

# Scottish Parliament Social Justice and Social Security Committee

## Budget scrutiny 2026-27, Future Social Security Spending in Scotland

### Written submission by Joseph Rowntree Foundation

This response argues that the increase in spending on social security system is both welcome and necessary. While that increase inevitably raises pressures on spending elsewhere in the budget, the Parliament cannot set radical child poverty reduction targets and expect them to be met without additional investment. Similarly, rises in spending on support for disabled people is both the foreseeable outcome of devolution of the payments and, again, necessary to support disabled people and those suffering from ill-health.

**Question 1 - to what extent do you welcome the growth in devolved social security spend? Please explain your reasons.**

In general, we welcome the increase in social security spending. Our social security system is one of the most vital tools for tackling poverty and the inequalities that underpin it in our society. It is one of the key means by which the state can ensure that everyone in our society can maintain a decent standard of living.

Many people in Scotland today cannot do so. Around 1 in 5 people live in poverty, nearly 1 in 4 children live in poverty. We trumpet that we want Scotland to be the best place in the world to grow up but maintain such high levels of child poverty.

Is social security the only means to reduce poverty? No. Has it reached the peak of its efficacy in reducing poverty? No.

The Scottish Parliament unanimously passed two laws that are relevant to the Committee's inquiry. The Child Poverty (Scotland) Act 2017 and the Social Security (Scotland) Act 2018. The former set challenging child poverty reduction targets that, as the Committee knows, we are some ways from meeting. The Social Security (Scotland) Act provided the bedrock for the social security spending that the Committee is studying. It is worth dwelling on the principles of that Act. *An investment in the people of Scotland, a human right and essential to the realisation of other human rights.*

The Scottish social security principles are—

- a) social security is an investment in the people of Scotland,
- b) social security is itself a human right and essential to the realisation of other human rights,
- c) the delivery of social security is a public service,
- d) respect for the dignity of individuals is to be at the heart of the Scottish social security system,
- e) the Scottish social security system is to contribute to reducing poverty in Scotland,
- f) the Scottish social security system is to be designed with the people of Scotland on the basis of evidence,
- g) opportunities are to be sought to continuously improve the Scottish social security system in ways which—

- i. put the needs of those who require assistance first, and
- ii. advance equality and non-discrimination, the Scottish social security system is to be efficient and deliver value for money.

We mention this because a key issue to underline is that these increases in Scottish Government spending are not accidental. The Scottish Fiscal Commission highlight how the difference between the funding the Scottish Government receive from the UK Government and the amount they actually spend. This “gap” is the result of active Scottish Government policy and its worth considering those in a bit more detail. They approximately split into three categories:

1. *Decisions to create Scottish specific payments* – the most obvious of these, and the largest cost, is the Scottish Child Payment. At around £500 million per year, it is a targeted payment for families with children on low incomes in Scotland.
2. *Decisions to improve the delivery of benefits in Scotland when compared with the DWP* – again the most obvious example of this is the changes to the way in which Child and Adult Disability Payments are assessed and administered when compared to the Department for Work and Pensions.
3. *Decisions to mitigate elements of the UK Government’s social security policy* – mitigation of the bedroom tax, the benefit cap and, most recently, the two-child limit. The Scottish Welfare Fund could also be seen as a mitigation although recent UK Government spending on their Household Support Fund blurs the lines a bit.

As the Committee knows, other Scottish Government spending is also supported in large part by a Block Grant from the UK Government but because of the way in which the additional social security powers were developed, the Block Grant Adjustments related to social security spending provide a straightforward benchmark for spend compared to the UK Government.

This is useful for transparency and accountability but if the goal is simply to be as close as possible to UK Government spending in a particular area, that is not devolution realising its full potential.

The overall point we are trying to make is that the affordability of the social security system is a political choice. Sometimes the debate around social security spending can feel othering.

That there is public spending *and then* social security spending. As the Parliament unanimously agreed, “social security is a public service” – spending on it is no different to spending on the NHS and schools.

In agreeing, then, what is affordable there is not some natural equilibrium that we should be searching for. It is a decision we take as a society as to the level of support that is available to all of us should life trip us up or if we face barriers that others don’t to fully participating in society. The child poverty reduction targets are, of course, relevant – as we have shown<sup>1</sup> at current levels of investment those targets will be missed by around ten percentage points and will not be met by increased economic growth and hope alone.

It would also take us too long in this response to set out the ways in which the social security

---

<sup>1</sup> <https://www.jrf.org.uk/work/economic-and-employment-growth-alone-will-not-be-enough-to-reduce-poverty-levels>

system, across the UK, is inadequate. We do so in detail in Poverty in Scotland 2024<sup>2</sup> as have many others repeatedly. It is of course legitimate to hold the Scottish Government to account on its social security spending and we, like everyone, are keen for it to have the biggest possible impact that it can but that debate is not happening in a vacuum.

As Alex in Fife, a member of our End Poverty Scotland Group (EPSG), put it in Poverty in Scotland 2024:

“I wish the benefit system was separate from politics. It’s so unfair that every time someone wants to stay in power, they want to be seen as coming down hard on people on benefits. [But then] everyone that is having to do it as a lifeline is screwed over.”

We would encourage the Committee to remember this in their inquiry. Our social security system supports people in our society when they need it the most, social security has been a political football for too long and people in Scotland deserve better.

**Question 2 - to what extent are you concerned about the growth in devolved social security? Please explain your reasons.**

As we note above, much of the growth is related to decisions taken by the Scottish Government and so, if you support the policy aims of those decisions (which we do), they are not causes for concern.

It is, however, a legitimate public policy aim to try and reduce the number of working age people who require adult disability payments (and other social security payments by, for example, reducing barriers to employment). A smaller caseload would allow even greater scope for increased adequacy of the support available.

And it is worth noting that point about adequacy. Scope’s latest research shows that shortfall between the average PIP award and the average additional cost to disabled people of maintaining the same standard of living as a non-disabled person is £630 a month.<sup>3</sup> The elephant in the room of many discussions on benefits for disabled people is adequacy.

That being said, the continued projected growth in the ADP caseload, the continuing trend of declining life expectancy and the atrocious gaps in health life expectancy between our most and least deprived communities clearly should, of course, be of concern<sup>4</sup>. On this, there is an alignment between a bad public policy outcome (people living shorter, less healthy lives) and increasing public spending. That is not, however, a failure of the social security system but of broader government efforts to support people to live healthier lives.

The way the UK Government have gone about their cuts to PIP and the health-related elements of Universal Credit makes this mistake from the off. Attempting to manage the cost, rather than the underlying issues simply put the problems on the backs of disabled people rather than governments fulfilling their responsibilities.

---

<sup>2</sup> <https://www.jrf.org.uk/poverty-in-scotland-2024>

<sup>3</sup> <https://www.scope.org.uk/campaigns/disability-price-tag>

<sup>4</sup> As the Scottish Fiscal Commission do in their Fiscal Sustainability Report - <https://fiscalcommission.scot/wp-content/uploads/2025/04/Publication-April-2025-FSR-Summary.pdf>

Those problems are both short-term and longer-term. In the short-term, inadequate social security, NHS waiting times, endemic lack of social care provision and limited mental health services allow conditions to worsen, inevitably leading to a lack of dignity, avoidable worsening of conditions, poverty and further marginalisation of ill and disabled people.

In the longer term, lack of accessible (or affordable) transport, discrimination in the workplace and higher poverty levels create structural barriers to ill and disabled people being able to fully participate in society as we all have the right to.

Addressing these problems by making disabled people poorer by cuts to disabled people's benefits can only be explained by budgeting driving policy, rather than the other way round. The Scottish Government, and Parliament, must avoid re-using that well-worn playbook – surely one of the benefits of devolution. It may also be in taking a more sober look at PIP, alongside disabled people, will bring the UK Government to a more effective policy platform.

As others have noted, though, a deeper study of why these caseloads are increasing (including the Child Disability Payment) would be very valuable and allow a more informed debate and approach.

### Question 3 - What is the evidence that spending on devolved social security is effective in supporting those who need it?

As we noted in our response to the Committee last May<sup>5</sup> there is quantitative and qualitative evidence of the impact of the Scottish Child Payment in particular.

“When it first started it was extra money for the meters, you were able to keep the heating on a bit longer, everybody was able to be a bit more comfortable, I was able to get some extra food in, so the kids were happy, because at the time I had two teenage boys who would eat me out of house and home, always hungry, so it was good for that.” (Laura, Glasgow)

We also modelled in Poverty in Scotland 2024 what we think the impact of the Scottish Child Payment will be on child poverty levels. We showed that the modelled poverty rate with the SCP is significantly lower than the rate shown in the FRS data, falling from 24% in 2020–23 to 20% by 2024/25. When we compared the modelled poverty rates in 2030/31 with and without the payment, the poverty rate with the payment is 3 percentage points lower than with no payment.

On Adult Disability Payments, the recently concluded independent review of Adult Disability Payment<sup>6</sup> explicitly had the adequacy of the payments excluded from it. While the Review is a welcome chance to refresh the new system, it was a missed opportunity (caused by the

---

<sup>5</sup> <https://www.parliament.scot/-/media/files/committees/social-justice-and-social-security-committee/scottish-child-payment/scottish-child-payment-joseph-rowntree-foundation-submission.pdf>

<sup>6</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2025/07/independent-review-adult-disability-payment-final-report/documents/independent-review-adult-disability-payment-final-report/govscot%3Adocument/independent-review-adult-disability-payment-final-report.pdf>

Scottish Government narrowing the scope) to look at whether the payments were adequate to fulfil the aims of ADP.

In Poverty in Scotland 2024, we explored in detail the poverty rates amongst disabled people in receipt of ADP (or related payments) and the picture was stark. As ADP (and PIP) are supposed to cover the additional costs that disabled people face, we can exclude them from household incomes to track poverty rates. In 2020–23 the poverty rate doubles for people in families in receipt of disability benefits when disability benefits are excluded, rising from 19% to 41%. This gap has widened over time, with poverty rates 15 percentage points higher in 2011–14, when benefits are excluded, rising to 22 percentage points higher by 2020–23.

Just as starkly, there are clear differences in the likelihood of experiencing combined low-income (less than 60% of the median income) and material deprivation for families where someone is disabled: 13% of children and 15% of working-age adults in a family where someone is disabled were in households below the poverty line (including disability benefits) and in material deprivation. This is more than triple the rate seen for children and working-age adults in families where no one is disabled (3% and 5% respectively). We also see a similar pattern for working-age adults in families in receipt of disability benefits, with 13% of working-age adults in combined low-income and material deprivation compared to 8% in families not in receipt of disability benefits.

As noted above, the adequacy of ADP to support disabled people's additional costs should be a more central part of the debate about these payments. So, while there has been some welcome improvements in how ADP is delivered, compared to PIP by the DWP, it is not still providing the same rates of inadequate support.

**Question 4 - Do you think further increasing any particular social security payments would be a cost-effective way of reducing child poverty? If you think that it would, what increases to which payments should be considered?**

As we have set out, there are no free ways to reach the child poverty reduction targets – targets which were unanimously agreed by the Parliament<sup>7</sup>. Action at scale is needed to improve incomes from work and from social security.

Our modelling tells us that a SCP of £40 has the best poverty reduction impact per pound for each depth of poverty. This would require an additional £190 million a year. At this level the payment targets those below the poverty line most effectively. However, on its own, would still not meet the targets, but would bring the child poverty rate down to 18%.

We would therefore also recommend additional targeted spending that focuses on those least likely to be able to earn a sufficient income in the existing labour market. This could be achieved via a SCP premium. This payment would likely be most effective for households where someone is disabled, single parent households and those with babies.

To achieve the large-scale change needed to meet the targets, multiple things will need to happen together, and quickly. It requires a significant change of pace from where we are now.

Not only in social security investment. We must radically increase the ambition we have in supporting parents into work. This requires a multifaceted approach which centres the needs of families, most notably in terms of childcare provision but also in terms of

---

<sup>7</sup> <https://www.jrf.org.uk/child-poverty/meeting-the-moment-scottish-election-2026>



employment support. Our “Meeting the Moment” report shows the transformational potential this has on outcomes for parents and on poverty levels. It would also in time impact positively both on tax revenues and in reducing social security spending – again increasing the scope for supporting those who need it the most.

It is of course reasonable to suggest that changes of this scale will be difficult in the timescales of the targets. But it is much better to try and fail, than to fail to try. Scotland’s children deserve nothing less.

#### Question 5 - What are your views on the advantages and disadvantages of universal benefits compared to those targeted at low-income households?

The pros and cons of universal vs targeted benefits are well worn.

Universal benefits offer a much easier process for people to claim them. They strip away stigmatising and complicated means testing. They take away cliff-edges where people lose eligibility due to small changes in income. There is also an argument that they drive stronger “buy-in” in a public service. The NHS is probably the most obvious example of the latter; schools are a good example too.

The cons are basically cost. Providing the same benefit to every individual in society costs more than targeting it. You will also provide support to people who could afford to secure the service/income themselves.

Universal provision of services is clearly attractive, and particularly for services which are likely to be beneficial to low-income households. Both through removing complexity for households and, crucially, for removing stigma.

The pros of targeting relate to cost. By targeting services at those on low incomes you are, obviously, reducing the number of people who benefit and hence the cost. Indeed a major pro of this is that you may be able to provide greater support to a smaller number of people than you would a larger group. A second benefit is redistribution, social security payments are particularly effective at redistributing income within a society – paired with a progressive tax system (that is built on the principle of taxing those with the greatest ability to pay the most), this can reduce income inequality.

The cons are the inverse of the pros of a universal approach. Targeting requires means testing and a certain amount of complexity. Households face cliff-edges where modest increases in their incomes can mean losing access to a service or payment. This can create perverse incentives for people to maintain their income at a lower level through fear of losing support.

In terms of means testing – some of this risk can be offset by two responses. Firstly, the level of technological sophistication that we have should mean that such means testing can be kept relatively simple for individuals (although requires investment in good systems). Secondly, it also requires a de-stigmatisation of current approaches. Often means testing is set up from the principle of “how do we stop people from fraudulently claiming” rather than “how do we maximise the number of people who claim”. While tax returns rely on self-

declaration, social security claims rely on up-front means testing. Much of the complexity and stigmatisation of means testing is by design – it is not an inevitable outcome of such an approach.

Ultimately, however, the debate about whether services should be universal or targeted comes down to whether we as a society are willing to invest in universal services and/or invest in better systems for targeting. At the moment we have a bit of a half-way house, where some universal services exist and targeted systems are clunky (such as Council Tax Reduction or the targeted childcare provision for some two year olds).

Current childcare provision is a good example. The universal offer to all parents of 3 and 4 year olds of 1140 funded hours is a popular and effective policy. It is often held up as a poverty reducing policy – and for many low-income families it will be. In total – when paired with the targeted offer for 2-year-olds it costs around £1 billion a year.

But as we<sup>8</sup>, and many others, have highlighted – low-income households are telling us they need more. Greater coverage of school holidays and more funded hours for under 3s (and that's without getting into the lack of availability and flexibility in many areas). Any further expansion of childcare will cost significant sums of money. This is exactly the sort of area where we need a debate about things like a contributory system where better off households could be asked to contribute to help with the cost of expansion.

#### Question 6 - To what extent is the Scottish Government's ability to manage the devolved social security budget affected by UK Government policy choices?

Like all devolved policy, the budgetary decisions of the UK Government have a significant impact on the SG's ability to manage devolved social security budgets. It is tempting, because of the unique way in which the Block Grant Adjustment makes explicit the comparison between UKG and SG spending on social security, to think of social security differently to other devolved policy. But in most ways, it is no different to other areas of spend.

That being said, the areas of social security that are devolved have tended to be in areas where the UK Government's policy has been to reduce spending and where Scotland has traditionally had higher spending (on disability benefits). Whether through things like the Scottish Welfare Fund, Best Start Payments or bedroom tax mitigations these have been areas where SG policy has largely been to maintain something that the UK Government have decided to cut. This is writ large in the current debate about the cuts to disability payments where the previously proposed changes to Personal Independence Payments would have reduced the SG's spending powers by hundreds of millions of pounds a year.

Again, though, this isn't necessarily different to other devolved areas such as local government or justice funding which have also faced cuts at a UK level that have then impacted on the Scottish Government's spending power.

There are, however, elements of the proposed reforms to disability benefits by the UKG that will impact on SG policy making (if not budgets necessarily). For example, the proposal to scrap the work capability assessment for the health element of universal credit and merge it with the PIP assessment would have significant impacts on devolved policy as it relates to

---

<sup>8</sup> <https://www.jrf.org.uk/child-poverty/poverty-proofing-the-future-of-early-years-childcare>

Adult Disability Payments. These are things that could potentially fetter the discretion of SG decision making as they may not wish, for good reason, to make life even harder for disabled people in Scotland by diverging even more significantly from the DWP.

The demand driven nature of social security also creates budgetary risks for the Scottish Government. As the Scottish Child Payment is currently tied to Universal Credit, during economic shocks we would expect Universal Credit claims to rise and Scottish Child Payment claims with it.

As we have discussed previously, there are also ways that the Scottish social security system could be set up to be a bit more agile to changes at a UK level. For example, the ability to taper the child payment would allow for better targeting of social security payments at families with children in poverty. The cost-of-living spike also highlighted that the Scottish Government have limited ways of targeting one off payments at low income households – again a mechanism that could help in future shocks.

Ultimately, some of these risks would be mitigated by better coordination between the Scottish and UK Governments. Both governments seem to make decisions that impact on reserved/devolved policy with little regard for the impact it might have on the systems of the other government. That may seem a bureaucratic concern but ultimately the impact is on individuals; for example, disabled people have faced a swarm of conflicting public messaging as have older people around winter fuel payments. There are also missed opportunities, both the DWP and devolved government (principally via local government) provide support for employment and both governments agree on the necessity to break down more barrier to employment – yet coordination of those efforts is sorely lacking.