

SCOTLAND *DEMANDS* BETTER

The time is now. The UK Government must scrap the cruel two-child limit in the upcoming budget.

Introduction

Budgets reflect the choices and priorities of our governments. Our political leaders must take responsibility for building a better economy and society that allows all people the income necessary to live in decency and dignity, free from the injustice of poverty.

In October 2025, thousands of people from across Scotland took to the streets of Edinburgh in the Scotland Demands Better campaign march and rally, the largest anti-poverty demonstration our country has seen in decades.¹ They stood together to demand that politicians at all levels do better for the people of Scotland and create the conditions for better jobs, better investment in life's essentials and crucially, better social security.

Building a social security system rooted in adequacy and compassion would give us all a foundation for the future. The upcoming Budget is the opportunity to do just that.

As this UK Government recognises, every child deserves the best start in life. Yet 4.5 million children across the UK - including almost one in four in Scotland - live in poverty. Their life chances are being held back and their potential wasted, with opportunities to learn, grow and develop fully through happy and thriving childhoods stripped away.

At the Budget, the Chancellor has a unique chance to change this. By finally fully scrapping the unjust two-child limit, the Chancellor can deliver a decisive shift in children's opportunities, and in our country's future potential.

If the government are to be true to their commitments to tackling child poverty and increasing living standards, they must choose to invest in people and families. We all know that abolishing the two-child limit would be the most cost-effective way to turn the tide on child poverty, crucial not only for children, but also for wider ambitions on housing, health and national growth. Reducing child poverty will boost family budgets, and local economies. It will reduce household debt, and cut the huge future costs of poverty faced by our health and public services.

It is therefore clear that the UK Government must deliver a just and compassionate budget that includes the eradication of the unjust two-child limit, and Scottish MPs from all political parties must be vocal in opposition to this cruel policy. Our children deserve better. Scotland demands better.

The impact of the two-child limit

The two-child limit is a policy that restricts support through Universal Credit and Tax Credits to the first two children in a family, for children born after 6 April 2017. Parents having a third or subsequent child after that date are not eligible for social security support for that child.

¹ Find out more about the Scotland Demands Better campaign here: <https://www.scotland-demands-better.com/demands>

Eight years after its introduction, this policy is a significant driver of child poverty. It creates a deliberate gap between what children need and what they are entitled to, systematically depriving children of what they need to thrive. 1.6 million children in the UK - including 90,000 in Scotland - are currently affected by the two-child limit.

That number is rising each day. As the policy only applies to third and subsequent children, it is effectively still being rolled out as more children are born. This will continue until 2035 when the first children born under the two-child limit turn 18.

As a result, families are missing out on up to £3,455 a year per child, the negative consequences of which are far-reaching.² Not only do affected households report not being able to provide for basic needs like food, clothing and housing, they also highlight that their children's education, mental health, learning and development, and social lives are being adversely impacted.

“[The two-child limit has] severely inhibited the children's ability to experience a full life as [we're] economically restricted. Shoes with holes, clothes too small. Hungry at times.”

Parent in a family affected by the two-child limit (CPAG survey)³

This is felt disproportionately by certain groups. More than three-quarters (76%) of households affected by the two-child limit are in the poorest 30% of working-age households. A fifth of all households impacted are families with at least one disabled child, and a quarter are single-parent households – the majority of whom are headed by women - with a child under three years old. Family size also varies by ethnicity; at UK level, 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in large families, compared to 30% of those in White British families, creating a racial disparity in policy impact.⁴

“I have four children... to support with one income. I work full time as a paramedic on an OK salary but cannot afford to pay my mortgage as well as feed my children. I use a food bank... Regardless of me working, it's impossible to cover all the needs of four children from only one salary, even though I'm on an ok wage... with childcare fees and mortgage, it's just impossible... I couldn't afford to stay on maternity leave, so I went back to work when my baby was six months... I had to pay £580 upfront for the first month of nursery and I've gone into debt because of it, I ended up borrowing from family.”

Single parent with four children, in full-time work (CPAG survey)⁵

Further to this, the two-child limit places women in a position of justifying their reproductive choices and family circumstances in order to receive social security. The widely discredited

² Ibid.

³ CPAG (2024) *Things will only get worse: why the two-child limit must go*. Available at: https://cpag.org.uk/sites/default/files/2024-07/Things_will_only_get_worse.pdf

⁴ Minimum Income Guarantee Expert Group (2025) *A roadmap to dignity for all*. Available at: <https://www.gov.scot/publications/minimum-income-guarantee-roadmap-dignity/>

⁵ CPAG (2025) *Reducing child poverty: role of the two-child limit*. Available at: https://cpag.org.uk/sites/default/files/2025-04/Reducing_child_poverty_role_of_two-child_limit.pdf

‘rape clause’ can also re-traumatise victim-survivors by forcing them to disclose sexual violence at a time and in a context not of their own choosing, in fear of falling into poverty.

A cost effective way to tackle child poverty

The government cannot afford inaction on this cruel policy. Children growing up in poverty face worse educational outcomes, poorer health, and fewer opportunities in adulthood. This not only harms those children and their families but also weakens the economy, placing greater pressure on public services in the long run. **Analysis by CPAG estimates that child poverty costs the UK Government £39 billion a year.**⁶

It is clear that any other intervention to reduce child poverty will have to work doubly hard to counter the fact that, each day, 109 more children are pulled into poverty by the two-child limit. If this government is to ensure that child poverty falls on its watch, decisive and compassionate interventions through the social security system are necessary, with scrapping the two-child limit a priority action.

Ending this policy has been consistently evidenced as the most cost-effective way of reducing child poverty, with the potential to transform with lives of millions by the end of this parliament. This is evidenced in Table 1 below with modelling from CPAG, which highlights the cost of ending the two-child limit in comparison to other changes to social security that would have a similar impact on child poverty at the UK level.

Policy	Children lifted out of poverty	Cost in 2025/26
Abolish the two-child limit	350,000	£2 billion
Increase the child element of UC by £17 a week	350,000	£3 billion
Increase the UC standard allowance by £25 a week	350,000	£8 billion

Table 1: Costed options for lifting 350,00 children out of poverty through different social security mechanisms.⁷

This measure alone would instantly lift 350,000 children over the poverty line and reduce the depth of poverty for many more children, at a cost of £2 billion. As the number of children affected by the policy is still increasing, this cost would also increase to £3 billion by 2029/30 as the social security budget has assumed savings from the ongoing roll-out of the policy.

Half-measures would continue the injustice of child poverty

Every day the two-child limit remains, in any form, it pushes children into poverty. **Now is not the time for half-measures.**

Compromise options that would exempt children under five from the operation of the limit, exempt families where the adults are in paid work, exempt families with disabled children or relax the rule to a ‘three-child limit’ maintain an unjustified part of our social security system that breaks the link between need and entitlement.

Through its modelling, the Resolution Foundation are clear that none of the proposed compromise options is an acceptable permanent solution: there would still be between

⁶ CPAG (2025) *Reducing child poverty: role of the two-child limit*. Available at: https://cpag.org.uk/sites/default/files/2025-04/Reducing_child_poverty_role_of_two-child_limit.pdf

⁷ Ibid.

120,000 and 350,000 more children in poverty than if the policy were scrapped. They forecast that, if one of these were the limits of the Government's ambitions on child poverty, then the child poverty rate in 2029-30 would likely be at or above its current (estimated) rate of 31%.⁸

Inaction on the two-child limit is therefore a policy choice that both exponentially increases poverty but sits in jarring contradiction to the UK Government's own aims to tackle child poverty and increase living standards.

All evidence points to the reality that abolishing the two-child limit should be the starting point of a successful Child Poverty Strategy.

We therefore demand that the UK Government make progress towards ensuring all households can live in decency and dignity, free from poverty, by ending the two-child limit. This is a vital stepping stone to restoring the value of family social security entitlements and turning the tide on indefensibly high levels of child poverty.

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⁸ Resolution Foundation (2025) *Limited ambition? An assessment of the rumoured options for easing the two-child limit*. Available at: <https://www.resolutionfoundation.org/app/uploads/2025/04/Limited-ambition.pdf>