

Social Justice and Social Security Committee

Thursday 18 December 2025

34th Meeting, 2025 (Session 6)

UK Child Poverty Plan

The UK Government's Child Poverty Plan was published on 5 December. The Committee will hear from:

- Shirley-Anne Somerville, Cabinet Secretary for Social Justice; and
- Julie Humphreys, Director, Tackling Child Poverty and Social Justice

Background

UK Strategy and headline impact

The UK Government's [Child Poverty Strategy](#) is intended to be a ten year strategy and is based on the work of the Child Poverty Taskforce [established in August 2024](#). It estimates [550,000 fewer children in relative poverty in 2029-30](#) as a result of the strategy – a reduction of 4 percentage points compared to not having the policy package in place.

At the time of drafting this paper, we are awaiting written evidence from the Secretary of State for Scotland.

Scottish Strategy and headline impact

The Scottish Government's child poverty strategies stem from the statutory targets set in the Child Poverty (Scotland) Act 2017. The current strategy, [Best Start Bright Futures](#) covers the period 2022-26. The [latest progress report was published in June](#).

The [latest modelling \(including mitigating the two child limit\)](#) estimates 100,000 fewer children in relative poverty in 2029-30 as a result of the Scottish strategy – a reduction of 10 percentage points compared to not having the policy package in place.

The next strategy covering 2026-30 is due to be published in March 2026. The Scottish Government missed its statutory interim target of reducing relative child poverty to 18% in 2023-24. The final target is 10% relative child poverty in 2030-31.

Key themes in the UK Child Poverty Strategy

The UK strategy is organised around the themes of increasing incomes, reducing the costs of essentials and local partnerships. Key measures are listed below illustrating that most of the policies set out will not apply in Scotland.

Measures reserved to UK Government

- Increasing the minimum wage, and strengthening workers' rights
- Above inflation increases to basic rate of Universal Credit, increased childcare support and fair repayment rates
- Reforms to the Child Maintenance Service

Measures applying only in England and Wales

- Expand government funded childcare
- Rolling out free breakfast clubs, expanding free school meals to all those getting Universal Credit and limiting the number of branded school uniform items
- Holiday Activity and Food Programme
- 10-year Affordable Homes Programme
- Multi-year funding for English local government
- Best Start Family Hubs in every local authority
- Increase the Early Years pupil premium
- New Crisis and Resilience Fund to replace Discretionary Housing Payments and Household Support Fund
- Better Futures Fund 'breaking down barriers to opportunity for vulnerable children, young people and their families)
- School based nursery programme
- Families First Partnership to reform children's social care and deliver early intervention and support.

Measures with both reserved and devolved aspects

- Changes to Job Centres to provide more personalised support (Job Centres are reserved, but employability measures are devolved).
- Extending the Warm Home Discount (Scotland can set its own criteria for this scheme).
- Pride In Place includes investment in Scotland. (Economic regeneration has both devolved and reserved aspects).

Impact on poverty

Taken together, the measures in the strategy are modelled to reduce relative child poverty (after housing costs) by 4 percentage points in 2029-30, compared to a situation where these policies were not in place. The measures included in this estimate were:

- Removing the two-child limit across the UK.
- Free school meals in England for all those in receipt of Universal Credit.
- Increasing 'Healthy Start' payments to £4.65 per week (£9.30 for children under one) in England and Wales up to a child's fourth birthday. The Scottish equivalent is Best Start Foods currently paid at £5.40 per week (£10.80 for children under one), but only up to a child's third birthday.
- Increasing the Warm Homes Discount in England and Wales by removing the 'high heating' threshold. (In Scotland the 'low income' criteria for the [Warm Homes Discount](#) varies by electricity supplier).
- Removing 'Direct Pay' from the Child Maintenance Service across the UK.

Of these, the changes to the two-child limit and child maintenance will apply in Scotland.

Table 1: Measures that apply across the UK. Percentage point reduction in relative child poverty, after housing costs

Measure	2027	2028	2029	2030	2031
Two child limit	2.2pp	2.6pp	3.2pp	3.2pp	3.1pp
Free school meals to all on UC	0.4pp	0.6pp	0.8pp	0.6pp	0.5pp
Breakfast clubs, healthy start, warm home discount, child maintenance changes	0.1pp	0.1pp	0.1pp	0.1pp	0.1pp

Source: [UK Child Poverty Strategy Impact on Poverty](#)

[UK Government projections for child poverty](#) suggest that, following the abolition of the two-child limit, relative child poverty will fall from 33% in 2026 to 30% from 2027 onwards.

In Scotland, child poverty is already considerably lower than this, at [22% in 2023-24](#), prior to the impact of abolishing the two-child limit. However, it is above the 2023-24 target of 18%. The final target is 10% of children in relative poverty in 2030.

Stakeholder reaction

In general, stakeholders welcomed the strategy while emphasising that more needs to be done. For example, the [Poverty and Inequality Commission](#) said:

“we are disappointed that there has been no change on the benefits cap or five-week wait for Universal Credit, policies that directly push children into poverty. We have also previously called for the UK Government to take further action to support children and families with No Recourse to Public Funds, including asylum seekers, who are at very high risk of the deepest poverty.”

Similarly, the [Child Poverty Action Group](#) welcomed the abolition of the two child limit:

“We wholeheartedly support government’s decision to do the right thing and scrap the two-child limit. Much like the expansion of free school meals, it will improve the lives of children up and down the country. And with record high levels of child poverty in the UK we welcome government’s recognition that publication of the strategy is only the first step. There is much to do and we must now build on this momentum to achieve more tangible change for children.”

John Dickie, Chief Executive of CPAG Scotland told [Holyrood Magazine](#) that:

“Every level of government must now work together to build on this momentum to achieve more tangible change for children.”

Chris Birt (Joseph Rowntree Foundation) also welcomed the abolition of the two-child limit, but said:

“the two-child limit was being abolished in Scotland whether or not the UK Government acted. With a quarter of a million children in Scotland living in poverty, further action is needed, and there is no time to lose.” ([Holyrood magazine, 5th Dec](#))

[One Parent Families Scotland](#) welcomed the abolition of Direct Pay in the Child Maintenance Service, but said this ‘only scratched the surface’ and called for further reforms to the CMS.

Scottish Government response

Responding to the UK strategy the Cabinet Secretary for Social Justice, Shirley-Anne Somerville [told BBC Scotland](#) that, while she welcomed the removal of the two-child limit, the strategy was a consolidation of existing policies and lacked ambition.

The Cabinet Secretary for Finance and Local Government, Shona Robison, wrote [to the UK Chancellor, prior to the budget](#), setting out priorities for Scotland, including eradicating child poverty. She said:

“it is critical that you are ambitious and take this opportunity to drive forward the progress that is sorely needed at a UK level.”

On tackling poverty, particularly child poverty, the letter highlighted:

- Abolishing the two-child limit.
- Reversing the ‘bedroom tax’, benefit cap and shortfalls in Local Housing Allowance rates.
- Addressing high energy prices, including introducing a social tariff.

In a [letter in March 2024 the Cabinet Secretary for Social Justice](#) had called for:

- Matching the Scottish Child Payment in reserved benefits.
- Introduce an essentials guarantee, as proposed by the Joseph Rowntree Foundation.
- Abolish the two-child limit, benefit cap, bedroom tax, young parent penalty and five week wait in Universal Credit and ensure local housing allowance rates meet basic rent levels, abolish sanctions, keep the Work Capability Assessment and promote benefit take-up.

Responding to the UK Budget on 26 November, the [Finance Secretary said](#):

“while the moves on the two-child cap are welcome, they are long overdue and the UK Government has been forced into this position by the Scottish Government and other campaigners. And without a simultaneous change to the benefit cap it falls well short of the bold anti-poverty measures we have been calling for from the UK Government.”

Themes for discussion

The following suggests potential themes and questions to discuss with the Cabinet Secretary.

Collaboration to tackle child poverty

In [May, the Secretary of State for Scotland wrote to this Committee](#) setting out the UK Government’s approach to tackling child poverty and how it would take account of devolved administrations. He said:

“In developing the Strategy, we are committed to complementing existing efforts and understanding the distinct delivery landscapes across nations. Poverty is a complex issue, requiring focus across all levels of government, and involving both reserved and devolved policies. The UK Government is committed to respecting and valuing the devolution settlements.”

[...]

Having met regularly since November 2024, the Four Nations Ministerial Group on Child Poverty provides Scotland with an opportunity to contribute to the development of the UK-wide Strategy and ensure that it complements their existing and developing strategies. Co-chaired by the UK Government's Minister for Employment and the Minister for School Standards, the Group is made up of ministers with responsibility for child poverty from each of the four nations. The Taskforce co-chair and Work and Pensions Secretary of State Liz Kendall MP also visited Glasgow on 21 November to meet local leaders, voluntary and community sector organisations, and parents – to hear from them and ensure Scottish stakeholder views fed into the UK Child Poverty Strategy.”

The strategy states:

“While many levers are the responsibility of devolved governments, UK Government holds key reserved levers and this strategy commits to making progress on these and complementing ongoing work from the Scottish and Welsh Governments and the Northern Ireland Executive.”

Analysis of the problem

Both the UK and Scottish strategies set out a similar analysis of the ‘drivers’ of child poverty. The Scottish approach identifies three key drivers of child poverty:

- **Incomes from employment** – influenced by pay, hours worked, in turn influenced by skills, labour market, childcare and transport.
- **Cost of living** – housing and other costs, debt.
- **Income from social security and other benefits.**

The Scottish strategy also emphasises the importance of ‘place based’ and ‘whole family’ approaches and the [First Minister has made eradicating child poverty ‘a truly national mission’ and ‘moral imperative’.](#)

The UK strategy sets out the main drivers as:

- **Boosting incomes**, through social security, employment and skills support, and childcare which enables parents to work.
- **Reducing essential costs** including housing, energy, transport, access to healthy affordable food and the cost of the school day.

Like the Scottish strategy, the UK strategy emphasises the importance of ‘place’, of action at a local level and partnership with local authorities and third sector organisations.

Members may wish to discuss:

- 1. What discussions were held at ministerial or official level between the Scottish and UK Governments about the UK Child Poverty Strategy?**
- 2. To what extent are the Scottish and UK child poverty strategies based on the same analysis of what drives child poverty?**
- 3. Does the UK strategy make it easier or more difficult for the Scottish Government to deliver on its own child poverty targets?**
- 4. What can the UK and Scottish Governments learn from one another about their respective approaches to tackling child poverty?**

Two Child Limit

The centrepiece of the strategy is the abolition of the two-child limit, and it is this measure which contributes most to the projected reduction in poverty. As set out in table 1 above, it is projected to reduce child poverty by 3.2 percentage points by 2030 (450,000 children across the UK).

Before this announcement the Scottish Government had been planning to mitigate the impact of the two child limit at a cost of £156m in 2026-27 rising to £209m in 2030-31 ([Fig 3.3, SFC Update June 2025](#)).

The First Minister has said that the money saved would be spent on measures to tackle child poverty.

Stakeholders welcomed the abolition of the two-child limit. For example [CPAG said](#), on behalf of the 'End Child Poverty Coalition':

"Scraping the two-child limit will be transformational for children. This is a much-needed fresh start in efforts to eradicate child poverty across the UK and, while there is more to do, it gives strong foundations to build on."

At the same time, they called for the Scottish Government to use the funds on increasing the Scottish Child Payment to £40 per week, and other measures:

"we urge them to use it to further boost Scottish social security for families, for example by increasing the Scottish Child Payment toward the £40 a week that is needed by the end of this Parliament. It is vital that the money freed up today is spent on increased social security support and that it adds to existing commitments to fund the childcare, whole family support, employment and housing that are also crucial to families."

Increased spending on mitigating the benefit cap and benefits linked to Universal Credit

The [Fraser of Allander Institute](#) showed that abolishing the two child limit could lead to additional spending of around £34m by the Scottish Government. This is because more people would be affected by the benefit cap and more people would qualify for

benefits such as the Scottish Child Payment because they would become eligible for Universal Credit.

The benefit cap is a limit on the total amount of benefits that a household can receive. It is £22,020 for a couple or single parent household and £14,753 for a single person. Only certain benefits are included in the cap, and it doesn't apply to many disabled people, carers or people who are working. ([For a full description of those exempted see: gov.uk 'When You're Not Affected'](#)).

The Scottish Government uses Discretionary Housing Payments to mitigate the benefit cap. Not accounting for the abolition of the two-child limit, forecast spend on DHP benefit cap mitigation is £12m in 2026-27.

The increased spend on DHPs resulting from the abolition of the two-child limit could be funded through the £155m saved by not having to mitigate it, but there will also be Barnett consequentials from other policies in the UK Child Poverty Strategy, such as the £1 billion Crisis and Resilience Fund and expanding free school meals to all those in families in receipt of Universal Credit.

Members may wish to discuss:

- 5. How will the Scottish Government spend the funds freed up now that the Scottish Government does not have to mitigate the two-child limit? Which options are likely to have the largest impact on child poverty?**

Policies in reserved areas

In addition to abolishing the two-child limit, other policies which will apply across the UK include:

- Increases to **Universal Credit childcare**. Instead of the maximum being £1,768.94 for 2 or more children, parents will be able to claim childcare costs up to £736.06 for each additional child.
- Increase to **Universal Credit basic allowance** above inflation for the next four years (up to 2029-30). In [2026-27, the basic monthly rate](#) for those aged 25 or older will be £424.90 (single) and £666.97 (couple).
- Lowered the **repayment rate in Universal Credit** from 25% to 15% of the standard allowance, for those with deductions for overpayments and third-party debt.
- Increase to **minimum wage** to £12.71 per hour.
- Changes to **employment rights** in the current [Employment Rights Bill](#) and a consultation on **parental leave**.
- [Changes to Job Centres](#) to boost employment support.
- Abolition of 'direct pay' in the **Child Maintenance Service**.

Members may wish to discuss:

- 6. What is the Cabinet Secretary's assessment of how changes to, for example, Universal Credit childcare, the minimum wage and employment rights might affect child poverty in Scotland?**
- 7. Is there more effective action that could have been taken in relation to measures that would apply across the UK?**

Policies affecting England and Wales only – comparison with devolved policies in Scotland

The majority of the policies set out in the UK Strategy affect England and Wales only, but these may generate Barnett consequentials for the Scottish budget.

The table below lists some of the policies in the strategy and their equivalent in Scotland, where it's possible to identify this. Both the UK and Scottish strategies include a large number of policies so the list is not comprehensive.

In terms of identifiable spending, the key difference between the two strategies is the inclusion of the Scottish Child Payment in Best Start Bright Futures, which has no equivalent in the UK strategy. [Forecast spend on SCP 2026/27 is £489m.](#)

There is also a different emphasis on childcare. Although funding is roughly proportional (£1 billion in Scotland compared to £9 billion in England), the focus in England is on working parents, with government funded childcare available from nine months of age. In Scotland non-working parents get the same number of hours as working parents, but provision is only for 3- and 4-year-olds and some 2-year-olds.

Overall, the type of policies in place are similar, even if the details and extent of delivery differs.

Both strategies emphasise the importance of 'place' and collaboration with local partners.

Table 3: Examples of similar measures included in UK and Scottish child poverty strategies

UK child poverty strategy	Best Start Bright Futures
30 hours childcare from nine months to age four for working parents. 15 hours for all 3- and 4-year-olds and some 2-year-olds. £9 bn per year.	30 hours childcare for all 3- and 4-year-olds and eligible 2-year-olds. £1bn per year.
Rolling out free breakfast clubs in primary. £80m next year for 2,000 clubs.	'Bright Start Breakfast club fund £3m, supporting 490 clubs
Free school meals for those getting Universal Credit from September 2026	Free school meals to P5, and in P6 and 7 if getting Scottish Child Payment. Pilot in S1 to S3 backed by £3m.
Healthy Start Vouchers increasing by 10% This is an increase to the total of around £2,000 by the time an eligible child turn 4.	Five Family Payments 'worth over £10,000 by the time an eligible child turns 6, and around £25,000 by the age of 16' (Best Start Grants, Best Start Foods, Scottish Child Payment).
Holiday activity and food £600m over 3 years	Additional £1m for holiday playschemes. £4m 'Extra Time Partnership' with 50 football clubs. £22m for holiday school meals in 2024-25.
Limit of three branded school uniform items. (School clothing grants vary by local authority).	Minimum amount of school clothing grant set nationally. £14m in 2024-25.
Plans for Best Start Family Centres , 'one stop shop for parents seeking a range of support'. £500m over 3 years. Families First Partnerships – to reform children's social care.	Whole Family Wellbeing Fund. £38m per year for 'holistic family support' and Fairer Futures Partnerships offering 'holistic, person-centred support'.
Better Futures Fund £500m over 10 years to commission Social Outcomes Partnerships, focusing on eg increased family stability, school attainment, homelessness, and reducing youth reoffending"	Social innovation partnerships £1.3m per year for 8 third sector partners in 'place based' support.
Crisis and Resilience Fund £1 bn, replacing the Household Support Fund and incorporating Discretionary Housing	Discretionary Housing Payments and Scottish Welfare Fund.

Payments. "Local, cash-first, financial aid in a crisis or emergency."	
<u>Affordable housing ten-year programme</u> £39bn, focus on temporary accommodation and improving renters' rights. £950m over 4 years from round 4 of <u>Local authority housing fund</u> to deliver better quality temporary accommodation.	Affordable housing supply programme £768m in 2025-26, including £40m for temporary accommodation pressures, and legislation to strengthen renters' rights.
Employment support, including 'Get Britain Working' and changes to job centres	Increased focus on employment support for parents.
Maintain £3 flat fare for bus travel, <u>Freeze rail fares.</u>	<u>£2 flat fare bus cap pilot. £10m in 25-26.</u> <u>Abolishing peak rail fares,</u> Free bus travel for young people.

Sources: [Best Start Bright Futures Progress Report](#) (June 2025), [Our Children Our Future](#) (December 2025).

Members may wish to discuss:

8. The UK Government's strategy sets out a range of measures that only apply in England. To what extent are similar policies already in place in Scotland and included in the Scottish Government's child poverty strategy?
9. The UK and Scottish Governments take different approaches to government funded free childcare. Are there any lessons to learn from the focus on working parents in the UK Government's approach to early learning and childcare?
10. The UK Government's strategy includes various measures that generate Barnett consequentials. Does the Cabinet Secretary have an estimate of how much these will be, and will she commit to spending any such additional funding on measures to tackle child poverty? Will she set this out clearly in the forthcoming Scottish Government budget?

Camilla Kidner, Senior Researcher, SPICe

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