

Tackling Child Poverty in Scotland: Striking the Right Balance

Des McNulty

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About Des McNulty

Des McNulty served as a member of the Scottish Parliament from its inception in 1999 to 2011. Roles included Chair of the Finance Committee 2001-2006 and Minister for Social Justice. He subsequently worked at the University of Glasgow on Public Policy and Knowledge Exchange, becoming Assistant Vice-Principal (Economic Development and Civic Engagement) 2017-21. He is co-editor of Gibb, K. et al. *'The Scottish Economy'* Routledge 2018, co-authoring with Nick Bailey the chapter on *'Inequality and Poverty in Scotland'*. With Margaretha Cruywagen, he has been undertaking a research-practice collaboration with the Glasgow Child Poverty Pathfinder, the findings of which inform some of the arguments presented here. He is chair of the Board overseeing the UKRI Local Policy Innovation Partnership Hub, based at the University of Birmingham.

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This paper argues that over the period 2017-24, Scottish Government strategy and plans directed to reducing child poverty narrowed in focus, with cash interventions prioritised as the core mechanism to drive progress. Evidence suggests that more place-focused, person-centred, preventive and holistic approaches are now required, especially if we are to address the circumstances and multi-dimensional experience of those families in the deepest poverty or at the greatest risk of hardship/destitution. Meeting ambitious household income targets should not be at the expense of funding other interventions, including public services that impact on need at community level and support parents to overcome barriers and grasp opportunities that would enable their families to flourish. Child Poverty cannot be tackled in isolation – to deliver sustained change we need to rethink how public services are designed and delivered and use limited resources more effectively. Better co-ordination between agencies and between tiers of government committed to shared objectives can contribute to improved outcomes.

Foreword

A focus on tackling child poverty has been a defining characteristic of the SNP's recent years in power. The creation of Scottish Child Payment, in particular, has attracted wide support across the political spectrum in Scotland and from anti-poverty campaigners north and south of the border.

Few would dispute the government's good intentions or claim that combating child poverty is the wrong place for ministers to expend energy and deploy finances. But it is also crucial that the methods they use in doing so are carefully examined for their effectiveness. Scotland must do better at understanding outcomes as well as celebrating inputs.

In this paper, Des McNulty takes a close look at the Scottish Government's approach to child poverty. While praising this focus, he raises challenging – and potentially worrying – questions about whether the strategy is working as intended. The strategy from 2017-18 onwards shifted from an earlier intention to address “pockets, prospects and places” to one focused on income, mainly through Scottish Child Payment and other grants. There was a change in emphasis and direction from addressing the complexities and different forms and levels of child poverty to prioritising more direct interventions to ‘take children out of poverty’ by boosting family income.

Despite the much increased spend, as payment levels more than doubled and eligibility was extended (so that 36% of children now qualify for Scottish Child Payment), the Scottish Government is on course to miss its key child poverty reduction targets, suggesting all is not going to plan. Given the budgetary restrictions facing ministers, driving down the numbers in relative poverty through further increases in cash supplements to families appears impractical. McNulty argues that letting “measures drive policy”, rather than the reverse is misguided. Because the policy priority was meeting threshold income targets, attention has been skewed away from addressing the circumstances of those families at greatest risk.

There is growing evidence of the importance of person-centred approaches which take account of specific circumstances of families and the different levels and types of poverty and vulnerability that exist across Scotland. This has been recognised in recent publications by Scottish Government analysts. Glasgow, which has more than its share of poverty, is doing significant work in fully understanding and addressing child poverty in a holistic, connected and nuanced way. The evidence assembled by McNulty suggests that Scotland may not have struck the right balance between addressing insufficient income and rising costs on the one hand and targeting the most vulnerable families with the support they need to climb out of poverty on the other.

This paper raises two key, if sensitive, questions going forward: should the cash-payment approach to tackling child poverty continue to be prioritised “while resources for public services, including funding for local government and other agencies whose activity contributes to helping people out of poverty... are being cut back”? What about the impact of the other “big levers” deployed by governments, including economic

development; planning; housing; transport; employability, skills, and education; childcare, and social security, at least some of which have had their budgets pared back, and where different tiers of government could more effectively co-operate?

“Over-reliance on income supplements will not deliver lasting change, especially for those places or amongst families where need is greatest,” argues McNulty. A shift towards prevention and co-ordinated multi-agency support, enabling families to flourish can only be achieved through a radical programme of public service reform. This is important, painstakingly researched work, which should inform future decisions not just on tackling child poverty but also on how different tiers of government should work together to address shared challenges.

Chris Deerin
Director
Reform Scotland

Introduction

1.1 UK context

Links between poverty and material deprivation were notably examined by Townsend¹ in his work in the 1960s and 1970s, which also focused attention on the importance of place. Despite these insights calling for a more nuanced approach, measurement of poverty continues to be based on household (family) income. Household (family) income is also used to measure the scale of child poverty, thus being used as a proxy for the child's experience of poverty. Statistics of relative and absolute poverty are frequently provided after housing costs (AHC) because of the distorting effects of regional variations. These include Scotland's higher proportion of social rented properties and lower rents in that sector.

Between 1997 and 2005 there was a significant reduction in the extent of relative poverty amongst families with children across the UK attributable to economic growth and anti-poverty policies, including improved social protections, targeted childcare support and tax credits introduced by the Westminster Labour government. Progress at a UK level slowed thereafter.

There are long standing differences in relative and absolute poverty rates between Scotland and other parts of the UK which persist, if reduced, under the AHC measure. Relative child poverty in Scotland reached a low of 19% in 2011-2012². Since then, rates have increased, but Scottish levels (24% in 2021-22) remain lower than in England (31%) or Wales (28%).

1.2 Devolved powers

As discussed further below, the Scottish Government has set out its strategy and plans in a series of documents since 2011. Throughout this period Scottish Ministers have continued to be able to allocate resources transferred under Barnett arrangements from Westminster to different priorities from those adopted in other parts of the UK. From 2018, SNP and SNP-Green administrations³ have used powers from the original devolution settlement and as enhanced under the Scotland Act 2016 to adjust income tax (thresholds, bands and rates) with impact on family income⁴. (The total revenue available for Scottish government spending is however dependent on the relative performance of Scottish economy compared with that of the UK.) Under the Scotland Act 2016, the Scottish Government also gained additional powers including the power to top-up reserved social security benefits. These powers have been used to supplement incomes of lower-income households with children.

¹ Townsend, P (1979) Poverty in the UK Harmondsworth Penguin

² See Bailey, N. and McNulty, D. *Inequality and Poverty in Scotland* in Gibb, K et al (2018) The Scottish Economy Routledge

³ The SNP governed alone from 2016-21, in coalition with the Greens from May 2021-April 2024 and as a minority government thereafter

⁴ The break-even point above which Scottish taxpayers pay more is £28,867 in 2024-25, the estimated median income in Scotland in the 2024-25 tax year is £28200

1.3 Child Poverty Targets

Child poverty targets as used in the UK and Scotland are (with one partial exception⁵) based on measures of income inequality between households (adjusted for composition)⁶. The Scottish Government reacted to the (Conservative) UK Government's withdrawal of targets by setting statutory targets in The Child Poverty (Scotland) Act 2017, based on four different but overlapping measures. There are medium-term targets for 2023-24, linked to longer term targets to be achieved by 2030:

- **Fewer than 18% of children living in families in *relative poverty* in 2023-24, reducing to fewer than 10% by 2030.** The latter means fewer than one in ten children are living in households on low incomes by 2030, compared to the average UK household.
- **Fewer than 14% of children living in families in *absolute poverty* in 2023-24, reducing to fewer than 5% by 2030.** This means fewer than one in twenty children are living in low-income households where living standards have not improved since 2010/11, after adjusting for rising prices, by 2030.
- **Fewer than 8% of children living in families in *persistent poverty* in 2023-24, reducing to fewer than 5% by 2030.** This means fewer than one in twenty children living in households in poverty for three years out of four by 2030.
- **Fewer than 8% of children living in families living in *combined low income and material deprivation* in 2023-24, reducing to fewer than 5% by 2030.** This means fewer than one in twenty children living in low-income households who can't afford basic essential goods and services by 2030.

Definitions of relative and absolute poverty apply income thresholds, beneath which persons are deemed to be in poverty. Persistent poverty is defined using the Department for Work and Pensions' (DWP) measure, based on whether a household has been living in relative poverty for three or more of the last four years. Combined low income and material deprivation is defined as a household with income less than 40% of the contemporary median and who cannot afford more than one type of essential goods and services. Despite the suite of four indicators being included in the Act and in both the 2018-22 and 2022-26 delivery plans, political and public attention has focused on the relative poverty measure rather than the other measures which take account of variation in depth and longevity of poverty.

The technical definition of relative poverty is where, for equivalised households, household income is less than 60% of the median income across the UK. Amongst the consequences of reliance on this median income indicator to measure performance are: (i) because moving households with children across the median income threshold is the key indicator of success, the lowest-income households (and for that matter higher-income households) have little or no impact on the measure and therefore addressing

⁵ The combined low income and material deprivation measure defined on the following page

⁶ See Scottish Government (2017). *Poverty in Perspective: A typology of poverty in Scotland*. Edinburgh: Scottish Government.

their hardship and destitution⁷ is not the primary focus⁸; and (ii) because interventions *which apply equally to an eligible group containing unequal members* will first move those nearest the threshold out of such definitions of poverty, there are incentives for policy makers, unless tempered by other considerations, to focus attention on those near the cusp⁹. Both consequences are significant when considering the efficacy of policies that focus on income insufficiency.

There are of course other data sources which illuminate the occurrence of poverty at neighbourhood, community and local authority level. Composite indicators such as the Scottish Index of Multiple Deprivation, which takes account of employment, health, education, housing, crime and environmental conditions in small areas of between 500 and 1000 people, inform us of the local context which impacts on a family's experience and ability to transition to a better life. Recent Scottish Government documents recognise that, in isolation, no one action can make the transformational change needed to tackle child poverty and that there is a need to make connections between child poverty and other policies such as Getting it right for every child (GIRFEC)¹⁰. **But the post 2017 focus on income, to the extent that measures drive policy rather than the reverse, has had a profound impact on priorities and resource allocation decisions.**

⁷ Joseph Rowntree Foundation consider that 'People are considered destitute if they have not been able to meet their most basic physical needs to stay warm, dry, clean and fed. This can be because they either lack necessities like clothing, heating, shelter or food. Or because their income is so extremely low that they are unable to purchase these items for themselves'

⁸ This might be partially corrected if combined low income and material deprivation were to be used as the primary indicator, but the main focus is on income indicators.

⁹ The three child poverty pathfinders (in Glasgow, Dundee and Clackmannanshire) are exceptions; the Glasgow pathfinder approach will be dealt with in detail later

¹⁰ Scottish Government, [Getting it right for every child \(GIRFEC\)](#)

2 The evolution of child poverty policies in Scotland: 2011-22

2.1 2011 Child Poverty Strategy for Scotland

The first Scottish Government child poverty strategy stated that:

The causes and effects of poverty and inequality are complex and multi-dimensional and require a range of interventions and responses. These must address the underlying causes of poverty, not just the symptoms. Poverty is about much more than a lack of income.

These are complex problems, involving complex solutions - often involving both cultural and structural change - that require a long-term approach. The Scottish Government advocate early intervention, moving from crisis management to prevention and breaking cycles of poor outcomes in people's lives.

Evidence suggests that effective preventative intervention helps to break recurring cycles of poor social outcomes and prevent extensive and expensive responses from public services at a later stage. The aim is to shift priorities and resources from damage limitation to prevention and early intervention. It is fully accepted that this is a long-term endeavour.

The 2011 document, as well as focusing on early intervention and prevention, advocated (i) an asset- rather than deficit-based approach and (ii) ensuring that children and families' needs are at the centre of service design and delivery. Effective partnership working across the Scottish public sector and with third sector partners was seen as critical across the life course to ensure that:

the right support is available to people at the key points when they need it, so that people at risk or in the early stages of developing difficulties do not reach crisis point. This principle underpins the Scottish Government's approach to social policy, across the whole spectrum of issues affecting families.

2.2 2014-17 Child Poverty Strategy

The 2014-17 child poverty strategy was ambitious in scope, recognising the range of contributory factors to be addressed. It identified three priorities: the 3Ps of Pockets, Prospects and Places.

The **pockets** strand aimed to reduce income poverty and material deprivation by:

- (i) maximising financial entitlements and reducing pressure on household budgets amongst low-income families;
- (ii) maximizing the potential for parents to increase family incomes through good quality sustained employment; and
- (iii) promoting greater financial inclusion and capability.

The **prospects** strand aimed to break inter-generational cycles of poverty, inequality and deprivation by:

- (i) tackling the underlying social and economic determinants of poverty; and

- (ii) improving the circumstances in which children grow up – acknowledging the particular importance of improving children’s outcomes in the early years.

The **places** strand sought to address area-based factors which exacerbate the effects of individual poverty for many families by continuing to improve the physical, social and economic environments in local areas, particularly in those areas of multiple deprivation in which child poverty is most prevalent and most severe¹¹.

The context was the Fairer Scotland Action Plan (2016)¹² and the associated first annual report (2017)¹³ which aimed to establish ‘*genuine equality of opportunity, stronger life chances and support for all those who need it.*’ It had five key ambitions: a fairer Scotland for all; ending child poverty; a strong start for young people; fairer working lives; and a thriving third age. Associated policy actions relate to housing, regeneration, social security, labour market interventions etc. The Action Plan identifies itself as an important part of the Scottish Government’s wider ‘inclusive growth’ agenda, as originally articulated in the Scottish Government’s Economic Strategy¹⁴ and Labour Market Strategy¹⁵. However, the First Minister at the time made it clear that her key policy priorities were two interconnected goals: reducing child poverty and closing the attainment gap in education; and resources were directed accordingly.

Consistent with the national performance framework approach being employed at the time by the Scottish Government, logic modelling was used to identify intermediate outcomes required to attain the overall expected outcomes for each strand in the 2014-17 child poverty strategy. A detailed analysis of the causal connections, relevant policies and intermediate outcomes relating to the ‘Pockets’ and ‘Places’ outcomes can be found in Williams, Bailey and McNulty (2018)¹⁶.

¹¹ Neighbourhood approaches had been a consistent feature of anti-poverty strategy under the former Strathclyde Regional Council which identified ‘Areas of Priority Treatment’ to which resources were directed and the Social Inclusion Partnerships created by the Lab-Lib Dem administrations in the first eight years of the Scottish Parliament.

¹² Scottish Government (2016). *Fairer Scotland Action Plan*. Edinburgh: Scottish Government.

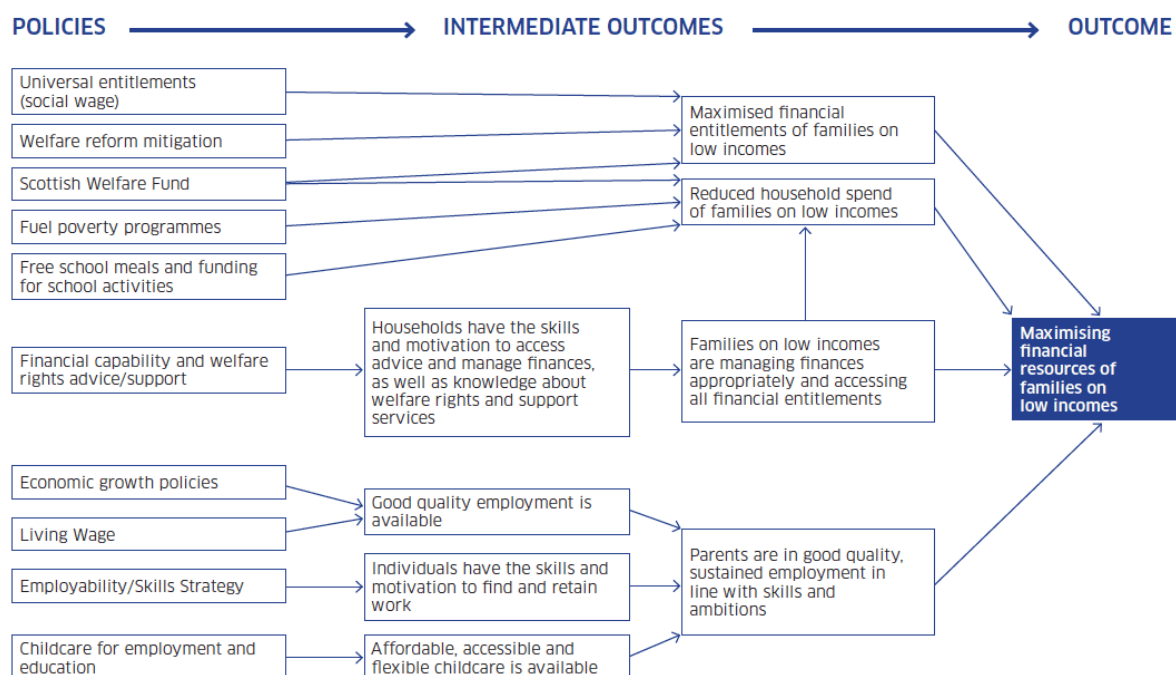
¹³ Scottish Government (2017). *Fairer Scotland Action Plan: Progress Report 2017*. Edinburgh: Scottish Government.

¹⁴ Scottish Government (2015). *Scotland’s Economic Strategy*. Edinburgh: Scottish Government.

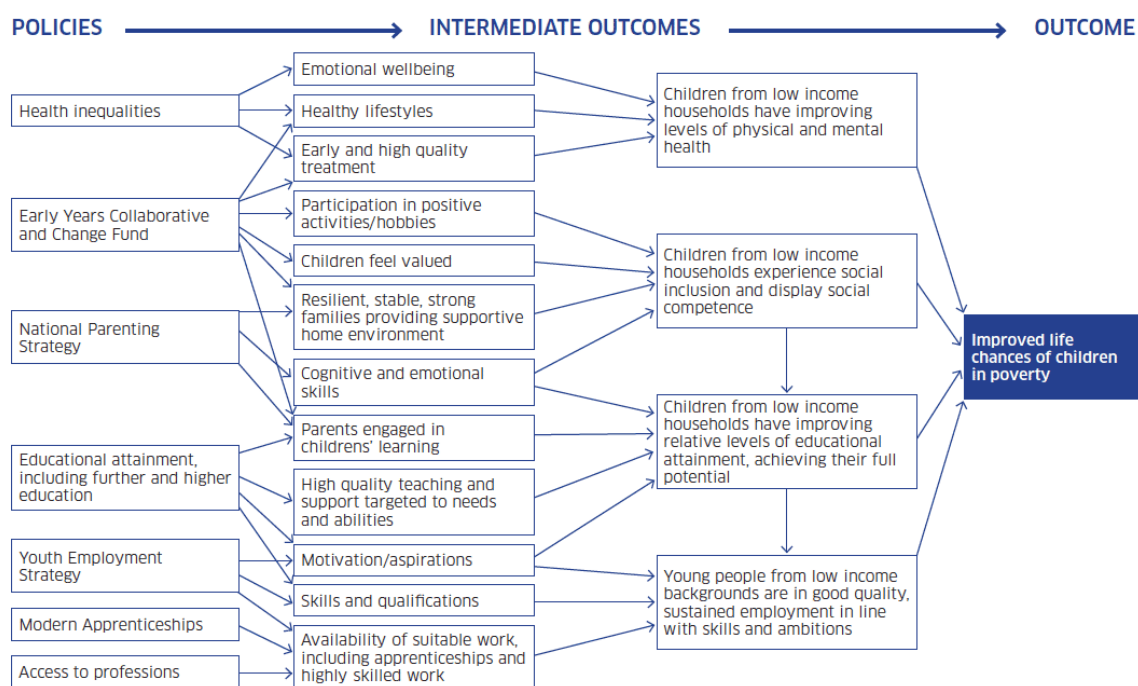
¹⁵ Scottish Government (2016). *Scotland’s Labour Market Strategy*. Edinburgh: Scottish Government

¹⁶ Williams, E., Bailey, N. and McNulty, D. [Report on the Child Poverty Strategy for Scotland 2014-17](#) Policy Scotland (2018)

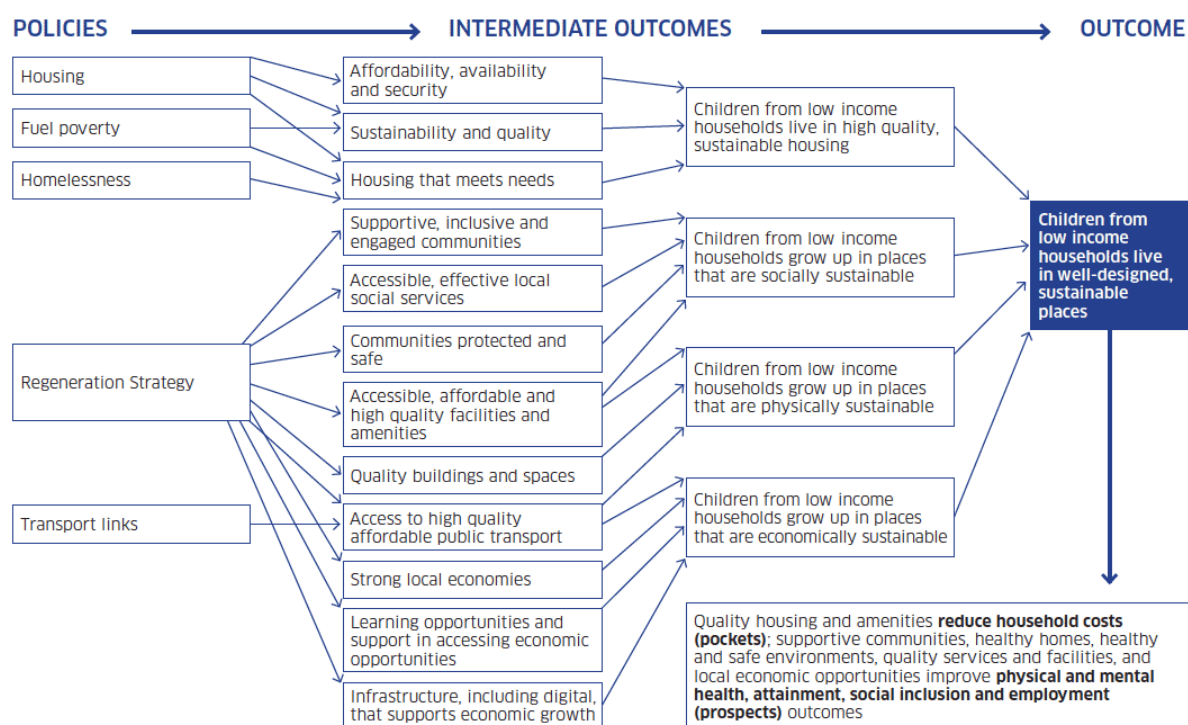
Pockets



Prospects



Places



2.3 Child Poverty Delivery Plan 2018-22

In the forward to the 2018 Child Poverty Delivery Plan, Every Child Every Chance (ECEC) the Cabinet Secretary for Communities, Social Security and Equalities stated that tackling child poverty was ‘*fundamentally about lack of income*’¹⁷. In practice, the emphasis on income meant a shift away from the three 2014-17 causal connections towards a narrower approach¹⁸, in which the drivers of poverty were identified as insufficient income from employment; insufficient income from social security; and the rising cost of living¹⁹. While there were fifteen actions specified in the plan, including wider measures around work and earnings, in the widely disseminated summary diagram of direct drivers of poverty these were framed as contributing to increasing family income or reducing costs - rather than e.g. as components of the lifecycle transitions approach advocated by the First Minister’s advisor Naomi Eisenstadt²⁰. As well as employment, issues such as housing, transport and childcare were placed under the insufficient income and cost of living headings. The 2011 emphasis on shifting to a longer term, preventive, whole systems focus²¹, involving early intervention and multi-agency collaboration was missing.

¹⁷ [Scottish Government: Tackling Child Poverty Delivery Plan 2018-22](#)

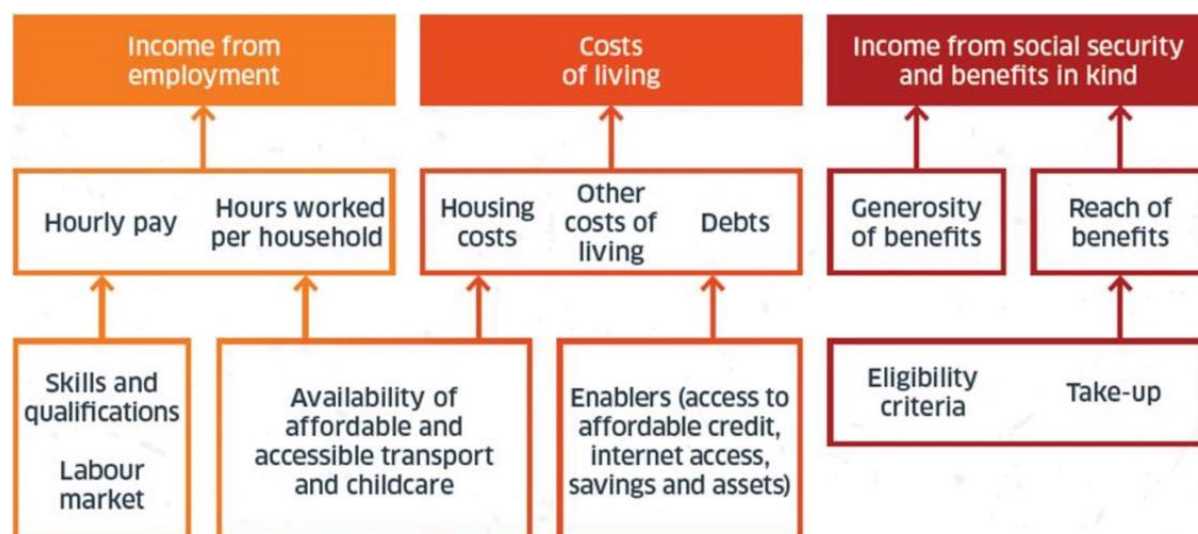
¹⁸ described by Audit Scotland as ‘[alleviating but not eradicating the negative impact of children experiencing poverty](#)’

¹⁹ [Tackling Child Poverty Delivery Plan Technical Annex 2](#)

²⁰ Naomi Eisenstadt, [The Life Chances of Young People in Scotland: report to the First Minister](#) Scottish Government (2017)

²¹ Deemed essential by the [Auditor General and Accounts Commission](#) to break the cycle of poverty, reduce inequalities and make better use of public funding.

ECEC direct drivers of child poverty



In addition, the place dimension from the 2014-17 strategy largely disappears in the ECEC framework. The suggestion from What Works Scotland that the [Scottish Approach to Service Design model](#) be adopted through community planning²² to help bring about transformational change designed locally for the needs and characteristics of places across Scotland was disregarded. Instead, there was a shift in the 2017 Child Poverty Act from expectation that local authorities and their Community Planning Partners would contribute to tackling child poverty to partners being required to act as local delivery agents. Councils were obliged by law to produce annual Local Child Poverty Action Reports (in collaboration with Health Boards, following consultation with experts by lived experience representing communities, consistent with the Community Engagement Act 2015)²³. Control over the purse strings ensured that Councils and their local partners were held accountable for delivering interventions designed by the Scottish Government (often with limited consultation with local government). Resentment at micromanagement by government officials was rife, despite the many mentions of partnership working in ECEC. Not just councils but also voluntary sector bodies felt they were being treated as contractors rather than as partners. There was particular frustration over burdensome and inflexible monitoring arrangements and the allocation of resources in separate small pots (enabling Ministers to make announcements), many of them short-term and commencing part way through the year, with different and often conflicting eligibility criteria, thus inhibiting effective local resource management and forcing local government officials to look for workarounds.

²² See Treanor, M et al. [What Works Scotland evidence review](#) (2017)

²³ McKendrick, J. H. (2018). [Local Contributions to Tackling Poverty and Inequality in Scotland](#). Glasgow: Policy Scotland.

3 Evidence and views on what makes a difference

Academic and think tank interest in child poverty in Scotland was prompted not just by Scottish Government commitments and targets but by broad concern at UK government thinking and policy. Iain Duncan Smith had suggested that poverty was an outcome of 'troubled families'; caps on a family's total benefit entitlement were introduced in 2013; UK child poverty targets were withdrawn and universal credit was cut after the 2015 General Election; and the UK government's two-child rule was introduced in 2017.

Gunson et al.²⁴ examined which **benefit policy levers** would be most effective in achieving reductions in relative child poverty in Scotland in terms of both cost and impact, using IPPR Scotland's microsimulation tax-benefit model. The authors estimated cost and impact based on removing both the benefit cap and the two-child limit, combined with increasing spending on other benefits (increasing UC standard allowance by £30; topping up child benefit by £5; increasing UC child element by £45; & increasing UC work allowances by £350). These estimates indicated that the greatest impact on child poverty rates in Scotland would be achieved through increasing the UC child element combined with removing the two-child limit and benefit cap. These changes in UK benefits would, if applied in Scotland, reduce the numbers of children in relative poverty by approximately 45,000 children, at an estimated cost of approximately £360 million per year.

Analysis by Bramley (2018) for the then embryonic Scottish Poverty and Inequality Commission explored fourteen different scenarios, not exclusively related to income. These included what he called the **Combined Favourable Scenario** (CFS) of policies that would include: (i) higher and more regionally even levels of economic growth and employment; (ii) higher levels of total and especially social housing new build supply; (iii) greater regulation of private rented sector (curbing rent rises within tenancies, less tax breaks for buy to let); (iv) full living wage; (v) indexation of living wage and benefits to 1% above earnings; (vi) restoration of 2015 cuts in Universal Credit; (vii) raising personal and work allowances in Universal Credit by 30%; (viii) reducing the Universal Credit taper to 50%; (ix) ending the Local Housing Allowance freeze; (x) halving of non-take up of means tested benefits; and (xi) a generous enhanced childcare package.

Prior to the implementation of the Social Security (Scotland) Act 2018, benefits changes could only be introduced by the UK government. Other policy areas including housing, skills and childcare were already entirely or partially within the powers of the Scottish Parliament. Bramley argued that the right mix of housing, employment and incomes policies would deliver strong improvements, representing great progress towards meeting the child poverty targets at a net cost in Scotland of £300 million p.a. that he felt 'seems quite small, because of the much greater enhancement to employment'²⁵. Although Gunson et al. argue that getting people into better paid decent jobs is vital, Bramley's analysis differs in the greater emphasis he places in policies and expenditure on economic growth, skills, wages, childcare, housing and

²⁴ Gunson R., Baxter, D., and Stirling, A. (2018). *How much would it cost to reduce child poverty in Scotland? The financial scale of child poverty in Scotland*. Edinburgh: IPPR Scotland.

²⁵ [Bramley, G. What Would Make a Difference for Scotland \(2018\)](#)

tackling regional inequalities, alongside benefits changes, as contributing factors to poverty reduction.

In her well researched 2017 report on *The Life Chances of Young People in Scotland*, the then First Minister's advisor Naomi Eisenstadt set out, as a principle of social justice, the following:

providing the same kinds of inputs to everyone, without thinking about differentiation, will always result in inequality of outcomes. Services should be specifically designed so as to iron out the inequality in personal circumstances that affects those facing disadvantage²⁶.

Eisenstadt's earlier 2016 report *Shifting the Curve* had been warmly welcomed by First Minister Nicola Sturgeon, its recommendations on in-work poverty, housing affordability and life chances fitting the agenda at that time. The findings and recommendations of the second report were less enthusiastically received. Her advocacy of a lifecycles transitions approach, highlighting (i) need varying as much within as between groups; (ii) the requirement for a tailored approach as the depth and complexity of disadvantage increases; and (iii) the importance of place, both in contextualising poverty and responding to need, was at odds with the three drivers approach in ECEC and in particular Scottish Government's reliance on median income indicators to measure performance in poverty reduction. As previously pointed out when discussing the government's targets, interventions which apply equally to an eligible group containing unequal members will not address inequalities within that group.

In other social policy areas, arguments for person-centred, differentiated, preventative approaches found favour. The Wise Group, for example, have successfully argued that its mentoring and other relational²⁷ forms of support for those leaving prison helps prevent reoffending behaviour, thus reducing costs as well as improving outcomes for that client group and their families. However, single-issue voluntary sector bodies such as the Poverty Alliance and Child Poverty Action Group were gathering information about the breadth and depth of poverty affecting families, often using individual case-studies and they were vociferous advocates of income supplements as the core lever of tackling child poverty policy. An influential coalition was mobilised, including philanthropic bodies such as the Robertson Trust and UK specialist organisations such as the Joseph Rowntree Foundation, Save the Children and Barnardo's that helped shape Scottish Government's thinking in the 2017-22 period, including its use of lived experience panels to inform social security policy and implementation. The framing of child poverty as income insufficiency has led voluntary sector bodies which provide targeted services aimed at children and vulnerable families to see no contradiction between arguing for additional resources for that work and lobbying for more resources to be put into direct payments (as a means of poverty alleviation). However, as we will see in the following sections dealing with social security reform and affordability, governments are obliged to make choices – they cannot spend the same money twice.

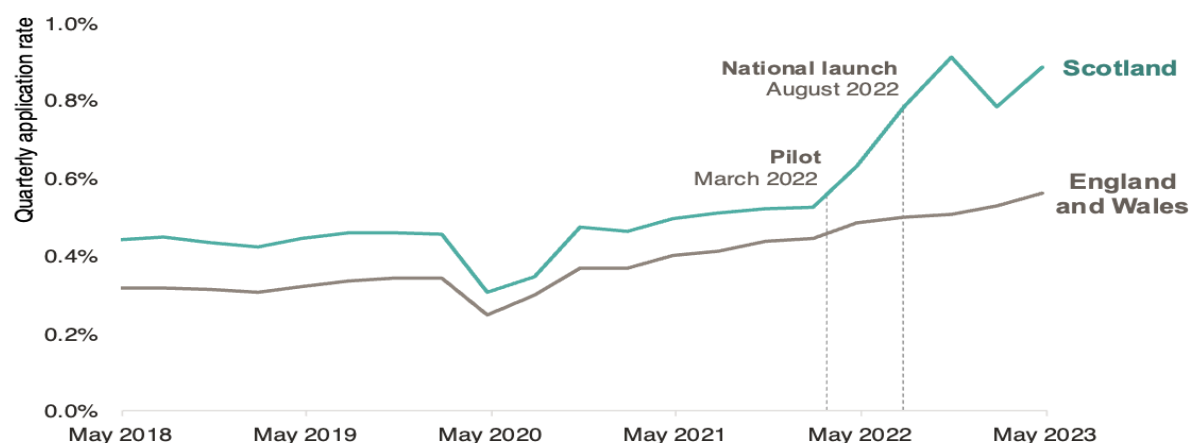
²⁶ [Naomi Eisenstadt, *The Life Chances of Young People in Scotland: report to the First Minister Scottish Government* \(2017\).](#)

²⁷ A relational approach considers the circumstances and needs of the person with the aim of maximising their capability to access and navigate the whole system

4 Social Security reform

Under the Scotland Act 2016, Scottish Ministers were given powers to **replace UK disability and certain other benefits with benefits of their own design; top-up reserved UK benefits; and to create new benefits in defined areas**. Few of these powers could be used immediately. Indeed, of £4.04 billion total devolved benefit expenditure in 2022-23, £3.4 billion (85%) was via agency agreements whereby the Scottish Government paid the DWP to continue to administer disability and carers' benefits on its behalf²⁸. But once the Social Security (Scotland) Act 2018 was approved and Social Security Scotland was up and running it became possible to directly affect incomes of those receiving benefits.

The Scottish Government committed to replacing existing benefits with Scotland-specific non means tested schemes for adults and children with disabilities and for carers. The Adult Disability Payment (ADP), Child Disability Payment and Carer Support Payment were intended to improve the experience of people applying for support and maximise take up. There was a surge in applications at the start of the ADP pilot in March 2022 and a further divergence from the application rate for Personal Independence Payment (PIP) in England and Wales when ADP was launched Scotland-wide in August 2022. For some households with children, receipt of devolved disability payments might take the family over the relative or absolute poverty household income threshold, although the purpose of these payments is to cover additional costs associated with living with a disability²⁹.



4.1 Scottish Child Payment

Of the new benefits that do not have any UK comparator, the most substantial is Scottish Child Payment, designed to deliver regular, additional financial help to low-income families and thus impact directly on child poverty and the achievement of child poverty targets. To apply for and receive the Scottish Child Payment, a person must be responsible for a child, normally live in Scotland and the person (or their partner) must be in receipt of one of the following benefits: child tax credit; universal credit; income

²⁸ [Annual Report and Accounts November 2023 \(socialsecurity.gov.scot\)](#) breakdown on page 83

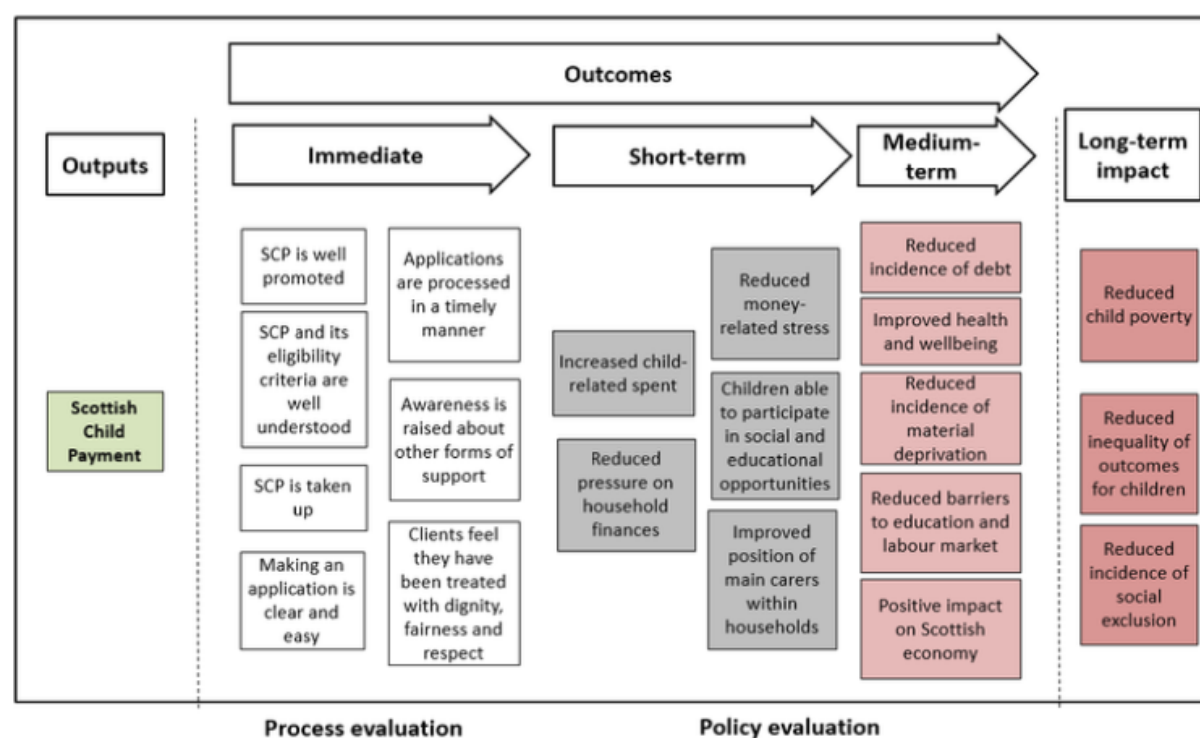
²⁹ The complexities of interaction between disability payments and poverty are covered in [WP202224-Living-standards-of-working-age-disability-benefits-recipients-in-the-UK-2.pdf \(ifs.org.uk\)](#)

support; pension credit; job seekers allowance (income based); or employment support allowance (income related). The Payment was initially set in February 2021 at a flat rate of £10 per week per child up to the age of 6 with no limit to the number of eligible children.

The commitment to introduce an ‘income supplement’, as it was first referred to in *Every Child, Every Chance*, followed the ‘Give me Five’ campaign led by anti-poverty stakeholders advocating for a £5 increase to Child Benefit³⁰. Campaigners had independently modelled such a top-up could reduce child poverty by 3 percentage points. The broad aims first aired in the [Analysis of Options for the Income Supplement](#) published by the Scottish Government in June 2019 were to:

- Achieve a reduction in child poverty of 3 percentage points (when the benefit is fully rolled out)
- Reduce the depth of poverty by increasing incomes of people not just below the poverty line but those further below it
- Ensure a sustainable and lasting reduction in poverty for families with children.

An interim evaluation report³¹ focused on the first phase of implementation (prior to April 2022 when the payment amount was £10 per week) was published in July 2022. The report presented a ‘theory of change’ logic model (see below) developed by policy officials in collaboration with Scottish Government researchers.



The model ‘shows the mechanisms whereby interventions (such as Scottish Child Payment) have a chain of immediate, short-term and medium-term outcomes’. If these are met, ‘they can generate longer-term outcomes and contribute to wider Scottish Government policy

³⁰ [Poverty Alliance: The difference a £5 a week top-up to Child Benefit could make to Scottish Families](#) 2019

³¹ [Scottish Child Payment: interim evaluation](#) July 2022

impacts'. Alongside the logic model, the interim evaluation drew on information gathered through a client survey and commissioned research interviews with recipients and third sector representatives. The client survey focused on process evaluation – the effectiveness of promotion of Scottish Child Payment and respondent's experience of claiming it³². Amongst findings, a large majority 'agreed or 'strongly agreed' that they had been treated with dignity, fairness and respect. (Evidence from lived experience panels and user surveys of those claiming disability benefits in Scotland indicates that case management by Scottish Social Security is felt by those claimants to also be more compassionate compared with previous DWP arrangements).

Logic models rest on assumptions³³ e.g. about the strength of effects and causality – in areas where attribution is difficult. The interviews³⁴ provided some insights into impacts on individual families (such as increased child-related spend and reduced pressure on household finances). The findings of the interim report are however strongly caveated:

Scottish Child Payment's medium-term outcomes, and the Scottish Government's long-term policy impacts (e.g. reduced child poverty), will take time to determine, and may require access to robust quantitative data that is not currently available. The long-term impacts in particular will be affected by a range of factors in addition to Scottish Child Payment, making it difficult to measure and attribute changes specifically to that payment.

Few new policies work in practice exactly as intended at the design stage – and sometimes they don't work at all to produce the change expected. Recognition that (i) for those families with complex circumstances, a person-centred approach³⁵ that supports them navigating the range of services is crucial and (ii) there is a need to integrate support services for families living in poverty led to new commitments in the second Tackling Child Poverty Delivery Plan 2022-26, 'Best Start, Bright Futures' (hence BSBF) focused on 'system change' and testing different approaches to providing person-centred solutions for families in poverty. These will be discussed in detail in later sections of this paper. However, a growing realisation that the first phase of child payment, together with the Scottish Government's other policies on child poverty, were not achieving the overarching policy intent (significant measurable improvement to meet statutory interim and longer-term targets) led to the political decision to increase the level of Scottish Child Payment and extend eligibility. The decision to double the amount per child to £20 from April 2022 brought the spend on Scottish

³² The client survey was conducted by Social Security Scotland and was not randomised. Although there were over a thousand responses, the response rate (4%) was very low.

³³ Feedback was sought once the initial draft was produced feedback from the [Five Family Payments reference group](#), set up on July 2021 to allow policy officials to meet with key stakeholders to identify best practice for their five benefits

³⁴ The company commissioned to do the work conducted 39 interviews with recipients and a further 9 with third sector representatives

³⁵ According to Scottish Government, a [person-centred approach](#) in practice means support that is delivered flexibly to ensure that support is provided when it is most needed. This support should be delivered in a way that fosters trust and reduces stigma, while meeting the complex and diverse needs to maximise people's or family's capabilities.

Child Payment to £213 million in 2022-23³⁶ and following the payment being made available per child up to the age of 16 from November 2022 and the subsequent increase to £25, the annual expenditure forecast (taking account of inflationary uplift) is around £460 million³⁷. The change to eligibility has increased the number of child payments from 103,000 in March 2022³⁸ to 329,000 in March 2024³⁹.

Modelling conducted by the Scottish Government for BSBF calculated that cumulative impact of the combination of its policies on child poverty should lead to a reduction in relative poverty in 2023-24 of 9% compared with 2019-20⁴⁰. A large part of the projected increase in impact was attributed (in the supporting Annex) to the introduction and doubling of Scottish Child Payment and the proposal to extend eligibility to children under 16 set out in the Delivery Plan.⁴¹ The latest modelling indicates that the Scottish Government's combination of policies are forecast to keep 60,000 children out of relative poverty in 2024-25 – with relative child rates anticipated to be 6 percentage points lower as a result.

There are legitimate questions about both the adequacy of the evidence base⁴² for these political (and spending) decisions and whether and when the Scottish Government will reach the income-related targets it has set itself. Commentators, including the independent Scottish Poverty and Inequality Commission, have highlighted the implementation gap between ambitious reduction targets and what it has proved possible to deliver⁴³. To these questions might be added others regarding (i) the affordability of Scottish Child Payment and other cash-first policies aimed at tackling child poverty on which Ministers have concentrated so much resource; (ii) whether supplementing income will deliver the broader improvements (particularly in education, employment and health outcomes) that those advocating this approach claim; and (iii) where finance is limited, the opportunity cost of switching resource and policy focus to Scottish Child Payment from public services that provide support to parents and children on their journey out of poverty? It is to these questions we now turn.

³⁶ Figure 5.2 here: <https://www.fiscalcommission.scot/wp-content/uploads/2023/12/Scotlands-Economic-and-Fiscal-Forecasts-December-2023-Chapter-5-Social-Security-Figures.xlsx>

³⁷ *ibid*

³⁸ [Scottish Child Payment: high level statistics to 31 March 2022](#)

³⁹ [Scottish Child Payment: high level statistics to 31 March 2024](#)

⁴⁰ [Second Tackling Child Poverty Delivery Plan 2022-26 Annex 4: Cumulative Impact Assessment](#)

⁴¹ Followed by the further increase to £25 per child in November 2022 which presumably was not factored into the calculations in the Annex.

⁴² Scottish Government analysts, recognising that there is a lack of robust and substantial data on the effectiveness of Scottish Child Payment, are proposing to undertake a more detailed evaluation in 2025, as they start work in earnest to develop the Tackling Child poverty Delivery Plan for the period 2026-2031

⁴³ The most significant criticism can be found in the [Poverty and Inequality Commission Scrutiny Report, June 2024](#)

5 Affordability

Budgetary provision for Scottish social security expenditure was consistently underestimated between 2018 and 2023⁴⁴. In 2020-21, total spending on devolved social security was £3.5 Billion⁴⁵. The December 2021 forecast for spending in 2024-5 was £5 Billion⁴⁶ but by December 2023 that 2024-25 forecast had to be revised upwards to £6.3 billion⁴⁷ to take account of higher-than-expected inflation, leading to greater than anticipated increases in amounts being paid to claimants, and the UK wide trend of an increase in the number of people receiving disability benefits. Spend is projected to reach £8 billion by 2028-29. Disaggregating how much of this increase is attributable to these pressures and trends on the one hand and to Scottish Government policy choices on the other is difficult. As well as the amounts paid out in benefits, large staff teams were needed both within the Agency to administer the system as it has developed and on the policy side within Scottish Government. The number of civil servants engaged in social security related tasks has risen far more than anticipated, the Agency alone employing over 3500 full time equivalents by 2022 from a standing start in 2018⁴⁸.

The gap between the social security Block Grant Adjustments (BGA) i.e. the amount being transferred from Westminster, and total Scottish commitments on social security is nearly -£900 million in 2023-24, forecast to rise to -£1.5 billion in 2028-29. These are vital numbers as they represent additional money that the Scottish Government needs to find from its own resources. As shown in the latest table from the Scottish Fiscal Commission, almost half the 2028-29 gap (-£694m) relates to new benefits that do not have a comparator in the rest of the UK, Scottish Child Payment (estimated to cost £500m in 2028-29) being the largest component. The other main element is the increasing gap (from -£225m in 2023-24 to -£694m in 2028-29) from the rollout of replacements for UK payments such as ADP where the Fiscal Commission thinks take-up and average payments will rise over the period⁴⁹.

⁴⁴ In its [Forecast Evaluation Report – August 2023 | Scottish Fiscal Commission](#) the Fiscal Commission reported errors of outturn being 2% to 3% higher than forecast

⁴⁵ table 5.1 [Scotland's Economic and Fiscal Forecasts – December 2021 | Scottish Fiscal Commission](#).

⁴⁶ table 5.1 [Scotland's Economic and Fiscal Forecasts – December 2021 | Scottish Fiscal Commission](#)

⁴⁷ Table 5.1 [Scotland's Economic and Fiscal Forecasts - December 2023 | Scottish Fiscal Commission](#)

⁴⁸ The most recent estimates of implementation and delivery costs can be found here [Social Security Scotland Programme Business Case - February 2023 \(www.gov.scot\)](#)

⁴⁹ <https://www.fiscalcommission.scot/download/2023/12/Scotlands-Economic-and-Fiscal-Forecasts-December-2023-Revised-April-2024.pdf> paragraph 56, page 20: Explanatory notes below and overleaf

[1] Social security net position is the difference between funding the Scottish Government receives for social security through the Block Grant Adjustments and spending on the corresponding payments. This covers the disability payments, carer payments, winter heating payments and employment injury assistance.

[2] New social security payments include Scottish Child Payment, Carer's Allowance Supplement, Child Winter Heating Payment, Best Start Grant Early Learning Payment, and Best Start Grant School Age Payment. SFC also include spending through Discretionary Housing Payments on bedroom tax mitigation and the extra costs of the new commitment to mitigating Benefit Cap deductions.

[3] Other social security payments devolved through the general Block Grant and therefore included in the Barnett formula are Sure Start Maternity Grant (replaced by Best Start Grant Pregnancy and Baby Payment), Funeral Payments (replaced by Funeral Support Payment), Employability Services (replaced by Fair Start Scotland), elements of the social fund (replaced by Scottish Welfare Fund), Healthy Start Vouchers (replaced by Best Start Foods), and Discretionary Housing Payments (DHPs). In its December 2018 forecasts, SFC presented Machinery of Government transfers for DHPs, Employability Services, Best Start Grant and Funeral Support Payment totalling around £40 million in 2019-20. This funding is now part of the overall Block Grant, and it is not possible to provide an updated estimate.

[4] The total level of social security spending above the social security Block Grant Adjustments which the Scottish Government must allocate for as part of the Budget setting process.

Figure 5.8: Social security spending above BGAs

£ million	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Social security net position [1]	-225	-368	-478	-540	-590	-694
Spending on payments without BGAs, of which:						
New social security payments [2]	-566	-614	-646	-669	-682	-694
Other social security payments [3]	-103	-110	-112	-113	-113	-113
Social security spending above BGAs [4]	-894	-1,092	-1,236	-1,322	-1,384	-1,502

Source: Scottish Fiscal Commission

One might expect Scottish Government to respond by tightening controls over social security spending above BGAs, e.g. by trying to slow the increase in the numbers of people receiving payments, but there doesn't seem to be an appetite for this at present. Although UK Treasury rules were relaxed in the exceptional circumstances of the pandemic, in normal times the Scottish Government can only use resource borrowing in respect of negative forecast errors⁵⁰. Negative movements in some social security net positions are expected to lead to increased borrowing in 2023-24 but the Scottish Government will be obliged to keep to its agreed resource borrowing limit of £610 million in 2024-25⁵¹. Although some flexibility exists, the social security BGA gap should therefore be met either from tax increases and/or savings in other areas of the Scottish Budget.

The Scottish Fiscal Commission has estimated that the cumulative annual impact of more progressive tax measures introduced by the Scottish Government amounts to an additional £1.5 Billion in 2024-25 compared to the position if UK government income tax policies had been matched. In theory, the social security funding gap could be covered by these tax changes. However, given other pressures including rising demand and costs for health and social care and the demographic time-bomb of worsening ratios of working age adults to older people compared with England, the Institute for Fiscal Studies maintain that, for the foreseeable future, the Scottish Government faces very difficult choices over funding for public services.

This is already apparent in 2024-25 budget reductions, for example, in employability support and affordable housing supply and in the lack of funding made available for the expansion of early learning and school age childcare⁵² promised in BSBF. In evidence to the Finance and Public Administration Committee in May 2024, the Scottish Government's Permanent Secretary, who was reported to have written the previous August to the then First Minister highlighting 'affordability risks associated' with his programme for government, said "*I consider fiscal sustainability to be a significant risk and ... active mitigation is needed now*". The current state of Scottish Government finances, and bleak future public finance projections from the Scottish

⁵⁰ More info here: [Borrowing | Scottish Fiscal Commission](#)

⁵¹ See paragraph 2.38 onwards <https://www.fiscalcommission.scot/download/2023/12/Scotlands-Economic-and-Fiscal-Forecasts-December-2023-Revised-April-2024.pdf>

⁵² [Poverty and Inequality Commission Scrutiny Report June 2024](#)

Fiscal Commission, suggest that the financial consequences of decisions, particularly but not exclusively in relation to social security, are seriously restricting the capacity of Scottish Government to respond to other resource pressures and in particular to requirements for investment in systems change identified as necessary in its June 2024 baseline research paper *Tackling Child Poverty – Place-based system change initiatives: learnings*. Given the known financial limits embedded in the terms of paragraph 95(2) and subsequent sections of the Smith Commission Agreement, Scottish Government decision-making process suggest a lack of prudent planning, exemplified most recently by in-year cuts due to higher-than-expected pay settlements⁵³.

With regard to child poverty, the affordability question can be divided into two parts: (i) how affordable are the social security commitments already made by the Scottish Government⁵⁴ and (ii) what scope is there to further increase the amount of Scottish Child Payment to £40 as the Child Poverty Action Group, the Poverty Alliance and other advocacy groups are now arguing is needed to meet the 2023 and 2030 targets. The ring-fenced recurring amounts for Scottish Child Payment and other cash transfers such the Best Start Grants heavily outweigh new shorter-term investments on systems change initiatives contained in BSBF such as the £15 million Parental Transition Fund, intended to address the financial barriers faced by parents in entering the labour market, and the £5 million for place-focused child poverty pathfinders in Glasgow, Dundee and Clackmannanshire.

The largest of these investments, Whole Family Wellbeing Funding (hence WFWF), which was announced as a £500 Million investment in transformational change over the life of the current Parliament 2022-26, has so far repurposed £33 Million in 2022 and 2023 from across Scottish Government portfolios⁵⁵ and a further £50 million has been allocated in 2023-24. This spending profile, and the statement that WFWF will cease at the end of the 2025-26⁵⁶ financial year, raises doubts about whether the £500 Million commitment can be met and concerns about what happens after May 2026. Given what has been admitted about unsustainable expenditure commitments and the pressures on Scottish Government budgets, has the Scottish Government already reached beyond the limit of what is affordable within current means? If so, this would seem to put funding for preventative, or place-focused approaches and further income supplement increases beyond inflation not just in competition with each other but out of reach.

5.1 Taxation and policy choice

A working group set up by the Poverty and Inequality Commission has looked at funding of higher supplements and made a series of recommendations. One is for an immediate revaluation of properties subject to the current council tax and the replacement of council tax with a system that sets rates proportionate to property

⁵³ This was highlighted in August 2024 by [Joao Sousa, Deputy Director of the Fraser of Allander Institute](#)

⁵⁴ From April 2024 the Scottish Government uplifted the payment to take account of inflation to £26.70, adding to the previously estimated costs

⁵⁵ [The Scottish Government in its 'Getting it right for every child' policy document states](#) that this 'repurposed £33 Million was not drawn from a reduction or cut to existing grants or funding streams'

⁵⁶ Ibid – 'as it is expected that local investment will have realigned to support the new systems and services enabled by the funding'

values (and potentially with a land component) - although there are good reasons why this reform is usually viewed as required for fairness (transferring costs from those in lower value properties to those in higher ones) rather than as a mechanism to raise additional central government revenue from property taxes. Other revenue-raising recommendations, such as taxation of wealth assets and taking additional powers to levy higher taxes on income from savings and dividends are outwith Scotland Act powers. Recognising that these changes would be politically and administratively difficult, the working group report concludes:

The Scottish Government must have the ambition to look at fundamentally reformed and better designed taxation policies – not just slightly tweaked levels of existing taxes – in order to address the public finance challenges that the country faces, and to achieve the ambitions it has around poverty reduction⁵⁷.

The appeal of increased taxation to fund interventions is understandable but arguments are already being made by economists and by business that differential rates of income tax with the rest of the UK are impacting on recruitment and investment and may thus impact on economic growth and tax revenue. Paul Johnson of the Institute of Fiscal Studies also points out that the UK's income tax regime is already more progressive than in many other jurisdictions as it addresses greater underlying inequalities in pre-tax income⁵⁸. This has resulted *inter alia* from the sectoral and spatial structure of the economy, a failure to address productivity and an acceptance of a substantial volume of low pay/low skills employment. These distorting factors and the growing scale of economic inactivity merit attention not just by the UK but also by the Scottish Government.

Attempts to redistribute to the benefit of children through income taxation is fraught with difficulties. As Gunson⁵⁹ has shown (and European evidence confirms⁶⁰), the potential impact of taxation changes on families with children is complex. As well as being unpopular, increasing taxes for middle earners above the break-even point when many are experiencing cost of living pressures, and are themselves struggling to make ends meet, could be destabilising for many families.

Were there to be a consensus to raise taxes in some of the ways envisaged, or if there were to be more limited 'tweaking' as the report puts it, another set of in-principle questions are prompted about how any additional finance might best be used. Amongst these are: (i) as a matter of effectiveness should any additional resources be channelled to increasing income supplements delivered through the social security system rather than alternative uses; (ii) if that path is pursued, what implications might this choice have for the quality of public services, including potentially reduced spending in areas that can impact on reducing cycles of poverty; (iii) should there be a more targeted

⁵⁷ Poverty and Inequality Commission [Working group on tax report](#) 2023

⁵⁸ Johnson, P. [Follow the Money](#) Abacus 2023 pp 28-9

⁵⁹ Gunson, R. (2018). *An anti-poverty Scotland budget - Are income tax cuts on lower earnings progressive?* Edinburgh: IPPR Scotland. [online] Available at: <https://www.ippr.org/blog/an-anti-poverty-scotland-budget-are-income-tax-cuts-on-lower-earnings-progressive>

⁶⁰ For evidence on taxation versus other policy instruments see Laventi, C., Sutherland, H. and Tasseva, I. *Improving poverty reduction in Europe: What works best where* [Journal of European Social Policy](#) 2019 Vol 29(1) pp29-43

approach aimed at those in greatest need, acknowledging deficiencies in the indicators and levers as currently applied; (iv) if so, are there lessons to be learnt from place-focused interventions such as the child poverty pathfinders funded as part of the 2022-26 Delivery Plan and particularly the holistic, person-centred approach adopted in Glasgow; and (v) without large scale fiscal reforms, do existing or future commitments on cash-first alleviation pre-empt a shift towards prevention? To answer these questions, and those prompted by previous sections, we turn now to explore the evidence on impact thus far of child poverty delivery and consider whether a differently balanced approach, consistent with approaches advocated in the earlier 2011 and 2014-17 strategies and with the growing body of evidence for a switch from transactional to trust-based relational approaches in addressing the circumstances and needs of vulnerable families - to maximise their capability to access and navigate the whole system - might lead to better outcomes.

6 Measuring progress against targets

The Ministerial forward to BSBF, (the Second Tackling Child Poverty Delivery Plan 2022-26) refers to the impact of five family income benefits⁶¹ for low-income families. These are calculated by Scottish Government officials to be worth over £11,000 for a family's first child until they turn 6 and £10,500 for second and subsequent children, a difference of more than £8200 for every eligible child born in Scotland compared with England and Wales⁶². In theory, with the extension to age 16, these benefits might be worth around £25,000 at current rates. Scottish Child Payment, by far the most substantial of these benefits, undoubtedly mitigates some of the inadequacies of the UK benefit system for poorer families. The Scottish Government argues that were it not for Scottish Child Payment, child poverty in Scotland would be higher⁶³. Other payments, including free school meals, school clothing grants and discretionary housing payments (at a cost of £84 Million⁶⁴) also make a difference. However, while larger families disadvantaged by the two-child limit imposed by the UK government will qualify for Scottish Child Payment with no limit on the number of children, they are not specifically targeted for additional support, despite claims by the Resolution Foundation that nearly all the rise in UK child poverty over the past decade is about rising poverty in larger families⁶⁵.

There are few signs in the available aggregate data, according to the Scottish Poverty and Inequality Commission and experts at the Fraser of Allander Institute⁶⁶, of progress in reducing poverty at the reach and scale required to meet the legislative targets. Hope that at least one of the interim targets might be met are receding. Relative child poverty in Scotland increased from 24% in 2021-22 to 26% in 2022-23, the year before the interim targets were due to be met, leaving it 8 percentage points above the target of 18%. The other three measures in 2022-23 are 9, 6 and 4 percentage points respectively higher than the interim targets⁶⁷. Statistics for the interim target year of 2023-24 will not be available until March 2025, but based on current projections, the Poverty and Inequality Commission think it unlikely that the child poverty reduction targets in the 2018-22 Delivery Plan, re-affirmed in 2022, will be reached⁶⁸.

The Scottish Government models the impact of its tackling child poverty policies on trend data, including projections about incomes and outgoings, against relative and absolute income measures. By the time the Second Delivery Plan 2022-26 was published, the anticipated trajectory in the First Delivery Plan had been invalidated and other assumptions rendered questionable due to interrupted data collection during the

⁶¹ The five family benefits are: Scottish child payment; best start foods; best start grant – pregnancy and baby payment; best start grant – early learning payment; and best start grant – school age payment

⁶² [Best Start Bright Futures: Child Poverty Delivery Plan 2022-26](#) Ministerial forward

⁶³ – [Best Start, Bright Futures - tackling child poverty: progress report 2023 to 2024 - gov.scot \(www.gov.scot\)](#)

⁶⁴ This is broken down as follows: bedroom tax £69.7 million; benefit cap £6.2 million; and other UK welfare cuts £7.9 million

⁶⁵ Torsten Bell [Resolution Foundation](#) 2024

⁶⁶ Congreve, E. [New child poverty statistics for Scotland: are we on track for the interim targets](#) Fraser of Allander March 21 2024

⁶⁷ <https://spice-spotlight.scot/2024/04/16/is-scotland-going-to-meet-its-child-poverty-targets/>

⁶⁸ [Poverty and Inequality Commission Scrutiny Report June 2024](#)

pandemic. Because of the level of Covid-19 disruption and the impact of policies such as the furlough scheme and the temporary uplift to universal credit, 2020/21 should be treated as an outlier in any model looking across multiple years. Audit Scotland have also pointed to gaps in data at both national and local levels that hinder the development of more targeted policies and limit effective impact assessment. Given data unreliability and evidence that macroeconomic conditions can have such a distorting effect on the indicators used, targets and policy decisions based on modelled estimates without more robust qualitative as well as quantitative evidence are liable to be blown off course.

The global and domestic factors that have resulted in price rises for essential items e.g. energy, food and other items such as telecoms, housing, toiletries, clothing and travel for work disproportionately affect⁶⁹ those on low pay and on benefits. This, together with the imposition of deductions which affect half of Universal Credit claimants (making DWP the largest debt collector in the UK), are leading more families to make applications for Crisis and Community Care grants to the Scottish Welfare Fund, far exceeding the amounts currently available. Yet indebtedness, including arrears to public bodies⁷⁰, and the unequal effects of cost-of-living increases do not register on income measures of poverty, although they do undoubtedly impact on the child and their family's experience.

The Scottish Government has identified six priority groups as being disproportionately affected by child poverty:

- lone-parent families
- a household where someone is disabled
- families with three or more children
- minority ethnic families
- families with a child under one year old
- families where the mother is under 25 years of age

Data is being gathered about whether and how the different priority family types access services (and what their experiences are). However, the Poverty and Inequality Commission⁷¹ reports that the Scottish Government's intention in identifying priority groups is not as a means of targeting policies on the most vulnerable but to provide a focus (when designing interventions) on distinctive issues encountered by specific family types. As we have seen, the relative, absolute and persistent poverty measures employed by Scottish Government rely on household income thresholds as a proxy for child poverty. Although circumstances, and degrees of vulnerability, vary considerably between household types, eligibility to receive Scottish Child Payment is determined by a qualifying benefit. Because the level of payment cannot under current arrangements be adjusted to reflect differences in need, those closest to the relative poverty threshold get the same amount per child as the lowest income families.

⁶⁹ For example, [IFS research](#) has shown that cheaper grocery products disproportionately consumed by low income families rose in price much faster than more expensive products between 2021 and 2023

⁷⁰ Treanor, M (2023) [How public debt and arrears and experienced by low income families](#)

⁷¹ [Poverty and Inequality Commission Scrutiny Report June 2024](#)

Without using more contextually informed indicators of poverty that could better capture the experiences of children and the specific circumstances of families, it is not possible to vary income supplements either by priority family types or towards those at greatest risk. Following consultation, the Scottish Government has put forward a Bill⁷² that would allow Scottish Ministers in due course to make regulations for Scottish Child payment as a standalone payment, separating the legal connection between UK government benefits and eligibility for Scottish Child Payment. These 'childhood assistance' powers are not intended to remove the link between UK qualifying benefits and Scottish Child Payment eligibility in the short-term, not least because this would require Social Security Scotland to undertake new assessments for all claimants, but to give Scottish Ministers additional flexibility. The exercise of such flexibility would almost certainly entail additional cost, depending on the size of the claimant group involved, the additional amount paid and the administrative burden involved in carrying out assessments etc.

While a key contributory factor of family poverty is the UK Conservative Government's reduction of the social security financial safety net⁷³, to which Scottish Government responded *inter alia* by creating Scottish Child Payment, other causal factors may vary by household type or be triggered by a change in family circumstances or an event. Examples of the latter might include traumatised parents, substance abuse, mental and emotional health issues, failure to cope with neurodiversity of a family member, prior experience of family breakdown or children being taken into care – which lead to a crisis which local authorities and their voluntary sector partners are called on to respond to. Circumstances or events of this kind require differentiated approaches and forms of support that should be seen as important components of anti-poverty strategy, especially where children are involved. To explore these issues of targeting and responsiveness further, we next look in detail at poverty in Glasgow.

⁷² [The Social Security \(Amendment\) \(Scotland\) Bill 2023](#)

⁷³ Brown, G (2024) [Partnership to end poverty](#) p10

7 Glasgow

Analysis of the data in the 2023 Glasgow Child Poverty report and in the newly created child poverty dashboard, which provides up to date graphical breakdowns of poverty rates at ward level and city-wide, is chilling. The six Westminster constituencies in Scotland with the highest child poverty rates are all in Glasgow⁷⁴. Deprivation – whether measured in terms of persistent poverty or combined low income and material deprivation – is significantly greater than elsewhere in Scotland and the scale of the need is correspondingly more extensive. Of families in relative poverty in Glasgow who claim Council Tax Reduction or Housing Benefit, 61% had been in poverty for three of the last four years and 41% are classified as being in deep poverty⁷⁵. The adverse impact of living in areas of multiple deprivation on mental and physical health, on educational qualifications and on employability is well documented. Compared with peers living in more affluent parts of the country, an unacceptably high percentage of families with children in Glasgow have complex issues that constrict their children's life-chances and wellbeing. Their prospects, and those of other citizens in much of Glasgow, are affected by entrenched and intergenerationally transmitted patterns of health inequality. Relative to Scotland as a whole, the health inequality gap has been getting wider rather than reducing.

Ensuring that all eligible children are benefitting from the child payment and other Scottish Government funded welfare entitlements such as free school meals, school clothing grants, fuel payments and free transport is a major Council priority⁷⁶. Using data generated from Council Tax Reduction and Housing Benefit records, it is estimated that 14,837 children in Glasgow (14%) in 2023 are living in households experiencing the effects of persistent poverty and 9,972 children experienced deep poverty, i.e. they were living in a household whose income is below 40% of UK median income of households of the same size. In December 2023, an estimated 2,068 children below the poverty line were homeless, many of them living in temporary accommodation. Households that have been disproportionately affected by increases in the cost of living are often those facing profound hardship/destitution. To shift the dial for many children experiencing homelessness, parental drug or alcohol abuse, or address the intergenerational consequences for families in deep poverty or trapped in persistent poverty, additional support is needed, involving a range of agencies and services.

For the first time, the 2023 Glasgow Child Poverty report provided information about the impact of cost-of-living pressures on those living in poverty in different types of housing tenure and on the six priority groups identified by Scottish Government as being disproportionately affected by child poverty. The evidence shows that amongst families with children living in all tenure categories, the worst off are those living in private rented accommodation where higher housing costs impact not just low-income

⁷⁴ [Stone, J, Local Indicators of Child Poverty, Centre for Research in Social Policy, Loughborough University June 2024](#)

⁷⁵ <https://cciglasgow.org/reports/child-poverty-report-23.pdf> A person is considered to be in deep poverty when living in a household whose income is below 40% of UK median income of households of the same size.

⁷⁶ The inability of the Scottish Government to share social security data with the City Council is currently hampering efforts to maximise the incomes of poor families

households but families across a range of incomes who may not be eligible for benefits, pushing them into poverty.

Across all tenures, the depth and scale of poverty for lone parents is greater than for other household types. Indeed, most children living in relative poverty in Glasgow live in lone parent households. The report calculates that a typical lone parent household with two children was £113 a week below the poverty line and £6 a week worse off in 2023 compared with 2020. Lone parent households with mothers under 25 and very young children are especially vulnerable. One third of lone parent households contain three or more children, larger families having increased costs but no greater income from UK benefits due to the two-child limit⁷⁷. The preponderance of child poverty among lone parents raises questions not just about the financial circumstances⁷⁸ women find themselves in (as nine in ten lone parent families are headed by a woman) but also about what factors are affecting relationships. There is an urgent need for research into the link between poverty and the breakdown of relationships – including what it might take to keep families together (where there is a relationship and that is consistent with the wellbeing of the children). Reducing the numbers of lone parent families stemming from relationship breakdown and/or increasing the proportion of lone parent families that receive child maintenance payments⁷⁹ would have a profound impact on reducing child poverty levels⁸⁰.

The 2023 Glasgow report also highlights a higher incidence of child poverty amongst ethnic minority families, although information from the Council Tax Reduction and Housing Benefit data is lacking for this priority group. Glasgow has by far the highest concentration of people from ethnic minorities in Scotland. Outside London it has also been one of the largest recipients in the UK of refugee families and asylum seekers with children. Because many of these families have no recourse to public funds, they don't feature in DWP or Scottish Government poverty statistics. Placing these families in already deprived communities in Glasgow has put additional strain on statutory and other services and is a significant factor contributing to increases in hidden child poverty in parts of the city.

As evaluation of the Glasgow Financial Inclusion in Schools initiative (FISO) pilot⁸¹ showed, income is not the only issue affecting poor families. For many parents, access to affordable housing, childcare support or other forms of practical assistance, including essential goods, information and services may be equally or more urgent. Their primary concern is with what they need for their families - and particularly their children - to flourish. The focus of the support provided through FISO was therefore

⁷⁷ Torsten Bell [Resolution Foundation](#) 2024. The benefit cap is less significant in Scotland given lower housing costs and Scottish Government mitigation

⁷⁸ Data on maintenance and other informal payments is very sketchy, without breakdowns by local authority area.

⁷⁹ See McCormick, J, Robertson Trust 2024 [Turning the Tide on Hardship in Scotland](#) - three priorities for the next Prime Minister

⁸⁰ The CSA was created to ensure that fathers took responsibility for children but it appears to have become less effective in this regard since privatisation.

⁸¹ Cruywagen, M. and McNulty, D. (2022). *FISO programme: An evaluation and service design study for Glasgow City Council*. April 2022. Internal report.

not just on family finances but also on helping families address their circumstances, identify and seize opportunities and thus navigate towards a better future.

7.1 The role of local government.

Listening to what Glasgow families say they need has led the Council and its partners to mobilise a multi-agency ‘whole system’ approach at city and community level to provide additional and more tailored assistance, addressing the issues those seeking help, and particularly families with children, identify as their priorities⁸². The role of local government, and its partners in the charitable and voluntary sector, who can and do engage directly with families, connecting them up with services and providing a blanket of support, is pivotal. McKendrick (2018) argues that just as poverty is experienced differently by different groups, the problems it presents varies across places. While local authorities have a support role in addressing income insufficiency, local action in that regard is subsidiary to national decision making. However, the social protection measures for which local government is responsible undoubtedly affect the quality of life of children living in poverty and can therefore contribute to addressing need and ensuring that these children do not grow up to be the next generation of adults living in poverty. McKendrick suggests that:

*Such work can be wide-ranging in focus and can involve direct provision of education, housing leisure and sport, social work services, personal development services, environmental services and basic need (food, clothing)*⁸³.

Rethinking mainstream social protection measures, so that their primary goals include the development and future of children currently living in poverty, while viewing local interventions as investments: (i) in maximising opportunities for children and parents living in poverty; and (ii) in minimising future problems, would represent a significant shift in policy and in the public service delivery mindset. For McKendrick, if national and local anti-poverty strategies are to be connected and action co-ordinated, greater clarity about the role of local authorities in tackling poverty, recognition of the importance of place focused multi-agency collaboration, and better evidence about impacts at local as well as national level are required.

FISO was an experiment with a whole system approach whereby the Council developed a personalised service aimed at parents who had not previously accessed financial inclusion services, putting advisors where they could be more easily accessed and where there was trust between parents and the school. Learning from FISO, and from the establishment of Glasgow Helps as an emergency service during the pandemic, has informed the design of the Glasgow Child Poverty pathfinder and its commitment to: listening to parents and those in direct contact with users; accessibility; multi-agency collaboration; providing practical assistance; and treating people with empathy, all of which link back to the principles set out by the Christie Commission⁸⁴ and the widely acknowledged need for public service reform.

⁸² M Cruywagen and D McNulty (2024) The Glasgow Child Poverty Pathfinder: final research practice collaboration report (internal paper)

⁸³ McKendrick, J. H. (2018). [*Local Contributions to Tackling Poverty and Inequality in Scotland*](#). Glasgow: Policy Scotland.

⁸⁴ Scottish Government (2011). *Christie Commission on the future delivery of public services*. Available online.

As well as FISO and the earlier Glasgow Helps⁸⁵ project, thinking on tackling child poverty in Glasgow has been influenced by innovative work that has been undertaken in Glasgow over several years on reducing the numbers of children being taken into care by providing targeted family support. This has involved investment in leadership coupled with practice change amongst front line staff in children's services, which provides important insights into how a shift in investment to prevention and early intervention can lead to reductions in both (i) the number of families requiring crisis intervention and (ii) the medium and longer-term need for more expensive forms of support. The key lesson from all these interventions is that the experience of the child and the needs of the family, rather than proxy measures, should drive policy and practice. This is not to ignore or underestimate the importance of insufficient income. The role of Councils and the financial inclusion services they and their voluntary sector partners provide are vital. They typically provide help not only with maximising income but also with developing the financial capability needed to managing outgoings, which for many families is of equal importance.

The *de facto* narrowing of national child poverty policy under ECEC to focus on insufficient income and cost of living alleviation measures, diluting the emphasis on prevention and early intervention in the 2011 strategy document and sidelining the place dimension compared with its prominence in the 2014-17 strategy, also circumscribed the role of local government, while the Scottish Government's top-down approach has adversely affected Council's and their local partners' agility. Funding restrictions on local authorities have further depleted the capacity of Councils to be responsive to families with children and other identified local priorities. It is encouraging therefore that in BSBF and subsequent research and analysis documents⁸⁶, Scottish Government has recognised the importance of place-based system change initiatives⁸⁷ that aim to tackle child poverty through working in partnership to provide holistic, person centred support for parents and families.

Because of its size, professional leadership and range of functions, Glasgow City Council has in-house capability that exceeds that available in other Councils in Scotland. Alongside this, it has successfully been able to access expertise from the voluntary and academic sectors. Although Glasgow receives a needs-related, above

⁸⁵ Cruywagen, M. and McNulty, D. (2021). *Glasgow Helps: An evaluation for Glasgow City Council*. Internal report.

⁸⁶ The most relevant Scottish Government analysis and research documents are:

Child Poverty Evaluation Strategy: [Tackling child poverty delivery plan 2022-2026 - annex 2: child poverty evaluation strategy - updated - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/child-poverty-evaluation-strategy-2022-2026/pages/annex-2-child-poverty-evaluation-strategy-updated-gov.scot.aspx)

Child poverty systems map, focused on what influences the drivers of poverty: [Child poverty system map - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/child-poverty-system-map/pages/child-poverty-system-map.aspx). Map can be accessed directly here: <http://data.gov.scot/child-poverty-system-map/> [Child and parental wellbeing: measuring outcomes and understanding their relation with poverty report](https://www.gov.scot/publications/child-parental-wellbeing-measuring-outcomes-understanding-their-relation-with-poverty-report/pages/child-parental-wellbeing-measuring-outcomes-understanding-their-relation-with-poverty-report.aspx), March 2024.

Background on origin to the target measures and detail of the child poverty drivers, outcomes and theory of change can be found here: [Child poverty strategy documents - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/child-poverty-strategy-documents-gov.scot/pages/child-poverty-strategy-documents-gov.scot.aspx) [Evaluation approach to systems change](https://www.gov.scot/publications/evaluation-approach-to-systems-change/pages/evaluation-approach-to-systems-change.aspx), Aug 2023. [Developing a theory of change - Tackling Child Poverty Delivery Plan 2022-26: Logic model towards system change in the child poverty context - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/developing-a-theory-of-change-tackling-child-poverty-delivery-plan-2022-26/pages/developing-a-theory-of-change-tackling-child-poverty-delivery-plan-2022-26.aspx) // and first key findings report [5. Assessing effective approaches to system change - Tackling child poverty - place-based, system change initiatives: learnings - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/5-assessing-effective-approaches-to-system-change-tackling-child-poverty-place-based-system-change-initiatives-learnings-gov.scot/pages/5-assessing-effective-approaches-to-system-change-tackling-child-poverty-place-based-system-change-initiatives-learnings-gov.scot.aspx)

⁸⁷ [Tackling child poverty- place-based, system change initiatives: learnings](https://www.gov.scot/publications/tackling-child-poverty-place-based-system-change-initiatives-learnings/pages/tackling-child-poverty-place-based-system-change-initiatives-learnings.aspx) Scottish Government June 2024

population-size share of Scottish Government funding from a variety of pots, including education and social care, but considering the range, prevalence and complexity of the social issues that the Council faces, the adjustment is insufficient. Given the scale of poverty in the city as a proportion of poverty across Scotland, national policies will fail if the Council and other agencies within Glasgow best placed to engage families and work with disadvantaged communities are not adequately and sustainably supported to undertake this vital people-focused 'bottom up' work. However, the extent to which resources have been skewed by central government away from Councils, service delivery agencies and voluntary sector partners is a cause of concern.

8 The Glasgow Child Poverty Pathfinder, policy integration and multi-agency collaboration

As noted above in examination of spend on different interventions, BSBF made up to £5 million available to support place-focused child poverty pathfinders in Dundee, Glasgow and Clackmannanshire, places where deprivation is concentrated and child poverty most acute. The Child Poverty Pathfinder programme is experimental - it is hoped that these place-led innovations will not only contribute to tackling child poverty in the three local authority areas but also provide learnings that should inform policy and delivery arrangements at local and national level and be capable of being applied elsewhere. There is, as Scottish Government has recognised, a [growing body of evidence](#) and stakeholder support for a switch from siloed 'transactional' models of service delivery to relational approaches that address the needs of the person or family to maximise their capability to access, and navigate, the whole system⁸⁸. Over the last two years, the Glasgow Child Poverty Pathfinder has brought together the Council and its public and voluntary sector partners to collaborate on the continuing development of a 'No Wrong Door' model which had proved effective during the pandemic response. The initial aims of 'No Wrong Door' were: (i) to support those in poverty or at risk navigate the confusing system of welfare and other entitlements; (ii) to respond appropriately to their immediate needs; and (iii) to refer those needing further assistance to agencies that can best support them rather than passing them around the system.

The Pathfinder has facilitated the creation of a multi-agency referral system that is signposting families through the fragmented landscape of entitlements and service provision, improving benefits uptake and responsiveness to other needs, while enhancing information about the impact of poverty and the complex and multi-dimensional nature of the problems that many families in Glasgow face. Combining data (including data shared between the Council and DWP which enables the Council to administer Council Tax Reduction and Housing Benefit⁸⁹) and qualitative information from the Pathfinder's shared referral system enables the Council and its partners to explore systematically (i) how the mix of needs across vulnerable groups might most effectively and efficiently be addressed and (ii) what changes are needed in the ways services are designed and delivered to better support those living in poverty on their journeys to greater resilience and ultimately out of poverty.

Carefully targeted and evidence-driven interventions that connect tackling child poverty with other objectives, including education and health improvement, environmental regeneration and addressing economic inactivity stand the best chance of succeeding. Because of the stubborn nature of deprivation-linked inequalities in health and education outcomes, siloed policies, including investments e.g. in increasing

⁸⁸ Scottish Government 2022 [Logic Models towards System Change](#)

⁸⁹ The Council has not so far been given access to data from the Scottish Social Security Agency which, combined with its own records, would make it possible to identify those eligible but not receiving Scottish Child Payment

family support services or teacher and classroom assistant numbers, will not deliver the benefits anticipated unless they are coordinated at community level with other interventions. Evidence suggests that policy integration – approaches that break down boundaries, harness capacity, and link activity to shared goals – lead to better outcomes. The mindset associated with crisis-response modes of delivery should be replaced with one willing to embrace systemic reform, encompassing investment in prevention, multi-agency collaboration and person-centred approaches⁹⁰.

Using methodology developed by Bramley and Watkins (Heriot Watt University), it has been calculated that the additional costs of child poverty to the public sector in Glasgow amount to between £800 Million and £1.05 billion⁹¹. The use of social value considerations i.e. identifying where the greatest returns for investment might be – and being willing to redirect resources accordingly – can not only help reduce the cost burden on the public purse but also focus activity and investment where the greatest leverage, and therefore the biggest impact, can be obtained. In any cost benefit analysis of different approaches, the risks connected with policies must be also addressed. If, for example, a proportion of increased income from Scottish Child Payment or indeed from other benefits is swallowed up by private sector landlords in rent increases, the landlord is the beneficiary and improvement for the family is correspondingly reduced. It is difficult to prevent leakages of this kind, but awareness that they might occur should inform policy thinking and be factored into investment calculations.

Attempting to move from the ‘as is’ model of siloed transactional service delivery to the more holistic, need-focused approach called for in the Christie report requires that the Councils and their partners embrace culture change and intentionally build collaborative capacity. Transformation in the design and delivery of services, not just within the Council but also amongst its voluntary sector and community organisation partners, will take time and is not easy to achieve. Although in its early stages, the mobilisation of partners and alignment of disparate policies to achieve shared objectives suggest that something interesting is happening in Glasgow, creating a momentum for bottom-up change which other local areas and national government (Scottish and UK) can usefully draw lessons from. If the implementation gap is to be bridged however – and the dial shifted for thousands of families – multi-agency collaboration and strong partnership working must be authorised (at senior management and political leadership levels locally and nationally) and accelerated within and across the various stakeholders at local and national level that play a role in supporting families in poverty.

Through the pathfinder’s research-practice collaboration⁹², policy makers and service providers in Glasgow have been supported to listen to, and better understand, the lived

⁹⁰ The Scottish Government indicates that ‘In practice, a [person-centred approach](#) means support that is delivered flexibly to ensure that support is provided when it is most needed. This support should be delivered in a way that fosters trust and reduces stigma, while meeting the complex and diverse needs to maximise people’s or family’s capabilities’

⁹¹ Calculations carried out by analysts at Glasgow City Council

⁹² Cruywagen, M and McNulty, D (2024) The Glasgow Child Poverty Pathfinder: final research practice collaboration report (internal paper)

experience of vulnerable families and to respond appropriately to the specific circumstances affecting them. The multi-agency approach adopted through the Pathfinder has highlighted the importance of trust and shared understandings. Structured learning from the Pathfinder has also led to a better appreciation of what will encourage and sustain collaboration amongst partners, decision makers and front-line delivery staff. The next phase of anti-poverty work in Glasgow, which brings together the child poverty pathfinder and the city's community planning structures, is intended to begin the process of aligning services towards prevention, early intervention and policy integration. It will focus on driving change in neighbourhoods with the highest concentrations and greatest intensity of poverty, where there will be a combination of strength-focused family poverty interventions and place-focused multi-agency approaches⁹³ geared towards increasing individual resilience and building community capability.

There will be additional learnings from the two other pathfinders in Dundee and Clackmannanshire as well as from investments in system change through WFWF and other interventions. BSBF recognised the need to work differently to meet the 2030 child poverty targets and committed to:

- Ensuring the design and delivery of services is based on the distinctive needs of individual communities through a place-based approach
- A holistic and person-centred approach to the provision of support that wraps around the needs of the individual
- Partnership working from across the public, third and/or private sectors and between local and national partners, with join-up in the range of support provided to help move people out of poverty
- A move away from crisis responses towards more preventative action

Some of these commitments can be achieved through a change of mindset and redesign of services, but others will require (amongst other things) a rebalancing of policy priorities at local and national level and streamlining of reporting and monitoring arrangements. It is vital that they are followed through and not denied funding or support because of the increasing costs of social security and/or pressure to increase direct payments. In the context of the change of government at Westminster, it is also important that policy thinking takes account of different circumstances in Scotland, moving on from the blame game that has characterised relations between the Scottish and UK governments.

⁹³ [Glasgow Community Plan 2024-2034](#) (Local Outcomes Improvement Plan February 2024)

9 Co-operation across tiers of government

The period 2010 to May 2024 was not conducive to co-operation and shared learning between the UK and Scottish Governments in relation to child poverty. Indeed, Scottish Government policy on tackling child poverty has evolved in reaction to the different priorities and philosophies of UK Conservative governments, while taking advantage of the devolution settlement. Scottish Ministers have consistently highlighted their commitment to reduce child poverty as a key dividing line between their approach and that of the UK government.

The punitive consequences on claimants of compulsory UK job seeker requirements influenced the more dignity- and trauma-sensitive Scottish approach to social security and its rejection of any form of conditionality. The imposition of the two-child limit, along with ideological and political differences between the two governments, limited co-operation prior to the 2024 General Election, resulting in significant differences in entitlements north and south of the border. That said, it is important to distinguish between the two-child limit and the benefit cap, policies often bracketed together but which are, as Barnardo's Chief Executive Helen Barnard has pointed out, completely different.

Benefit Cap (introduced 2013)

- Limits total amount of benefits family can have.
- All benefits. Not just child related ones.
- Only applies to out-of-work families.
- Affects 78,000 families across the UK who lose c£4300 per year: limited impact in Scotland (SG mitigation+fewer affected).
- Estimated cost to remove: £500 million (UK),

Two-Child Limit (introduced 2017)

- Applies only to child related benefits.
- Can't claim for 3+ children (born 2017 onwards).
- Applies to in-work & out-of-work families.
- Affects 420,000 (UK) families, including 27,000 in Scotland, who lose £3455 per child/year.
- Estimated cost to remove: £2.5 billion. (Rising to £3.6 billion over time).

Mainly because there is more social housing in Scotland and rents in that sector are lower, the proportion of Scottish families whose income hits the UK government's benefit cap is the least of any nation or region in the UK (only 0.7% of households compared with 3.3% in London are affected). The Scottish Government actively mitigates the impact of the cap on affected families through discretionary housing payments (made via local authorities) at a current cost of £3.5 Million, although it is not clear from available data how many Scottish families still lose money they would otherwise get.

There is no equivalent compensation mechanism for the two-child limit - a Scottish family like any other UK family does not receive £3,455 for the third child (and any subsequent children). However, a family with three children eligible for Scottish Child

Payment would receive £1,388 per child. That family would therefore, thanks to receiving Scottish Child Payment, be £4,165 better off than equivalent families elsewhere in the UK affected by the two-child limit. The total number of families in Scotland affected by the two-child limit is 27,000, the majority of whom will have three children but possibly as many as 12,000 will have four or more children⁹⁴. (To put this into perspective, the total number of children whose families receive Scottish Child Payment is 329,000 or around 36% of all children.)

The incoming UK Labour government has resisted demands from MPs and charitable organisations to immediately end the two-child limit and the benefit cap on grounds of cost. It is possible, due to the weight of opinion about their damaging effects and internal as well as external pressures on the Westminster government, that these rules will be amended or removed. Ending the two-child limit would not result in increased revenues for the Scottish Government – rather it would boost the income of eligible families in Scotland but from a higher base, because of Scottish Child Payment. Given these different circumstances in Scotland and fewer affected families (proportionately) it is important that the debate on policy priorities in Scotland should not be dominated, as it understandably has been south of the border, by the two-child limit and the benefit cap but should also address the pressing issues highlighted elsewhere in this paper about the need for better targeted, person-centred support, many of which are recognised in the relevant Scottish Government documents⁹⁵.

The most recent scrutiny report from the Poverty and Inequality Commission highlights the Scottish Government's achievements in tackling child poverty through Scottish Child Payment and other forms of cash support provided to reduce costs and boost incomes of low-income families. However, it also points to gaps between the Scottish Government's BSBF ambitions (linked to the three drivers for tackling child poverty) and what is being delivered. Over more than five years (April 2018-September 2023) less than 4000 eligible parents entered employment through funded employability support, far less than are needed to meet the target. There are worries about capacity to deliver promises to expand early learning and childcare for the under-fives, and whether the funding is available to support the promised expansion of services for school age children by May 2026. Affordable housing and digital connectivity programmes have also been cutback, rendering targets in those areas unattainable. Concerns over growing homelessness and housing shortages have been highlighted by declarations of housing emergencies by several local authorities. The scrutiny report evidences the need to review the effectiveness of the different strands of current child poverty policy but – restricted by its remit – the Poverty and Inequality Commission does not call for re-assessment of strategic direction in the light of evidence and social value considerations, linked to a decisive shift to prevention, which this paper argues is now needed.

The UK government has set up a Ministerial child poverty task force to consider how levers related to household income, as well as employment, housing, children's health, childcare and education policies can be used to improve children's experiences and

⁹⁴ Assuming Scotland has a similar distribution of claimant family size to the rest of the UK

⁹⁵ See footnote 84

chances at life. Any proposals on reserved matters such as the operation of Universal Credit and other reserved benefits have the potential to impact beneficially on child poverty in Scotland, while thinking and proposals on matters devolved to Scotland will still be of interest. (Whatever is decided at UK level is likely to have financial implications either via direct UK Government spend or indirect via Barnett consequentialia where matters are devolved.) But given the divergence in policies and actions on child poverty north and south of the border over the last decade, there is much that could be learnt by the UK Government from what works – and from what hasn't – in Scotland.

Amongst the most important lessons from the Scottish experience is the need for holistic, person-centred approaches that address poverty and child poverty in the context of place. As we have seen, top-down policies that focus on income insufficiency and cost of living mitigation are less effective if not accompanied with local authority and voluntary sector support that engages with families to overcome barriers and address the specific circumstances that lead to their impoverishment. Even though the capacity local government and its partners to contribute has been diminished due to funding constraints, they can play a vital role in helping parents and their children to escape the consequences of family poverty. By working together, different tiers of government can consider how best to take forward prevention while more effectively alleviating the impact of child poverty, thereby achieving broader goals.

The change of government at Westminster provides an opportunity for the Scottish and UK government to co-operate, something both governments have indicated they are keen to do. Tackling child poverty would be a highly symbolic place to start the reset of inter-governmental relationships. A joined-up approach between the two governments could, for example, explore how for example income supplementation and preventative social policies might be better integrated with policies and programmes for economic growth. The Scottish Government's Whole Family Wellbeing Fund, supporting 'whole system transformational change' is an attempt to drive system change alongside child poverty reduction which has considerable potential that could be enhanced by joint working. Its purpose is:

to reduce the need for crisis intervention in families and shift investment towards prevention and early intervention, so that families have access to the range of services they need, when they need them, and for as long as they need, to help them flourish and thrive

In the most recent Scottish Government child poverty delivery plan, £15 million was allocated to a Parental Transition Fund to tackle financial barriers that parents face in entering the labour market, particularly over the initial period of employment. Experience suggests that non-compulsory, high quality labour market programmes that take account of individual circumstances and provide pathways to skills acquisition that match regional needs are particularly effective in incentivising people into the workforce. Engaging those who are motivated to participate and removing barriers to participation, propelling them on a supported journey to better jobs, would help address the endemic problem of low productivity as well as tackle child poverty,

priorities for both governments. The UK and Scottish Governments working together on developing programmes of this kind would be a significant step forward. Successful implementation creates a virtuous circle of reduced dependency on benefits and increasing government revenues.

A further area for co-operation is across the different parts of the tax and benefits system in Scotland owned and delivered by the two different governments. First steps might involve better sharing of data but in addition, as Liz Ditchburn, a former senior Scottish Government official has recognised⁹⁶, understanding the implications of these interactions – e.g. the potential for cliff edges or disincentives to employment – is important. Because Scottish Child Payment is a ‘passported’ benefit (i.e. one you’re entitled to because you receive another benefit), parents in employment whose income is just above the threshold for Universal Credit and who are not eligible for another qualifying benefit, including people working in the care sector and other vital public services on low incomes, could end up worse off than parents who do qualify, even if the latter only receive a small amount under the Universal Credit taper, because of the flat rate payment per child of Scottish Child Payment.

A recent report by the Scottish Government looks at how Scottish Child Payment interacts with the labour market in Scotland, including how it impacts labour market decisions of its clients⁹⁷. While some respondents to the Social Security Scotland client survey said that the Payment had helped them engage in the labour market by meeting childcare or transport costs, other respondents (or their partners) were inclined to decrease labour market activity (i) due to the financial support they received from SCP; and (ii) to spend more time with their child or children, which many view as being beneficial for their child’s development, their family dynamics, or their own wellbeing. The paper concludes that *“analysis of economic data around the labour market, UC award data and employment likelihood of UC conditionality regimes suggests SCP is not currently negatively affecting labour market outcomes at scale in the economy”*. What is clear however is that the complex interplay of benefits and other supports coming from two governments affects perceptions of risk and hence behaviours.

⁹⁶ Liz Ditchburn [Why aren’t more people talking about the Scottish Child Payment](#) David Hume Institute (2023)

⁹⁷ Scottish Government, [Scottish Child Payment and the Labour Market](#) (2024)

10 Conclusions

Over the last decade, the Scottish Government has made significant and determined efforts to tackle child poverty. Earlier empty promises to ‘eliminate child poverty’ were replaced by serious efforts to think through how that might be done. The 2011 child poverty strategy focused on early intervention, prevention and the redesign of services, acknowledging complexity and challenge and eschewing quick fixes in favour of longer-term investment in change, although few resources were forthcoming. The 2014-17 strategy injected more money and energy, putting equal emphasis on ‘pockets, prospects and place’. But this was supplanted by strategies and plans with a greater focus on income and a reduced emphasis, for example, on place. The 2017 Act set out medium- and longer-term ‘stretch’ targets based on income measures.

The narrowing of focus towards income had three drivers. First, the chosen targets, based almost entirely and understandably on available statistical measures of income, seemed to drive policy so as to address income directly rather than also indirectly as the 2014-17 strategy had proposed was necessary. Secondly, there has been considerable advocacy for an income/cash supplement-based approach. Thirdly, political reaction to policies being applied by the Conservative government at Westminster, several of which the Scottish Government took steps to mitigate. Scottish Child Payment became the flagship policy, especially from April 2022 when the Scottish Government responded to criticism about lack of progress towards its targets by doubling the payment amount and later that year extending eligibility to children under 16. (Fraser of Allander and other experts have warned of the risks associated with putting so much resource into one policy⁹⁸.)

Scottish Ministers contrast their undeniable commitment to tackling child poverty and the substantial resources they have invested in poverty alleviation with the policies of the Conservative UK government, pointing to modelling which forecasts that 60,000 children will be kept out of poverty in 2024-25. However, as the Poverty and Inequality Commission have intimated, on current trajectories the Scottish Government is unlikely to achieve either its 2023 or 2030 targets. This may change when the figures for 2023-24 become available in March 2025 (incorporating a full year of increased Scottish Child Payment) but advocates of the cash-first approach are already arguing that, if income supplements are insufficient to meet the promised reductions in levels of child poverty as measured against the threshold indicators, the level of payment should be increased to achieve the objective.

Given demographic and budgetary pressures, even existing levels of social security payments may be becoming unsustainable without major cuts in other areas of expenditure or substantial increases in taxation. If the Scottish Government had access to unlimited funds, it could simultaneously:

- (i) further increase social security benefit levels and

⁹⁸ Congreve, E. [New child poverty statistics for Scotland: are we on track for the interim targets](#) Fraser of Allander March 21 2024

- (ii) target resources towards those places and population groups where there is the greatest disadvantage (and deepest poverty) and
- (iii) empower and fund local partners to work more closely with families to address their needs.

But in the constrained envelope resulting from slow growth and overstretched Scottish public finances, the case for choosing (i) over (ii) and (iii) is not robust, either on fairness or efficacy grounds. This paper has questioned whether the direct drivers (deficit) approach that became the core mechanism for tackling child poverty in the 2018-22 delivery plan (and has led to ring fencing of the cash-first elements in the 2022-26 plan) should continue to be prioritised while resources for public services, including funding for local government and other agencies whose activity contributes to helping people out of poverty, including other commitments in BSBF that contribute to tackling child poverty, are being cut back.

This is not to argue that addressing income insufficiency and mitigating costs should not continue to be an important strand of policy. There is a requirement for policies that have immediate and direct impact on household income. However, the translation of a useful statistical measure of inequality into targets set in legislation has led to a narrowing of focus in child poverty policy on income, with the effect that measures are driving policy rather than the reverse. The result is policies and resource allocations that are costly, because they support such a high proportion of families with children but are inadequately targeted at the needs of the most vulnerable household types or at those places and communities where poverty is transmitted through the generations.

As the Glasgow evidence makes clear, equating income with need does not take sufficient account of the consequences for children's life chances of growing up in areas of multiple deprivation or living in families affected by complex needs which require differentiated responses. Child poverty policy should therefore strike a balance between strength-based approaches, aimed at building resilience by helping families overcome barriers that hold them back and the deficit approach embedded in ECEC, which was somewhat modified in BSBF.

There are encouraging signs that Scottish Government has recognised the need for person-centred, place-focused approaches as part of a broader strategy. To be successful, that broader strategic focus requires both resources and the active involvement of local government and the third sector not just as delivery agents for central government initiatives but as active players in designing as well as delivering services. Both in Scotland and across the UK, effective targeting of child poverty requires central government to ensure that local government and its voluntary sector partners are sufficiently empowered, incentivised and securely funded to move collaboratively much further towards a place-focused, person-centred and strength-based approach to engaging with families, meeting need and enabling families to flourish. There are many excellent examples of third sector bodies providing family support of a preventative and innovative nature funded by central government and local authorities, but there is scope for much more, which should also be funded on stable and fair basis.

Co-ordination of interventions on place and on individual families by local government is vital but addressing child poverty must also be part of economic policy more generally. In his 2018 analysis, Bramley argued that the optimum strategy was one that simultaneously focused on economic growth, ironing out regional differences⁹⁹, jobs, childcare and housing, alongside a focus on benefits. McKendrick and Sinclair make similar points:¹⁰⁰

'The step-change required to make a significant impact on child poverty involves more effective use of all government powers and applying the 'big levers' available, including economic development; planning; housing; transport; employability, skills, and education; childcare, and social security.'

Better integration of child poverty and anti-poverty strategy with the 'big levers' including education, skills and infrastructure is needed, recognising that investment in human and physical capital is an essential part of reducing levels of poverty and inequality. Over-reliance on income supplements will not deliver lasting change, especially for those places or amongst families where need is greatest. There is a risk it ends up being not just expensive but also wasteful in human terms when potential is denied e.g. because of cutback in College places.

In summary, there is no disagreement with the good intentions of the Scottish Government to reduce child poverty. Rhetoric has been accompanied by resources, but the tyranny of targets has unfortunately led to distortions and disappointment. The findings and recommendations in Naomi Eisenstadt's 2017 report, *The Life Chances of Young People in Scotland* should be revisited. As stated earlier, she talks about need varying as much within as between groups, the need for a tailored approach as the depth and complexity of disadvantage increases and sets out the following as a principle of social justice:

*providing the same kinds of inputs to everyone, without thinking about differentiation, will always result in inequality of outcomes. Services should be specifically designed so as to iron out the inequality in personal circumstances that affects those facing disadvantage*¹⁰¹.

Eisenstadt's emphasis on the importance of place, both in contextualising poverty and responding to need, points a way forward in striking a better balance. Amongst important lessons from Glasgow's child poverty pathfinder is the need for good intentions to be matched by close understanding of the lives of those the policy is intended to affect, which should then be fed into the design and delivery of services and interventions. The pathfinder also highlights the necessity to implement the multi-agency collaboration and broad system change in our public services, including the shift towards prevention, that the Christie Commission deemed necessary nearly fifteen years ago. The alternative outlook for local government and voluntary sector service

⁹⁹ The increasing prosperity gap between the Edinburgh city region and much of West Central Scotland is hardly mentioned in the Scottish Government's child poverty delivery plans but the incidence of child poverty by local authority area demonstrates its impact.

¹⁰⁰ [How local and regional economic development policies can contribute to ending child poverty in Scotland](#)

¹⁰¹ [Naomi Eisenstadt, *The Life Chances of Young People in Scotland: report to the First Minister Scottish Government* \(2017\).](#)

providers is perpetually responding to inexorable increases in failure-led demand with diminishing resources.

There is serious work to be done, requiring the new UK Government and the Scottish Government to reset relations and work together to find solutions. Glasgow is a laboratory in which experiments and testing, with lessons not only for Scotland but for the whole of the UK, are being carried out. There is an opportunity:

- (i) to return to the broader strategic focus of 2011 and act on evidence from the Glasgow Child Poverty Pathfinder and the Scottish Government's 2024 baseline report that demonstrates the need for system change in the context of child poverty - including strength-led approaches that support families to flourish and a shift of policy and resource towards need rather than income targets;**
- (ii) for better integration and co-ordination at national and local level of what are conventionally viewed as social and economic policy measures; and**
- (iii) for central government to empower (and sustainably fund) local government and its partners if preventative, holistic and targeted support is to be effectively designed and delivered.**

Progress depends on being able to develop better ways of supporting families. Tackling child poverty in Scotland is inextricably linked with the public service reform agenda, which requires elimination of duplication, streamlining of design and delivery of policies and services and different tiers of government acting on a shared interest in fostering better ways of working.

