

**Scottish Parliament Social Justice and Social Security Committee**

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

**Written submission by Public Health Scotland**

**Q1: To what extent do you welcome the growth in devolved social security spend? Please explain your reasons.**

Supporting the economy is a critical determinant of health and health inequalities. It shapes the distribution of income and wealth, and there is strong evidence that poverty and inequalities in income and wealth underpin health inequalities. Economic development can help people to gain good quality employment and access other building blocks of health.

Social security in Scotland plays a critical role in both public health and the economy, and its importance is growing as the Scottish Government expands its responsibilities in this area. Social security spending acts as an economic stabiliser. In 2024–25, the Scottish Government invested £6.3 billion in social security, which is estimated to boost GDP by £300 million due to increased consumer spending by

low-income households ([Impact of Increased Social Security Spending on the Scottish Economy](#) )

Investments in social security can lead to:

- Higher productivity through better health.
- Greater labour market participation, especially among disadvantaged groups.
- Reduced demand for public services, saving money in areas like healthcare and housing.

Public Health Scotland (PHS) cautiously welcome the growth in devolved social security spend. All things being equal, growth in spending on devolved social security in Scotland is likely to be beneficial for population health and reduce health inequalities, because:

- In rich, high-income countries, increased spending on social security is likely to improve mental health and narrow inequalities in mental health<sup>1</sup> and is

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<sup>1</sup> [Effects of social security policy reforms on mental health and inequalities: A systematic review of observational studies in high-income countries - PubMed](#)

associated with reduced Disability Adjusted Life Years.<sup>2</sup>

- Richardson et al. (2025) found that combining progressive increases in income tax with large increases in devolved social security spending would reduce income inequality by ~ 10% and inequalities in life expectancy by 8-9% in Scotland.<sup>3</sup>

Programmes such as the Scottish Child Payment demonstrate the benefits that can be delivered to meet specific needs. However, to effectively alleviate / eradicate the effects of poverty, a much broader approach is needed.

To help drive change as part of a broader approach, PHS maps its work with the Marmot Principles which recognise that lives are shaped by an organised system that can be changed. The role of creating fair employment and good work for all is central to the principles, as is the role of the system in shaping the lives and experience of people living across Scotland.

The 'Marmot 8' aim to:

- give every child the best start in life
- enable all children, young people, and adults to maximise their capabilities and have control over their lives
- create fair employment and good work for all
- ensure a healthy standard of living for all
- create and develop healthy and sustainable places and communities
- strengthen the role and impact of ill health prevention
- tackle racism, discrimination and their outcomes
- pursue environmental sustainability and health equity together.

To further support this, PHS is currently in partnership with Michael Marmot's Institute for Health Equity, which is guided by the Marmot 8. Our **Collaboration for Health Equity in Scotland (CHES)** is active in three areas (Aberdeen City, North Ayrshire, and South Lanarkshire) to help support public service reform.

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<sup>2</sup> [Association of Health and Social Spending With Health Outcomes in OECD Countries - Park - Health Services Research - Wiley Online Library](#)

<sup>3</sup> [Effects of changes to income tax and devolved benefits in Scotland on health inequalities: a modelling study | European Journal of Public Health | Oxford Academic](#)

This approach looks at the local systems at play in helping to shape lives with the aim of informing decisions which can lead to a reduction in health inequalities.

Learning from this two-year project will be shared nationally.

**Q2: To what extent are you concerned about the growth in devolved social security? Please explain your reasons.**

Scotland's social security system is a mix of devolved and reserved powers, creating a complex landscape. For example:

- Universal Credit and Employment Support Allowance are UK-wide.
- Scottish Child Payment and Adult Disability Payment are devolved. This overlap means UK policy changes can directly affect Scottish programmes and budgets

This complexity can create a lack of integration and alignment in the support available to enable progression towards and into fair work especially those already disadvantaged within the labour market with a need for wrap around support. Access to good, fair, and flexible work is a critical action to help to tackle child poverty.

The Scottish Government is investing more in social security than the UK Government's allocation under the fiscal framework. Since the Scottish Government cannot borrow for social security, increased spending must be funded through higher taxes or reallocation within the budget. PHS would be concerned about the extent to which growth in devolved social security is merely mitigating against cuts and freezes to reserved benefits.<sup>4</sup>

For households, this means that the potential health benefits of increasing incomes in low-income families will not be realised. For the Scottish Government, there is a risk that choosing to spend to mitigate might force cuts to other categories of public spending in Scotland, which could be also bad for population health and health inequalities.<sup>5,6</sup>

Given the inter-connected strands of social security delivered across the UK we would support a co-ordinated four-nations approach to address the root causes of poverty. Social security should be seen as part of a wider response to mitigate

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<sup>4</sup> For example, loss of income from deductions, sanctions, the five-week wait and the two-child limit.

<sup>5</sup> [Is Austerity Responsible for the Stalled Mortality Trends Across Many High- Income Countries? A Systematic Review](#)

<sup>6</sup> [The Impact of Austerity on Mortality and Life Expectancy](#)

against the effects of poverty. Collectively, we need to ensure the building blocks of a healthy society are in place.

For example, greater employment rights, paying the Real Living Wage, providing flexible working, and creating good jobs in the areas of highest poverty would help to counter longstanding trends. Government at every level should deliver what they can under existing criteria and work together to identify how best to improve living and working conditions.

Public Health Scotland, the Faculty of Public Health, the Royal Society for Public Health and the Scottish Directors of Public Health recently issued a joint statement to the UK Government echoing this approach, with a focus on helping families increase their income through fair employment and an effective social security system.<sup>7</sup>

### **Q3: What is the evidence that spending on devolved social security is effective in supporting those who need it?**

#### **Take-up**

Estimates of take-up of many devolved benefits are published by the Scottish Government. [\(See Appendices, Table 1\)](#). Estimates of take-up rates for Child Disability Payment and Adult Disability Payment are currently unavailable.

Take-up rates are close to 100% for SCP for children under six and the BSG (one-off) school-age payment. There is some scope to increase take-up of other Family Benefits and the Young Carers Grant. Take-up of the Funeral Support Payment is low and extremely low for the Job Start Payment.

Increased take-up of the SCP for children aged 6-15 is likely to reduce child poverty. Some evidence of this comes from comparing estimates of child poverty in Scotland in the Children in Low-Income Families (CLIF), which assumes 100% take-up, with those in the Households Below Average Income (HBAI), which use more 'realistic' measures.<sup>8</sup> The CLIF estimates are substantially lower.

#### **Ongoing work**

There are a number of projects underway to evaluate the wider impacts of the Five Family Benefits, with a particular focus on the Scottish Child Payment, both by the

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<sup>7</sup> [Reducing child poverty is essential for the health of the population, our economy and public services](#)

<sup>8</sup> [Background information and methodology: Children in low income families: local area statistics - GOV.UK](#)

Scottish Government itself and by academics, for example at Glasgow University. A Nuffield Foundation project, Social Security in a devolved UK, examining the evidence on this, is underway and is due to complete in November 2027.<sup>9</sup> The Family Finance Research Project is also examining the impact of the Scottish Child Payment on financial and emotional wellbeing and employment.<sup>10</sup>

### **What else might help improve our understanding of the effectiveness of devolved social security?**

A commitment to conducting thorough health impact assessments of current and future social security policies would help to ensure that these promote wellbeing and reduce inequalities.

PHS has started to work with Social Security Scotland to explore how devolved social security data could be shared and potentially made linkable (in an anonymised form) to health data. This could help policymakers and elected officials better understand the effectiveness of devolved social security, and its impact on health and health inequalities, to inform their decisions.

NHS Scotland is contributing to increased take-up of benefits in Scotland through its delivery of income maximisation pathways, supported by local authority and third sector money advice service partners. Improving the delivery of existing NHS pathways, and expanding to additional settings, could support more effective delivery of devolved benefits to those who need it.

**Q4: 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?**

### **Two-child limit mitigation**

If the two-child benefit cap is not lifted by the UK Government, the proposal by the Scottish Government to do so would be a cost-effective way of reducing child poverty.<sup>11</sup>

In April 2025, 97,740 children in Scotland live in households affected by the two-child

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<sup>9</sup> [Social security in a devolved UK - Nuffield Foundation](#)

<sup>10</sup> [Family Finances | A collaborative project between the University of York, the London School of Economics, and the Child Poverty Action Group.](#)

<sup>11</sup> Public Health Scotland response - Universal Credit - mitigation of the two-child limit: consultation, April 2025.

limit policy.<sup>12</sup> Of those households affected (including those with an exception), 53% were already working and 44% were in receipt of health-related benefits, limiting their ability to increase family income through increased earnings.

Glasgow University is working with the Scottish Government to consider modelling of the poverty and health effects of mitigating/abolishing the two-child limit. A decision on proceeding with this work will depend on policy announcements by the UK Government.

A clear monitoring and evaluation framework should be introduced before the policy to mitigate the two-child limit is brought in, to allow MSPs to judge whether it is successful or not.

### **Recent Joseph Rowntree Foundation proposals**

The Joseph Rowntree Foundation have proposed a package of measures to reduce child poverty, including social security and employment measures. The package would include increasing the Scottish Child Payment to £40; additional payments to families with babies, where someone has a disability or single parents; increasing take-up of SCP to 100%. It would also include moving over 50,000 parents into work as well as increasing the hours of 20,000 parents. They suggest this could reduce child poverty to 10% by the end of the next Scottish parliament. (These measures exclude any impact of mitigating against the two-child limit).<sup>13</sup>

### **Q5: What are your views on the advantages and disadvantages of universal benefits compared to those targeted at low-income households?**

Public Health Scotland published '[Proportionate Universalism: what is it, and how do we apply it?](#)', which may be helpful to this discussion. [Table 2 \(see Appendices\)](#) sets out the advantages and disadvantages of targeted, universal, and proportionate universalism in health. Proportionate universalism is defined as "the resourcing and delivering of universal services at a scale and intensity proportionate to the degree of need."<sup>14</sup> Some of this learning (and key questions to consider) may transfer to decisions about social security.

### **What else could be done?**

The social security system can both mitigate and prevent health harms. Non-cash

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<sup>12</sup> [Universal Credit claimants statistics on the two child limit policy, April 2025 - GOV.UK](#)

<sup>13</sup> [Meeting the moment: Scottish Election 2026 | Joseph Rowntree Foundation.](#)

<sup>14</sup> [Proportionate Universalism: what is it, and how do we apply it?](#)

benefits e.g. free prescriptions can also play a role in protecting health and reducing health inequalities.

Structural inequalities in income, education, housing, and employment continue to drive disparities in health outcomes. A supportive benefits system should be accompanied by actions on upstream preventative measures.

Ensuring that all people in Scotland who are entitled to benefits (devolved and reserved) receive them should be the immediate focus.

Some families are more likely to experience poverty – these include:

- larger families
- lone parents
- ethnic minority families
- families with a disabled member
- households without work
- young parents and families with babies.

Targeted measures for these groups are more likely to tackle health inequalities between the richest and poorest communities.

Migrants in Scotland with no recourse to public funds, who are not entitled to access the reserved and devolved social security systems, are likely to face extreme hardship and destitution, which will damage their health.<sup>15</sup> Additional, targeted financial support is required to protect this group.

**Q6: To what extent is the Scottish Government's ability to manage the devolved social security budget affected by UK Government policy choices?**

This will be influenced through several routes:

- Policy choices by the UK Government that result in cuts to public services, reductions, or disruption in payments to households from reserved benefits, or both, are likely to worsen mental health and increase mortality. Premature deaths will reduce spending on devolved social security budgets, but increase costs associated with poor mental health.
- Depending on the measures proposed in the forthcoming UK Child Poverty

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<sup>15</sup> [Families with no recourse to public funds are trapped in hardship | Joseph Rowntree Foundation.](#)

Action Plan, the need for expenditure on the Five Family Payments may increase or reduce (since these may be met through the reserved system).

- It is not clear what impact decisions on employment support by the UK Government will have. Increased support for parents and people with health problems or disabilities could help some move into/remain in work. However, if a change in working status does not improve incomes substantially or mitigate health problems, spending on devolved social security is unlikely to fall.
- More indirectly, any changes in the UK budget are likely to affect the resources available to the Scottish Government through the block grant. This in turn will increase or limit the choices made in Scotland on social security (and wider) expenditure.

For some households, living costs can be significantly higher, particularly for those with multiple children, a family member with a disability, or where caregiving responsibilities limit the ability to work. These families may also face additional barriers to employment, such as health conditions, lone parenting, or limited access to flexible job opportunities. Targeted financial support through social security can ensure these households have a stable and adequate income, reducing the risk of poverty and its impacts on health and wellbeing.

In Scotland we have already seen the impact of positive moves to mitigate the effects of child poverty. However, available Social Security is split between the remits of the UK and Scottish Governments. Because of this we feel there is a pressing need to work more closely together to help identify and deliver targeted support for those most in need.

## Appendices

Table 1: Estimates of take-up of selected devolved benefits.

	Take up rate	Year
Scottish Child Payment (<16)	89%	2023-24
Scottish Child Payment (<6)	97%	2023-24
Scottish Child Payment (6-15)	85%	2023-24
BSG: Pregnancy and Baby Payment	87%	2022-23
BSG: Early Learning Payment	87%	2021-22
BSG: School Age Payment	97%	2023-24
Best Start Foods	84%	2023-24
Young Carer Grant	87%	2023-24
Funeral Support Payment	67%	2023-24
Job Start Payment	21%	2023-24

Source: Scottish Government<sup>16</sup>

Table 2: Advantages and disadvantages of different approaches (summarised)

	Targeted	Universal	Proportionate Universalism
<b>Advantages</b>	<p>Allows for more tailored approaches to be taken in design and delivery.</p> <p>Less complex to plan, implement, monitor, and evaluate.</p> <p>Potentially less contentious to justify.</p>	<p>Potentially viewed as fairer by society.</p> <p>Decreases the risks of stigmatising and marginalising ‘targeted’ groups.</p> <p>Can be efficient and sustainable since it can often incur a lower administrative.</p> <p>Often broad political support, as everyone (all voters) potentially stand to benefit.</p> <p>More structural population-level</p>	<p>Balances equity and efficiency.</p> <p>Benefits of services are still experienced by everyone in the population (at least to some extent), so political support is often more readily available than for purely targeted approaches.</p> <p>Allows health equity to be improved while maintaining universal services.</p>

	Targeted	Universal	Proportionate Universalism
		interventions that do not require individual action are more likely to impact everyone.	A study in England has shown that allocating greater NHS resources to more deprived areas led to a reduction in absolute health inequalities in mortality amenable to healthcare. Proportionate universalism could also support the delivery of existing duties and legislation i.e. Fairer Scotland Duty, the Human Rights Bill, the Wellbeing and Sustainable Development Bill.
<b>Disadvantages</b>	<p>Area-based approach may risk misclassification and/or under-coverage of the target group.</p> <p>Means-testing/eligibility can mean those in high need can be excluded on an 'arbitrary' basis. undermines the collective societal incentive in those services being of high quality and funded from general taxation.</p> <p>Costly to administer. Can risk stigmatising recipients.</p> <p>Potential vulnerability to political challenge, particularly when the targeted group is an "outgroup" or perceived as 'undeserving'.</p>	<p>Could also be perceived as unfair, as those all those receiving services/benefits may not need them.</p> <p>Assumes that everyone is equally able to access the universal services being offered, when it is known that is not the case, for complex practical and psychological reasons. A 'one-size-fits-all' approach may fail to meet the specific needs of particular population groups.</p> <p>Despite the lower administrative burden associated with a non-targeted approach, a universalist approach is usually more expensive than targeted approaches.</p>	<p>May still face some of the challenges of universal or targeted interventions e.g. in definition of specific populations, expense of administration etc.</p> <p>Requires an accurate assessment of need to allow appropriate and proportionate resource allocation; often the data to meaningfully understand need (as opposed to demand) is not readily available.</p> <p>Difficulties in knowing how to effectively apply proportionality, and how to identify need.</p> <p>Challenges in demonstrating an effective reduction of the social gradient of health (although the same challenge in proving success are also present for universalist and targeted approaches).</p>



	Targeted	Universal	Proportionate Universalism
			Potentially more politically contentious. In practical terms – those with more personal resources and agency are required to take more responsibility to enable additional state resource to support those with less personal resource.

Source: '[Proportionate Universalism](#)': what is it, and how do we apply it?