

[redacted]

by email to [redacted]

Your ref: Fol/2024/6

18 December 2024

Dear [redacted]

Thank you for your email of 5 December to the Scottish Fiscal Commission requesting information under the Freedom of Information (Scotland) Act 2002 in which you asked for all communications with the Scottish Government regarding the proposals to remove or mitigate the two child cap in the 2025-2026 budget.

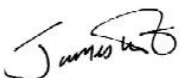
The information you requested is included in the Annex to this reply.

If you are unhappy with this response to your request under the Freedom of Information (Scotland) Act 2002, you may ask us to carry out an internal review of the response, by writing to: John Ireland, Chief Executive, Scottish Fiscal Commission, email info@fiscalcommission.scot.

Your review request should explain why you are dissatisfied with this response and should be made within 40 working days from the date when you received this letter. We will complete the review and tell you the result, within 20 working days from the date when we receive your review request.

If you are not satisfied with the result of the review, you then have the right to appeal to the Scottish Information Commissioner. More detailed information on your appeal rights is available on the Commissioner's website at: www.itspublicknowledge.info/YourRights/Unhappywiththeresponse/AppealingtoCommissioner.aspx.

Yours sincerely

A handwritten signature in black ink, appearing to read "James H White".

James H White
Governance Manager

Annex

From: John Ireland <john.ireland@fiscalcommission.scot>

Sent: 29 November 2024 19:28

To: Alasdair Black <Alasdair.Black@gov.scot>

Cc: REDACTED – Section 38(i)(b); Jennie Barugh <Jennie.Barugh@gov.scot>; Matthew Elsby <Matthew.Elsby@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>; Ian Davidson <Ian.Davidson2@gov.scot>; REDACTED – Section 38(i)(b)

Subject: RE: SFC Note - Mitigating the Two-Child Limit Policy

Alasdair

Thanks for getting back to me. The extracts are attached.

Regards

John

EXTRACTS FROM SFC MEDIA RELEASE AND SEFF: MITIGATION TWO CHILD LIMIT

These extracts are based on the Scottish Government's current policy position and are subject to final clearance from our Commissioners

Media Release

The main body of the release would include a paragraph on the mitigation:

In addition, the Government have announced their intention to explore ways of mitigating the Universal Credit two child limit. The time required to develop legislation and delivery mechanisms mean that payments would not start until early in 2026-27. This could increase social security spending by around £150 million in 2026-27 rising to over £200 million in 2029-20 and would further increase the share of day to day spending allocated to social security.

The notes for editors would include a note:

5. The additional costs of mitigating the Universal Credit two child limit from 2026-27 have not been included in the Fiscal Commission's principal forecasts as the Scottish Government made the Commission aware of the policy on 28 November, after its deadline for policy measures. We intend to publish a formal supplementary costing in due course.

SEFF

Chapter 1 of the SEFF would include paragraphs 1.5 through 1.7 below. Paragraph 1.4 refers to the costings for PAWHP and ADS and is provided for context.

- 1.4 The Scottish Government gave us two additional policies after the final policy deadline. Both policies were received within an agreed extension to the deadline of 27 November. We have costed these policies and included them in our report. Our ability to accommodate these additional policies was helped in part by the Government providing us with other material, including their public sector pay policy, in good time.
- 1.5 On November 28 the Government provided us with a third additional policy relating to the mitigation of the Universal Credit two child limit. This was 8 days after the deadline for final policy measures. As an extension had not been agreed, and given there was insufficient time to produce quality assured estimates, our forecast and spending tables do not include the cost of this policy.
- 1.6 There are no implications for 2025-26 as the Government assess that it will take up to 12 to 18 months to develop the policy, pass the necessary legislation and be in a place to make the first payments in 2026-27.
- 1.7 We would have wished to include a formal costing in our publication, but this was not possible given the late notification of this policy. However, we judge this policy to be a fiscal risk. We therefore provide indicative costs which are consistent with estimates published by the Institute of Fiscal Studies. It is our intention to publish a formal supplementary costing in due course.

From: Alasdair Black <Alasdair.Black@gov.scot>
Sent: 29 November 2024 17:20
To: John Ireland <john.ireland@fiscalcommission.scot>
Cc: REDACTED – Section 38(i)(b); Jennie Barugh <Jennie.Barugh@gov.scot>; Matthew Elsby <Matthew.Elsby@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>; Ian Davidson <Ian.Davidson2@gov.scot>; REDACTED – Section 38(i)(b)
Subject: RE: SFC Note - Mitigating the Two-Child Limit Policy

Thanks John – we have been discussing further at this end and will come back to you on that to clarify.

Yes please it would be helpful if you could share the text that you have drafted.

Also working over the weekend, and happy to speak.

Alasdair

Alasdair Black | Deputy Director, Budget and Fiscal Co-ordination | Directorate for Exchequer Strategy | The Scottish Government | Tel REDACTED – Section 38(i)(b)

From: John Ireland <john.ireland@fiscalcommission.scot>

Sent: 29 November 2024 17:13

To: Alasdair Black <Alasdair.Black@gov.scot>

Cc: REDACTED – Section 38(i)(b); Jennie Barugh <Jennie.Barugh@gov.scot>; Matthew Elsby <Matthew.Elsby@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>; Ian Davidson <Ian.Davidson2@gov.scot>; REDACTED – Section 38(i)(b)

Subject: RE: SFC Note - Mitigating the Two-Child Limit Policy

Alasdair

We spoke yesterday afternoon. At that point Ian confirmed that the two child mitigation described in this note remained SG policy. We discussed how the SFC intended to handle the policy in its report and media release. Jennie said that she wanted to outline this to the Cabinet Secretary. I explained that the SFC would need clarity on how the SG intended to treat the policy to finalise our report.

I've heard nothing back during the course of the day. After speaking with my Chair just now, can I ask that you let me know the Government's intentions by 9 AM on Monday? We have drafted some text for our media release and report on handling on the assumption that the SG position does not change. I'm happy to share these.

I'll log on from time to time over the weekend. And you can contact me on REDACTED – Section 38(i)(b).

REDACTED – Section 38(i)(b) is working over the weekend and you can contact her by Teams.

Regards

John

From: John Ireland <john.ireland@fiscalcommission.scot>

Sent: 28 November 2024 10:11

To: Alasdair Black <Alasdair.Black@gov.scot>

Cc: REDACTED – Section 38(i)(b); Jennie Barugh <Jennie.Barugh@gov.scot>; Matthew Elsby <Matthew.Elsby@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>

Subject: RE: SFC Note - Mitigating the Two-Child Limit Policy

REDACTED - out of scope

From: Alasdair Black <Alasdair.Black@gov.scot>
Sent: 28 November 2024 10:09
To: John Ireland <john.ireland@fiscalcommission.scot>
Cc: REDACTED – Section 38(i)(b); Jennie Barugh <Jennie.Barugh@gov.scot>; Matthew Elsby <Matthew.Elsby@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>
Subject: SFC Note - Mitigating the Two-Child Limit Policy

John

As discussed this morning, please see attached note.

Alasdair

Alasdair Black | Deputy Director, Budget and Fiscal Co-ordination | Directorate for Exchequer Strategy | The Scottish Government | Tel: REDACTED – Section 38(i)(b)

**NOTE FOR SCOTTISH FISCAL COMMISSION
NOVEMBER 2024
USING TOP-UP POWERS TO MITIGATE THE UC TWO-CHILD LIMIT**

1. This paper provides a high-level overview of the current policy proposal to mitigate the Universal Credit two child limit through the use of existing Top-Up powers. Further detailed legislative, policy and delivery work needs to be carried out and the parameters for delivery may change.

Background

2. The two-child limit restricts benefit payments for Universal Credit (UC). There are limited exceptions for multiple births or children conceived through rape or controlling, coercive behaviour. The policy was introduced on 6 April 2017 and applies to children born after that date. When it was launched, the UK Government said that it would require those in receipt of benefits to make ‘the same financial choices about having children as those supporting themselves solely through work.’
3. The same rule is applied to Tax Credits however Child Tax credits will end on 5 April 2025 and will therefore not be part of the policy or delivery considerations.

REDACTED Section 30(b)(i) and (ii)

Teams Messages – Transcriptions

Teams Conversations

Microsoft Teams Conversation 1

Ian Davidson – Head of Social Security Policy

John Ireland – Chief Executive Scottish Fiscal Commission

Thursday 28 November

John Ireland 1727

“REDACTED - Section 30(b)(i) and (ii) REDACTED - Section 38(1)(b). REDACTED - Section 30(b)(i) and (ii) REDACTED – Section 38(1)(b) REDACTED - Section 30(b)(i) and (ii)

Microsoft Teams Conversation 2

Ian Davidson – Head of Social Security Policy
Jennie Barugh – Director of Fiscal Sustainability and Exchequer Development
Alasdair Black – Deputy Director – Budget and Fiscal Coordination
John Ireland – Chief Executive Scottish Fiscal Commission

28 November

John Ireland 1317

REDACTED Section 30(b)(i) and (ii)

Ian Davidson 1320

“happy to do that John – can you send me the link and let me know when to join?”

John Ireland 1321

“I’ve already spoken with Stephen Kerr this morning and given him a sense of where we’ll go. In brief, we received this policy too late to include in our forecasts. As the spend is from 26/27 onwards Section 7 does not apply. However, it is material to our assessment of risks and so we’ll be including some narrative in our Fiscal Overview. This is likely to include a preliminary indication of the likely costs. We will publish a formal supplementary costing after the Budget.”

[replying to Ian Davidson message 1320]

“Thanks Ian – will email”

John Ireland 1659

“Jennie, here’s what I said earlier. In brief, we received this policy too late to include in our forecasts. As the spend is from 26/27 onwards Section 7 does not apply. However, it is material to our assessment of risks and so we’ll be including some narrative in our Fiscal Overview. This is likely to include a preliminary indication of the likely costs. We will publish a formal supplementary costing after the Budget. Graeme also added that we would also need to explain why this wasn’t formally costed in our report in the notes to editors in our media release. On top of that we are committed to report back to FPAC on adherence to our agreed timetable .../....”

John Ireland 1704

REDACTED - Section 30(b)(i) and (ii)

Jennie Barugh 1705

“thanks John and all understood.”

Microsoft Teams Conversation 3

Alasdair Black – Deputy Director – Budget and Fiscal Coordination

John Ireland – Chief Executive Scottish Fiscal Commission

Thursday 28 November

John Ireland 0659

“Morning Alasdair – happy to speak. I’ll be around from 8:40 to about 10:00 before I need to leave
REDACTED – Section 38(1)(b)

John Ireland 0922

“Thanks for your time earlier. REDACTED - Section 30(b)(i) and (ii)”

Alasdair Black 1011

“that’s correct.”

John Ireland 1324

“Alasdair – REDACTED - Section 30(b)(i) and (ii)”

Alasdair Black 1343

“REDACTED - Section 30(b)(i) and (ii)”

I’m ok with that!”

John Ireland 1350

“Thanks Alasdair”

John Ireland 1413

“REDACTED – Section 21”

John Ireland 1433

“REDACTED - Section 30(b)(i) and (ii)”

Saturday 30 November

John Ireland 1242

“REDACTED - Section 30(b)(i) and (ii)”

John Ireland 1547

“Thanks Alasdair”

Alasdair Black 1639

“REDACTED - Section 30(b)(i) and (ii)”

Tuesday 3 December

Alasdair Black 1427

“thanks John

John Ireland 1432

“Thanks”

Wednesday 4 December

Alasdair Black 1015

“john – can you take a call please”

John Ireland 1016

“Yes”