficiency skills, improving training and employment opportunities, and providing wraparound

childcare would be more effective in the long-term. Similarly, individuals wanted to see funding being prioritised for other policy areas, such as the NHS, education, policing, housing, the economy and other public services, etc. but felt that the cost of mitigation payments would have a further negative impact on these:

> "More people shunning work as benefits are too attractive." (Individual)

> "I don't believe this cap should be removed. Families on benefits or lower incomes already receive the Scottish Child Payment. I have two children and both my partner and me work full-time but there are families who rely solely on benefits who are better off than us. Attractive benefits already disincentives people to go in to work. Funds should be used to train people and encourage them in to good paying employment." (Individual)

Several individuals were also concerned that the mitigation or removal of the two-child limit would encourage families on benefits to have more children simply to claim higher/additional benefit payments. Most considered this as a negative impact, as it would be unsustainable for the public purse, unfair to taxpayers and working families, and further encourage reliance upon the state rather than personal responsibility. However, a few respondents (both individuals and one organisation) considered it positive to encourage higher birth rates as this would help to address Scotland's declining population challenges.

Several individuals were also concerned about the impact the policy could have on migration, both into and out of Scotland. A few felt that the policy could lead to more large families to move to Scotland in order to take advantage of the more generous benefits on offer. Others, however, cautioned that any further increase in the tax burden (as expected to be required to fund this policy) would result in taxpayers moving out of Scotland.

Other Comments

A range of other, more general comments were provided, as outlined below.

A few organisations reiterated that the new mitigation payment system would need to be fast and easy for families to navigate. They also stressed that it would need to be well advertised and signposted to ensure families were aware of it and how to access it. The importance of local authorities, benefits/welfare advice organisations and other third sector support organisations was also highlighted as a source of information and support for families. As such, it was stressed that clear information, guidance and engagement for/with these organisations was vital, (as well as adequate funding and resourcing), to allow them to support and promote this provision if/when introduced:

> "Would also stress the importance of clear, uniform national and local messaging, that local authorities and third sector/community stakeholders can use too; to ensure people, who would be entitled to receive UC due to this change but not currently in receipt of it, are identified." (Local Authority)

In addition, there were calls among organisations for adequate and sustainable funding for those providing community-based family support which help to mitigate the impacts of poverty, as well as for those that facilitate engagement with families with lived experience for monitoring and evaluation purposes.

A few organisations called for robust reviews to be undertaken, and for the results to be published and promoted. In particular, it was hoped that positive impacts on uptake and on children's lives could be useful in pressuring the UK Government to remove the two-child limit for all families across the UK.

Several organisations, while supportive of the mitigation payments as an option for Scottish families and/or as an interim measure, stressed that they would continue to advocate for the removal of the two-child limit by the UK Government, and urged the Scottish Government to do the same. Mitigating, or more ideally, removing the two-child limit entirely at source was considered the most desirable and effective approach. Further, one organisation highlighted that various United Nations Committees have called for the two-child limit to be reversed, including the United Nations Committee on Economic, Social and Cultural Rights (2025), the United Nations Committee on the Rights of the Child (2023), and the United Nations Committee on Elimination of Discrimination Against Women (2019). They stated that failing to action these recommendations meant continued non-compliance and individual rights violations, both at the Scotland and UK level.

A few individuals advised that the Scottish Government needed to have facts and figures available to defend the policy if it went ahead, and to stress the realities of the scheme (i.e. it is linked to Universal Credit so all requirements related to that continue to apply, such as means testing and the requirement to seek employment, etc.).

Consistent with their responses throughout the consultation, many individuals simply reiterated their support for the two-child limit, perceiving this as appropriate and necessary, or outlined their opposition to attempts to mitigate the policy within Scotland. In addition to the feedback outlined above in relation to being unfair on the taxpayer, and concerns about the affordability of the policy or that it may encourage reliance on benefits/ worklessness, individuals again outlined a range of other reasons for opposing mitigation payments. They stressed that people should not have more children than they can afford, and that parents should be personally responsible for their children and choices around family size rather than the state or the taxpayer. Several also remained unconvinced that the money would benefit the children or reduce the level of poverty. Some also expressed more general negative perceptions about the Scottish Government or the SNP, indicating either disapproval or a lack of trust in their leadership or priorities. In particular, it was suggested that the mitigation payments were an attempt to secure votes, that impact assessments wouldn't be robust enough, and that the policy would not be properly costed.

Finally, a few individuals appeared to potentially misunderstand the proposals and which benefits they related to - appearing to link the mitigation payments to Child Benefit rather than the Child Payment element of Universal Credit.

Lived Experience Workshop Event

As outlined at Q1 above, some lived experience workshop attendees outlined the impact of the two-child limit and the insufficiency of their current benefit payments. This impacted on their ability to afford the basics, which included struggling to feed the children and getting into debt over heating and energy bills. One attendee highlighted that the money is treated as a fund for the total household, so all children in a household receive less overall if one or more child[ren] do not qualify for a child payment.

> "To get the benefit for the children would be helpful, school holidays are coming I could use it for that. I give my son dinner money each week for school. He is in high school. Sometimes I don't have money to give him. Last month UC gave me £400 for 4 kids. I have to stretch my money to feed them so it is really hard." (Lived Experience Workshop Attendee)

> "I have been living in a temporary flat for the past two years and I haven't been paying electricity bill. I have now been asked to pay £300 a month. Every time I look at it I don't know how I am going to cope." (Lived Experience Workshop Attendee)

One attendee also highlighted the challenges of juggling work and the impact on benefits payments. They noted that they needed to try to increase their hours at work to ensure a high enough total income to cover the shortfall for one or more children not receiving child payments. Any increase in the hours worked though, resulting in higher earnings, resulted in reductions in their benefit payments, meaning they were never really better off or able to address the gap:

> "I have 6 kids and I was claiming for 5 before I moved on to UC. My youngest I only get Child Benefit and SCP. To top up the money I don't get for having an extra child I am having to get more hours at work which then drops my UC. There is no way of getting round that. The more I earn the less UC I get. I can earn £50 and they will take £25 away. There is not anything at all that can be done to try to earn that money so all the kids have the same if that makes sense." (Lived Experience Workshop Attendee)

The impact of the mitigation payments was considered in positive terms by most attendees. They noted it would help to support them through the school holidays, help with childcare costs, and would help to stabilise incomes at a level suitable to cover all children in the home. The mitigation payments would provide 'hope' and relieve a certain level of stress and anxiety for parents and families in difficult situations:

> "It would less stress to try to find childcare to cover the hours I work. I work nights and for childcare for 5 children when I return from maternity leave I was looking at £800 a month, and I only earn £850 a month. I'd be working just to cover childcare. Having that extra money would take the pressure off me." (Lived Experience Workshop Attendee)

> “If I know I am going to get a mitigation payment then I will have hope. I won’t be thinking how will I cope, how will I pay for everything for my kids. I have 2 kids that I don’t receive money for and it would be a relief.” (Lived Experience Workshop Attendee)

Finally, a few attendees were concerned about how the introduction of mitigation payments would be received by the public and how it may be portrayed by the press. They were conscious that some people may say that families would have additional children simply to access the extra payments, and sought clarity from the Scottish Government about how the promotion of this would be dealt with and the policy would be protected from attack:

> “You’re also going to get the people who will say you’re having extra children to get more money.” (Lived Experience Workshop Attendee)

> “When the two-child limit got put in…and celebrating it as it would stop babies for benefits. Bad press and negatively, how does the government plan to protect this payment without it being an attack of people getting the new payment?” (Lived Experience Workshop Attendee)

Concluding Remarks

Summary of Key Findings

Overall, responses to the consultation were highly polarised. The majority of individuals who responded were generally opposed the introduction of mitigation payments in principle, and therefore disagreed with each of the proposals put forward in the consultation document. These respondents advocated for personal responsibility and accountability for children to lie with the parents rather than for the taxpayer or state to 'subsidise' them. They considered the introduction of mitigation payments to be unfair, unsustainable and not a good use of public resources. Rather, they tended to advocate for other sectors and issues to be treated with higher priority, such as the NHS, education, housing, the economy, etc. There were also numerous arguments that a mitigation payment would encourage greater reliance on benefits and worklessness, and could encourage families to have more children simply to access these higher/additional payments.

Conversely, the majority of organisations and attendees at the lived experience workshop event supported the removal or mitigation of the two-child limit, and therefore largely supported each of the proposals to introduce mitigation payments for families in Scotland. These respondents strongly opposed the two-child limit policy, and oulined at length the negative impacts this creates, both for families and the wider community. They highlighted the links between child poverty and poorer experiences and outcomes in education, health, mental health, employment, etc., thus necessitating greater reliance on public services. They also cited research/evidence which indicated that the two-child limit had not had any impact on parental employment levels, and therefore they did not expect the mitigation payments to have any negative effects in this regard. These respondents agreed that mitigation payments would help to tackle poverty for some of the most vulnerable and needy children and families within society, which would have both immediate and longer-term benefits, both for the families involved and for the wider community. They also supported Social Security Scotland being responsible for the payments, using s79 powers to establish them, as this was the seen as the fastest and most straight forward way of setting up the system and getting the money to eligible families. These respondents also supported disregarding the payments as income in order to ensure the money is used as intended (i.e. to directly support families and not to be clawed back by DWP via reductions in other benefit payments).

A few key areas of concern were, however, highlighted consistently among those who supported the proposals, including:

- the need to address the gaps and ensure that families were not excluded from these payments - while getting money to families as quickly as possible was considered paramount, it was felt that further consideration needed to be given to those who would not be able to claim the mitigation payments via the current proposals, with alternative mechanisms required for such families, albeit this may take longer to set-up;

- addressing the interplay between current exceptions to the two-child limit and the mitigation payments to ensure that each is applied in the most appropriate way;
- addressing ‘cliff-edges’ between benefit payment levels and income levels. It was noted that reaching an income level which pushes families out of eligibility for Universal Credit could also have a wider impact on overall income as families could lose access to a wider range of benefits and other supports;
- Ensuring that financing the mitigation payments does not negatively impact on other initiatives or public sector services. It was recognised that a wide range of interventions will be needed to achieve the Scottish Governments child poverty targets and therefore funding should not be diverted; and
- that implementation of these mitigation payments should not lessen the resolve or need to pressure the UK Government to abandon the two-child limit policy at source for all across the UK - this should remain the ultimate goal.

As individuals responded in greater numbers than organisations, their views tend to dominate the closed question feedback. However, their qualitative responses tended to be much shorter and focused on opposition to the introduction of mitigation payments generally rather than on the specific proposals at each question. Meanwhile organisations provided much longer and more detailed qualitative responses, meaning greater balance and understanding was provided between the opposing arguments.

Next Steps

Overall, the consultation provided useful feedback on the proposals for the mitigation payments, which the Scottish Government should take into account when finalising their plans and any legislation required to take forward any final policy.

How to access background or source data

The data collected for this publication may be made available on request, subject to consideration of legal and ethical factors. Please contact socialsecuritycl@gov.scot for further information.

This publication is available at **www.gov.scot**

Any enquiries regarding this publication should be sent to us at

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