

Future social security spending in Scotland

Response to the Scottish Parliament's Social Justice and Social Security Committee consultation

August 2025

About us

The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

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

Our social security system is one of our most vital public services, and a basic human right that can secure the wellbeing of everyone in society. It is not only a safety net that should be there for all of us when we need it, but also a springboard which provides vital support for accessing suitable educational and employment opportunities, as well as other forms of participation in society. Life can be unpredictable; redundancy, bereavement, illness and caring responsibilities - which can happen to anyone, at any time – are all reasons why someone may need to access financial support.

Creating a compassionate system that is rooted in adequacy is therefore an investment in people, and should be framed as such. It gives us all a secure foundation for the future. Progress towards this ambition should be the aim of decision making around Scotland's devolved social security system with action to address the fact that current rates of social security at UK-level fall well short of what is needed for a decent and dignified life, ultimately trapping people in poverty.

That is why the Poverty Alliance welcomes the growth in devolved social security spend as an investment in the people in Scotland, and actively campaign on further increases to devolved payments. This growth in investment is a necessary step to delivering a system that is person-centred, reflects the real cost of living for different household types and, as a result, has the ability to shift the dial on stubbornly high rates of poverty.

We recognise that political rhetoric placing greater scrutiny on social security spend - to ensure its 'fairness' and 'affordability' to taxpayers - is becoming increasingly commonplace. This is of great concern to those who rely on social security to stay afloat, particularly in that such enhanced scrutiny, and the tone in which it is framed, helps to perpetuate poverty-related stigma.

With more than one million people experiencing poverty in Scotland, now is the time for our political leaders to work together to ensure that people have access to the adequate, secure incomes that enable them to live in decency. This will take urgent and well-resourced action across a suite of interventions – including in the labour market and public services – all of which depend on the foundation of a strong social security system. The right to social

security is no less important than any other, and it is incumbent on our decision makers to create systems that realise this right for all people.

Given the impact of poverty on our public services and economy, investment in social security is not only the moral responsibility of our decision makers, it is also the economically sensible thing to do. £2.3 billion of Scottish health boards budget is directed to responding to the impacts of poverty and, at a conservative estimate, lost national income as a result of historic child poverty is between £1.6 and £2.4 billion per year.¹

Poverty holds back Scotland's collective prosperity. Therefore, an increasing social security spend now signifies an investment in all of our futures, serving to mitigate the inevitable upstream costs of poverty which serve as a drag on our economy and public services.

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

In principle, we believe that spend on devolved social security must be sufficient to meet people's needs. This is our main concern. Rather than being concerned about increasing spending, we welcome this as a necessary step on the roadmap to ensuring all people have the income necessary to live in security and contribute fully to society.

We have already made clear the necessity of both recognising social security as a human right, and framing spend on our devolved systems as an investment in Scotland's people and future. Building a compassionate system that delivers adequate financial support will take increased spending. With the cost of poverty to our public services and public spending high, this upfront investment, which will reduce poverty levels in Scotland, would therefore reduce future spending and strengthen Scotland's shared prosperity.

In a recent report, the Joseph Rowntree Foundation have been clear that "*achieving the child poverty reduction targets will require additional spending on social security by the next Scottish Government.*"² Their analysis also stresses that there is no free way to meet those targets, and further investment will be required. All parties in the Scottish Parliament signed-up to Scotland's child poverty targets and have a degree of shared responsibility in making those targets a reality. If those same parties believe that cutting social security spending is economically necessary, elected members must be clear that this will mean missing our legally binding targets.

Further to this, if decisions to cut social security spending are taken, there are critical questions about what groups of people would be targeted for these cuts. The Scottish Government have taken positive steps to strengthen support to children on low-income families, unpaid carers and disabled people. It is therefore unclear which group would be deemed less worthy of receiving adequate support. Any cuts to social security spending will result in increased numbers of people falling into poverty, or experiencing deepening poverty and destitution.

Evidence continually points to the growth of social security through the Scottish Child Payment, an effective and powerful intervention which is putting money directly in the

¹ IPPR (2023) *Tipping the scales: The social and economic harm of poverty in Scotland*. Available at: <https://www.ippr.org/articles/tipping-the-scales>

² Joseph Rowntree Foundation (2025) *Meeting the Moment*. Available at: <https://www.jrf.org.uk/child-poverty/meeting-the-moment-scottish-election-2026>

pockets of low income families, as the main driver of progress towards these targets.³ The most recent Scottish statistics showing a four percentage point reduction in poverty levels; 22% of children were living in relative poverty in 2023/24, down from 26% in the previous year.⁴ This is significantly lower than child poverty rates in England (30%) and Wales (29%) and has been largely attributed to the work of the Payment.⁵ Scottish Government modelling further estimates that the Payment will keep 40,000 children out of relative poverty in 2025/26. That means that the relative child poverty rate in Scotland will be around 4 percentage points lower than it would otherwise be.⁶

However, whilst we note that Scotland's significant powers over devolved social security are frequently used to build a more adequate and targeted support offer, we also note this comes at a cost. Moving the dial on poverty will take resourcing. We therefore need investment in social security to not only be sustainable, but also allow for the wide range of action needed to make progress on poverty.

The Scottish Fiscal Commission highlight that Scotland's additional spend on social security above UK funding is £1.3 billion in 2025/26.⁷ This is, in part, a reflection of the welcome action the Scottish Government have taken to mitigate UK Government policy decisions, such as the bedroom tax and benefit cap.

This additional spending means that our political decision makers must choose to meet spending challenges with efforts to prioritise this spending and decisive action on revenue raising. Taxation is a critical tool in tackling inequalities. Therefore, devolved and local tax systems in Scotland must do significantly more to enable higher spending on public services, and meet our collective aim of a fairer greener society.

A renewed approach to tax for social investment is therefore urgently needed. As supporters of the Tax Justice Scotland campaign, we agree that this should include a reformed property tax, a progressive approach to existing taxes like Income Tax, and exploring ways to tax wealth more effectively.⁸ Costed proposals from the Scottish TUC show how this could unlock an annual £1.1bn of extra revenue for social investment in the short-term, and an additional £2.6bn a year through a package of longer-term reforms.⁹

This reform would allow for both the necessary growth of social security spending to be properly and sustainably supported, and the strengthening of our economy. We cannot build a strong economy unless we invest in people and our vital public services. That is because the people of Scotland are the economy; it is made up of the sum of everything we do. When

³ Poverty and Inequality Commission (2025) *Child Poverty Delivery Plan progress 2024-2025*. Available at: https://povertyinequality.scot/wp-content/uploads/2025/06/Child_Poverty_Delivery_Plan_progress_2024-2025_Scrutiny_by_the_Poverty_and_Inequality_Commission.pdf

⁴ Scottish Government (2025) *Poverty and Income Inequality in Scotland 2021-24*. Available at: <https://data.gov.scot/poverty/>

⁵ Joseph Rowntree Foundation (2025) *UK Poverty 2025*. Available at: <https://www.jrf.org.uk/uk-poverty-2025-the-essential-guide-to-understanding-poverty-in-the-uk>

⁶ Minimum Income Guarantee Expert Group (2025) *A roadmap to dignity for all*. Available at: <https://www.gov.scot/publications/minimum-income-guarantee-roadmap-dignity/>

⁷ Scottish Fiscal Commission (2024) *Scotland's Economic and Fiscal Forecasts*. Available at: <https://fiscalcommission.scot/wp-content/uploads/2025/01/Scotlands-Economic-And-Fiscal-Forecasts-December-2024-Summary-Revised-22-January-2025.pdf>

⁸ More information about the Tax Justice Scotland campaign and proposed reform can be found here: More information available here: <https://taxjustice.scot/>

⁹ STUC (2023) *Raising taxes to deliver for Scotland*. Available at: <https://www.stuc.org.uk/resources/scottish-tax-options.pdf>

we all have access to good social security, healthcare, education, childcare and housing - when we are able to live in security - we thrive, and so does our economic wellbeing.

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

There is no doubt that Scotland's social security system is delivering vital support through a range of different payments. We can point again to the effectiveness of Scottish Child Payment, which have already evidenced in question 2 the impact of the SCP in driving progress towards Scotland's child poverty targets.¹⁰ Feedback from families further highlighting that the Payment is having a positive impact at individual household level.

Lisa, from the Changing Realities project, highlights the way the Scottish Child Payment has supported her family:

*"The Scottish Child Payment has been a 'game changer' for me. It has enabled me to invest in a more nutritious diet that fuels my son adequately during his school day. We all know diet impacts both cognitive behaviour and performance, which is really important to me. We also all know there is a correlation between finances and mental health. Receiving the Scottish child payment has definitely helped improve my mental health, which of course not only impacts me but my family too."*¹¹

The importance of the Payment for families should therefore not be understated, representing a clear example of what can be achieved with commitment to, and funding for, significant support through our social security system.

Additionally, in 2023 and 2024 the Poverty Alliance worked with the Scottish Government's Benefit Take Up team to deliver a Citizen's Panel - comprised of 16 individuals living on low incomes and with experience of social security in Scotland – which highlighted the impacts of poverty related stigma on benefit take-up. Panel discussions evidenced that stigma around social security is felt keenly and creates powerful barriers to accessing entitlements. Panellists felt that stigma had become more pervasive with austerity and the UK Government's program of 'welfare reform'. In contrast to this, they largely agreed that - although not perfect - dealing with Social Security Scotland across the range of support they provide was a far less stigmatising experience than navigating Department for Work and Pensions processes.¹²

This is as a result of innovations such as the Charter; the founding principles; and practical changes such as the move to white from brown envelopes. Critically, participants welcomed the fact that those with lived experience of accessing social security had been meaningfully consulted in the design of the service.¹³

¹⁰ Poverty and Inequality Commission (2025) *Child Poverty Delivery Plan progress 2024-2025*. Available at: https://povertyinequality.scot/wp-content/uploads/2025/06/Child_Poverty_Delivery_Plan_progress_2024-2025_Scrutiny_by_the_Poverty_and_Inequality_Commission.pdf

¹¹ More information about Lisa's experience and the Changing Realities project available here: <https://cpag.org.uk/news/more-breathing-space-enjoy-life-my-experience-scottish-child-payment>

¹² The Poverty Alliance (2024) *The impact of stigma on benefit take-up*. Available at: <https://www.povertyalliance.org/wp-content/uploads/2024/05/Get-Heard-Scotland-Report-Impact-of-Stigma-on-Benefit-Take-Up-for-Publication-May-2024-1.pdf>

¹³ Ibid.

Again, the delivery of the Scottish Child Payment was highlighted by panel members as a form of support that had been particularly effectively delivered by Social Security Scotland:

“I noticed something different about the way the SCP was advertised, it was interesting hearing about how the approach from Government has been more modern to remove stigma. The reason I applied for it so quickly was because almost all the local charity organisations - and I was getting emails as well for the government - saying apply for it now – that was really refreshing.”¹⁴

The above spotlights the progress that can be made when resourced investment is put into improving systems, highlighting that spending on social security in Scotland - both on the payments themselves and the systems that deliver them - is making real progress in providing support that works for people.

However, whilst positive progress has been made on Scotland’s social security offer, we must note the reality that – for many – current rates of support falls well short of what is needed for a decent and dignified life. This impact is felt disproportionately by those groups who often rely on social security as their main source of income, including unpaid carers and disabled people.

Poverty amongst unpaid carers is deeply entrenched and affects significant proportions of the population. Twenty-eight per cent of unpaid carers and 65% of those in receipt of a Carer Element within income related benefits live in poverty in Scotland,¹⁵ a result of difficulty in staying in employment, high and inescapable additional daily living costs, and a lack of support and access to formal care services.

Underpinning all of this is the inadequacy of social security support. Even though many unpaid carers rely on social security as their only or main source of income, Carer Support Payment - the main benefit for unpaid carers in Scotland - is little compensation for caring. Unpaid carers receive just £83.30 each week alongside a twice yearly lump sum through the Carer’s Allowance Supplement which is equivalent of £11.30 per week. That means that their contribution is valued at just £94.40 per week. That is about £2.70 per hour for a minimum of 35 hours a week.

Disabled people and their families are significantly more likely to live in poverty: 23% of working-age disabled adults in the UK live in poverty compared to 17% for those without a disability, with 63% of those experiencing destitution being disabled or having a long-term health condition.¹ In a 2024 survey of disabled members of Glasow Disability Alliance, almost three-quarters of respondents had stated that their income through social security or work did meet their needs. One member stated:

“Although we get benefits, my gas and electric is three times more than what it was when I became disabled. Yet our benefits have not kept pace. Meaning less disposable income. I find every month I’m just surviving. I’ve had to cut down.”

Further to this, the increasing cost of living coupled with the complexity of social security means more people than ever are seeking advice from welfare rights services. Evidence consistently highlights that many people cannot access their maximum entitlement without expert support. Despite this, precarious funding means that advice services are struggling to

¹⁴ Ibid.

¹⁵ IPPR Scotland and Carers Scotland (2025) *Minimum Income Guarantee for unpaid carers: Developing a pilot programme*. Available at: https://www.carersuk.org/media/4gkfv3do/carers_scotland_mig_web.pdf

meet need, with some communities – particularly rural and island communities – left cut off. The effectiveness of social security spend on meeting need is therefore undermined by a lack of knowledge by some of their entitlement.

It is clear that the Scotland Government has taken bold action on social security. However, to ensure its effectiveness in supporting those who need it, it must be bolder still. As such, we will continue to call on the Scottish Government to take action on social security, including to:

- Widen eligibility for, and significantly boost the value of, the Carer Support Payment for unpaid carers;
- Increase disability benefits to reflect the true additional costs of being disabled; and
- Maximise incomes through investment in full coverage access to advice services that are free, independent and stigma-free.

4. Do you think further increasing any particular social security payments would be a cost-effective way of reducing child poverty? If you think that it would, what increases to which payments should be considered?

It is important to acknowledge that achieving the Scottish Government's priority of eradicating child poverty, a priority endorsed by all parties in the Parliament, will require a broad range of actions that work together and are transformative in scale. This action must raise household income through social security and employment, and bring down the cost of living down. This whole package of support will take significant resourcing and, whilst we fully acknowledge the complexity of the current fiscal environment, the Government must do more through its revenue raising powers to fairly redistribute our country's wealth to allow for this urgent investment to take place.

In regard to effective family social security payments that are specifically targeted at reducing child poverty, we point again to the Scottish Child Payment. It is clear that this is a bold and effective policy, that must go further. Child poverty rates remain indefensibly high, undermining the human rights of children and young people, stripping away their opportunities to learn, grow and develop fully through happy and thriving childhoods. That means that a priority first step that the Scottish Government can take is to restore the value of family social security entitlements through increasing the Scottish Child Payment. An initial increase to £40 would make an immediate difference to the lives of children and families across Scotland, with a further commitment to increase this to at least £55 by 2030 required.

For an increase to £40 a week, Joseph Rowntree Foundation modelling highlights that this would lift 10,000 children out of poverty and deep poverty, and 20,000 children out of very deep poverty. This would cost an additional £190 million a year by 2031. They further model that an increase to £55 would lift 20,000 children out of poverty and deep poverty, and 30,000 children out of very deep poverty, at a cost of £420 million a year.¹⁶

Whilst some may argue that increasing the Scottish Child Payment alone is not be the most cost-effective action, it's potential to reduce deep and very deep poverty should be a key consideration for policy-makers. 80,000 children live in deep poverty in Scotland, where

¹⁶ Joseph Rowntree Foundation (2025) *Meeting the moment*. Available at: <https://www.jrf.org.uk/child-poverty/meeting-the-moment-scottish-election-2026>

meeting their most basic needs is significantly undermined. That means that children in poverty are now more likely to be in a family in very deep poverty than they were in the mid-90s, a result of current policies around social security and employability that do not ensure an acceptable income level, coupled with a rising cost of living which serves as a drag on household income.¹⁷

Interventions that make significant progress on reducing deep and very deep poverty therefore not only tackles the most extreme forms of hardship, but also increase the likelihood of other policy interventions across the labour market and public services succeeding. In other words, spending in other areas is made more effective by reducing the rates of deep and very deep poverty.

With the above – and the question - in mind, increasing the Scottish Child Payment may be the most cost-effective as part of a mixed package of interventions, which are targeted to priority family group. This must include mitigating of the two-child limit, a policy that has already been committed to by the current Scottish Government and that modelling suggests would lift 10,000 children out of poverty.

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

The Poverty Alliance have long supported the notion of progressive universalism. It is right and necessary that there are a range of policy interventions designed to address poverty, some of which will be targeted at those on the lowest incomes, and some - largely entitlements to services - that are more effectively delivered on a universal basis. The Committee will already know that all those social security benefits delivered by the Scottish Government, with the exception of Adult Disability Payment, are targeted on the basis of low-income.

It is important that in conducting this inquiry, the Committee does not conflate issues around the scale and future of spending on Scottish social security support with decisions about other areas of social policy, such as health, education and transport, where a more universal approach may sometimes be taken. There are strong and well-rehearsed arguments in favour of universal approaches to many areas of entitlement, for example, free school meals. The arguments include the efficacy of universal approaches in delivering poverty reducing outcomes, particularly in relation to take up, stigma, and the cyclical nature of poverty. We welcome and will continue to support the provision of universal approaches to the delivery of many aspects of social entitlements, alongside efforts to target transfer payments to those on low incomes.

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

While Scotland has significant devolved powers over social security, it is well established that the Scottish Government's budget is heavily shaped by UK Government policy choices and financial decisions. Changes in UK policy, funding mechanisms, and broader fiscal choices all place constraints on Scotland's ability to future plan.

¹⁷ Ibid.

When the UK Government alters eligibility criteria or payment levels for reserved benefits, funding for Scotland is calculated accordingly, often without consultation and regardless of devolved policy priorities.

A timely example of this are the decisions that the Scottish Government around the eligibility for Pension Age Winter Heating Payment, choosing to mirror restrictions announced by the UK Government for Winter Fuel Payment in England and Wales. This change in UK policy immediately reduced the amount of money the Scottish Government would receive by £150 million.

The proposals at UK-level to change eligibility for Personal Independence Payment, which have not currently been progressed, would have been another example of the impact of UK Government decisions on Scottish Government policy and spending, made without consultation. It was expected that around 10% of any budgetary implications of changes to Personal Independence Payment eligibility would come to the Scottish Government via the block grant, creating difficult decisions around locating resources to maintain current eligibility for Adult Disability Payment, or to follow these changes with far-reaching implications for disabled people's financial security and wellbeing.

It should be noted that the Scottish Government do have some autonomy over managing the devolved social security budget, and have frequently opted to deliver a more generous social security system than the UK baseline, such as through the introduction of new benefits like the Scottish Child Payment or by enhancing existing ones like Adult Disability Payment.

Further to this, whilst we acknowledge that they do not have the same borrowing powers or revenue levers as the UK Government, we have already detailed the ways that the Scottish Government could utilise their powers over devolved taxation to enable higher public spending on services, including managing the devolved social security budget, and build a system that redistributes income and wealth more equitably. This would give the Scottish Government further freedom over the management of the devolved social security budget.

With that said, the Scottish Government are ultimately limited in what it can achieve when similar policy and spending choices are not being made at a UK level.

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