

Social Justice and Social Security Committee
16th Meeting, 2024 (Session 6),
Thursday, 23 May

SPICe

The Information Centre
An t-Ionad Fiosrachaidh

Scottish Child Payment

Introduction

The Committee has agreed to hold two evidence sessions on the Scottish Child Payment.

This week the Committee will hear from:

- Danny Dorling, Halford Mackinder Professor of Geography, University of Oxford
- Tom Wernham, Research Economist, Institute for Fiscal Studies
- Dr Juliet Stone, Research Fellow, Centre for Research in Social Policy, Loughborough University
- Ruth Patrick, Professor of Social Policy, York University
- Emma Tominey, Professor of Economics, York University

This paper provides background on the Scottish Child Payment and key points from submissions before suggesting five themes for discussion from p.21 onwards.

Background

The remit of these sessions is to consider:

“The contribution of the Scottish Child Payment to tackling poverty and inequality, the experiences of families receiving it and any suggestions for improvements.”

The Scottish Child Payment is available to families in receipt of certain ‘low-income’ benefits. It:

“Has been introduced to tackle child poverty in Scotland. It is intended to help low-income families with the costs of raising a child.” ([SCP statistics](#))

The following provides background on:

- Eligibility
- Cost
- Caseload
- Administration
- Targeting
- The 'poverty line' and 'cliff edge'
- The impact of SCP as evidenced through:
 - Modelling and statistics
 - SCP intended outcomes
 - Client survey 2022-23
- Suggestions for Change
- Key points from the written submissions received.

Eligibility

SCP was launched in February 2021 for children under six, and the value and age-range have since increased as set out in the table below:

Table 1: SCP timeline

Date	Value	Age range
February 2021	£10.00	under 6
April 2022	£20.00	under 6
November 2022	£25.00	under 16
April 2024	£26.70	under 16

SCP is paid for each child under 16 in families in receipt of the following low-income benefits:

- Universal Credit
- Child Tax Credit
- Working Tax Credit
- Income-based Job Seekers Allowance
- Pension Credit
- Income support
- Income related Employment and Support Allowance

The applicant needs to show that they are responsible for a child. The main way they can do this is by showing the child is included in claims for one of the following:

- Child tax credit
- Child Benefit
- Universal Credit
- Pension Credit
- Kinship care arrangement – copy of a legal order (Kinship Care Order, Residence Order or Guardianship order) or letter from local council confirming a kinship care arrangement is in place.

Cost

The Scottish Fiscal Commission has forecast that SCP will cost £457m this year, rising to £492m by 2028-29. Table 1 below shows how spending has increased since 2021-22 reflecting changes to value and eligibility.

Table 2: Benefit spend on SCP – 2020-21 to 2023-24

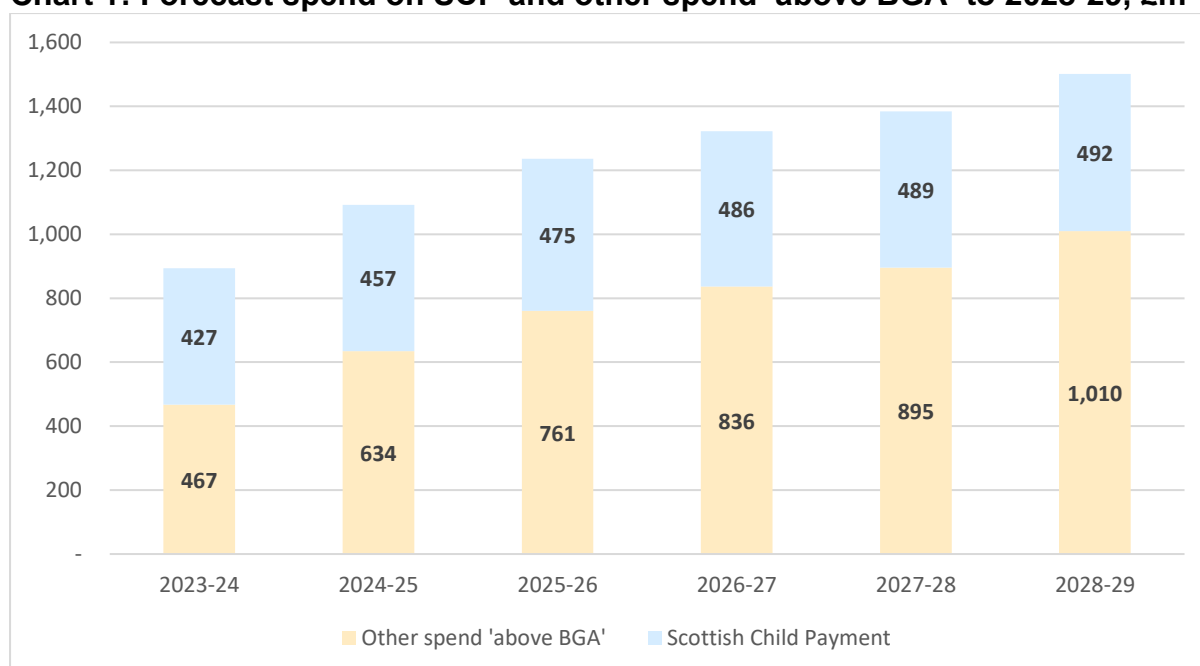
Financial year	Spend £ million	notes
2020-21	£3.6	Launch February 2021
2021-22	£55.0	
2022-23	£190.0	November extended to under 16
2023-24	£324.6	Part year (April to Dec)

Source: [Social Security Scotland; SCP high level statistics to end December 2023.](#)

Because it only exists in Scotland, the Scottish Government doesn't receive any additional block grant adjustment from the UK Government to fund SCP.

The chart below shows the forecast spend on SCP along with other spend 'above BGA', which is mostly made up of additional spending on Adult Disability Payment.

Chart 1: Forecast spend on SCP and other spend 'above BGA' to 2028-29, £m



Source: Scottish Fiscal Commission. Updated forecasts are due in June.

To put the scale of spending in context the following compares the £457m spending on SCP with some, entirely different, policy areas from the Scottish Government 2024-25 budget:

- Affordable homes - £600m ([after increase announced on 26 April](#))
- Concessionary Fares: £359.3m
- Rail network infrastructure: £442.0m
- Ferry services £440.0m

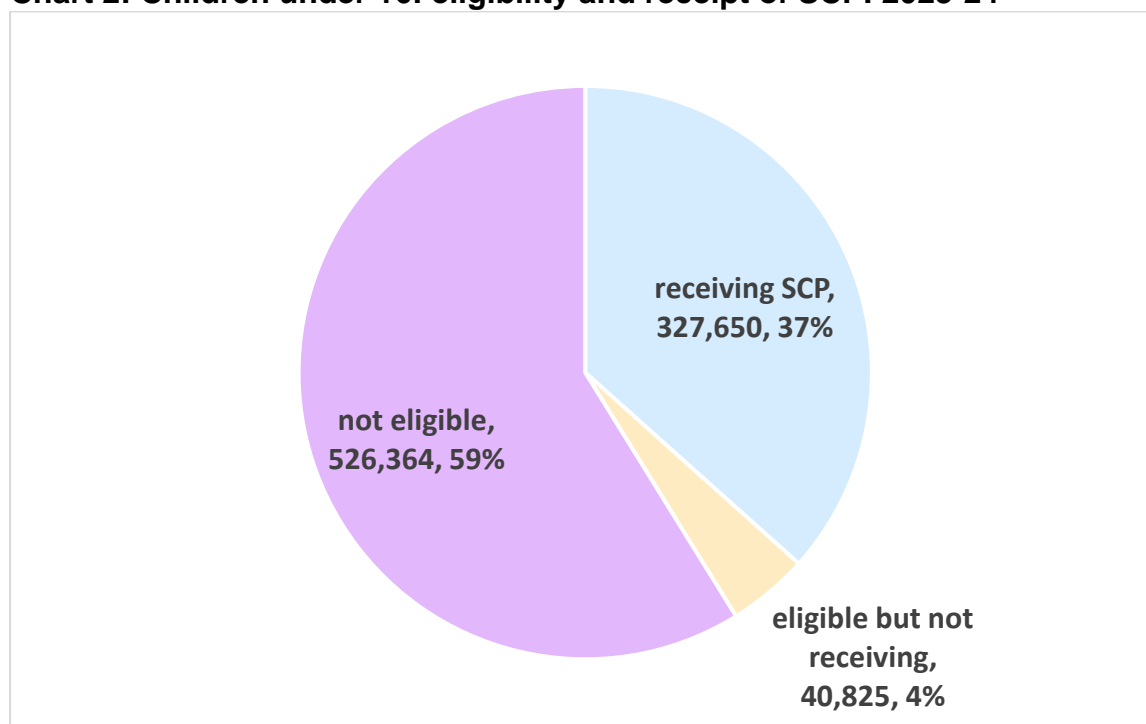
- Scottish prison service operating expenditure: £481.2m
- Scottish Fire and Rescue Service: £393.4m

In 2024-25, the budget for Scottish Child Payment increased by £30 million, reflecting increased forecast spend. In total devolved social security benefit spending increased by £984 million ([SFC fig 5.2](#)). Social security was one of the few areas of the Scottish Budget to receive a funding increase. Total Scottish Government resource funding in 2024-25 increased by £1,511 million (when compared to the latest budget position for 2023-24 ([SFC fig S2.1](#))).

Caseload

In December 2023, there were **327,650** children in receipt of SCP. That is below the estimated 368,000 eligible children for that year, suggesting take-up of around 89%. This is illustrated in chart 2, below, which shows that over a third (37%) of all children last year received Scottish Child Payment.

Chart 2: Children under 16: eligibility and receipt of SCP. 2023-24



Source: Scottish Fiscal Commission, economic and fiscal forecasts December 2023 – SCP forecasts for 2023-24. [Social Security Scotland; SCP high level statistics to end December 2023. Show eligibility forecasts for full year 2023-24, and estimated caseload as at 31 December 2023.](#)

Administration

Around 3,000 applications are received each month. Average processing times in 2023/24 was 14 working days. ‘Straight-through’, automated processing has significantly reduced this and in December 2023, the average processing time for SCP was six working days.

The immediate intended outcomes for SCP were set out in the [interim evaluation published in June 2022](#) and relate mainly to administrative processes. They were:

- SCP is well promoted
- SCP and its eligibility are well understood
- SCP is taken up
- Making an application is clear and easy
- Applications are processed in a timely manner
- Awareness is raised about other forms of support
- Clients feel they have been treated with dignity, fairness and respect

As chart 2 suggests, take-up is high. The [client survey 2022-23](#) included questions on administrative processes and the experience of engaging with Social Security Scotland. Results suggest good progress on the 'immediate outcomes' set out for SCP. Negative comments tended to be about communication with Social Security Scotland and waiting times.

Table 3: Client survey 2022-23 results for SCP

Rating	Measure	table
92% good or very good	Overall experience with Social Security Scotland	3.3
91% agreed or strongly agreed	Social Security Scotland treated them with dignity and respect	3.4
66%	It was easy to contact Social Security Scotland	6.3
79%	Had the right level of communication with Social Security Scotland	6.4
86% good or very good	Staff were able to help	7.1
90% good or very good	The application process	8.1
65%	Got enough updates on progress	9.1
79%	Application handled in reasonable time	9.2
96%	Payment arrived on time	11.2
15%	Face a barrier (mainly couldn't communicate with them when I wanted to or not getting updates)	12.1

Source: [Social Security Scotland client survey 2022-23](#)

The client survey report includes many comments from clients on benefit administration. Examples of positive, negative and mixed comments include:

"Excellent service from start to finish. It was so refreshing to talk to real people who treated you with respect and as a human being. I hope people appreciate this excellent level of service and don't abuse it or try take advantage. The contrast between SSS and the DWP is night and day. I can not rate SSS highly enough. Thank you for treating me like a human being." Woman, aged 45-54, experience of Scottish Child Payment (client survey p.62).

"It's difficult to communicate with any assistants, phone lines are impossible, no live chat available. I have missed several months of payments due to the

lack of adequate communication and providing information” Woman, aged 35-44, experience of Scottish Child Payment (client survey p.62).

“Staff were very kind and helpful but I felt they were under a lot of pressure with being so busy” Woman, aged 35-44, experience of Scottish Child Payment

“It's still not enough money to help in this crisis.” Respondent who identified as ‘in another way’, aged 35-44, experience of Scottish Child Payment.

“Got into debt waiting. A cheerful caller told me 'i wouldn't be any worse off for waiting, as would get all the money I was due' which was upsetting as I needed the money to bring me out of my overdraft. Woman, aged 35-44, experience of Scottish Child Payment.

“I particularly appreciated that all documentation was send both in English and in Ukrainian. A small simple thing but it allowed independence and agency, being able to read and understand the letters. The whole process overall was a very refreshing change from the torture of the UC application.” Woman, aged 45-54, experience of Scottish Child Payment.

Targeting and coverage

There is a big overlap between being in poverty and receiving Universal Credit, but not everyone in poverty receives it and not everyone who receives it is in poverty. This means that making Universal Credit (and equivalent benefits) the sole eligibility criteria for SCP will miss some children who are in poverty while also providing SCP to some families who are not in poverty.

Issues with statistics mean that it is difficult to work out exactly what the size of this overlap is. SPICe estimate that around a fifth of children are in poverty but not in receipt of UC or an equivalent benefit. This is based on Households Below Average Income (HBAI) data for Scotland and assumptions about under-reporting benefit receipt in the Family Resources Survey.

HBAI reports that 42% of children in relative poverty in Scotland are not in receipt of UC or an equivalent benefit (Table 4 below).

However, comparison with administrative statistics suggests that the Family Resources Survey (on which HBAI is based) under reports benefit receipt. Once the figures are adjusted for an estimated level of under-reporting, the proportion of children in poverty but not in receipt of UC or an equivalent benefit falls to 22% (Table 5 and Chart 3 below).

This still potentially leaves around a fifth of children in poverty ineligible for SCP because they are not getting a qualifying benefit.

Some groups aren't eligible for low-income benefits, (such as those with no recourse to public funds due to their immigration status, or many students).

A larger issue is likely to be take-up rates of Universal Credit. There are no official statistics for UC take-up. The implied take-up rate in the model used by SPICe (UK-MOD) is 86%. If this is correct, then increasing UC take-up would go some way to closing the gap between being in poverty and getting UC.

This under-reporting issue doesn't affect the proportion of children getting UC who aren't in low income. HBAI reports that 56% of children in receipt of UC are not in low income (Table 4 below). The income taper in UC means that where families are not in poverty, they are likely to be getting quite low amounts of UC. However, they will be getting the full amount of SCP.

Receipt of SCP itself reduces the number of children getting UC who are in poverty. Even without SCP, some families getting UC are not in poverty. In Great Britain as a whole, 48% of children in receipt of UC are not in poverty (HBAI, 2022-23).

In summary, SPICe estimates that:

- Around a fifth of children in poverty may not be in receipt of UC or equivalent benefits.
- Much of this might be explained by UC take-up rates – families eligible for UC but who do not to apply for it.
- A small proportion of this might be explained by people who are not eligible for UC – eg some parent students and those with no recourse to public funds,
- Around half of children on UC are not in relative poverty.

The chart and tables below show the overlap between being in receipt of Universal Credit (or equivalent benefit) and being in relative poverty.

The numbers in each category will be affected by the extent of under-reporting of benefit receipt, but the broad picture is valid – that some children in poverty don't get UC and some get UC who aren't in poverty.

Chart 3: Estimated overlap between children in low income and in families getting Universal Credit (or equivalent) (adjusted for under-reporting of benefit receipt – see table 5)

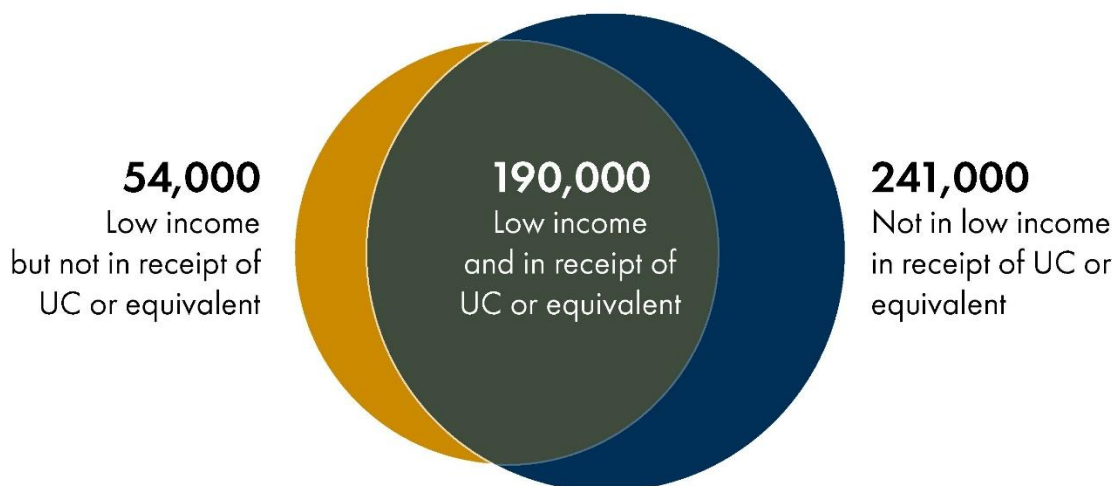


Table 4 : Overlap between Universal Credit receipt and low income. Average of 2021-22 and 2022-23. Unadjusted figures.

	not in low income	in low income	total
not in receipt of UC or equivalent	587,655	103,813	691,467
in receipt of UC or equivalent	178,707	140,462	319,169
total	766,362	244,275	1,010,636

Source: StatXplore, showing data from Households Below Average Income, Scotland, children in receipt of UC or equivalent in low income (60% median AHC). Data is the average of 2021-22 and 2022-23. 'Children' is all people under 16 and 16 to 19 year olds in full time non-advanced education, living at home. These figures have not been adjusted for under-reporting.

Table 5: Overlap recalculated for estimated under-reporting. Average of 2021-22 and 2022-23.

	not in low income	in low income	total
not in receipt of UC or equivalent	524,866	54,461	579,327
in receipt	241,496	189,814	431,309
total	766,362	244,275	1,010,636

Assumes reporting is 74% of actual, based on difference between FRS and administrative statistics for UC, WTC, CTC. Assumes that under-reporting at GB level for all benefit recipients is at the same rate as under-reporting for families with children, in low income, in Scotland. See: FRS [methodology tables](#)

Table 4 shows:

- 178,707 children in receipt of Universal Credit are not in low income which is 56% of children getting Universal Credit.

- 103,813 children in low income are not in receipt of Universal Credit which is 42% of children in low income.

Table 5 and Chart 3 show how, once adjusted for under-reporting the figures become:

- 241,496 children in receipt of Universal Credit are not in low income which is 56% of children getting Universal Credit
- 54,461 children in low income are not in receipt of Universal Credit which is 22% of children in low income).

The ‘poverty line’ and SCP ‘cliff edge’

Universal Credit is withdrawn gradually as earnings increase. SCP is not. This means that the full amount of SCP is withdrawn as soon as a family’s earnings are too high to receive Universal Credit.

In the example below, the point at which UC is withdrawn completely is above the poverty line. However, particularly for large families, the sudden withdrawal of SCP could be an income shock, even if they are not in poverty. A family with three children would be receiving £320.40 every four weeks in SCP.

Worked example: SCP cliff edge.

A couple aged 25+ with 3 children (eldest born before 2017), not claiming rent would be eligible for a maximum of £1,238.85 per month Universal Credit and £320.40 SCP every four weeks (£347.10 per month). They get no help with their mortgage.

If the couple are working, then the amount of Universal Credit received is reduced. For example if household net earnings were £1,500 per month, then Universal Credit would fall to £784 per month, but they would still receive £320 every four weeks SCP.

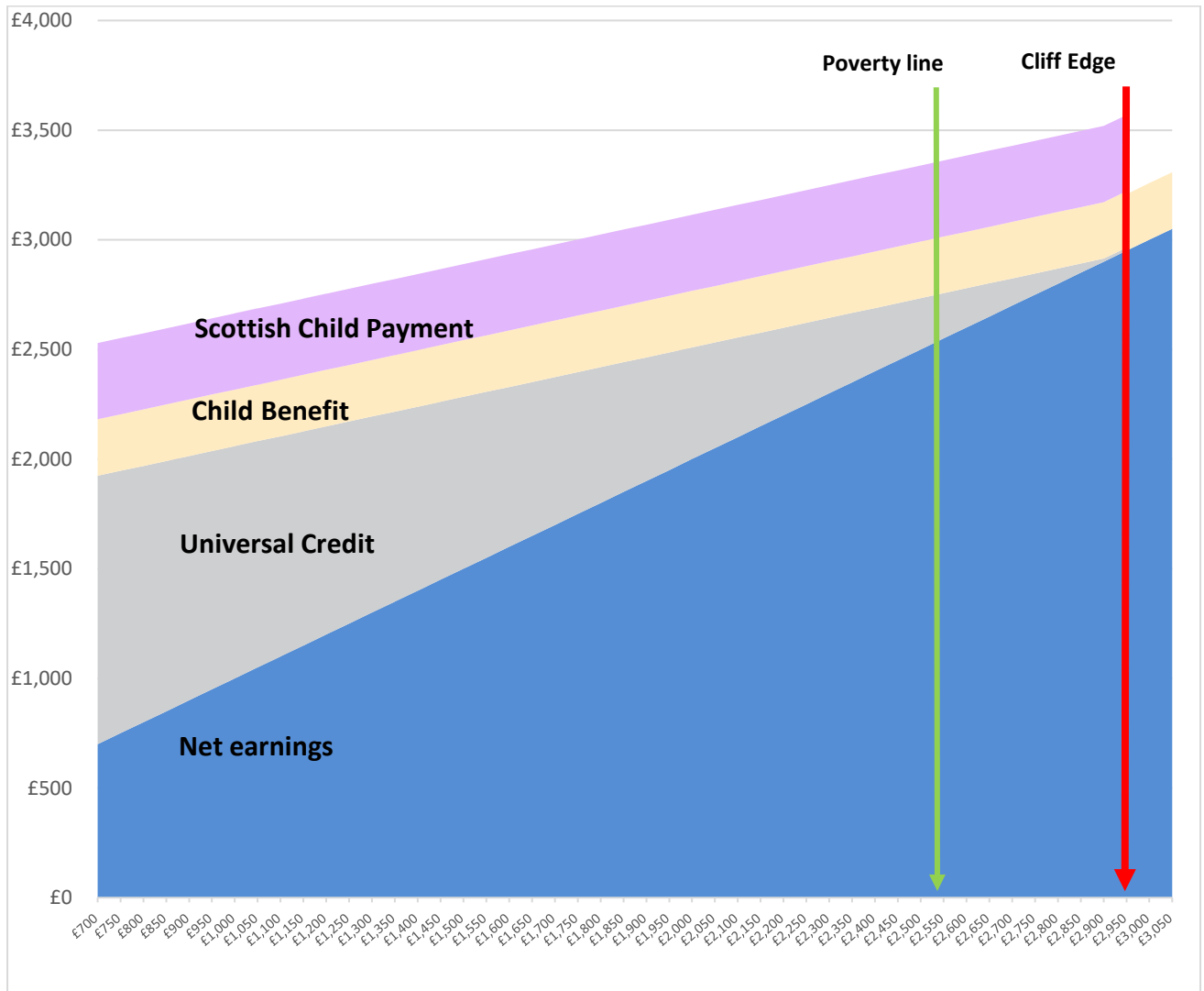
Once household net earnings reach £2,926 net per month, then their UC and SCP would end.

Chart 4, below illustrates how:

- UC ‘tapers away’ gradually as earnings increase, but SCP is paid at the same rate until UC tapers away completely.
- The SCP ‘cliff edge’ occurs after the ‘poverty line’.
- The SCP does not guarantee that the family will be above the poverty line.

It is important to note that this is an example based on one scenario – the amount of UC and the poverty line will vary according to family structure and circumstances.

Chart 4: Couple with three children: How income changes as earnings increase showing the ‘poverty line’ and SCP ‘cliff edge’.



Notes and Sources: SPICe calculations based on 2024-25 benefit rates and poverty line (from UK-MOD 2024-25 60% net household income after housing costs, equivalised for couple with 3 children under 10) Vertical axis is total monthly income (earnings plus benefits), horizontal axis is net monthly earnings. Scenario is: couple 25+, 3 children (eldest born before 2017), no rent, £700 housing costs (mortgage interest and council tax).

Impact on child poverty

The impact of SCP can be considered in terms of poverty statistics, but also in terms of the experience of families receiving it. The following looks first at modelling and statistics, before highlighting results from the 2022-23 client survey on peoples' experiences of applying for SCP and the impact it had on their family.

Modelling and statistics

An [update to the Scottish Government's modelling](#) published in February suggested that in 2024-25 the Scottish Child Payment would:

- Reduce relative child poverty by six percentage points
- Keep 60,000 children out of poverty

Latest poverty statistics are for 2022-23, and due to issues with sample sizes, single year data is quite uncertain and it is recommended to combine data across three years. Using these statistics to identify the impact of the SCP is difficult because:

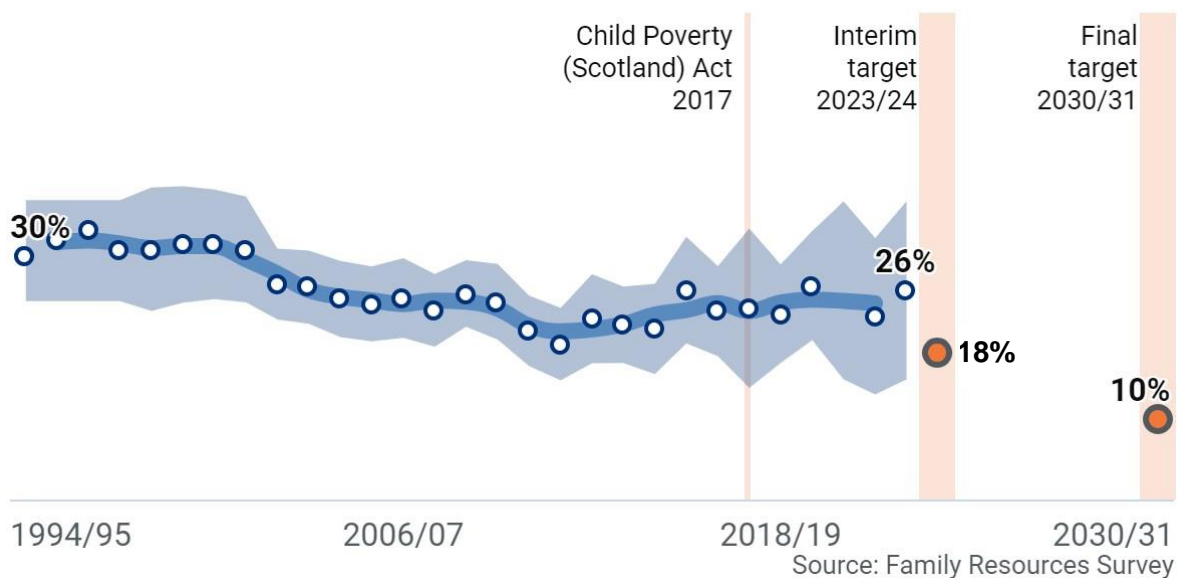
- Combining data across 2020 to 2023 co-incides with changes in eligibility and value of SCP
- Considering just 2022-23, there is a large degree of uncertainty in the data, and the full effect of a £25 SCP for under 16's is only in place from November 2022.

As a result, it will really only be with next year's data that we should get a clearer idea of the SCP's impact on poverty.

With all these caveats in mind, the chart below shows the trend in child poverty since the mid-90s. It shows relative child poverty at 26% in 2022-23 and the target of 18% in 2023-24 and 10% in 2030/31. Note the blue shaded area which is the 95% confidence interval – in other words the actual poverty rate is 95% certain to be within that shaded area.

Chart 5: Trend in child poverty and child poverty reduction targets**Relative poverty**

Measures low income relative to the rest of society

**SCP Outcomes and Evaluation**

Although a major outcome of SCP is intended to be lower child poverty, other stated outcomes are set out below – as short term, medium term and long-term outcomes. An interim evaluation assessing SCP against these outcomes was published in June 2022 (when SCP was £10 for children under 6). A [further evaluation is due to be published in summer 2025](#).

Short Term Outcomes

- Increased child-related spend
- Reduced pressure on household finances
- Reduced money-related stress
- Child able to participate in social and educational opportunities
- Improved position of mean carers within households.

Medium Term Outcomes

- Reduced incidence of debt
- Improved health and wellbeing
- Reduced incidence of material deprivation
- Reduced barriers to education and the labour market
- Positive impact on Scottish economy

Long term impact

- Reduced child poverty
- Reduced inequality of outcomes for children
- Reduced incidence of social exclusion

The interim evaluation research was conducted from August to December 2021 and also used results from the 2020/21 client survey and administrative statistics to May 2022. The interim evaluation reported that:

- SCP does enable children to participate in social and educational opportunities – eg used for days out to the zoo
- Parents and carers said SCP had helped to reduce their financial worries around everyday budgeting and this had had a positive impact on their mental health.
- Some parents did not feel they needed the SCP for essentials, but those that did felt SCP reduced their risk of falling into debt.

Noting that the SCP was due to increase to £25 and be extended to under 16's the report stated that:

“Scottish Child Payment helps to reduce the financial pressure on households, and generally makes a positive difference to peoples’ lives. However, recipients still face financial difficulties and are worried about rises in the cost of living.”

Client survey 2022-23

[Social Security Scotland's 2022-23 client survey](#) results provide an update on some of the issues considered in the interim evaluation. The survey included 16,455 people with experience of SCP. In the survey, clients were asked to score certain statements about SCP:

Table 6: Impact of SCP

Statement	Average score out of 10
SCP 'helped make a difference to your life'	8.7
SCP 'helped you to control your finances'	8.1
SCP 'helped you pay for what you needed'	8.4

Social Security Scotland Client Survey 2022-23, table 11.4

The following highlights comments from clients on the impact SCP had for their family. These show how the SCP helped families:

- pay for activities and essentials
- prevent debt
- reduce stress and anxiety

“It’s an excellent benefit for our young children, it allows single working households like myself to ensure our children are fed, watered and socially part of society which is so important in youngsters! I’m very grateful for the help! :)”
 Woman, aged 25-34, experience of Scottish Child Payment

“If it was not for sss, my children would not be able to get to activities and pay for that extra bit of food as they get older. Our family would of been in financial crisis if it wasn't for this payment.” Man, aged 25-34, experience of Scottish Child Payment

“This payment helped with heating bills and stopped us having to use food banks and allowed my child to access a safe warm space at the local sports centre” Woman, aged 45-54, experience of Scottish Child Payment

“This payment has help us control our debt (credit cards/loans) as it has meant we have not had to put food shopping on our credit cards.” Woman, aged 35-44, experience of Joint application for Best Start Grant, Best Start Foods, and Scottish Child Payment

“its helped me meet the needs of my children and taken a lot of stress off me so I can focus more on recovery, my studies and getting into work. It was a godsend in my circumstances and helped so much with the grief and anxiety I was suffering at the time.” Woman, aged 35-44, experience of Scottish Child Payment

“Made me less stressed due having enough money to pay for food and electricity” Woman, aged 35-44, experience of Scottish Child Payment

Some people commented that the **rising cost of living meant that they were still struggling**. For example:

“This has been very valuable to us as a family. We would have really really struggled without this payment. I don't feel like I have extra money as a result of this payment as it has been used to cover rising costs in recent times.” Man, aged 35-44, experience of Scottish Child Payment

“My child payment goes straight to energy bill which is not right!!!!!!” Respondent who ‘preferred not to say’ their gender with experience of Scottish Child Payment.

There were some comments that **income thresholds were too low**. For example:

“Work full time so not entitled to any support even though on less than half my wage during maternity leave” Respondent who ‘preferred not to say’ their gender with experience of Joint application for Best Start Grant, Best Start Foods, and Scottish Child Payment

““I feel that I have been penalised for becoming a student which is to better myself and become a nurse to then support family and children better but this has resulted in me losing all access to benefits and social security payments despite still needing them and some months having childcare costs that amount to nearly £1000.” Woman, aged 35-44, experience of Joint application for Best Start Grant, Best Start Foods, and Scottish Child Payment

The written submissions to the Committee contain comments and case studies along similar lines.

Suggestions for change

The Social Security Scotland (Amendment) Bill, currently at stage 1 would change the legislative footing of the SCP to make it a form of ‘childhood assistance’ rather than a top-up to reserved benefits. This would give the Scottish Government some flexibility by not requiring a reserved benefit to be in payment for each week that the SCP is paid.

At the moment, the Scottish Government has not made any specific commitments but has said that the change would:

“offer scope to better align the payment more closely with other forms of assistance delivered by Scottish Ministers, such as the Best Start Grants and Best Start Foods” ([Policy Memorandum para 24](#))

During stage 1 evidence on this Bill and in written submissions to this inquiry, the Committee heard suggestions for how this flexibility could be used. Suggestions were generally for extensions in eligibility and/or increases in value although there were a couple of suggestions on process.

Extend eligibility

- **Extend qualifying benefits** to include, Maternity Allowance (CPAG, CAS) and carer benefits (National Carer Organisations)
- Extend eligibility to:
 - Those with **no recourse to public funds** (CAS, Poverty Alliance, CPAG)
 - **Student parents** (who may lose out on UC when their student income is taken into account) (Poverty Alliance, CPAG, CAS)
 - Those in **temporary/supported accommodation** whose only benefit is housing benefit (Scotland Act does not allow top-up of housing benefit) (Poverty Alliance)
- Extend the **age limit** to include ‘qualifying young people’ ie (under 20yrs old and in full-time, non-advanced education) (CPAG), or a taper where SCP reduces gradually from age 16 to 19 (CAS). Some respondents to the [Client Survey 2022-23](#) suggested raising the age limit to 18, or to include those in full-time education after the age of 16. For example: “It would be better if the SCP worked like child benefit and if your child is staying in full time education then you keep receiving the benefit till they are 21.” Woman, aged 45-54, experience of Scottish Child Payment (client survey p.118)
- **Provide a ‘run-on’** to cover fluctuations in Universal Credit eligibility (Stirling Council, CAS, Glasgow) and in cases of bereavement (CAS)
- Allow **separated parents** to share SCP where they share the care of the child (CPAG, CAS)
- **Create a taper** to avoid sudden loss of benefit as income rises (Alliance, Poverty Alliance, CAS, JRF)

- **Allow backdating** to a date before the SCP application was made (CPAG)

The Poverty Alliance consider SCP could be a building block of a Minimum Income Guarantee. CPAG has an [ongoing research project](#), due to report in December 2025, to consider where families are missing out on the ‘five family payments’ (SCP, Best Start Grants and Best Start Foods).

Changes to administration

CAS and CPAG both raised issues with evidencing **responsibility for a child**. CAS suggest greater flexibility such as exploring whether school enrolment or GP practice confirmation would suffice in some cases.

Whatever changes are made, the Poverty Alliance stress the need to keep the **application process simple**, maximise take-up and tackle stigma.

Increase in value

In addition, various stakeholders have called for further increases to the SCP, to £30 (CPAG, JRF) or £40 (Poverty Alliance, Save the Children).

IPPR modelling ([5 April 2023](#)) suggested that increasing SCP to £30 would lift “around 10,000 children out of poverty, at an investment of £87 million” and that “increasing to £40 per week could lift 20,000 children out of poverty at a cost of £261m. They suggested an additional income tax band could fund it.

There are also suggestions for supplements for particular groups:

- Remote/rural supplement (Loughborough University)
- Families in deep and persistent poverty (Save the Children)

Links with other services and policies

CAS propose a “holistic no wrong door approach to integrating early years support’. They suggest extending local delivery teams to become a key contact for a range of public services, in the manner of the holistic approach of ‘surestart centres.’

As discussed in this Committee’s recent inquiry on child poverty, The Poverty Alliance stress the need for scaled up action on other policies in Best Start Bright Futures (the child poverty delivery plan) in order to meet the child poverty reduction targets.

Written submissions

The Committee sent six questions to witnesses. The following summarises key points under each question in the nine submissions received. The submissions also includes suggestions for change (included in the section above) and client experiences of receiving SCP which largely reflect similar points to those raised in Social Security Scotland’s client survey 2022-23.

Submissions were received from:

- Child Poverty Action Group (CPAG)
- Joseph Rowntree Foundation (JRF)
- Professor Emma Tominey, York University
- Dr Juliet Stone, Loughborough University
- Poverty and Inequality Commission (PIC)
- Poverty Alliance
- Citizen's Advice Scotland (CAS)
- Save the Children (StC)
- Professor Danny Dorling, Oxford University

Question 1: What is the impact of the Scottish Child Payment on individual households?

All the submissions emphasised the positive impact of SCP.

CPAG called it: “hugely significant”, which “not only helps families to afford the essentials, improve well-being and open access to more opportunities, but also helps protect families whose entitlements to other benefits are limited.”

JRF refer to their survey which found that SCP improved financial security, well-being and social connection.

A common theme was that the increasing cost of living means SCP is being used for essentials (food and utility bills) rather than for extra spending on children (JRF, Save the Children, CPAG).

Another limitation was its reliance on Universal Credit, a benefit which CAS describe as ‘driving poverty’. An implication of this link is that people ineligible for UC are ineligible for SCP. For example, if people miss a UC payment due to fluctuating earnings or four weekly payment they will also lose SCP.

On the other hand, CPAG describe how the SCP can provide some mitigation for policies such as the ‘two-child limit’, ‘young parent penalty’ (people under 25 get less UC) and benefit cap.

Further work includes a research project at York University comparing Scotland with England and Wales (pending grant award), Poverty Alliance research on the cost of living impact on the hospitality industry and before summer recess, the Poverty and Inequality Commission will publish a report of workshops they have held.

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

The submissions describe the positive impact of SCP at a societal level, with the Poverty and Inequality Commission saying it is: “undoubtedly a game changer.” CPAG describe how:

“it is likely no other policy is working to reduce the gap between costs and incomes as much as the Scottish Child Payment.”

The Poverty and Inequality Commission consider that SCP:

“will have a substantial impact and is contributing strongly towards child poverty reduction.”

York University suggest that addressing child poverty in Scotland will also require action from the UK Government, and CAS consider that SCP acts to ‘mitigate failures in other areas’.

SCP evaluation and poverty statistics

A theme in the submissions was discussion of poverty statistics, and the data required for full evaluation of SCP.

The Poverty Alliance note the largely flat trend in Scottish child poverty, compared to the reductions suggested in Scottish Government modelling. They say: “we would have expected a more significant visible impact within this data release.”

Save the Children note the broadly stable trend in Scotland and contrast it with rising poverty in rUK saying: “This suggests that SCP, as part of a package of measures, could be protecting low-income in Scotland from being pulled into poverty or deeper into poverty.”

CPAG’s view of the 2022-23 poverty statistics is that: “it is clear that without the role the SCP is already playing, the number of children in poverty in Scotland would be even higher.”

JRF caution that limited data means a full evaluation is not possible at this stage, so “we should not rush to definite conclusions at this point.” They discuss the limitations of the poverty statistics - including the time-lag in reporting (2022-23 poverty data is the latest available) and issues with under-reporting benefit income in these surveys. They “expect to see a divergence in the child poverty trends” between Scotland and rUK, but this isn’t yet evident in the data. JRF emphasise the importance of data quality, given that these statistics will be “a necessary component in understanding” whether the child poverty reduction targets have been met.”

The researchers from York suggest other data sources and suggest linking social security to other sources of administrative data held by HMRC, education and health. They consider that linked administrative data is essential to fully analyse and quantify the effects of the SCP, and they note the difficulties caused by small sample sizes for Scotland in UK wide surveys.

Although the focus is on child poverty reduction, their submission also points to broader potential outcomes of the SCP, noting that international evidence shows that more generous welfare leads to better school attainment.

Further work

The Poverty and Inequality Commission will publish their annual scrutiny report on the Child Poverty (Scotland) Act 2017 before summer recess.

The submission from York University suggests that research would be useful on whether SCP “creates a positive narrative” around social security

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?

The submissions had a very positive view of the administration of SCP, with favourable comparisons drawn with the DWP (Poverty Alliance, JRF, Save the Children). CAS state that very few clients come to them about problems with SCP.

Barriers and difficulties mentioned included:

- Ineligibility for qualifying benefits (CPAG, JRF, Save the Children)
- Eligible families either not applying for Universal Credit, particularly following ‘managed migration’ from tax credits (CPAG) or having difficulties applying (CAS)
- Slow processing times initially (PIC) (although this has since improved)
- Lack of internet access and needing support to apply (PIC)
- Lack of awareness of entitlement (PIC) and JRF discuss the importance of promoting take-up
- Difficulties in rural areas related to transport and internet (CAS)
- Problems demonstrating responsibility for a child (CAS)

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?

All the submissions that commented considered that SCP was an effective use of funds, although some suggested that it needed to be increased and/or combined with other policies in order to meet the statutory child poverty targets (JRF, Poverty Alliance, Save the Children, Poverty and Inequality Commission).

The Poverty and Inequality Commission consider that: “there is no current alternative policy” on which the money could be better spent.” CPAG describe SCP as “an extremely effective intervention to reduce child poverty.” [...] “we are not aware of any better use that could be made of the money.” CAS consider that “It’s enormous significance as a lifeline cash transfer is clear” and Save the Children say that: ““increasing social security is the quickest and most efficient way to increase household income and therefore lower child poverty rates.”

The Poverty and Inequality Commission praise SCP but also emphasise the need to “consider the wider picture, who may stand to lose out as a result of the focus of attention and resources on child poverty.

SCP cliff edge

The Poverty and Inequality Commission discuss adding a taper and note that continual increases to the value of SCP “at some point this will start to become less efficient, and without the redesign mentioned above, creates risks around the labour market effects that are likely to be particularly damaging for women.”

The researchers from York University plan future research on the implications of the ‘cliff edge’ for work incentives.

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

There was less comment on this question compared to others. The Poverty and Inequality Commission caution that; “such comparisons are often difficult to make due to the differing levels of adequacy of mainstream social security support, the level of other benefits in kind offered by the state in question, and the levels of taxation required to fund such activity.”

The submission from York University contrasts SCP with the approach in rUK. They argue that as a consequence of the two-child limit and benefit cap, in the UK almost all benefit provision for children is now conditional on adults’ behaviour or decision making in some way. They contrast this with Scotland, where the SCP “stands out as a clearly needs-orientated policy.” The submission gives examples of the level of support provided in other European countries. “the SCP means Scotland looks more like a standard European country in terms of the generosity of support provided for third and subsequent children, while England is an outlier.”

Danny Dorling’s article commented on the rise in child poverty in England which; “may have been the fastest ever rise in child poverty in UK economic and social history.” He contrasts the situation in Finland, and also notes the difference in Scotland where the rise in poverty is much lower than in England, describing the SCP in Scotland “set at a level to ensure that no child goes cold or hungry in Scotland.”

Question 6: Any other comments

CAS and Poverty Alliance emphasised the need to make use of the new ‘childhood assistance’ to extend eligibility for SCP, with the Poverty Alliance suggesting it form the basis of a Minimum Income Guarantee. The submission from York University said SCP is an important policy which requires further sustained analysis, particularly on the impact of the ‘cliff edge.’ PIC referred to recent workshops with those with no recourse to public funds, where ineligibility for SCP was highlighted as discriminatory. CPAG consider SCP is improving the adequacy of social security. JRF praise the SCP but refer to: the diminishing impact due to cost of living, lack of effective employability support and that levels of declined applications for SCP ‘appear high’. They recommend increasing SCP to £30, saying that meeting poverty targets will “require fundamental changes to budget and priorities.”

Themes for discussion

Theme 1: Impact on poverty

[24% of children were living in relative poverty after housing costs in 2020-23.](#)

Measured over these three years:

“child poverty is broadly stable following a gradual rise in recent years”.

Looking only at the single year, 2022-23, relative child poverty was 26% although uncertainty increases when only a single year of data is considered.

The full impact of the Scottish Child Payment will not be evidenced in the 2020-23 or 2022-23 statistics. This is because it was extended to 16 year olds and increased to £25 in November 2022. The statistics for 2023-24 will be published in March 2025.

[Scottish Government modelling](#) has suggested that the Scottish Child Payment could reduce child poverty by 6 percentage points, “meaning it will keep 60,000 children out of relative poverty” in 2024-25.

Members may wish to discuss:

1. **What do we know so far about the effectiveness of the Scottish Child Payment in lifting children out of poverty?**
2. **To what extent do the limitations of poverty statistics limit our understanding of the Scottish Child Payment’s impact? How might this be resolved?**

Theme 2: Monitoring and evaluation

An [interim evaluation of SCP](#) was published in 2022 and a further evaluation report is [expected in summer 2025](#). As set out above, the SCP is being evaluated against a broad range of outcomes from the immediate (eg quality of administration), to medium (eg increased child related spend) and the following three long term outcomes:

- Reduced child poverty
- Reduced inequality of outcomes for children
- Reduced incidence of social exclusion

The SCP is currently the key policy in [‘Best Start Bright Futures’](#) – the Scottish Government’s current delivery plan for meeting its statutory child poverty reduction targets. That delivery plan has an [evaluation framework](#) – based on assessing the impact of a package of measures, not just SCP. The annual report on Best Start Bright Futures is expected in June.

The researchers from York University have applied for a grant to research SCP in comparison with policies in England and Wales. They say:

“what is important here is that we both get population level insight about the impact of the policy, but also that we speak directly to parents in households that both do (and do not) receive the policy.”

They emphasise the need for linking data sources:

“Linked administrative data is essential to fully analyse and quantify the effects of the Scottish Child Payment. We stress the urgent need to advance these linkages, so that social security data is linked to other administrative data sources, including but not limited to HMRC, education, health if we are to understand where the policy improves the livelihoods of families with children and any potential improvements needed to enhance the policy.”

They also discuss the potential for broader outcomes including:

- The potential for SCP to ‘change the narrative’ around social security
- Increasing welfare generosity improves school performance and reduces the likelihood of living in poverty as an adult

Members may wish to discuss:

- 3. What are witnesses views on whether the Scottish Child Payment could achieve the long-term outcomes set for it? To what extent are any of the intended outcomes separate from the aim of reducing poverty?**
- 4. Do witnesses have suggestions for the best way to monitor and evaluate the effectiveness of the Scottish Child Payment? Over what timescale should evaluation continue?**
- 5. The Scottish Child Payment is strongly linked to the statutory child poverty reduction targets. To what extent should its success be judged according to those statistical targets?**

Theme 3: Targeting and coverage

Targeting is the proportion of children in receipt of SCP who are in poverty.

Coverage is the proportion of children in poverty in receipt of SCP. While the exact figures are difficult to pin down it is clear that some children in poverty are not eligible for SCP while some who are not in poverty are eligible for it.

(The definition of poverty used here is equivalised income below 60% median after housing costs. This is the most commonly used definition of relative poverty).

Families in poverty not eligible for Scottish Child Payment include:

- families who do not claim Universal Credit even though they are eligible for it. There are no official take-up statistics for Universal Credit.
- families ineligible for Universal Credit. For example those no recourse to public funds
- some families whose other income takes them above the Universal Credit threshold. For example some student parents once student income is included, some families in temporary accommodation whose UC entitlement

is lower as they claim rent via Housing Benefit, some mothers claiming maternity allowance which counts as income for UC.

Some families will be eligible for SCP most of the time but have breaks in their entitlement due if their fluctuating earnings or four-weekly earnings cycles leads to breaks in their Universal Credit award.

Written submissions to this inquiry included suggestions for extending eligibility for SCP to the above groups. The submission from Loughborough University recommends extending SCP to those with no recourse to public funds as well as adding supplements to reflect higher cost of living in rural areas.

As set out in the background section, poverty statistics for 2022-23 suggest that 56% of children in families in receipt of UC or an equivalent benefit were not in relative poverty. The equivalent figure for Great Britain was 48%.

Although the above suggests that the SCP could be better targeted, a major advantage of the current SCP rules is that they are simple. If a family gets a qualifying benefit and are responsible for a child under 16 then they get SCP. Refining targeting could lead to administrative complexity and confusion about eligibility.

Members may wish to discuss:

- 6. Do witnesses have any views on ways to ensure all children in poverty are eligible for the Scottish Child Payment?**
- 7. To what extent does it matter if the Scottish Child Payment is paid to families who, despite being on low-income benefits, are not in poverty?**
- 8. A more accurately targeted benefit would probably be more complicated and expensive to administer. Do the current rules get the balance right between administrative simplicity and accurate targeting?**

Theme 4: The cliff edge in SCP

Chart 4 above illustrates the 'SCP cliff edge'. As family earnings increase, Universal Credit reduces. For every additional pound earned, Universal Credit reduces by 55 pence. There is no taper in Scottish Child Payment – once Universal Credit stops a family lose their entire Scottish Child Payment in one go. In 2024-25 SCP is worth:

- £106.80 every four weeks for 1 child
- £213.60 for two children
- £320.40 for three children
- £427.20 for four children

For the example shown in chart 4, the cliff-edge happens above the poverty line.

A cliff-edge could be avoided if SCP was reduced gradually as earnings increased.

The submission from York University refers to their plans to research the “implications for work incentives” of the SCP cliff-edge. They also note the

implication for 'middle income' families "who may not qualify for UC (or for much UC) but are still not well off," saying: "both these implications may reduce the poverty-reducing potential of the SCP compared to benefit structures in the comparison countries, but more research is needed."

Members may wish to discuss:

- 9. To what extent might the cliff-edge in Scottish Child Payment prevent families from seeking to increase their earnings?**
- 10. How complex would it be to introduce a taper? Does the problem created by the cliff-edge justify the potential administrative complexity of removing it?**

Theme 5: Cost and value for money

The SCP is forecast to cost £457m this year, rising to £492m in 2028-29. The written submissions were clear that it is money well spent.

An [Institute for Fiscal Studies analysis of Scottish tax and spending policies](#) stated that:

"The poorest half of households have higher disposable incomes under the Scottish system than they would under that in England and Wales, driven almost entirely by more generous benefits for families with children,"

CPAG's written submission states that:

"It is likely no other single policy is working to reduce the gap between costs and incomes as much as the Scottish Child Payment."
[...]
"We are not aware of any better use that could be made of the money"

The written submissions describe how, to some degree, the SCP is acting as mitigation for reductions in welfare by the UK Government. For example, the submission from Loughborough University states that:

"the Scottish Child Payment, [...] is for many families simply acting to offset the consequences of UK-level policies that restrict their incomes – most importantly, the two-child limit and the benefit cap. Fully addressing child poverty in Scotland therefore requires action at a UK level as well as at a national level."

As noted above, the SCP is one of a package of measures designed to meet the statutory children poverty reduction targets. Other policies include an increased emphasis on parents in employability programmes and working towards increasing free childcare. Stakeholders have commented that the SCP is "doing all the heavy lifting" and recommended that more work is needed on complimentary policies in addition to increasing the value of the SCP. For example, the [IPPR commented about the SCP in March](#) that:

“All hopes are being pinned on that one policy – but it simply can’t do all the heavy lifting without further significant investment, and that can’t come at the expense of other equally ‘game changing’ efforts across other areas, including childcare, housing, and employment.”

The submission from York University notes that:

“Virtually all the improvements in child poverty in the UK in the early 2000s and the increases in the 2010s were driven by changes in the generosity of social security support for children, dwarfing effects of changes in parental employment.”

Members may wish to discuss:

- 11. Does the Scottish Child Payment’s impact on child poverty justify its cost?**
- 12. Are there alternative policies that might have a similar or greater impact for similar costs?**

Camilla Kidner
SPICe,
16 May 2024