

Scottish Parliament Social Justice and Social Security Committee

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

Written submission by Child Poverty Action Group (CPAG) in Scotland

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

CPAG welcomes the growing investment in devolved social security:

- **The growth is in line with the Scottish social security principles set out in the Social Security (Scotland) Act 2018** and backed by all the Holyrood political parties. These principles were informed by a set of principles for social security developed and promoted since 2006 by a broad cross section of Scottish civic society through the Scottish Campaign on Rights to Social Security (SCoRSS).¹ They rightly state social security is an investment in the people of Scotland, a human right and is to contribute to reducing poverty in Scotland.
- **Child poverty has risen in the UK since 2010/11 primarily because of cuts to social security spend.** £50 billion has been taken out of the annual budget of the UK social security system since 2010 – including through freezes, below-inflation uprating and policies such as the benefit cap, bedroom tax and two child limit.²
- **The Scottish Parliament voted unanimously in support of Scotland's statutory 2030 child poverty targets.** There is no route to achieving these targets without substantial additional investment – including in social security.³
- **The growth in devolved social security support for families in Scotland is making a real difference.** In the year to 2023/24 child poverty fell by four percentage points, despite rising across the UK as a whole.⁴ The Scottish

¹ Formerly the Scottish Campaign on Welfare Reform (SCoWR)

<https://cpag.org.uk/sites/default/files/2023-12/SCoWR-Manifesto-Supplement-Holyrood-2016.pdf>.

² Child Poverty Action Group, State of the Nations: lessons in tackling child poverty from across the four nations, 2024. https://cpag.org.uk/sites/default/files/2024-10/State_of_the_nations.pdf.

³ Recent modelling from the Fraser of Allander concludes that, in meeting the child poverty targets, increases to the Scottish child payment are the 'most effective tool available' to the Scottish Government. Fraser of Allander, Meeting Scotland's Child Poverty Targets: Modelling and Policy Packages, 2025, available at:

<https://fraserofallander.org/publications/meeting-scotlands-child-poverty-targets-modelling-and-policy-packages/>.

⁴ Scottish Government, Poverty and Income Inequality in Scotland 2021-24, 2025,

child payment alone is keeping between 40,000 and 50,000 children out of poverty.⁵ CPAG's 'Cost of a Child in Scotland' report shows Scotland-specific support, especially the Scottish child payment, is helping to significantly narrow the gap between family income and the cost of raising a child.⁶ Qualitative evidence, including from Scottish Government evaluation of Scottish child payment, from the University of York and London School of Economics-led Family Finances Project, and from parents and carers in the Changing Realities project all show the payment is spent by families on essential items as well as on social and educational opportunities for children.⁷

Scotland's additional investment in social security (compared to England and Wales) is expected to be 'just over 3 per cent' of the Scottish government's resource budget by 2029-30.⁸ As described above, this investment is not only welcome but can and must be built upon in order to make further progress toward meeting the 2030 child poverty targets.

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

CPAG welcomes the growth in devolved social security as an investment in the people of Scotland. This growth is essential to achieving the Scottish Government's number one priority of eradicating child poverty.

Devolved social security spending must continue to be adequately funded, to play its key role in reducing and then sustaining low levels of child poverty. Any concerns around the cost of further growth in the social security budget should be addressed

available at: <https://data.gov.scot/poverty/>.

⁵ Modelling from the Scottish Government estimates Scottish child payment to keep 40,000 children out of relative poverty in 2025-26. Scottish Government, Child Poverty Modelling: Update, 2025, <https://www.gov.scot/publications/childpoverty-modelling-update/>. CPAG's own analysis suggest the payment lifts around 50,000 children out of poverty, whilst reducing the depth of poverty for many more. CPAG, State of the Nations, 2024, https://cpag.org.uk/sites/default/files/2024-10/State_of_the_nations.pdf. IPPR Scotland modelling in April 2023 estimated 40,000 children to be lifted out of poverty by the £25 payment. IPPR Scotland, Poverty doesn't have to be inevitable – it needs political will and investment to eradicate, 2023, <https://www.ippr.org/articles/povertydoesn-t-have-to-be-inevitable-itneeds-political-will-and-investment-to-eradicate>.

⁶ CPAG, The Cost of a Child in Scotland in 2024, 2024. <https://cpag.org.uk/news/cost-child-scotland-2024>

⁷ See: Scottish Government, Scottish Child Payment: Interim evaluation, July 2022, available at: <https://www.gov.scot/publications/interim-evaluation-scottish-childpayment/>, The Family Finances Project, <https://familyfinances.study/>, and Lisa, My Experience of the Scottish Child Payment, 2024. <https://cpag.org.uk/news/more-breathing-space-enjoy-life-my-experience-scottish-childpayment>.

⁸ Scottish Government, Scotland's Fiscal Outlook The Scottish Government's Medium-Term Financial Strategy, 2025. <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-3/documents/>.

through ensuring the budget process and decisions are made with reference to the key objectives government and Parliament have set – top of which is, and must continue to be, the eradication of child poverty.

Furthermore, all political parties should consider how devolved tax powers⁹ can be used to support increased investment in social security as part of wider action to reduce child poverty. The Scottish government's recent international review of approaches to tackling child poverty highlighted that Denmark and Finland (which have a similar population to Scotland), have sustained much lower levels of child poverty (below 11% in Denmark and 12% in Finland before housing costs). Notably both spend significantly more as a percentage of GDP than the UK on family and children's benefits.¹⁰ Furthermore, they both have high GDP and GDP per capita while supporting amongst the highest tax-to-GDP ratios of the OECD countries.

When evaluating the growth of devolved social security, it is important to also consider the damaging impact of poverty on Scotland's economy. Analysis for Child Poverty Action Group has found that, across the UK, the costs of child poverty for the public purse (in terms of higher costs/reduced revenues) total up to £40 billion a year.¹¹ In Scotland alone the Institute for Public Policy Research (IPPR), estimate around £2.3 billion of health boards' budgets are directed at responding to the impacts of poverty.¹²

There is no route to reducing these costs of poverty that does not involve substantial additional investment in social security - alongside action on childcare, housing, and improving employment opportunities for parents and carers. Despite the positive impact of existing child poverty interventions, current projections (including the Scottish government's own analysis) suggest that relative child poverty in 2030 will remain between 19% and 22% - well above the target of 10% - unless further action is taken.¹³

⁹ The Tax Justice Scotland Coalition - a campaign backed by more than 50 civil society organisations, including CPAG in Scotland - has highlighted the role that devolved taxation can play in raising significant new revenue for public spending, shaping business behaviour and tackling poverty and inequality. See: <https://taxjustice.scot/>.

¹⁰ See: Scottish Government, International review of approaches to tackling child poverty, June 2025. <https://www.gov.scot/publications/international-review-approaches-tackling-child-poverty-comparative-summary-report-key-learnings-scotland/documents/> and IPPR, Fairer Taxes, Smarter Spending, 2023. <https://ippr-org.files.svdcdn.com/production/Downloads/fairer-taxes-smarter-spending-sept-23.pdf>.

¹¹ Child Poverty Action Group, The cost of child poverty in 2023, 2023. <https://cpag.org.uk/news/cost-child-poverty-2023>.

¹² IPPR, Save the Children and JRF, Tipping the Scales, 2023. <https://ippr-org.files.svdcdn.com/production/Downloads/tipping-the-scales-may23.pdf>.

¹³ The Scottish Government's cumulative impact assessment estimates, with the current policy package, relative child poverty to be 22% in 2029-30 (Scottish Government, Child poverty modelling: update, 2025. <https://www.gov.scot/publications/child-poverty-modelling-update/>) Modelling from the Fraser of Allander institute suggests that, with the current set of tax and benefit policies in Scotland (including mitigation of the two-child limit), the 2030/31 relative child poverty rate be around 20%. (Fraser of Allander, Meeting Scotland's child poverty targets, 2025).

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

The Scottish child payment in particular is proven and effective at supporting those who need it. Official statistics show a four-percentage point fall in child poverty in Scotland in the latest year 2023/24, despite rising child poverty at UK level.¹⁴ The Scottish child payment alone is expected to be keeping between 40,000 and 50,000 children out of poverty.¹⁵ As of March 2015, the Scottish child payment has been benefiting over 320,000 children aged 0-15 years¹⁶ and at 89% the take-up among eligible households is high.¹⁷

Scottish government analysis has shown that additional financial support through the Scottish child payment is spent by families on essential items for children and enabled them to participate in social and educational opportunities.¹⁸ A further evaluation, including a survey of around 1,500 recipients, is due to be published soon.¹⁹

Participants from the Changing Realities project - a collaboration between parents and carers living on a low income, the University of Glasgow and Child Poverty

<https://fraserofallander.org/publications/meeting-scotlands-child-poverty-targets-modelling-and-policy-packages/>) Modelling from JRF show that, without further action, relative child poverty would be 19% in 2030/31, not including the mitigation of the two-child limit (JRF, Meeting the moment, 2025).

<https://www.jrf.org.uk/child-poverty/meeting-the-moment-scottish-election-2026>) IPPR's estimate of the child poverty rate in 2030 under 'business as usual', including the mitigation of the two child limit, would be 22% (IPPR, Achieving the 2030 child poverty target, 2025).

<https://www.ippr.org/articles/achieving-the-2030-child-poverty-target>) Modelling from WPI economics predicts the child poverty rate to be 21% in 2030-31 (WPI Economics, Modelling Child Poverty in Scotland, 2025. <https://povertyinequality.scot/publication/modelling-child-poverty-in-scotland/>).

¹⁴ Scottish Government, Poverty and Income Inequality in Scotland 2021-24, 2025, available at: <https://data.gov.scot/poverty/>.

¹⁵ Modelling from the Scottish Government estimates Scottish child payment to keep 40,000 children out of relative poverty in 2025-26. Scottish Government, Child Poverty Modelling: Update, 2025, <https://www.gov.scot/publications/childpoverty-modelling-update/>. CPAG's own analysis suggest the payment lifts around 50,000 children out of poverty, whilst reducing the depth of poverty for many more. CPAG, State of the Nations, 2024, https://cpag.org.uk/sites/default/files/2024-10/State_of_the_nations.pdf.

¹⁶ Social Security Scotland, Scottish Child Payment statistics to 31 March 2025, 2025. <https://www.socialsecurity.gov.scot/asset-storage/production/downloads/Scottish-Child-Payment-to-March-2025-Publication-950301572377.pdf>.

¹⁷ 89% in 2023-24 for under 16 (the first full financial year take-up rate estimate since eligibility was extended to under 16) and 97% for children aged under 6. Scottish Government, Take-up rates of Scottish benefits: November 2024, 2024. <https://www.gov.scot/publications/take-up-rates-scottish-benefits-2024/pages/3/>.

¹⁸ Scottish Government, Scottish Child Payment: Interim evaluation, July 2022, available at: <https://www.gov.scot/publications/interim-evaluation-scottish-child-payment/>

¹⁹ Scottish Government, Scottish Child Payment and the Labour Market, 2025. <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2024/07/scottish-child-payment-labour-market/documents/scottish-child-payment-labour-market/scottish-child-payment-labour-market/govscot%3Adocument/scottish-child-payment-labour-market.pdf>

Action Group - have expressed the positive impact the Scottish child payment has had. Parents such as Nanda, who says:

“The Scottish child payment helps me monthly to make things a bit easier. It is helpful for my children as it’s a small way for me to meet their needs. I find it helps me on some weekends we can spend quality time together and do some cheap activities like the play centre. Even if we don’t have much money, I want them to be happy and have fun.”²⁰

Or Lisa, who has written about the importance of Scottish child payment to her family:

“The Scottish child payment has enabled me and my son to participate in more social and educational activities which normally we would have struggled to afford. It alleviates some of the financial pressure and gives me and my son more breathing space to enjoy life. The Scottish child payment has been a ‘game changer’ for me.”²¹

Emerging findings from the Family Finances Project - a collaborative research project with London School of Economics, University of York and Child Poverty Action Group comparing experiences of low-income families in England and Scotland - has indicated potential health impacts of the Scottish child payment. Interviews with parents reveal how Scottish child payment allows families to invest in children's participation in activities like football, gymnastics, arts and outdoor clubs. Some parents have reported that they are better able to access fresh and healthier food which they would otherwise not be able to afford, and that there has been an improved impact on both parental and child mental health.²²

Findings from the quantitative analysis of the Family Finances research also provide evidence that the Scottish child payment is making a difference to children's food security. Since 2019/20, the share of children living in food insecure households has risen across the UK but remained stable in Scotland. This suggests more children would be living in food insecure households in Scotland if the child payment had not

²⁰ Nanda, Changing Realities, 2024. As quoted in: <https://cpag.org.uk/sites/default/files/2024-08/CPAG%20in%20Scotland%20-%20Programme%20for%20Government%202024-25.pdf>.

²¹ Lisa, My Experience of the Scottish Child Payment, 2024. Available at: <https://cpag.org.uk/news/more-breathing-space-enjoy-life-my-experience-scottish-child-payment>.

²² The Family Finances Project is a collaborative research project with the University of York, the London School of Economics and Child Poverty Action Group, which uses a multi-method approach to capture the real impact of the Scottish Child Payment, including in contrast to comparable families in England who do not receive this additional support. The emerging findings are based on qualitative data from over 50 interviews so far with parents in Scotland and England who are receiving Universal Credit. The analysis of quantitative data is based on the Family Resources Survey. <https://familyfinances.study/>.

been introduced. Similarly, the Family Finances project's analysis of child material deprivation in England and Scotland indicates that the payment is helping to mitigate material hardship for children in Scotland.²³

CPAG's report on the 'Cost of a Child in Scotland in 2024' also shows that the gap between family income and the cost to raise a child to a minimum socially acceptable standard of living is significantly narrower in Scotland than the rest of the UK, in large part due to the Scottish child payment.²⁴

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?

Yes, there is overwhelming evidence that increasing Scottish social security payments would not just be a cost-effective way of reducing child poverty, it would be *the* most cost-effective way to do so. CPAG believes, along with other members of the End Child Poverty coalition in Scotland, that the Scottish child payment should be increased to at least £40 per week in the coming budget and doubled to at least £55 by 2030/31.

Income through social security is one of the three key drivers of child poverty (alongside income through employment and the costs families face).²⁵ While it is not the only policy intervention required, the most immediate, direct and cost-effective way for the Scottish government to reduce child poverty is through investment in devolved social security. Modelling from Fraser of Allander, the leading economic research institute, also concludes that, in meeting the child poverty targets, increases to the Scottish child payment are the 'most effective tool available'.²⁶

²³ Emerging (unpublished) findings from the Family Finances Project based on analysis of weighted Family Resources Survey (FRS) data, 2016/17–2023/24, excluding 2020/21. Direct comparisons of the absolute measure of material deprivation between 2022/23 and 2023/24 are not recommended due to changes in measurement. However, relative changes over time between Scotland and England remain comparable.

²⁴ Child Poverty Action Group, The Cost of a Child Reports, 2024. <https://cpag.org.uk/policy-and-research/findings-ourprojects/cost-child-reports>.

²⁵ Scottish Government, Best Start, Bright Futures Tackling Child Poverty Delivery Plan 2022-2026, 2022, available here: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategyplan/2022/03/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/documents/beststart-bright-futures-tackling-child-poverty-delivery-plan-2022-2026/govscot%3Adocument/best-start-bright-futures-tackling-childpoverty-delivery-plan-2022-2026.pdf>.

²⁶ Fraser of Allander, Meeting Scotland's Child Poverty Targets: Modelling and Policy Packages, 2025, available at: <https://fraserofallander.org/publications/meeting-scotlands-child-poverty-targets-modelling-and-policy-packages/>.

Based on what the evidence tells us about the effectiveness of the Scottish child payment (see our response to question 3), CPAG proposes the following increases to the payment:

- An immediate real-terms increase in the value of the Scottish Child Payment to £40 per week per child. This would reduce the number of children in poverty by 15,000 at a cost of £190m.²⁷
- A doubling in the value of the Scottish Child Payment to at least £55 per week per child by the end of 2030. This would reduce the number of children in poverty by 30,000 at a cost of £455m.²⁸

Increasing the Scottish child payment as described above would also reduce the depth of poverty for many more children and would strengthen the protective buffer for families living just above the poverty line.

Social security is the most cost-effective lever to reduce child poverty, however it is not the only policy intervention required. To achieve and sustain low levels of child poverty there must also be more investment in childcare, housing and improving employment opportunities for parents and carers. However, these other interventions will never be enough on their own to tackle child poverty effectively. Child poverty arises as a result of the increased costs that come with having children combined with lack of income to meet these costs. Earned income does not increase to reflect family size, and the caring responsibilities of parents often means they can't progress in work or increase their hours. Modelling from IPPR has shown that, even with highly optimistic increases in pay and hours worked for parents, the relative child poverty rate in 2030 would still be six percentage points above the target.²⁹ Social security will always play a vital and cost-effective role in driving down and sustaining low levels of child poverty, by providing financial support to families during this unique and time-limited period of their lives.

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

There are strong advantages to universal benefits compared to means-tested benefits. The Scottish child payment (which is a 'top up' to means-tested benefits) has proven to be very effective at providing support for low-income households and

²⁷ CPAG modelling. The calculations come from UKMOD version B1.11 UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. The results and their interpretation are the author's sole responsibility. The cost has been given in 2025/26 prices.

²⁸ CPAG modelling. The cost has been given in 2030/31 prices.

²⁹ Institute for Public Policy Research, Achieving the 2030 Child Poverty Target, The Distance Left to Travel, 2025, available at: https://ipprorg.files.svdcdn.com/production/Downloads/Achieving_2030_child_poverty_target_March25.pdf?dm=1742569422.

driving down child poverty. However, the fact that parents and carers are only eligible for it if they are already in receipt of a UK means-tested benefit inevitably leads to gaps in eligibility and causes some struggling families to miss out.

CPAG's Secure Futures project drew on academic research, lived experience, roundtable discussions and citizens jury consideration to identify what a social security system that provided a genuinely secure future for children and families would look like. The project considered the advantages and disadvantages of the different models for delivering social security.³⁰ Below we briefly lay out some of the advantages and disadvantages of means-tested benefits that were identified and the implications for the devolved Scottish child payment.

The strengths of means-tested benefits:

- **Well targeted:** Means-tested benefits target support to people on lower incomes and can therefore be a cost-effective way to reduce poverty.
- **Responsive:** Means-testing can be more responsive to changes in people's circumstances, although this can have drawbacks (see below).

The weaknesses of means-tested benefits:

- **Complexity:** Means-tested benefits reliant on eligibility criteria are both more complex to administer and harder to navigate for people needing support.
- **Intrusiveness:** Means-tested benefits require people to share lots of personal information to prove eligibility which can be an intrusive process.
- **Stigma:** Means-tested benefits can be stigmatising.
- **Take-up:** The combined impact of complexity, intrusiveness and stigma impacts on the take-up of means-tested benefits. The Poverty Alliance's Get Heard Scotland Citizen's Panel recently considered the impact of stigma on the take-up of Scottish social security, finding that stigma associated with social security 'is felt keenly and creates powerful barriers to accessing entitlements.'³¹
- **Autonomy:** Means-testing also has an impact on individual autonomy; universal credit must be claimed on a household basis which has implications for women's financial independence and equality within households.
- **Conditionality:** In recent decades the conditionality rules in the UK social security system that determine the level of work search activity claimants must undertake have become more extensive and apply to more people, including people who are already working. Failing to meet these requirements can lead to sanctions – where a claimant's benefits are reduced or stopped for a period of time, and result in severe hardship.

³⁰ CPAG, Transforming social security: How do we provide secure futures for children and families?, 2021. https://cpag.org.uk/sites/default/files/2023-09/Transforming_Social_Security_Report_FINAL.pdf

³¹ Poverty Alliance, The impact of stigma on benefit take-up, 2024. <https://www.povertyalliance.org/wp-content/uploads/2024/05/Get-Heard-Scotland-Report-Impact-of-Stigma-on-Benefit-Take-Up-for-Publication-May-2024-1.pdf>

- **Unpredictability:** Unlike universal benefits, means-tested benefits are withdrawn with earnings. The social security system is complex and parents often cannot anticipate how fluctuating earnings will impact their benefits and therefore their total household income.

The strengths of universal benefits

- **High take-up:** Applying for and receiving universal benefits is simpler and less stigmatising than for means-tested benefits. Universal benefits tend to have higher take-up rates.³²
- **Security and predictability:** Universal benefits provide security because it is easier to understand who is eligible and the benefit amount is consistent and does not change with earnings. This helps with budgeting and planning compared to means-tested benefits which can fluctuate with income.
- **Poverty prevention:** Universal benefits can act as an 'income floor' for people across the income distribution, which can be built on with more targeted means-tested support. Universal benefits can also provide support higher up the income distribution by protecting families from an income shock.

The weaknesses of universal benefits:

- **Costly:** Universal benefits are paid to everyone, or a significant section of society. Therefore, the cost can be higher than for means-tested equivalents.
- **Not responsive:** Universal benefits do not increase or decrease in response to income changes, however they can provide security especially during an income shock.
- **Equity:** Universal benefits provide the same amount to people regardless of income or need. Complementary benefits are needed to support those with higher costs (housing, disability and childcare for example).

Lower-income families can struggle to navigate the complex means-tested universal credit system. Families tell us how important predictability and security are, alongside having enough money to make ends meet. Families also want control over how best to progress into, or at, work and how to manage caring responsibilities. Changing Realities participants in Scotland have shared their experiences of the unpredictability of means tested support:

I do have times when my income fluctuates especially with universal credit. If for instance there is additional income from other sources then your universal

³² For example, while still high compared to other benefits, the uptake of child benefit has dropped significantly since the high income child benefit charge (HICBC) was introduced in 2013. The HICBC stopped child benefit from being an entirely universal benefit and fewer people are claiming it faced with the prospect of having to repay it through their taxes. Before the policy was introduced, 96 per cent of eligible children were in families claiming child benefit. This has dropped to 88 per cent in 2024. See: HMRC, Child Benefits Statistics: annual release, data at August 2024, 2025. www.gov.uk/government/statistics/child-benefit-statistics-annual-release-august-2024/child-benefit-statistics-annual-release-data-at-august-2024#take-up-rate-of-child-benefit.

credit payment is certainly going to go down with some pounds...It affects people's emotional wellbeing as well because when your income is reduced when not expected it causes lots of financial constraints and makes one unhappy as well.

Precious, Changing Realities, 2025.

I received a monthly payment of UC and worked out a budget then the following month with 4 days' notice, UC shows a much less payment due to overpayment of tax credits from previous years... This throws my budget off and I am stressed having to recalculate and work out what to miss out to pay.

Bessie, Changing Realities, 2025.

Changing Realities parents have also shared the impact of conditionality and the threat of sanctions, such as Hope:

I work term time so over school holidays I'm forced to go and sign on and actively look for work or risk being sanctioned. The job centre don't care that I am a single mother with no family support at all. To sign my 9 year up to holiday clubs is hard because not a lot are registered for me to claim back childcare costs on UC. And to make matters worse I'm expected to pay it first then claim back a percentage.

Hope, Changing Realities, 2025.

Child benefit is unconditional and offers families a foundation of stability on which to build. For these reasons CPAG believes universal child benefit has an important role to play in preventing child poverty. Since 2010, child benefit has lost 20 per cent of its value. Increasing child benefit by £20 a week would pull 600,000 children out of poverty across the UK.³³ Furthermore CPAG would welcome making child benefit universal again by removing the high income child benefit tax charge. The unconditional nature of child benefit offers families a stable foundation on which to build, and an income families can rely on if they fall on hard times without fear of sanctions or change with earnings.³⁴

Implications for Scottish Child Payment

The Scottish child payment has a high take-up rate for a means tested benefit and is very effective at putting money directly in the pockets of low-income families. However the fact that eligibility rests on receipt of a qualifying means-tested benefit has drawbacks.

³³ CPAG, CPAG's submission to the Spending Review, 2025.

https://cpag.org.uk/sites/default/files/2025-02/CPAG_Spending_Review_2025.pdf.

³⁴ CPAG, Money well spent: Why we should recognise and reinvest in child benefit, 2023.

<https://cpag.org.uk/sites/default/files/2023-10/Money%20Well%20Spent.pdf>.

CPAG's Strengthening Social Security Project³⁵ has been working to identify the reasons why some low-income households are missing out on Scottish benefits like the Scottish Child Payment.

To get Scottish child payment, a parent or carer must be in receipt of at least one penny of a qualifying benefit, such as universal credit. The project has highlighted instances where this causes low-income families to miss out. This includes families who lose entitlement to universal credit (this can be for a variety of reasons) and families who are not eligible for universal credit at all despite living on a low income. One example would be a parent who received more pay than usual from work one month (for example if their holiday pay was backdated), causing them to lose their universal credit entitlement and therefore their entitlement to the Scottish child payment.³⁶

The powers provided in the Social Security (Scotland) (Amendment) Act 2025, provide an opportunity to address some of these gaps by changing the legislative footing of Scottish child payment so that it becomes a 'standalone' benefit rather than a 'top up' benefit.

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

The Scottish Government's ability to manage the devolved social security budget is strongly affected by UK Government policy choices. For example, any reduction in England and Wales to spending on benefits that have been devolved to Scotland will reduce the block grant adjustment (the adjustment that adds funding to the block grant for social security payments that the UK Government no longer has to pay).

There are also a number of benefits, including the Scottish child payment, for which eligibility requires a recipient to be receiving a qualifying UK benefit. Changes to UK benefit policy (that, for example, change the number of people in receipt of universal credit) can result in a decrease or increase in the number of people eligible for these devolved Scottish benefits with cost implications for the Scottish budget.

Therefore, while the Scottish Government has actively chosen to invest more in social security than it receives from the UK government through block grant adjustments (a welcome and necessary investment) the level of spending needed to even just sustain current levels of entitlement and support is still subject to policy

³⁵ CPAG, Strengthening Social Security: research into the five family payments.
<https://cpag.org.uk/what-we-do/project-work/projects-scotland/strengthening-social-security-research-five-family-payments>.

³⁶ Strengthening Social Security, Scottish Child Payment: The Gaps, 2024.
<https://cpag.org.uk/sites/default/files/2024-07/CPAG%20Strengthening%20Social%20Security%20Scotland%20-%20briefing.pdf>.

decisions outside the Scottish Government's control. This undoubtedly makes long-term planning of devolved social security spending more challenging.

Policy interventions to reduce child poverty in Scotland are also operating in the context of UK Government policy decisions, especially the two-child limit and benefit cap, which actively push children into poverty. The two-child limit affects over 90,000 children in Scotland³⁷ and UK wide 109 children are being pushed into poverty each day by the policy.³⁸

CPAG in Scotland strongly welcomes the Scottish Government's proposals to mitigate the two-child limit, a cost-effective way to tackle child poverty and put money into the pockets of low-income families. Scottish Government modelling estimates that mitigating the limit in Scotland will mean 20,000 children will be kept out of poverty in 2026-27.³⁹

However, if the right choices were to be made at UK level, this would free up resources to re-invest in the increases to the Scottish child payment needed to make substantive further progress on child poverty. In 2026-27, the Scottish Government is forecast to spend over £90m on bedroom tax and benefit cap mitigation and £156 million on mitigation of the two-child limit.⁴⁰ Abolition of these policies at UK level would free up more than enough to pay for the immediate increase in the Scottish child payment to £40 per child per week needed, lifting a further 15,000 children out of poverty.⁴¹ Such action must not be contingent on UK policy change but would be made easier in terms of resourcing. The First Minister has guaranteed that if the UK Government abolished the two-child limit at source, the resources committed will be 'used on measures to eradicate child poverty in Scotland.'⁴² As described above, the most cost-effective measure available to him is to increase the Scottish child payment.

³⁷ Scottish Government, Child poverty modelling: update, 2025.

<https://www.gov.scot/publications/child-poverty-modelling-update/pages/4/>.

³⁸ CPAG, 10,000 children dragged into poverty by two-child limit since Labour took office, 2024.

<https://cpag.org.uk/news/10000-children-dragged-poverty-two-child-limit-labour-took-office>.

³⁹ Scottish Government, Child poverty modelling: update, 2025.

<https://www.gov.scot/publications/child-poverty-modelling-update/>.

⁴⁰ Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts, 2025.

<https://fiscalcommission.scot/wp-content/uploads/2025/05/Scotlands-Economic-And-Fiscal-Forecasts-May-2025.pdf>. For benefit cap and bedroom tax migration see Figure 5.10, Chapter 5 – Social Security – Supplementary Figures.

⁴¹ CPAG modelling estimate that increasing Scottish child payment to £40 would cost £190, in 2025/26 prices. The calculations come from UKMOD version B1.11 UKMOD is maintained, developed and managed by the Centre for Microsimulation and Policy Analysis (CeMPA) at the University of Essex. The results and their interpretation are the author's sole responsibility.

⁴² Scottish Government, Vision for eradicating child poverty in Scotland: First Minister's speech, 2025.

<https://www.gov.scot/publications/first-ministers-speech-vision-for-eradicating-child-poverty-in-scotland/>.