

Scottish Child Payment

Submission by Child Poverty Action Group (CPAG), May 2024

The effectiveness of the Scottish child payment in reducing child poverty: evidence from the Child Poverty Action Group (CPAG) in Scotland for the Scottish Parliament Social Justice and Social Security Committee

2 May 2024

Question 1: What is the impact of the Scottish Child Payment on individual households? If you have any anonymised case studies, please include these in your answer.

1.1 The impact of this policy intervention on individual households is hugely significant. It is improving families' ability to afford essentials such as food, as well as increasing social participation and opportunities.

1.2 Interim evaluation from the Scottish government shows that the Scottish child payment leads to more money being spent on children both on essential items and on enabling them to participate in social and educational opportunities. 7.9 in 10 survey respondents in the evaluation said the payment helped make a difference to their lives and 7.7 in 10 said it helped pay for what they need. The evaluation shows that the extra money has been spent on nappies and other essentials as well as helped parents travel to interviews, a new job, or college – opening up opportunities that have the potential to create long term routes out of poverty.¹

1.3 Institute for Fiscal Studies (IFS) analysis concludes that, as a result of recent Scottish tax and benefit policies, of which the Scottish child payment is the key benefit, “amongst the poorest 30% of households, those with children will see their incomes boosted by around a sizeable £2,000 a year” compared to those in England and Wales. For some households at particular risk of poverty the Scottish child payment makes an especially significant difference to their income. Following the increase from £20 to £25 a week in 2022, the IFS analysis showed that a non-working lone parent with two children ages 3 and 5 would see their income increase by 19% after housing costs due to the Scottish child payment.²

¹ Scottish Government, [Scottish Child Payment: interim evaluation](#), 2022.

² B Boileau, K Odgen, D Philips, L Sibieta, T Waters and T Wernham, [Scottish Budget 2023-24: further analysis](#), IFS, 2023.

1.4 For low-income households experiencing food insecurity, the Scottish child payment has an impact on the ability to afford food and reduces the need for emergency food aid - in line with Scottish government strategy.³ Evidence from the UK and abroad shows that increasing incomes through a cash first approach is proven to be the most effective and dignified way

to address food insecurity.⁴ By putting money directly into the pockets of low income families, the Scottish child payment is a powerful cash first intervention. Trussell Trust statistics from April to September 2023 found that Scotland saw a smaller percentage increase in the number of parcels provided for families with children compared to the previous year than England, Wales or Northern Ireland – attributing this to the likely impact made by the Scottish child payment.⁵ Similarly, data from the Family Resources Survey 2022-2023 show that while the percentage of households in Scotland found to be using a food bank is similar to the rest of the UK, for households with children this is lower. 5% of households with children in the UK had used a food bank in the past 12 months compared to 2.5% of households with children in Scotland.⁶

1.5 For both parents and children, this additional income at a time where costs are rising has a significant impact on the affordability of essentials as well as overall wellbeing. In April 2024, an Edinburgh-based mum told Save the Children that:

“the Scottish child payment is amazing – it helps me buy food and clothes. Sometimes I put a bit towards my energy bills too. But everything is so expensive... It’s the thing I think about the most and the stress is really not good for me.”⁷

³ Scottish Government, [Cash First: towards ending the need for food banks in Scotland: plan](#), 2023.

⁴ See examples for Canada (E Brown and V Tarasuk, [Money speaks: Reductions in severe food insecurity follow the Canada Child Benefit](#), 2019) and UK aid overseas (Department for International Development, [Cash transfers: Help for those who need it most](#), 2017).

⁵ The Trussell Trust, [Mid-Year Stats](#), 2023.

⁶ Department for Work and Pensions, [Family Resources Survey 2022-2023](#), 2024, own analysis using Stat-Xplore. In 2022-23, 5.09% households with children in the UK had used a food bank in the past 12 months, in Scotland this was 2.55%. As the Family Resources Survey only started asking questions on food bank use in the 2021-2022 survey, it is not possible to compare this to the period before the introduction of the Scottish child payment.

⁷ S Murning, [We need to be bolder to reduce child poverty](#), Save the Children, 2024.

1.6 Nanda, a participant from the Changing Realities project (a collaboration between parents and carers, academics at the University of York and Child Poverty Action Group), writes of the Scottish child payment:

“I work part-time and receive universal credit but it’s not enough money for my two young children. I try to manage the money we have and to make it stretch but it’s really hard so 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.”⁸

1.7 The payment can be particularly beneficial to families who are impacted by restrictions placed on benefit entitlement such as the two-child limit, young parent penalty and the benefit cap. An example from CPAG’s Early Warning System⁹ highlights this:

*A lone parent with four children does not get the child element of universal credit for her youngest two because the two-child limit has been applied. Mum is carer for two of the children who are disabled, and the youngest child is just six weeks old. The loss of each child element is worth up to £269 a month (£538 for two children). Mum will get £462.80 a month Scottish child payment for her children, which will go some way to mitigating the loss of the child elements caused by the two-child limit, although not completely.*¹⁰

It can also be a vital source of support when things go wrong in other parts of the benefit system:

*A refugee family with two young children claimed universal credit. Their first payment did not include the child elements. Fortunately, they were awarded Scottish child payment in the meantime which supplemented their income.*¹¹

Overall, the impact of the Scottish child payment on individual households not only helps families to afford the essentials, improve wellbeing and open access to more opportunities, but also helps protect families whose entitlements to other benefits are limited.

Question 2: What is the impact of the Scottish Child Payment at societal level?

⁸ Nanda, Changing Realities, 2024.

⁹ CPAG’s [Early Warning System](#) gathers information and case studies about families and individuals affected by changes to the benefit system through enquiries made through CPAG’s advice line as well as anonymous submissions from advisors.

¹⁰ Case study from CPAG’s Early Warning System.

¹¹ Case study from CPAG’s Early Warning System.

2.1 All available analysis forecast that the payment will have a substantive impact on the level of child poverty in Scotland – lifting between 40 000 and 60 000 children out of poverty.¹²

2.2 The Scottish child payment is helping to narrow the gap between family incomes and the cost to bring up a child at a socially acceptable standard of living. Research on the Cost of a Child in Scotland for CPAG from the Centre for Research in Social Policy at Loughborough University finds that the Scottish child payment “is providing low-income families with a substantial boost to their incomes”. For typical out-of-work families in the UK as a whole, the analysis finds that social security provides less than half the income needed to meet a socially acceptable standard of living. In Scotland, the additional support of the Scottish child payment and other interventions, alongside lower costs, mean that this shortfall is reduced to around 40%. The combined value of Scottish policies including the Scottish child payment can reduce the net cost to low-income families of bringing up a child by more than one third compared to the rest of the UK.¹³ It is likely no other single policy is working to reduce the gap between costs and incomes as much as the Scottish child payment.

Question 3: Is the process for applying for the Scottish Child Payment straightforward for families to navigate, and if not, what are the barriers you are aware of?

3.1 Evidence from our Early Warning System suggests that receipt of a qualifying benefit is the greatest barrier to applying for Scottish child payment. As a ‘top-up’ benefit, currently Scottish child payment is only payable to households who receive universal credit or another qualifying benefit.

3.2 Families who are excluded because they do not receive a qualifying benefit

Some low-income families who need the support that is provided by the Scottish child payment, are excluded because they do not receive a qualifying benefit.

- Most full-time students are excluded from claiming universal credit, but students who are parents on a low-income can claim universal credit. Student income is taken into account when calculating entitlement to universal credit. This means that some student parents on very low incomes are excluded

¹² Scottish government modelling projects that in 2024-25, 60,000 children will be kept out of poverty by the Scottish child payment (Scottish Government, [Child poverty cumulative impact assessment: update](#), 2024). 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, forthcoming, 2024). 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).

¹³ CPAG, [The Cost of a Child in Scotland in 2023](#), 2024.

from receiving universal credit and therefore cannot get Scottish child payment either.

- Mothers who are on maternity leave but who are not entitled to maternity pay from their employer, may be entitled to maternity allowance instead. Maternity allowance and statutory maternity pay are paid at the same rate but counted differently in a universal credit calculation. This results in some mothers not getting universal credit despite having the same income as another mother who gets statutory maternity pay.
- Some families living in temporary homelessness accommodation cannot get Scottish child payment. This is because it is housing benefit that pays for their housing costs, not universal credit, and housing benefit is not a qualifying benefit for Scottish child payment. This means that even a very low level of income is enough to prevent universal credit entitlement.
- Parents with fluctuating earnings or weekly/4-weekly payment cycles can lose entitlement to qualifying benefits for short periods of time due to a temporary increase in earned income, a change of circumstances, or due to the ways that universal credit works, resulting in families losing entitlement to Scottish child payment for one universal credit assessment period (one month), even though their income hasn't changed.
- Many people from abroad are unable to get Scottish child payment because they cannot get a qualifying benefit.
- Some families impacted by the two-child limit miss out on Scottish child payment because they cannot get a qualifying benefit once the two-child limit is applied. There is no limit on the number of children eligible for the Scottish child payment, but there is in the qualifying benefits.

Moving the legislative footing of Scottish child payment to a 'standalone benefit' as is being proposed in part 1 of the Social Security (Scotland) Amendment Bill provides an opportunity to close these gaps in entitlement by not completely relying on receipt of a qualifying benefit as a means of identifying eligibility for Scottish child payment.

3.3 Reduction in number of people getting a qualifying benefit - managed migration to UC

The Department of Work and Pensions (DWP) are in the process of moving people to universal credit from the benefits that it is replacing. 25% of people who have been sent a migration notice have not successfully moved onto universal credit and their tax credits have stopped.¹⁴ There is a very real risk that a substantial number of families will fall through the cracks in managed migration, losing entitlement Scottish child payment as a result.

¹⁴ Department for Work and Pensions, [Completing the move to Universal Credit: Statistics related to the move of households claiming Tax Credits and DWP Benefits to Universal Credit](#), 2024.

3.4 Entitlement to Scottish child payment delayed because of delays with qualifying benefits

Relying on receipt of a qualifying benefit also means that, where a claimant's application is wrongly denied (for example to universal credit), their entitlement to Scottish child payment is also delayed:

When a Mum with pre-settled status had to stop work due to her advanced pregnancy, her claim for universal credit was incorrectly refused due to her immigration status. She submitted a mandatory reconsideration request, but despite her adviser calling universal credit several times she was unable to find out the outcome. Meanwhile Mum was advised to claim Scottish child payment, even though it will be refused, as otherwise it could not be backdated once universal credit is eventually awarded. universal credit was eventually awarded 4 months after the initial claim.¹⁵

3.5 Demonstrating responsibility for a child

To be eligible for Scottish child payment, a claimant must either be responsible for a dependent child or be a kinship carer for them. To demonstrate responsibility, the claimant or their partner must have an award of child benefit, child tax credit, universal credit or pension credit which includes the child, or provide evidence of a kinship care arrangement, such as a residence order. This has caused some families to miss out on Scottish child payment because they have not been able to demonstrate responsibility for a child.

UC claimants have 3 children but only get child elements for the older 2 because of the two-child limit. They thought this also applied to child benefit so did not claim for their youngest, who is now 6, losing out on circa £5000. They are only getting Scottish child payment for the older two children because SSS say they have not proved responsibility for the youngest child.¹⁶

An Iranian man getting universal credit, informed DWP when he was joined in the UK by his wife and child. The wife was included in the universal credit award immediately, but DWP refused to add the child element to universal credit until child benefit had been awarded in respect of the child. Both universal credit and DWP's guidance confirms that an award of child benefit is not necessary before a child element can be added. Without child benefit or the child element is payment, the couple will not be able to establish responsibility for the child for the purposes of the Scottish child payment. The claim for Scottish child payment will likely be refused but can be backdated whenever child benefit is put in payment, but similar cases tell us this could be months.¹⁷

¹⁵ Case study from CPAG's Early Warning System.

¹⁶ Case study from CPAG's Early Warning System.

¹⁷ Case study from CPAG's Early Warning System.

Question 4: Is the Scottish Child Payment effective as a targeted intervention to reduce child poverty or could the money be better spent in other ways?

4.1 The Scottish child payment is an extremely effective intervention to reduce child poverty, of which inadequate income from social security is a key driver.¹⁸ CPAG has nearly sixty years of experience analysing the causes of child poverty and its solutions. We are not aware of any better use that could be made of the money being invested in the Scottish child payment. In order to ensure Scotland's child poverty targets are met, further increases to the real-terms value of the payment will be needed, and this must be a priority for Scottish budget investment between now and 2030. Resources also need to be secured to tackle the other drivers of child poverty – to increase income from work (through investment in employment support and childcare for example) and to reduce the costs families face (through investing in housing for example). However, in order to sustain progress on child poverty that investment needs to be in addition to, and not at the expense of, further investment in social security.

4.2 The latest statistics on child poverty in Scotland show 24% of all children in Scotland remain locked in poverty in the period 2020 and 2023.¹⁹ In this context, targeted interventions such as the Scottish child payment are more important than ever. It should be noted that the latest data does not include the full impact of the roll out of the payment and its increase to £25 per week in November 2022. We expect to see the full impact of the payment in the child poverty data to be published in March 2025. In the meantime, it is clear that without the role that Scottish child payment is already playing, the number of children in poverty in Scotland would be even higher.²⁰

4.3 The Scottish child payment is proving to be an effective policy at reaching most of the families who need it. Scottish government data estimates that the take-up rate of Scottish child payment for children under 6 years is 95% for 2022-23. There is also a positive relationship between take-up of the Scottish child payment on a local authority level and deprivation measured by Scottish Index of Multiple Deprivation.²¹ Whilst work is needed to further boost take up of the payment, particularly for children over 5, for a targeted use of funds to reach families who need it most, the Scottish child payment is effective.

4.4 Consultation with children and young people reinforces the case for prioritising investment in the Scottish child payment as a response to child poverty. In October

¹⁸ Scottish Government, [Best Start, Bright Futures Tackling Child Poverty Delivery Plan: progress report 2022-2023](#), 2023.

¹⁹ [Poverty and Income Inequality in Scotland](#) 2020-23, 2024.

²⁰ Fraser of Allender Institute, [New child poverty statistics for Scotland: are we on track for the interim targets?](#), 2024.

²¹ Scottish Government, [Take-up rates of Scottish benefits](#), 2023.

2023, four thousand primary and secondary school students from the Cost of a School Day Voice Network identified the school costs that matter most to them. The highest selected priorities from over four thousand young people were; school uniforms, travel, resources, devices and school trips. When asked what would help address these costs young people prioritised providing cash to low income families; “Give us more money so that everyone has a fair chance” / “Give the family some money for school and life / “Provide money to help people go on the school trips.”²² Families receiving the Scottish child payments are able to use this extra income based on their individual needs and priorities, such as those identified by young people in the voices network.

Question 5: How does the Scottish Child Payment compare with policies to reduce child poverty in other countries?

5.1 Investment in social security has a proven history of reducing child poverty in the UK and around the world. On a UK level child poverty fell significantly from 1998 to 2010. During this time, the years in which benefit and tax credit entitlements for families with children rose in real terms coincide “almost perfectly” with the years in which child poverty fell.²³ Since 2010-11 child poverty has risen again, largely due to cuts to social security including the failure to consistently uprate benefits in line with inflation, the two-child limit and benefits cap. By comparison, the Scottish child payment will reduce child poverty - despite UK policies that continue to drive children into poverty.

5.2 There are many examples of comparable investment in social security working to reduce child poverty – such as in Europe and the United States. CPAG analysis in 2020 highlighted that across OECD countries, despite varying methods of delivering social security, there is a clear relationship ‘between the generosity of the social security system’ and reducing child poverty.²⁴ A recent example from the United States showed that the introduction of monthly child tax credits between July and December 2021, reduced child poverty significantly and kept 3.7 million children from poverty in just 6 months.²⁵

Question 6: Any other comments?

6.1 Inadequate social security is widely recognised, including by the Scottish government, as a key structural driver of child poverty in Scotland and across the

²² CPAG, Cost of the School Day Big Question 2023/24, forthcoming, 2024.

²³ M Brewer, J Browne, R Joyce, L Sibieta, [Child Poverty in the UK since 1998-99: Lessons from the Past Decade](#), IFS, 2010.

²⁴ J Bradshaw and T Lee, [Child Poverty and Child Benefits in Europe](#), 2020.

²⁵ M Curran, [Research Roundup of the Expanded Child Tax Credit: The First 6 Months](#), CPSP Columbia University, 2021.

UK. The Scottish child payment has a vital role to play in the prevention of child poverty by tackling that structural driver head on and improving the adequacy of social security support for families.

Child Poverty Action Group (CPAG) in Scotland