Does The Scottish Child Payment Weaken Work Incentives?

Suzanna Nesom, Kitty Stewart and Emma Tominey

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London School of Economics
Houghton Street
London WC2A 2AE

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For further information on the work of the Centre, please contact the Centre Manager, Naomi Warren, on:

Telephone: UK+20 7955 6679
Email: n.k.warren@lse.ac.uk
Web site: http://sticerd.lse.ac.uk/case

Editorial note

Suzanna Nesom is Research Associate at the University of York. Emma Tominey is Professor of Economics at the University of Manchester. Kitty Stewart is Professor of Social Policy at LSE and Associate Director of CASE. We are grateful to the Aberdeen Financial Fairness Trust for funding this research and to Eleni Karagiannaki for helpful comments on the paper.

Abstract

The Scottish Child Payment (SCP), introduced in 2021, provides cash transfers for families with children receiving Universal Credit (UC) or related benefits. The eligibility link to UC can create a potential cliff-edge at that threshold of eligibility - the decision to work one more hour can potentially result in a large loss of benefits. We study whether in practice the SCP creates disincentives to work. We begin by running simulations to understand where the SCP cliff-edge becomes binding; i.e. where it sits in relation to hypothetical labour market earnings. We find that a lone parent or sole earner in a couple could work at least 39 hours per week at national minimum wage before reaching the cliff-edge, and much more for some family structures, indicating no binding disincentive for these earners. Secondary earners face a more relevant constraint, with the cliff-edge presenting at 9 hours for families not claiming housing support. For secondary earners claiming housing support, again the cliff-edge is located above fulltime earnings for minimum wage earners. We go on to test the causal effect of SCP on labour market participation and hours worked directly, using a difference-in-difference methodology which compares families in Scotland with similar comparison families in England before and after the policy's roll-out. Results suggest the SCP has not in practice reduced labour supply, including for secondary earners. Taken together, the evidence suggests that concerns that the SCP creates work disincentives are overplayed.

Key words: child poverty, child benefits, work incentives, labour market participation

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Corresponding author: Kitty Stewart K.J.Stewart@lse.ac.uk

1. Introduction

Classical economic models predict that generous welfare benefits can create work disincentives, particularly when they are subject to high effective marginal tax rates (EMTRs).[1]In such cases, each additional pound earned from work is accompanied by a loss in benefit income large enough to weaken incentives to increase labour supply. As a response, these models typically advocate for tapered withdrawal structures, an insight increasingly incorporated by policymakers into the design of means-tested benefits. For example, the UK's Universal Credit has a 55 percent taper rate, which should ensure that a worker can keep at least 45 pence of every extra pound earned.[2]

The design of the Scottish Child Payment (SCP), a cash transfer for low-income families in Scotland, runs counter to this trend. First introduced in 2021 and expanded in 2022, the SCP currently pays £27.15 per week for each child under 16 in eligible families, with the explicit aim of reducing child poverty. Eligibility for the SCP is based on eligibility for means-tested benefits in the UK - namely Universal Credit (UC), or any UC qualifying benefits.[3] Families who receive even a small amount of UC are entitled to the full SCP, and SCP is withdrawn entirely when UC entitlement ends. The reliance on UC receipt for targeting SCP resulted from the desire of the Scottish Government to roll the policy out quickly, without introducing the complexity of a new layer of means-testing for Scottish households. However, the effect is to create a potential SCP cliff-

1 See Moffitt (1992); Blundell and MaCurdy (1999) for reviews of the literature.
2 Other examples include the Earned Income Tax Credit in the US and the Working Family Tax Credit in the UK, which have been evaluated by among others Hotz and Scholz (2001), Blundell and Hoynes (2004), Nichols and Rothstein (2015) and Brewer and Hoynes (2019).
3 UC is still being fully rolled-out in the UK, hence some families still receive so-called 'legacy' benefits such as tax credits, which are being rolled into UC. These families are also entitled to SCP. For simplicity, we refer to UC and UC-qualifying legacy benefits as just UC.

edge, with a strong financial disincentive to increase hours or earnings at the point where it would remove the family from UC eligibility. In principle, an extra hour worked for a parent of three children could result in a loss of over £80 in benefit income.[4]

Whether such a cliff-edge does in practice depress labour market participation depends, first and foremost, on whether it operates as a binding constraint, i.e. whether it bites at a point that is relevant for families making decisions about their labour supply. At the same time, and even if the constraint is binding, the increase in household financial resources from the SCP may have countervailing effects pushing towards higher labour market engagement. Reductions in poverty have been shown to reduce cognitive load and the work of 'getting by', enabling more effective long-term decision-making. Increases in the household budget can also facilitate paid work by allowing for upfront costs such as transport, clothing and childcare.[5]

An emerging literature suggests the SCP is reducing both the level and depth of child poverty in Scotland (Scottish Government, 2022, 2025; Andersen et al., 2026). In this paper, we examine its impact on work incentives. Our analysis proceeds in three steps. First, we identify the location of the SCP cliff-edge in relation to earnings, by taking hypothetical families earning the minimum wage and simulating their benefit receipts as their hours increase to see how many hours, they would need to work to be ineligible for UC, or at the SCP cliff-edge. The simulations suggest that only in exceptional cases does a SCP cliff-edge

4 Disincentives in the decision of whether to work at all are less likely, because UC is available to nonworking and low-income working households, with a gradual taper in operation, as explained.
5 A recent behavioural and psychological literature such as Mani et al. (2013) and Haushofer and Fehr (2014) suggest that poverty itself undermines work incentives - not only by constraining material resources, but also by eroding motivation, cognitive capacity, and long-term decision-making.

exist for low-paid single earners. Lone parents and couples in single earner households would need to work more than a full-time job (39-47 hours per week) before they reach the cliff-edge - such a high number that it is highly unlikely the SCP disincentivises these parents from seeking to work additional hours. Similarly, although large families stand to lose a large sum from SCP, given it is paid per child, the cliff-edges for larger families operate at very high levels of hours, close to full-time employment. The only group for whom the disincentives may be a binding constraint to labour decisions are second earners in a household where the primary earner works full-time.

Second, having established the location of the SCP cliff-edges across labour supply, for each family type, we plot the earnings distributions of households in the UK before the SCP roll-out, to visualise and quantify the proportion of families who work close to the cliff edge. The cliff-edges for lone parents and single earner households exist at around £20003500 per month; whilst losing SCP by losing eligibility by increasing work hours would lose the household between £117-352, which is very small in comparison. Between 65-96% of households in the years before SCP rollout were earning less than the cliff-edge threshold, suggesting that there are very few families for whom any cliff-edge will be binding.

Third, we test directly whether the SCP has created work disincentives for eligible families by estimating the causal effect of the SCP roll-out on labour market participation and hours of mothers and fathers. Using the Family Resources Survey (FRS), we use difference-indifference models to compare families living in Scotland with those in England, before and after the SCP introduction. We find no effect of the SCP on labour supply decisions of mothers, fathers, lone parents or dual adult households, although a marginally statistically significant reduction by 1 hour a week is noted in the full sample. Overall, there is no evidence that the SCP creates meaningful work disincentives - partly because the cliff-edge

exists at such a high level of hours worked as to make any potential constraint non-binding.

2. Means-tested benefits for working-age households in the UK

2.1 Universal Credit

Universal Credit (UC) is the UK's means-tested core welfare system for working-age individuals on a low income or out of work. It replaced the former ('legacy') system from 2013. UC delivers one benefit payment which encapsulates six former legacy benefits: Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit. The geographic roll-out of UC as the main welfare system, between 2013-2018, initially moved new benefit applicants onto UC - including individuals making a brand new claim or changing their claim through a change in circumstances (such as moving house). Starting in 2018 and aiming to complete by the end of 2025, "managed migration" is moving all remaining benefit claimants onto UC.

UC is calculated based on a standard allowance, depending on an individual's age (rates are lower for under 25s) and whether they are single or part of a couple; plus additional "elements" for circumstances including housing costs, children, disability, and caring responsibilities. UC awards are subject to deductions, including repayments. Table A1 outlines these components and their amounts for 2025/26. UC is paid as a single, monthly payment at a household level based upon earnings in the past month. If there are two adults in the household, they will submit a joint UC application and, based on joint labour supply will receive one payment to the household.

Two key features of UC design ensure work incentives are strong to encourage individuals to participate in the labour market (i.e across the extensive margin) and to encourage individuals to increase hours of work (the intensive margin). First, families with children (and individuals with health conditions) are entitled to a tax-free "work allowance" - or a level of earnings which the claimant can keep before their UC is reduced. Second, there is a gradual reduction in the benefit as earnings increase (the "taper rate"), intended to reduce marginal tax rates from increasing hours of work and keep work incentives strong. UC benefit payments reduce gradually as earnings increase at a 55% taper rate: for every £1 of net income earned above a certain threshold, UC payments decrease by 55 pence. This gradual taper means that families with higher maximum entitlement (e.g. because they have children or receive help with housing costs) will remain eligible for some UC at higher levels of earnings than those with lower entitlement.

Two restrictions on maximum UC entitlement are also worth noting. First, a 'two-child limit' restricts the child element of UC to the first two children in the family only, for new births from April 2017. This means a family with three (or more) children, with at least one (or more) born since April 2017, will have the same maximum entitlement as a family with two children. This is true in both England and Scotland, so does not create any differences in the taper or in work incentives between the two nations; while the Scottish Government has plans to mitigate the two-child limit in Scotland, it has not yet done so. Second, an overall 'benefit cap' imposes a limit on the total amount of benefits a working-age household can receive if no household member receives certain disability benefits, and no adult earns more than the equivalent of 16 hours per

week at minimum wage.[6] The benefit cap *is* mitigated, to some extent, by the Scottish Government, which instructs local governments to provide Discretionary Housing Payments to cover the shortfall the cap creates for affected families.

This means that non-working (and very low-earning) households in Scotland on average receive higher levels of support relative to needs than their counterparts in England, quite aside from the SCP, which has increased the difference further. Correspondingly, affected English households face a sharper incentive to work to escape the cap than otherwise identical households in Scotland. However, this difference should not be relevant for the impact of the introduction of the SCP on work incentives, which is our focus here. The benefit cap pre-dates the SCP (though the level of the cap was raised with inflation for the first time in a decade in April 2023). Further, capped and potentially capped families (those working no or few hours) are a different group to those facing the SCP cliff-edge, who are those close to earning enough to phase out of eligibility for UC.[7]

2.2 The Scottish Child Payment

Scotland's social security system is a blend of the UK-wide benefits system, administered by the UK Department for Work and Pensions, and devolved benefits administered by the Scottish Government. The Child Poverty Scotland Act (2017) set out targets to reduce child poverty and, as part of this aim, the Scottish Government used its devolved powers to

6 Since April 2023 the cap is £22,020 annually for families with children outside Greater London, and £25,323 inside Greater London. There are lower rates for single adults.

7 Had the cap not been mitigated in Scotland, the SCP would have increased work incentives for Scottish households on very low hours - because the gains to escaping the cap become greater.

create the Scottish Child Payment (SCP) in February 2021. As an add-on to UC, SCP is paid to all UC claimants with children in Scotland.[8] [9]
In the initial phase in 2021, SCP paid £10 per week for each child under the age of 6 in a household eligible for UC (or its qualifying benefits). In April 2022 the SCP was increased in value to £20 per child per week and in November 2022 the benefit was expanded so that eligible families received a payment of £25 per child for all children under the age of 16. Currently SCP pays £27.15 per week for each child under the age of 16.

SCP eligibility was tied to UC for administrative simplicity; the Scottish Government does not currently have its own system of means-testing, which would have enabled it to target the SCP in other ways, and to introduce one would be expensive and time-consuming. An alternative might have been to make the payments universal, but this would have meant lower per-child payments. Using UC as the gateway ensures the funds are concentrated on lower income households. The downside is the introduction of an old-fashioned 'cliff edge'. Once UC entitlement falls to zero, families lose the full amount of SCP. This means that small increases in earnings can trigger a fall in overall household income, reducing the incentives for families to work at a level beyond that threshold.

2.3 Other Scottish devolved benefits

In addition to the SCP, Scotland used its devolved powers to introduce other new benefits for low-income families with children.[10] These are sometimes called the 'five family payments', of which the SCP is one.

8 Note that although legislation was passed in 2024 which defined SCP as a benefit separate from UC, the rules of eligibility have not changed and hence SCP eligibility is still directly linked to UC eligibility.
9 In order to speed up the early policy roll-out, eligibility was initially linked to free-school meal status, a low-income subset of all UC claimants with children.
10 A full set of benefits that Scotland implemented using its devolved powers are described in Section A1.1.

There are three Best Start Grants - one-off payments at three key stages of a child's early life. During pregnancy low-income families receive £767.50 for the first child and £384 for subsequent children. There is an Early Learning Payment of £320 for toddlers and a similar School Age Payment for children starting primary school. The fifth payment is Best Start Foods, which provides a prepaid card with a value between £5-10 per week per child, to help low-income families buy healthy food. Low-income families are eligible during pregnancy or with a child under the age of three.

The Best Start Pregnancy and Baby Payment and Best Start Foods both have counterparts in England. Sure Start Maternity Grant also makes a one-off payment in pregnancy to UC recipients, though at a lower rate of £500 and only for first-born children. Healthy Start food vouchers are similar to Best Start Foods; the English scheme offers a slightly lower weekly amount, but lasts for a year longer, until a child reaches age four. But there are no English equivalents to the Early Learning and School Age payments.

Our analysis in this paper focuses on the SCP as much the largest of the five payments. But the other payments are pushing in the same direction and adding - a little - to any potential cliff-edge effect. For example, for a family with a toddler, UC eligibility is a passport to £1,412 across a year in SCP, plus an additional £320 from the Early Learning Payment.

3. Data

We draw on the Family Resources Survey (FRS) and the Households Below Average Income data (HBAI) - derived from the FRS - to conduct our analysis of the employment effects of the SCP, assessing whether the introduction of the SCP altered the labour supply of parents in Scotland

relative to England. The FRS is a large-scale, nationally representative household survey that collects detailed information on income, employment, benefits and household circumstances across the UK. The HBAI dataset applies additional processing to the FRS data to produce consistent measures of disposable household income, including adjustments for taxes, benefits, and household composition (equivalisation). It is used by the UK Department for Work and Pensions to monitor income distribution and poverty statistics. Our analyses supplement the HBAI dataset by drawing in variables on hours worked and hourly pay from individual annual FRS files.[11]

Pooling data from 2016/17 - 2023/24 but excluding the 2020/21 wave due to COVID, the sample is restricted to households with at least one child under 16, where adults are of working-age between 19-45. Table 1 reports the descriptive statistics for the estimation sample. In total the sample includes 4,561 Scottish and 32,575 English parents living in 2,844 and 20,185 households respectively.

The analysis focuses on three key labour market measures, measured for the parents living in the household: an indicator for employment for each parent in the household; an indicator for the adult being inactive in the labour market; and working hours. 'Employment' follows International Labor Organization definitions and includes those in paid employment, self-employment, or participating in a government training scheme. 'Inactivity' refers to those without a job who are not actively seeking work. In all, 80% of individuals are in employment whilst around 2% are inactive in the labour market. For respondents in employment, we also analyse weekly hours worked across all jobs, which has a mean of 34 hours in both Scotland and England. Analysis is conducted at household level, i.e. taking account of whether an adult is a first or second earner.

11 We will refer to the data simply as the FRS.

Covariates in the model include the age of each parent (which we discretize into age brackets 19-25, 26-30, 31-35, 36-40, 41-45). The number of children in the family is measured, with households containing 1.8-1.9 children on average. We include the age of the youngest child in the household in bands, grouping the values 0-4, 5-10 and 11-15. Half of households contain young children aged 0-4, whilst a third have a youngest child aged 5-10 and the remaining 11-12% a youngest aged 11-15 (Table 1). Ethnicity - measured at the household level - is defined as White (78.7% of the sample), Mixed (1.7%), Asian (12.8%), Black/African Caribbean/Black British (4.4%) or other (2.5%). There are some differences between England and Scotland, where the former sample contains a smaller proportion of white households.

The disability status of each adult is measured with an indicator which takes the value of 1 if disabled and 0 otherwise. Some 15% of individuals in the full sample are disabled, including 18% in Scotland and 15% in England. We include government region at the most disaggregated level available. These are the NUTS1 regions of North East, North West, Yorkshire and Humber, East Midlands, West Midlands, East of England, London, South East, South West and Scotland.

We also make use of information on whether the household contains a lone parent (14%) or a couple (86%). In total, around 30% of households are composed of two adults but with a single earner.

Table 1: Descriptive Statistics

	All	Scotland	England
Scotland (%)	8.18	-	-
Outcomes			
Employment	79.49	81.14	79.34
Labour force participation	81.42	83.01	81.28
Hours worked	34.05	34.14	34.05
Household earnings	2125.748	2382.26	2099.73
Covariates			
Parent age (%)			
19–25	5.22	6.27	5.13
26–30	13.71	13.74	13.71
31–35	24.79	24.68	24.80
36–40	30.24	28.70	30.37
41–45	26.04	26.61	25.99
Number of children (mean)	1.89	1.76	1.91
Youngest child (%)			
0–4 (%)	56.45	55.75	56.51
5–10 (%)	32.52	32.36	32.54
11–15 (%)	11.03	11.88	10.95
Ethnicity (%)			
White	78.65	90.90	77.56
Mixed	1.66	0.39	1.77
Asian	12.84	4.60	13.58
Black/Caribbean/Black Brit	4.4	2.46	4.57
Other	2.45	1.65	2.52
Disabled	15.26	17.77	15.03
Family Types (%)			
Lone parent	13.62	14.42	13.55
Dual parents	86.38	85.58	86.45
incl single earners	31.24	28.19	31.51
No. households	23,029	2,844	20,185
No. parents	37,136	4,561	32,575

Notes: Parents are defined as being 19–45 and having at least one child in the household aged 0–15. Monthly household earnings measured across the waves 2017/18-2019/20 are deflated to April 2025.
Source: 2016/17–2023/24 FRS data, 19th edition (for Work and Pensions (2025)).

4. Methodology

4.1 Cliff-Edge Modelling

We begin by simulating the number of hours of work that a hypothetical family on a low wage could work before reaching the SCP 'cliff-edge' - the point at which they would lose eligibility for UC and therefore also for SCP if they worked an additional hour. We simulate this for a range of family types, including lone parents, single-earner couple households, dual-earner couple households, and with breakdowns by family size.

Eligibility for UC and the amount of UC received varies across household characteristics. For the purpose of simulating the cliff-edge of SCP, we consider a hypothetical household satisfying the following:

- Location: households live in Edinburgh, Scotland
- Citizenship: All household members are British/Irish citizens living in the UK
- Employment: Paid at the 2025/26 National Living Wage (the minimum wage) of 12.21 per hour
- Housing: (i) In owner-occupied housing (i.e. no housing benefits claimed); or (ii) in private rented accommodation at the average rent in Scotland for a three-bed property (£1136)
- No additional benefits or income: e.g., no childcare support, pensions, savings, property or maintenance income
- Work allowance: Set to £684 (no housing support) or £411 (with housing support)
- No eligible childcare costs
- No disabilities or caring responsibilities

The methodology for this part of the analysis proceeds as follows. For each hypothetical family, the earned labour market income is calculated across hours of work, starting from 0 hours, for an individual earning the national living wage.

To calculate where in the distribution of labour supply the SCP cliff-edge occurs, we use the online benefits calculator provided by entitledto.co.uk. This calculator determines entitlements based on household demographics, including the assumptions listed above and earned income. Precisely, we measured with an interval of 1 hour (if close to the start of the UC taper or the cliff-edge) or 5 hours (otherwise) the level of UC and SCP that a family is entitled to, given their demographics and earned income. The cliff-edge is calculated at the point where UC drops to zero - and we use the simulations to calculate the exact number of hours worked at minimum wage at which this occurs. We do this for hypothetical families receiving no housing support and for those paying average rent and entitled to housing support. We also compute the corresponding gross monthly earnings using the UK government's tax calculator, which allows us to work out the maximum wage individuals in different family types could work and remain below their respective cliff-edge.

4.2 Calculating families at risk of the SCP cliff-edge

Having calculated for each hypothetical family the location of the SCP cliff-edge (Table 2), we next assess visually how many families are at risk of the SCP cliff-edge, because their earnings fall close to the UC cut-off.

To do so we plot the density of labour earnings measured before the roll-out of SCP and compare these to the household-type specific cliff-edges calculated above. We focus on years before the roll-out in order to avoid picking up any treatment effects of SCP on labour supply of families. We pool data for the years 2017/18 to 2019/20, inflation-adjusting earnings to 2025 to be comparable to the benefit simulations.

For each family type of lone parents, single earner couples and dual earner couples, we compute gross monthly earnings using information on usual weekly hours worked and hourly pay, deflated to April 2025.[12]

$$Earnings_{monthly} = Hourlypay * Weeklyhours * \frac{52}{12} \qquad (1)$$

We estimate the density over 200 evenly spaced points and scale to percentage units for interpretability. We plot the resulting smoothed distribution for each family type, with a breakdown by family size in each case; earnings distributions may vary by family size, reflecting a combination of selection into having a larger family and practical consequences of additional caring responsibilities. We add vertical lines to indicate where the cliff-edge earnings values fall. This exercise helps visualise the extent to which working parents in practice have earnings close to the Universal Credit cliff-edge.

4.3 Effect of SCP on labour market participation

The first two steps of analysis give us a sense of how many families we expect to be affected by the SCP cliff-edge. In the final step, we test directly whether the SCP created work disincentives for eligible families, by estimating the causal effect of the SCP roll-out on labour market participation and hours. To do so we use a difference-in-difference estimation strategy, comparing the employment outcomes of adults in Scotland to England, before and after the SCP roll-out.

We estimate the following model for labour supply *Y* (an indicator for employment, inactivity, and labour market hours) of individual *i* living in household *f* at time period *t*:

$$Y_{ift} = \alpha + \beta_1 Scotland_i + \beta_2 Post_t + \beta_3 (Scotland_i \times Post_t) + \gamma X_{ift} + \mu_t + \epsilon_{ift} \qquad (2)$$

12 Table 1 reports the average earnings across the samples.

where *Scotland* is a dummy variable equal to one if the parents reside in Scotland and zero if in England. *Post* is a dummy variable equal to one if the respondent is observed after the full roll-out of the SCP (22 November 2022) and zero if they are observed before the full roll-out.[13] Our coefficient of interest is β_3, which identifies the differential change in labour supply outcomes for Scottish parents after the SCP roll-out relative to English parents. Note that other benefit differences that affect low-income families in Scotland compared to the rest of the UK, as detailed in Section 2.3, will be included in the coefficient (β_3). However, these payments are small in scale relative to the SCP and one-off payments. Evidence has shown that such one-off payments have very little impact on outcomes in treated households[14] and therefore we expect the coefficient to primarily pick up the SCP effect.

The vector of covariates *X* includes individual and household characteristics that are likely to be correlated with labour supply, all predetermined with respect to the SCP rollout. In the most comprehensive specification, these include the gender of each parent, the age of each parent, number of dependent children in the family, age of the youngest child in the family, ethnicity, whether the household contains a lone parent, disability status and indicators for the government region. Year fixed effects (μ_t) are included to account for time-specific shocks. We run the model first pooling both parents in the household, then separately for mothers and fathers.

13 Families with at least one child under six were eligible received £10 per week per child under six from 13 February 2021.
14 see Borra et al. (2021) for an example, Page (2024) and Cooper and Stewart (2021) for summaries of this evidence.

Identification assumptions

The identification strategy relies on the difference-in-difference parallel trends assumption that, in the absence of the SCP, labour supply outcomes for parents in Scotland would have followed a similar trajectory to those for parents in England. We assess the plausibility of this assumption in Tables A2, A3 and A4, where we replace the treatment dummy with a full set of quarter dummies to test whether, in the quarters leading up to the SCP roll-out, there were any differences in labour market outcomes between Scotland and England. These specifications are estimated separately for all parents (Table A2), mothers (Table A3), and fathers (Table A4). While a few coefficients are statistically significant in the pre-SCP period, there is no evidence of systematic differences in trends. This assumption is further assessed graphically in Figures A1, Figures A2 and Figures A3, which present event-study estimates of the differential trends in employment, labour force participation, and hours worked between Scotland and England. The figures plot quarterly differences before and after the SCP rollout, relative to the quarter of the SCP roll-out, showing visually no evidence of parallel trends.

It is possible that we find a coefficient on β_3 due to changing demographics in the FRS sample pre-and post-SCP when comparing across Scotland and England. To ensure this is not the case, we test for the presence of any pre- and post-trends in covariates. Reported in Table A5, we change the dependent variable to lone parenthood (column 1), number of children (column 2), age of the youngest child (column 3), an indicator for white ethnicity (column 4) and an indicator of disability in the household (column 5). Each dependent variable is regressed on an indicator for the household living in Scotland, and interactions of the Scotland indicator with year of observation dummies to ask whether there is a difference in the demographics of Scotland versus England across each year.

These results indicate that observable household and individual characteristics evolve similarly across Scotland and England prior to the SCP introduction. A p-value for the test of joint significance rejects the hypothesis, with the exception of the age of the child - although this difference occurs pre-SCP rather than post - further strengthening the credibility of the identification strategy.

5. Results

5.1 How many hours do households need to work before reaching the SCP cliff-edge?

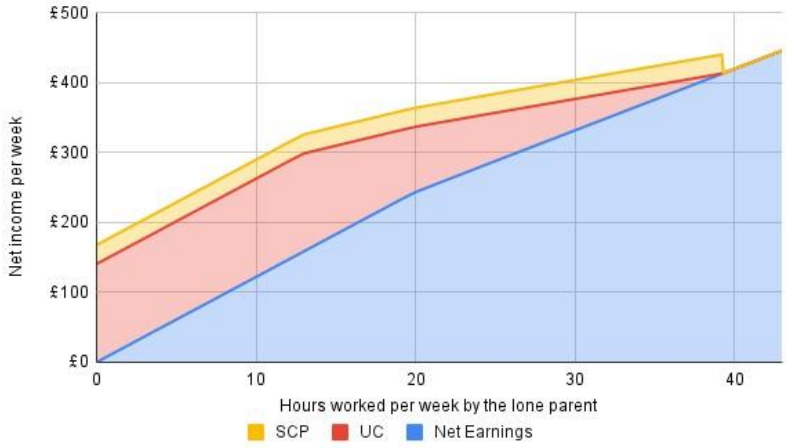
In Figures 1-3, net income - including post-tax labour market earnings and benefit entitlements - is calculated for a given number of hours worked for individuals earning the minimum wage. The simulations calculate the level of UC and SCP as the number of hours worked increases between 0-40(+) hours. For a low level of hours worked, the slope of the UC and earnings curves are parallel; this is the result of the work allowance, which entitles individuals to earn a certain amount before UC begins to be withdrawn. For households not entitled to housing support - which is the case shown in these figures - the allowed amount is equivalent to around 13 hours work on minimum wage. Beyond this point, the UC taper rate is clear to see in the figures, as the slope of the UC profile across hours becomes flatter. As noted above, SCP is an add-on value to top up UC which is constant across the hours worked, but falls to zero once the individual is no longer eligible for UC.

The simulations are run separately for six family types: lone parents in Figure 1 with one child (panel a) and three children (panel c); single earner couples with one child (Figure 2 panel a) and three children (Figure 2 panel b); and dual earner couples with one child (Figure 3 panel a) and three children (Figure 3 panel b). In the three child families, the

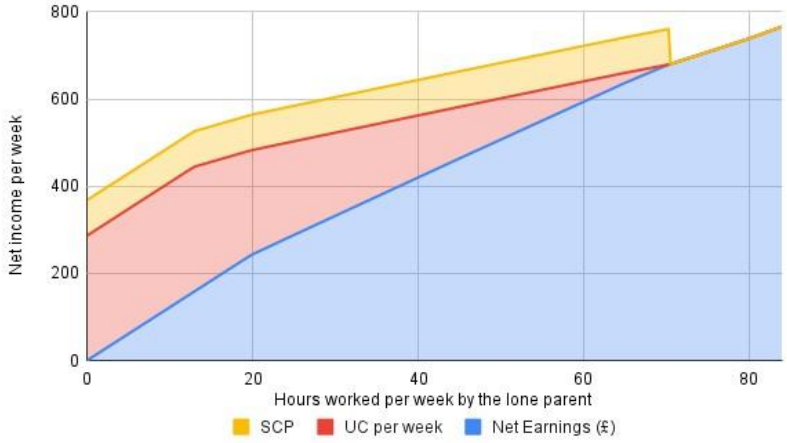
youngest is born after April 2017 and therefore affected by the two-child limit. The figures show visually that for almost all these family types, the SCP cliff-edge occurs above 35 hours per week at minimum wage, and in most cases very far above. A lone parent with three children would have to work nearly 70 hours per week to reach the cliff-edge, and a single earner over 80 hours. The exception is the dual earner couple with one child; here a second earner hits the cliff-edge at around nine hours per week on minimum wage. The figure also shows, however, that the second earner would only need to work an extra three hours weekly for the family to be better off.

Figure 1: Cliff-Edge Modelling - lone parents

(a) Lone Parent with one child



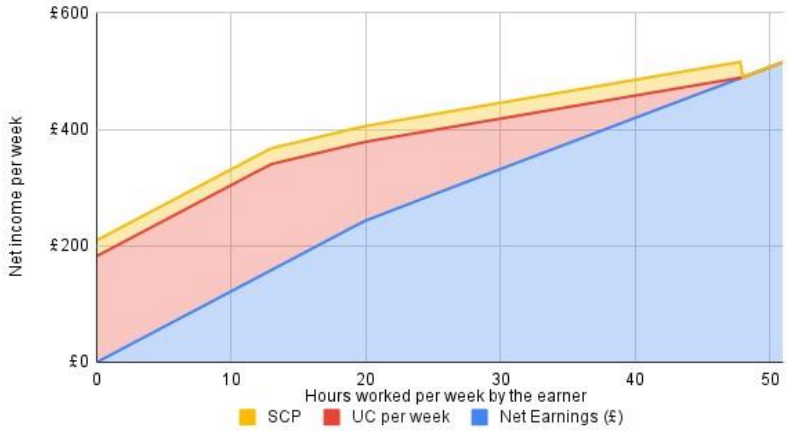
(b) Lone Parent with three children



Notes: These figures simulate earnings and benefit entitlements for a hypothetical household living in Edinburgh, Scotland; citizens of the UK; paid the national living wage, focusing on Universal Credit and Scottish Child Payment benefit levels and assume that in each scenario, the earner(s) is under 25 with one child born after April 2017. *Source*: Authors calculations using entitledto.co.uk.

Figure 2: Cliff-Edge Modelling - single earner couples

(a) Single Earner Couple with one child



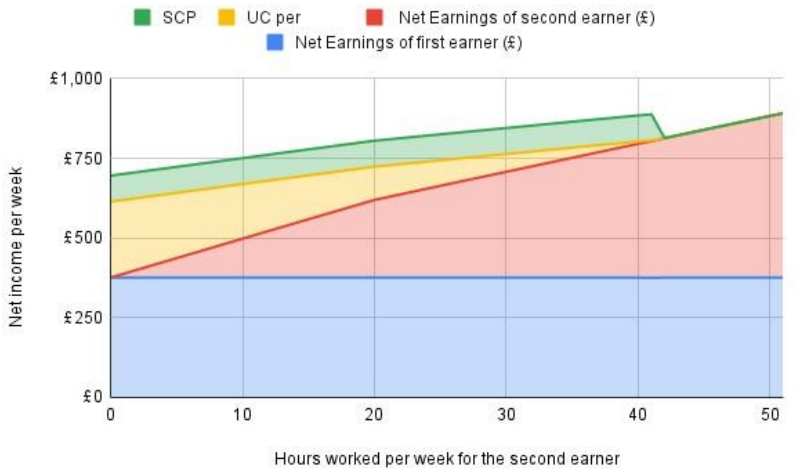
(b) Single Earner Couple with three children

Notes: These figures simulate earnings and benefit entitlements for a hypothetical household living in Edinburgh, Scotland; citizens of the UK; paid the national living wage, focusing on Universal Credit and Scottish Child Payment benefit levels and assume that in each scenario, the earner(s) is under 25 with three children all born before April 2017. *Source*: Authors calculations using entitledto.co.uk.

Figure 3: Cliff-Edge Modelling - Dual earner couples

(a) Dual Earner Couple with one Child

(b) Dual Earner Couple with three children



Notes: These figures simulate earnings and benefit entitlements for a hypothetical household living in Edinburgh, Scotland; citizens of the UK; paid the national living wage, focusing on Universal Credit and Scottish Child Payment benefit levels and assume that in each scenario, the earner(s) is under 25 with three children all born before April 2017. *Source*: Authors calculations using entitledto.co.uk.

These figures inevitably represent a subset of family types. Table 2 reports the results for a wider set of simulations, including older parents, two-child families and families with a third child born before the two-child limit cut-off. Column 4 shows the number of hours that an individual can work before losing UC (the SCP cliff-edge), and given this cliff-edge, the number of hours that the individual would need to work in order to be better off after losing SCP and UC (column 5). All these figures are calculated for single earners on national minimum wage, with an assumption that no housing costs are being claimed. Table 3 below shows similar information for second earners in coupled households. We show a range of options for the first earner's wage, with the second earner assumed to be on minimum wage.

This wider set of family types reinforces the conclusion that those most likely to be affected by the cliff-edge are second earners in smaller families. Among one-child families, second earners with minimum wage-earning partners reach the cliff-edge at between nine and 15 hours per week (the range is due to variation in the ages of adults and children), compared to at least 39 hours for single earners. Among two-child families, the cliff-edge for second earners falls between 19 and 27 hours, compared to at least 53 hours for other families. This creates a sharp local disincentive to move from part-time to full-time hours, especially in families with two children, as in these families the second earner would need to work an additional seven hours (one full day) for the family to be better off, compared to three hours in one-child families. For three-child families the cliff-edge is high enough to imply no likely work disincentive, even in two-earner families: a second earner on minimum wage would need to work at least full-time (35 hours per week) to reach it, and other families at least 70 hours.

Table 2 Cliff-edge thresholds for single earner households (without housing costs)

(1) Children	(2) Age of parent	(3) Earner Type	(4) Cliff-edge hrs/week	(5) Hrs/wk to be better off	(6) Cliff-edge net/month	(7) Cliff-edge gross/month	(8) Max FT hrly wage	(9) Max PT hrly wage
a) 1 Child								
Born after April 2017	Under 25	Lone parent	39	43	1792.71	~2082	13.73	30.03
		Single earner in couple household	47	51	2121.02	~2538	16.73	36.61
Born after April 2017	25 and over	Lone parent	43	47	1943.91	~2292	15.11	33.06
		Single earner in couple household	54	58	2358.38	~2867	18.90	41.35
Born before April 2017	Under 25	Lone parent	41	50	1876.69	~2198	14.49	31.70
		Single earner in couple household	50	54	2205.00	~2654	17.50	38.28
Born before April 2017	25 and over	Lone parent	45	56	2027.89	~2408	15.88	34.73
		Single earner in couple household	56	60	2422.36	~2956	19.49	42.63
b) 2 Children								
At least one born before April 2017	Under 25	Lone parent	55	64	2409.07	~2938	19.37	42.38
		Single earner in couple household	64	71	2737.38	~3394	22.38	48.95
At least one born before April 2017	25 and over	Lone parent	59	71	2560.27	~3148	20.76	45.40
		Single earner in couple household	71	81	2974.75	~3723	24.55	53.70
Both born after April 2017	Under 25	Lone parent	53	62	2325.09	~2821	18.60	40.69
		Single earner in couple household	62	69	2653.40	~3277	21.61	47.26
Both born after April 2017	25 and over	Lone parent	57	68	2476.29	~3031	19.98	43.72
		Single earner in couple household	68	77	2890.76	~3607	23.78	52.02
c) 3 Children								
All born before April 2017	Under 25	Lone parent	70	82	2941.45	~3677	24.24	53.03
		Single earner in couple household	82	95	3269.76	~4133	27.25	69.61
All born before April 2017	25 and over	Lone parent	75	90	3092.65	~3877	25.63	56.06
		Single earner in couple household	90	103	3507.13	~4529	29.86	65.32

Notes: (i) Simulations of the SCP cliff-edge by family type. (ii) The table reports for the family size (column 1); age of parent (column 2); and earner type (column 3) the location of the SCP cliff-edge for a hypothetical individual living in Edinburgh, Scotland; citizens of the UK; paid the national living wage. (iii) The cliff-edge gross per month is calculated using the UK Government's PAYE tax calculator, assuming no deductions (i.e. no pension contributions or student loan repayments). Full-time hourly wage are based on 35 hours per week and part-time hourly wage are based on 16 hours per week.

Source: Authors calculations using entitledto.co.uk.

Table 3: Cliff-edge thresholds for secondary earner households (without housing costs)

Children	Age of parent	First earner	HH cliff-edge net/month	First earner gross/week	First earner net /week	First earner net/month	Secondary net/month	Secondary gross/month	Secondary max hrs/week
a) 1 child	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	494.24	494.24	9
Born after Apr 2017		FT at women's median	2121.02	625.80	517.86	2245.95	-124.93	0.00	0
		FT at men's median (20.27)		709.45	577.26	2506.93	-385.91	0.00	0
Born after Apr 2017	25 and over	FT at NLW (12.21)		427.35	375.95	1626.78	731.60	731.60	13
		FT at women's median	2358.38	625.80	517.86	2245.95	112.43	112.43	2
		FT at men's median (20.27)		709.45	577.26	2506.93	-148.55	0.00	0
Born before Apr 2017	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	578.22	578.22	10
		FT at women's median	2205.00	625.80	517.86	2245.95	-40.95	0.00	0
		FT at men's median (20.27)		709.45	577.26	2506.93	-301.93	0.00	0
Born before Apr 2017	25 and over	FT at NLW (12.21)		427.35	375.95	1626.78	795.58	795.58	15
		FT at women's median	2422.36	625.80	517.86	2245.95	176.41	176.41	3
		FT at men's median (20.27)		709.45	577.26	2506.93	-84.57	0.00	0
b) 2 children	Under 25	FT at NLW (12.21)	2737.38	427.35	375.95	1626.78	1110.60	1133.75	21
At least one born before April		FT at women's median		625.80	517.86	2245.95	491.43	491.43	9
		FT at men's median (20.27)		709.45	577.26	2,506.93	230.45	230.45	4
At least one born before April	25 and over	FT at NLW (12.21)	2974.75	427.35	375.95	1626.78	1347.97	1461.34	27
		FT at women's median		625.80	517.86	2245.95	728.80	728.80	13
		FT at men's median (20.27)		709.45	577.26	2506.93	467.82	467.82	8
Both born after Apr 2017	Under 25	FT at NLW (12.21)	2653.40	427.35	375.95	1626.78	1026.62	1026.62	19
		FT at women's median		625.80	517.86	2245.95	407.45	407.45	7
		FT at men's median (20.27)		709.45	577.26	2506.93	146.47	146.47	2
Both born after Apr 2017	25 and over	FT at NLW (12.21)	2890.76	427.35	375.95	1626.78	1263.98	1344.68	25
		FT at women's median		625.80	517.86	2245.95	644.81	644.81	12
		FT at men's median (20.27)		709.45	577.26	2506.93	383.83	383.83	7
c) 3 children	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	1642.98	1871.08	35
All born before Apr 2017		FT at women's median	3269.76	625.80	517.86	2245.95	1023.81	1023.81	19
		FT at men's median (20.27)		709.45	577.26	2506.93	762.83	762.83	14
All born before Apr 2017	25 and over	FT at NLW (12.21)		427.35	375.95	1626.78	1880.35	2200.75	41
		FT at women's median	3507.13	625.80	517.86	2245.95	1261.18	1340.79	23
		FT at men's median (20.27)		709.45	577.26	2506.93	1000.20	1000.20	18

Notes: (i) Simulations of the SCP cliff-edge by family type. (ii) Cliff-edge net/month refers to the households total net income immediately before losing entitlement to the SCP. Net and gross earnings for the first earner are calculated assuming full-time work at the National Living Wage (NLW), women's median wage, or men's median wage. Full-time hours are assumed to be 35 hours per week. (iii) Secondary earner values represent the level of monthly net and gross income at the point where any additional earnings would leave the household worse-off, holding all other income constant. Negative secondary-earner values indicate that the household would be financially worse-off even if the second earner worked a small number of hours. *Source*: Authors calculations using entitledto.co.uk.

However, these family types are simplifications in two relevant ways. First, we have focused on minimum wage workers. There is a logic to this choice, as workers on lower pay tend to have higher labour supply elasticities; i.e. to be more responsive to changes in marginal effective tax rates, because of fewer compensating benefits of work and more limited prospects for career progression (see e.g. Blundell, Bozio and Laroque, 2013; Bargain, Orsini and Peichl, 2014). But to give a more complete picture we show in columns 8 and 9 of Table 2 the maximum full-time and part-time hourly wage a lone parent or single earner could command before hitting the cliff-edge. For context, median hourly wages for part-time workers in Scotland in 2025 were £14.69 (£13.87 for part-time men and £15.03 for part-time women) (ONS, 2025). Part-time wages seem the correct comparator if we are considering the incentives for individuals to choose to work less than full-time hours. By comparison to these benchmarks, column 8 tells us that even for lone parents and single earners on median hourly wages, the cliff-edge will fall above 35 hours per week, with the one exception of younger lone parents with one child. Note though that younger workers earn less: the median part-time wage for 18–21-year-old women in Scotland is £12.50 and for 22–29-year-olds £13.73. So, these younger lone parents can also earn median wages for their age for part-time hours without hitting the cliff-edge. For second earners, Table 3 shows some alternative wages for partners. With higher-earning partners, the second-earner cliff-edge starts earlier, and also affects second earners in larger families.

Second, so far, we have for simplicity excluded housing costs, assuming that families are not entitled to housing support, because they are living rent-free with friends or family or are owner-occupiers. In practice, roughly half of households in Scotland claiming Universal Credit receive the housing element.[15] If we assume households are renting privately,

15 There were 614,900 households in Scotland receiving Universal Credit in March 2025 (Skills Development Scotland 2025) and 303,000 households receiving the housing element in 2024 (UK Housing Review 2024).

and therefore eligible to receive the housing element of Universal Credit, the cliff-edges fall at much higher levels of earnings, as illustrated in Table 4 and Table 5. For a family paying the average rent in Scotland for a three-bed property (£1136 monthly), and receiving housing support towards the cost, the cliff-edges for both lone parents and single earners fall above 80 hours at minimum wage for all family sizes and ages, and as high as 120-130 hours for single earners with larger families. Perhaps most significantly, the cliff-edges for second earners with a partner on minimum wage now fall above full-time hours for all family sizes and ages (42 hours plus).

Table 4: Cliff-edge thresholds by single earner households (with housing costs)

(1) Children	(2) Age of Parent	(3) Earner Type	(4) Cliff-edge hrs/wk	(5) Hrs/wk to be better off	(6) Cliff-edge net /month	(7) Cliff-edge gross /month	(8) Max FT hourly wage	(9) Max PT hourly wage
a) 1 Child	Under 25	Lone parent	82	86	3283.35	~4381	28.91	63.324
		Single earner in couple	93	97	3611.65	~4965	32.76	71.67
Born after April 2017	25 plus	Lone parent	83	87	3434.55	~4388	28.95	63.34
		Single earner in couple	101	105	3849.02	~5375	35.47	77.58
Born before April 2017	Under 25	Lone parent	82	86	3367.33	~4300	28.37	62.07
		Single earner in couple	89	93	3695.64	~4740	31.28	68.42
Born before April 2017	25 plus	Lone parent	84	88	3518.53	~4488	29.61	64.78
		Single earner in couple	95	99	3933.00	~5050	33.32	72.89
b) 2 Children	Under 25	Lone parent	93	102	3899.71	~4961	32.74	71.61
		Single earner in couple	102	109	4228.02	~5440	35.90	78.52
At least one born before April	25 plus	Lone parent	97	106	4050.91	~5155	34.02	74.41
		Single earner in couple	108	117	4465.38	~5740	37.88	82.85
Both born after April 2017	Under 25	Lone parent	91	100	3815.73	~4850	32.00	70.01
		Single earner in couple	101	110	4144.04	~5340	35.24	77.08
Both born after April 2017	25 plus	Lone parent	95	104	3966.93	~5045	33.29	72.82
		Single earner in couple	106	115	4381.40	~5640	37.22	81.41
c) 3 Children	Under 25	Lone parent	114	126	4733.91	~6045	39.89	87.25
		Single earner in couple	124	137	5062.22	~6600	43.55	95.27
All born before April 2017	25 plus	Lone parent	118	133	4885.11	~6245	41.21	90.14
		Single earner in couple	130	143	5299.58	~6900	45.53	95.60

Notes: (i) Simulations of the SCP cliff-edge by family type. (ii) The table reports for the family size (column 1); age of parent (column 2); and earner type (column 3) the location of the SCP cliff-edge for a hypothetical individual living in Edinburgh, Scotland; citizens of the UK; paid the national living wage. (iii) The cliff-edge gross per month is calculated using the UK Government's PAYE tax calculator, assuming no deductions (i.e. no pension contributions or student loan repayments). Full-time hourly wage is based on 35 hours per week and part-time hourly wage are based on 16 hours per week. (iv) Housing costs are set as £1136 (average for Scotland 2024 for a 3-bed property). *Source*: Authors calculations using entitledto.co.uk.

Table 5: Cliff-edge thresholds for secondary earners (with housing costs)

Children	Age of parent	First earner	HH cliff-net/month	First earner gross /	First net / week	First earner net /	Secondary net / month	Secondary gross / month	Secondary max hrs / wk
a) 1 child	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	2222.24	2678.87	50
		FT at women's median	3849.02	625.80	517.86	2245.95	1603.07	1818.91	34
		FT at men's median (20.27)		709.45	577.26	2506.93	1342.09	1456.45	27
Born after Apr 2017	25 and	FT at NLW (12.21)		427.35	375.95	1626.78	1984.87	2349.20	44
		FT at women's median	3611.65	625.80	517.86	2245.95	1365.70	1489.24	28
		FT at men's median (20.27)		709.45	577.26	2506.93	1104.72	1126.76	21
Born before Apr 2017	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	2068.86	2465.85	46
		FT at women's median	3695.64	625.80	517.86	2245.95	1449.69	1605.89	30
		FT at men's median (20.27)		709.45	577.26	2506.93	1188.71	1243.41	23
Born before Apr 2017	25 and	FT at NLW (12.21)		427.35	375.95	1626.78	2306.22	2795.51	52
		FT at women's median	3933	625.80	517.86	2245.95	1687.05	1935.55	36
		FT at men's median (20.27)		709.45	577.26	2506.93	1426.07	1573.09	29
b) 2 children	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	2601.24	3205.26	60
		FT at women's median	4228.02	625.80	517.86	2245.95	1982.07	2345.30	44
		FT at men's median (20.27)		709.45	577.26	2506.93	1721.09	1982.84	37
At least one born before April	25 and	FT at NLW (12.21)		427.35	375.95	1626.78	2838.60	3534.92	66
		FT at women's median	4465.38	625.80	517.86	2245.95	2219.43	2674.98	50
		FT at men's median (20.27)		709.45	577.26	2506.93	1958.45	2312.50	43
Both born after Apr 2017	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	2517.26	3088.62	58
		FT at women's median	4144.04	625.80	517.86	2245.95	1898.09	2228.66	42
		FT at men's median (20.27)		709.45	577.26	2506.93	1637.11	1866.20	35
Both born after Apr 2017	25 and	FT at NLW (12.21)		427.35	375.95	1626.78	2754.62	3418.29	64
		FT at women's median	4381.40	625.80	517.86	2245.95	2135.45	2558.34	48
		FT at men's median (20.27)		709.45	577.26	2506.93	1874.47	2195.86	41
c) 3 children	Under 25	FT at NLW (12.21)		427.35	375.95	1626.78	3453.44	4405.80	83
		FT at women's median	5062.22	625.80	517.86	2245.95	2816.27	3503.91	66
		FT at men's median (20.27)		709.45	577.26	2506.93	2555.29	3141.45	59
All born before Apr 2017	25 and	FT at NLW (12.21)		427.35	375.95	1626.78	3672.80	4815.02	91
		FT at women's median	5299.58	625.80	517.86	2245.95	3053.63	3833.59	72
		FT at men's median (20.27)		709.45	577.26	2506.93	2792.65	3471.11	65

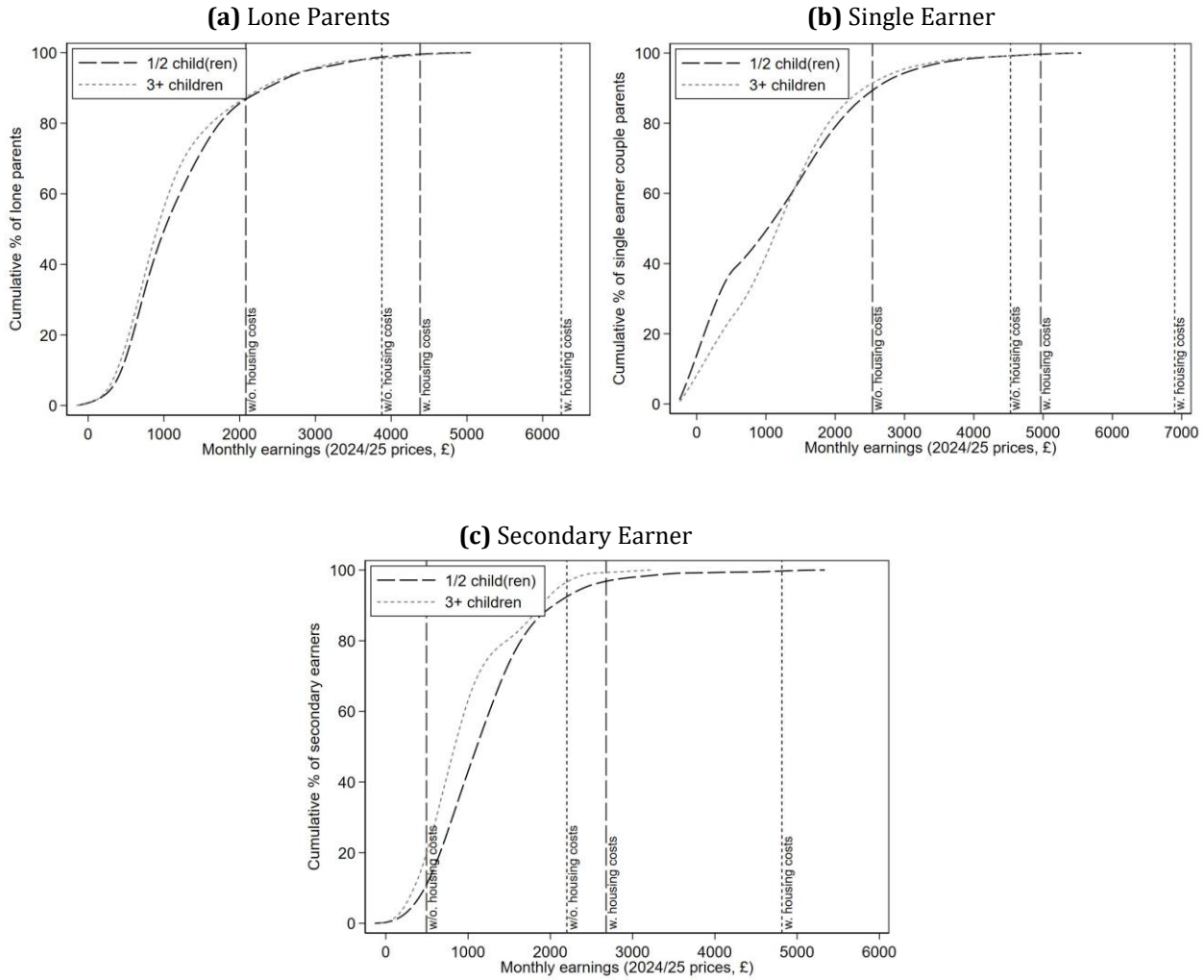
Note: As Table 3 but with housing costs set to the Scottish average rent of £1136 for a three-bed property. *Source*: Authors calculations using entitledto.co.uk.

5.2 How many families are at risk of the SCP cliff-edge?

We now visually assess how relevant the SCP cliff-edge is by looking at the actual distribution of earnings. Figure 4 plots in panel a) for lone parents, panel b) for single earner couples and panel c) for second earners the cumulative distribution of earnings measured shortly before the SCP roll-out. Distributions for parents in smaller and larger families are shown separately. We are interested in understanding where in the density of the earnings distribution the SCP cliff-edge becomes a binding constraint. This can be seen through the bold vertical lines indicating the most and the least extreme thresholds. For example, the lowest cliff-edge threshold for lone parents will apply to under 25-year-olds with 1 child and the highest cliff-edge threshold for 25 and older lone parents with 3 or more children (see Table 2.)

It is clear to see that the vast majority of adults work and earn at a level which is not close to the SCP cliff-edge. Among lone parents, around 80% earn less than the lowest cliff edge without housing costs (which is for a lone parent aged under 25 with one child born after April 2017), and around 90% less than the highest cliff edge without housing costs (a lone parent aged 25 and over with three children all born before April 2017). If housing costs are claimed, only around 3% of lone parents earn enough to reach the lowest cliff-edge. The numbers are very similar for single-earners in couple families. The fact that the cliff edge hits high up the distribution is likely to be important in limiting its impact on labour supply; wider literature tells us that higher earning individuals have very low labour supply elasticities at the intensive margin - i.e. are very unlikely to cut hours in responsive to small financial incentives.

Figure 4: At risk of SCP cliff-edge: earnings distributions across household types



Notes: These figures plot the earnings density before the SCP rollout, with gross monthly earnings expressed in 2024/25 prices. Vertical lines indicate the SCP earnings cliff-edges for each household type, with and without housing costs, illustrating the most and least extreme thresholds relevant to each type. For each household type, the lowest cliff-edge occurs for a parent aged under 25 with one child born after April 2017, while the highest cliff-edge corresponds to a parent aged 25 or over with three children all born before April 2017. *Source*: 2017/18-2019/20 HBAI data, 19th edition (DWP, 2025).

Panel c) shows the distribution for second earners, whom our hypothetical examples have shown us are most likely to bump up against the cliff-edge while working part-time hours. Clearly the relevant cliff-edge for second earners will depend on the first earner's hours; here we show cliff-edges assuming first earners are earning minimum wage for 35 hours per week. For households not claiming the housing element, we can see that the cliff-edge may be a relevant aspect of labour market decisions, especially

for families with one or two children. In all but 10% of cases (the very bottom earners) having a second earner at all means the family is lifted over the one-child cliff-edge (i.e. they would no longer qualify for UC and therefore lose SCP too). So, this in principle might affect the decision to work at all in one child families - the decision at the extensive margin. For second earners with two children, the cliff-edge falls at a point where many earners are in practice clustered - so could affect decisions at the intensive margin to work a few extra hours. However, this is not true for households receiving housing support, whatever their size; over 90% of these second earners earn less than even the lowest relevant threshold.

We should also reiterate that, if families were to lose SCP because second earners work one additional hour, working just a few more hours would leave them better off. The lost SCP amounts to approximately £117 per month for families with one child, equivalent to roughly 3 hours work per week at minimum wage post-tax. Families with two children would need to work twice those additional hours, which may make the constraint more binding.

This analysis of earnings data supports the findings from the simulations in Section 5.1 which suggest that work disincentives from SCP are not likely to be binding in practice for most family types, given that they largely exist at high levels of hours and earnings. The exception is the secondary earner in a couple household not in receipt of housing support, especially where the family has two children. In the next section we study explicitly the presence of work disincentives, analysing across household type.

5.3 The causal effect of SCP on labour supply

We move now to estimate the causal effect of SCP roll-out on labour market decisions of parents; where we study the extensive margin (the probability of working or not) and the intensive margin (how many hours). Table 6 reports the results for employment (column 1-3), labour force participation (columns 4-6), and hours worked for those who work (column 7-9), estimated separately for all parents (columns 1, 4, 7), mothers (columns 2, 5, 8) and fathers (columns 3, 6, 9). The table reports the coefficients on the indicator for Scotland; the Post-SCP indicator and an interaction between the two - where we interpret the latter interaction as the causal effect of the SCP. More precisely, this coefficient will pick up any diverging trends in employment decisions in Scotland relative to England, comparing before and after the SCP roll-out.[16]

In columns (1)-(3) and (4)-(6) we see no effect of the SCP on the decision to work or to be active in the labour market (i.e. either in work or looking for work). This suggests that the SCP did not reduce the likelihood of parents being in work or participating in the labour force. In other words, the policy appears to have provided additional income support without generating meaningful disincentives to enter or remain in employment.

Because UC is paid to households both in and out of work, the potential cliff-edge of SCP is most likely to be along the intensive rather than extensive margin. Focusing on the outcome of hours of work in columns (8)-(9), the estimates also indicate no clear statistically significant effect of the SCP for mothers or fathers, although a marginally significant reduction by 1 hour per week in work is found in the total sample (column 7).

16 See Table A6 for the full coefficients.

Table 7 presents coefficients of models run separately for different household types. Columns 1 to 4 look at employment and labour force participation. For lone parents in columns (1) and (3), if anything we detect an increase in employment and labour market participation in Scotland relative to England, comparing before and after the SCP roll-out, with employment and participation increasing by 12 and 11 percentage points respectively. For coupled households there is no statistically significant effect.

Our earlier analysis pointed to second earners as most likely to experience work disincentives; in these households the SCP cliff-edge appeared most likely to be binding. Columns (5)-(7) distinguish the effect of the SCP roll-out on hours worked for lone parents, dual adult single earner households and dual adult double earner households respectively. For all household types, again we cannot detect any statistically significant effect of the SCP. Coefficients are negative but not significant, including for second earners.

Taken together, these findings suggest that the introduction of the SCP did not lead to a reduction in either the extensive or intensive margin of parental labour supply. The absence of detectable labour supply responses in the survey data is consistent with the idea that, for most families, the SCP functions primarily as a poverty-reducing transfer rather than as a distortionary work disincentive.

Table 6: Effect of SCP Rollout on Parental Labour Supply

	Employment			Labour force participation			Hours worked		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All	Mothers	Fathers	All	Mothers	Fathers	All	Mothers	Fathers
Scotland	0.010	0.028*	-0.008	0.014	0.028*	-0.008	-0.599*	-1.285***	0.195
	(0.010)	(0.015)	(0.009)	(0.009)	(0.015)	(0.009)	(0.327)	(0.438)	(0.477)
Post-SCP	0.020	0.014	0.005	0.010	0.014	0.005	0.672	1.065	0.224
	(0.017)	(0.024)	(0.016)	(0.016)	(0.024)	(0.016)	(0.476)	(0.649)	(0.686)
Scotland * Post-SCP	0.021	0.005	0.010	0.009	0.005	0.010	-1.051*	-0.794	-1.244
	(0.022)	(0.034)	(0.019)	(0.022)	(0.034)	(0.019)	(0.598)	(0.767)	(0.900)
Obs.	37,010	22,168	14,842	37,010	22,168	14,842	29,505	15,733	13,772

Notes: (i) Robust standard errors in parentheses. (ii) * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. (iii) All models include a constant, gender of parent, age of parent, number of children, age youngest child, ethnicity dummy variables, disability status, government region fixed effects and year fixed effects. All coefficients reported in Table A7.

Source: 2016/17-2023/24 HBAI data, 19th edition (Department for Work and Pensions (2025)).

Table 7: Effect on SCP Rollout on Parental Labour Supply, by family type

	Employment		Labour force participation		Hours worked		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Lone parent	Coupled parent	Lone parent	Coupled parent	Lone parent	Couple single earner	Couple second earner
Scotland	-0.018	0.020**	-0.017	0.024**	-1.503*	1.829*	-0.697*
	(0.025)	(0.010)	(0.024)	(0.010)	(0.858)	(0.949)	(0.385)
Post-SCP	0.085**	-0.001	0.058	-0.005	1.513	1.387	0.399
	(0.037)	(0.019)	(0.037)	(0.018)	(1.022)	(1.818)	(0.558)
Scotland * Post-SCP	0.121**	-0.013	0.105*	-0.022	-0.193	-2.445	-1.116
	(0.059)	(0.021)	(0.059)	(0.021)	(1.262)	(2.020)	(0.723)
Obs.	8,981	27,865	8,981	27,865	5,999	3,400	19,988

Notes: (i) Robust standard errors in parentheses. (ii) * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. (iii) All models include a constant, gender of parent, age of parent, number of children, age youngest child, ethnicity dummy variables, disability status, government region fixed effects and year fixed effects.
Source: 2016/17-2023/24 HBAI data, 19th edition (Department for Work and Pensions (2025)).

6. Conclusion

The Scottish Child Payment has created a marked divergence in the welfare system for families living on low income in Scotland relative to the rest of the UK, by providing an additional per-child cash transfer for children under 16 in families in receipt of Universal Credit (or qualifying benefits). The linking of eligibility to UC has created concern in political circles that the design might create disincentives to work and therefore fail to help families living on low incomes in Scotland. For example, a family of three would stand to lose over £80 a week if working one extra hour meant losing eligibility for the SCP.

To date, there has been no evidence on whether the SCP weakens work incentives in practice. Our paper fills this gap. As a first step we simulate benefit entitlements across different hours of work and different levels of earnings, in order to understand where the SCP cliff-edge exists. These simulations suggest that for lone parents and single earner couple households, the cliff-edge does not become binding until earnings are above a full-time job on minimum wage (and far above for families in receipt of the UC housing element). We also show using earnings data that the cliff-edges for these family types fall high in the actual distribution. For second earners, the story is a little different, but only if the family is not receiving the UC housing element. Second earners in this situation with one or two children do face a disincentive to move from part-time to full-time work, e.g. a second earner with two children would need to work an extra day a week on minimum wage to make up for the loss of SCP. For families receiving housing support, the story is different: cliff-edges for second earners with a partner on minimum wage fall above full-time hours for all family sizes and ages.

We go on to calculate the causal effect of the SCP on the probability of being in employment, participating in the labour force (i.e. either in employment or seeking work) and on hours worked. We use a difference-in-difference methodology and compare the outcomes in Scotland and England, before and after the SCP roll-out. We do not find evidence for any family type that the SCP roll-out reduced employment, labour participation or hours. Notably, we also find no effect on hours worked among second earners, the group in principle most likely to be affected. The only marginally statistically significant effect was found for the total sample of households, where hours worked fell in Scotland compared to England by one hour per week, comparing before and after the policy roll-out.

We conclude that the SCP has not in practice disincentivised work among recipient families in Scotland. At the same time, wider evidence indicates that the policy is reducing poverty, material deprivation and food insecurity (see for example Nesom et al. (2025) and Andersen et al. (2026). Together, these findings suggest that the SCP is a potentially powerful welfare policy to support families living on low income.

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Appendix

A1.1 Other Scottish devolved benefits

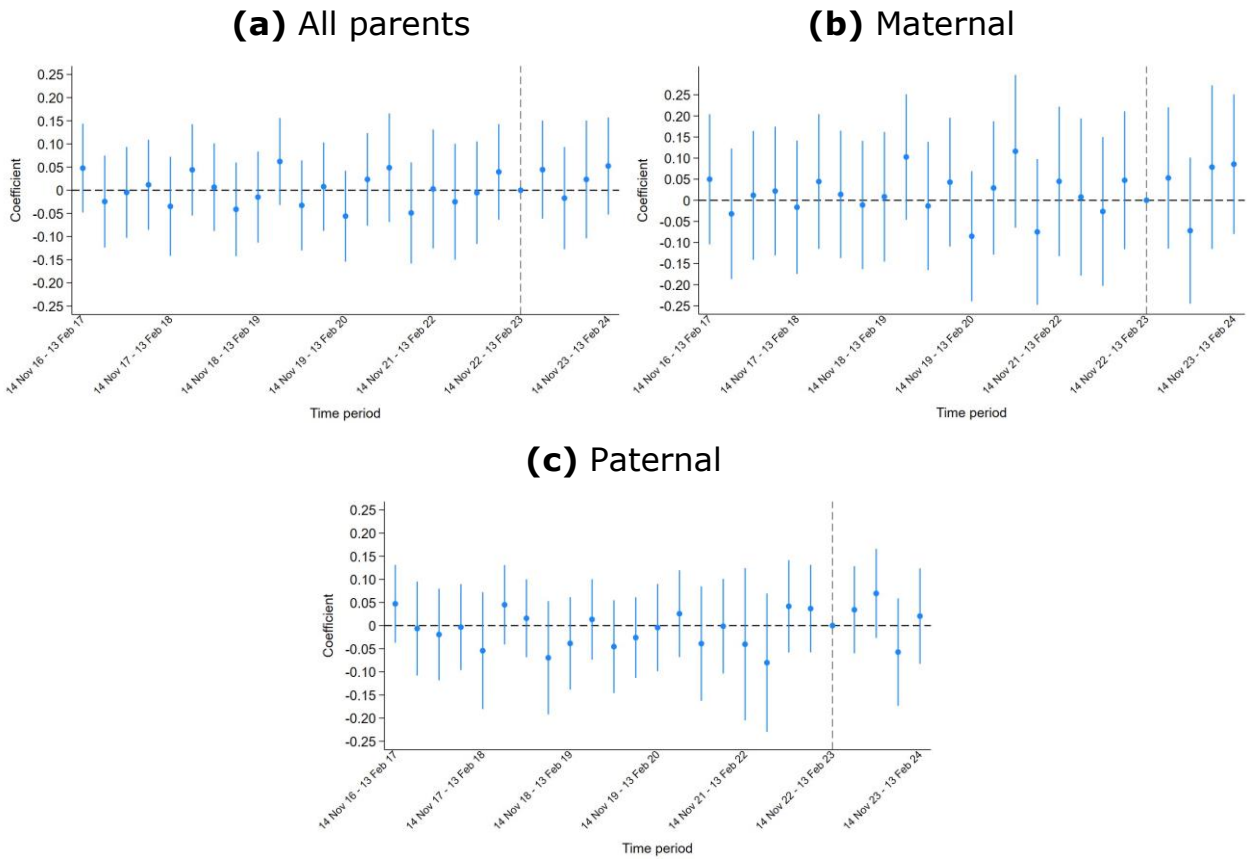
In August 2022 Scotland replaced the UK disability benefit for new claimants (Personal Independence Payment or PIP) with the Adult Disability Payment (ADP). The main difference is in the application process, which was designed to be kinder to applicants with decisions based on the application form rather than face-to-face meetings, which were seen as challenging for disabled individuals.

Similarly, the Scottish Child Disability Payment (CDP) replaced the Disability Living Allowance for children for new claims since November 2021. The rates of payment were the same for the Scottish and UK benefit, but the administration of the benefits changed, with the intention of being more compassionate towards families. Further, the payments continue until the child is aged 18 in Scotland, but until age 16 in the rest of the UK.

Carer Support Payment replaced Carer's Allowance for new claims. Both payments require caring duties for at least 35 hours per week, and eligibility is withdrawn after the carer earns over a threshold limit. A difference is that the Scottish devolved Carer Support Payment includes full-time students, who are excluded in the UK eligibility; an additional lump sum payment is paid twice a year in Scotland but not the rest of the UK and again there is emphasis on a kind application process.

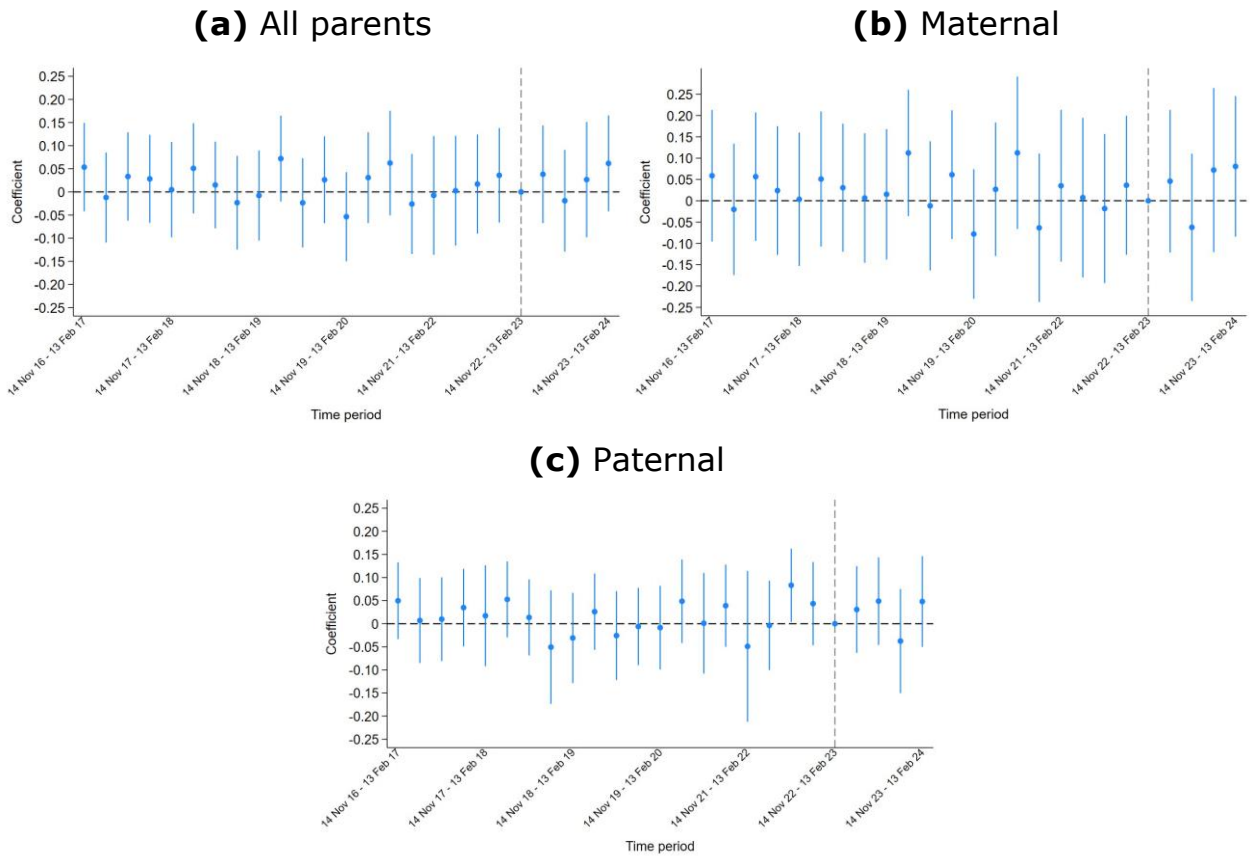
Additional devolved benefits include (1) Funeral Support Payment to provide help with the costs of a funeral; (2) the Job Start Payment (of £319-512) payable for young people to help starting a new job; the Child Winter Heating Payment - an annual payment for disabled children and young people and the Winter Heating Payment which replaced the UK Cold Weather Payment.

Figure A1: Parallel Trends – Employment



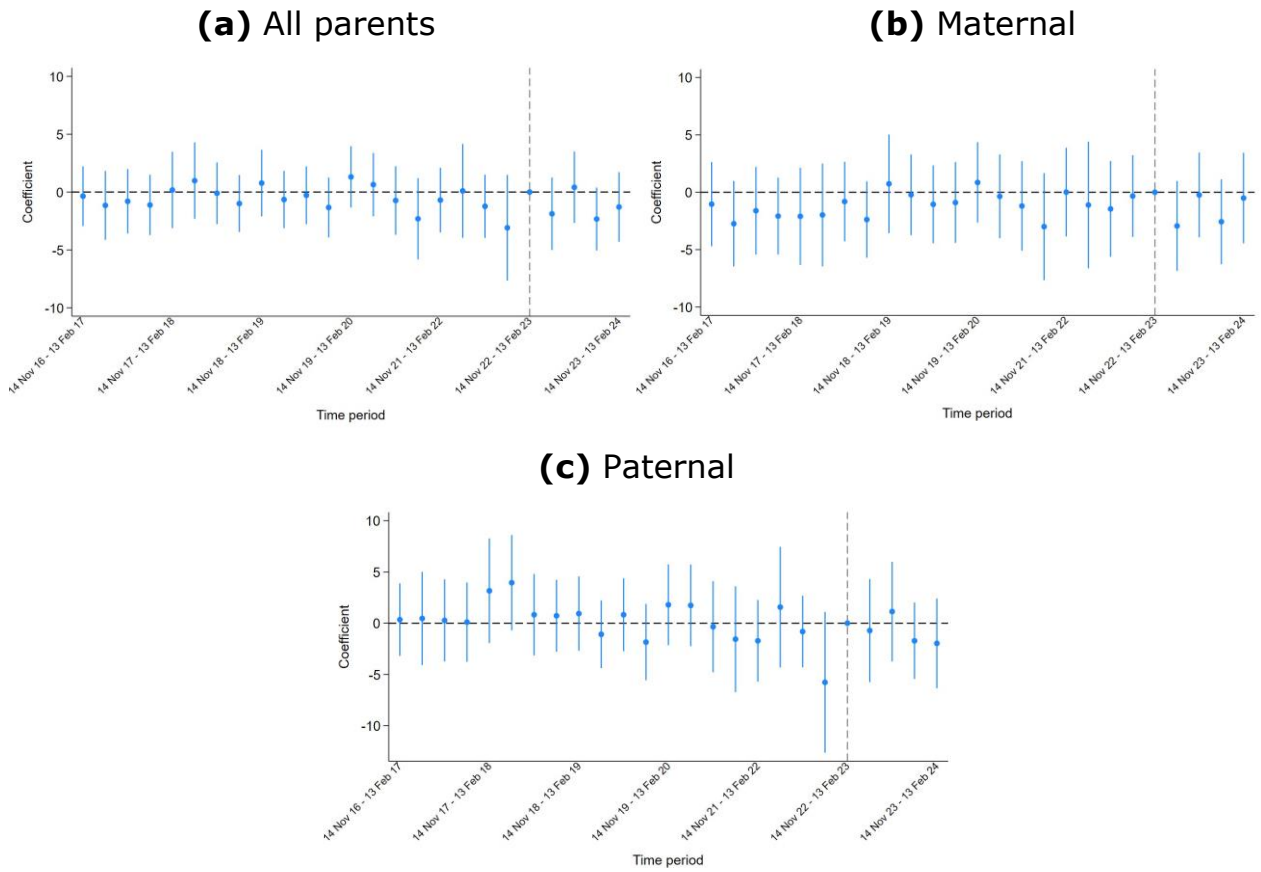
Notes: These figures plot the coefficients and their 95% confidence intervals of the period coefficients interacted with the Scotland. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, martial status, disability, government regions. in that in each scenario, the earner(s) is under 25 with three children all born before April 2017. *Source*: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Figure A2: Parallel Trends - Labour Force Participation



Notes: These figures plot the coefficients and their 95% confidence intervals of the period coefficients interacted with the Scotland. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, martial status, disability, government regions. in that in each scenario, the earner(s) is under 25 with three children all born before April 2017. *Source*: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Figure A3: Parallel Trends - Hours Worked



Notes: These figures plot the coefficients and their 95% confidence intervals of the period coefficients interacted with the Scotland. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, marital status, disability, government regions. in that in each scenario, the earner(s) is under 25 with three children all born before April 2017. *Source*: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A1: Universal Credit Components (Monthly amounts for 2025/26)

Element	Monthly Payment
Standard Allowance	
Single person under 25	316.98
Single person 25 or over	400.14
Couple (both under 25)	497.55 (for both)
Couple (one or both 25+)	628.10 (for both)
Child Element	
First child (born before 6 April 2017)	339.00
Each child	292.81
Third or subsequent child born on or after 6 April 2017*	0

*Unless an exemption applies (e.g., multiple births, adoption, etc.)

*Unless an exemption applies (e.g., multiple births, adoption, etc.)

Table A2: Parallel Trends – Parental Labour Supply

	(1)	(2)	(3)	(4)	(5)	(6)
	Employment		Labour Force Partcip.		Hours Worked	
Pre-SCP	0.031	0.048	0.038	0.054	-0.506	-0.355
Scot * 14 Nov 2016 - 13 Feb 2017	(0.052)	(0.049)	(0.052)	(0.049)	(1.535)	(1.316)
Scot * 14 Feb 2017 - 13 May 2017	-0.022	-0.025	-0.009	-0.012	-0.631	-1.151
(0.054)	(0.051)	(0.053)	(0.050)	(1.718)	(1.519)	
Scot * 14 May 2017 - 13 Aug 2017	0.003	-0.005	0.041	0.033	-0.677	-0.797
	(0.053)	(0.050)	(0.051)	(0.049)	(1.603)	(1.421)
Scot * 14 Aug 2017 - 13 Nov 2017	-0.019	0.012	-0.001	0.028	-1.563	-1.116
	(0.053)	(0.050)	(0.051)	(0.049)	(1.609)	(1.328)
Scot * 14 Nov 2017 - 13 Feb 2018	-0.020	-0.035	0.020	0.005	-0.527	0.180
	(0.056)	(0.055)	(0.054)	(0.053)	(1.917)	(1.685)
Scot * 14 Feb 2018 - 13 May 2018	0.055	0.044	0.063	0.051	1.334	0.986
	(0.053)	(0.050)	(0.052)	(0.050)	(1.915)	(1.685)
Scot * 14 May 2018 - 13 Aug 2018	0.021	0.007	0.029	0.015	-0.007	-0.105
	(0.051)	(0.048)	(0.051)	(0.048)	(1.572)	(1.360)
Scot * 14 Aug 2018 - 13 Nov 2018	-0.033	-0.041	-0.015	-0.023	-0.717	-0.991
	(0.056)	(0.052)	(0.055)	(0.052)	(1.475)	(1.256)
Scot * 14 Nov 2018 - 13 Feb 2019	-0.025	-0.015	-0.017	-0.008	0.528	0.777
	(0.053)	(0.050)	(0.052)	(0.050)	(1.709)	(1.468)
Scot * 14 Feb 2019 - 13 May 2019	0.062	0.062	0.071	0.072	-0.913	-0.646
	(0.051)	(0.048)	(0.050)	(0.047)	(1.474)	(1.263)
Scot * 14 May 2019 - 13 Aug 2019	-0.031	-0.033	-0.022	-0.024	-0.261	-0.280
	(0.053)	(0.050)	(0.052)	(0.049)	(1.490)	(1.276)
Scot * 14 Aug 2019 - 13 Nov 2019	0.020	0.008	0.037	0.026	-1.631	-1.335
	(0.051)	(0.049)	(0.050)	(0.048)	(1.504)	(1.319)
Scot * 14 Nov 2019 - 13 Feb 2020	-0.067	-0.056	-0.064	-0.054	1.424	1.311
	(0.053)	(0.050)	(0.052)	(0.049)	(1.561)	(1.352)
Scot * 14 Feb 2020 - 13 May 2021	0.065	0.023	0.071	0.031	0.793	0.643
	(0.054)	(0.051)	(0.053)	(0.050)	(1.600)	(1.395)

Scot * 14 May 2021 - 13 Aug 2021	0.062	0.049	0.074	0.062	-1.015	-0.729
	(0.063)	(0.060)	(0.062)	(0.058)	(1.758)	(1.511)
Scot * 14 Aug 2021 - 13 Nov 2021	-0.035	-0.049	-0.014	-0.026	-1.472	-2.310
	(0.063)	(0.056)	(0.062)	(0.055)	(1.977)	(1.792)
Scot * 14 Nov 2021 - 13 Feb 2022	0.013	0.003	0.002	-0.008	-0.766	-0.695
	(0.069)	(0.065)	(0.068)	(0.065)	(1.607)	(1.426)
Scot * 14 Feb 2022 - 13 May 2022	-0.051	-0.025	-0.024	0.003	-0.630	0.102
	(0.069)	(0.064)	(0.066)	(0.061)	(2.274)	(2.066)
Scot * 14 May 2022 - 13 Aug 2022	-0.002	-0.005	0.020	0.017	-1.000	-1.228
	(0.060)	(0.056)	(0.058)	(0.055)	(1.608)	(1.395)
Scot * 14 Aug 2022 - 13 Nov 2022	0.037	0.040	0.036	0.036	-2.710	-3.083
	(0.057)	(0.053)	(0.056)	(0.052)	(1.985)	(2.330)
Post SCP rollout	-	-	-	-		
Scot * 14 Nov 2022 - 13 Feb 2023						
Scot * 14 Feb 2023 - 13 May 2023	0.055	0.044	0.048	0.038	-2.055	-1.877
	(0.057)	(0.054)	(0.057)	(0.054)	(1.819)	(1.599)
Scot * 14 May 2023 - 13 Aug 2023	-0.003	-0.017	-0.005	-0.019	0.822	0.413
	(0.061)	(0.056)	(0.061)	(0.056)	(1.781)	(1.575)
Scot * 14 Aug 2023 - 13 Nov 2023	-0.008	0.023	-0.003	0.027	-3.664**	-2.329*
	(0.058)	(0.065)	(0.058)	(0.064)	(1.851)	(1.387)
Scot * 14 Nov 2023 - 13 Feb 2024	0.072	0.052	0.077	0.062	-1.094	-1.290
	(0.058)	(0.053)	(0.057)	(0.053)	(1.777)	(1.533)
Controls	No	Yes	No	Yes	No	Yes
Observations	32,754	32,754	32,754	32,754	26,183	26,183

Notes: Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, marital status, disability, government region (columns 2, 4, 6). *Source*: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A3: Parallel trends – Maternal Labour Supply

	(1)	(2)	(3)	(4)	(5)	(6)
	Employment		Labour Force Partcip.		Hours Worked	
Pre-SCP	0.017	0.050	0.026	0.059	-1.634	-1.039
Scot * 14 Nov 2016 - 13 Feb 2017	(0.078)	(0.079)	(0.078)	(0.079)	(1.918)	(1.871)
Scot * 14 Feb 2017 - 13 May 2017	-0.036	-0.032	-0.025	-0.020	-2.516	-2.743
	(0.079)	(0.079)	(0.079)	(0.079)	(1.919)	(1.900)
Scot * 14 May 2017 - 13 Aug 2017	0.012	0.012	0.056	0.057	-1.887	-1.609
	(0.078)	(0.078)	(0.076)	(0.077)	(2.041)	(1.947)
Scot * 14 Aug 2017 - 13 Nov 2017	-0.018	0.022	-0.014	0.024	-2.712	-2.079
	(0.078)	(0.078)	(0.077)	(0.077)	(1.786)	(1.710)
Scot * 14 Nov 2017 - 13 Feb 2018	0.017	-0.017	0.037	0.004	-2.317	-2.100
	(0.080)	(0.081)	(0.078)	(0.080)	(2.193)	(2.158)
Scot * 14 Feb 2018 - 13 May 2018	0.049	0.044	0.056	0.051	-2.067	-1.979
	(0.080)	(0.081)	(0.080)	(0.081)	(2.279)	(2.286)
Scot * 14 May 2018 - 13 Aug 2018	0.020	0.014	0.038	0.031	-1.181	-0.811
	(0.076)	(0.077)	(0.076)	(0.077)	(1.837)	(1.769)
Scot * 14 Aug 2018 - 13 Nov 2018	-0.005	-0.011	0.014	0.007	-2.357	-2.382
	(0.079)	(0.078)	(0.079)	(0.078)	(1.733)	(1.697)
Scot * 14 Nov 2018 - 13 Feb 2019	-0.010	0.008	-0.002	0.015	0.282	0.738
	(0.078)	(0.078)	(0.078)	(0.078)	(2.212)	(2.191)
Scot * 14 Feb 2019 - 13 May 2019	0.086	0.103	0.095	0.112	-0.802	-0.225
	(0.075)	(0.076)	(0.074)	(0.076)	(1.833)	(1.793)
Scot * 14 May 2019 - 13 Aug 2019	-0.017	-0.013	-0.015	-0.012	-1.293	-1.054
	(0.077)	(0.078)	(0.077)	(0.077)	(1.776)	(1.729)
Scot * 14 Aug 2019 - 13 Nov 2019	0.045	0.043	0.062	0.061	-1.371	-0.898
	(0.075)	(0.078)	(0.074)	(0.077)	(1.811)	(1.795)
Scot * 14 Nov 2019 - 13 Feb 2020	-0.097	-0.085	-0.089	-0.078	0.581	0.855
	(0.078)	(0.079)	(0.076)	(0.077)	(1.804)	(1.788)
Scot * 14 Feb 2020 - 13 May 2021	0.082	0.029	0.080	0.027	0.082	-0.359
	(0.080)	(0.081)	(0.079)	(0.080)	(1.943)	(1.863)

Scot * 14 May 2021 - 13 Aug 2021	0.123	0.116	0.117	0.112	-1.474	-1.196
	(0.093)	(0.092)	(0.092)	(0.091)	(1.993)	(1.991)
Scot * 14 Aug 2021 - 13 Nov 2021	-0.079	-0.075	-0.069	-0.063	-2.609	-3.000
	(0.093)	(0.088)	(0.093)	(0.089)	(2.459)	(2.380)
Scot * 14 Nov 2021 - 13 Feb 2022	0.038	0.045	0.028	0.035	-0.136	0.008
	(0.097)	(0.090)	(0.097)	(0.091)	(1.955)	(1.971)
Scot * 14 Feb 2022 - 13 May 2022	-0.036	0.008	-0.037	0.007	-1.531	-1.112
	(0.098)	(0.095)	(0.098)	(0.095)	(2.772)	(2.817)
Scot * 14 May 2022 - 13 Aug 2022	-0.023	-0.026	-0.016	-0.018	-1.881	-1.451
	(0.090)	(0.090)	(0.090)	(0.089)	(2.039)	(2.129)
Scot * 14 Aug 2022 - 13 Nov 2022	0.034	0.047	0.025	0.036	-0.087	-0.331
	(0.087)	(0.083)	(0.086)	(0.083)	(1.888)	(1.820)
Post SCP rollout	-	-	-	-		
Scot * 14 Nov 2022 - 13 Feb 2023						
Scot * 14 Feb 2023 - 13 May 202	0.066	0.053	0.060	0.046	-2.722	-2.937
	(0.086)	(0.085)	(0.086)	(0.085)	(2.008)	(1.999)
Scot * 14 May 2023 - 13 Aug 2023	-0.039	-0.072	-0.029	-0.062	0.119	-0.238
	(0.091)	(0.088)	(0.090)	(0.088)	(1.999)	(1.883)
Scot * 14 Aug 2023 - 13 Nov 2023	0.037	0.079	0.032	0.072	-4.398**	-2.572
	(0.086)	(0.099)	(0.085)	(0.098)	(2.224)	(1.890)
Scot * 14 Nov 2023 - 13 Feb 2024	0.103	0.086	0.093	0.081	-0.714	-0.507
	(0.087)	(0.084)	(0.087)	(0.084)	(2.155)	(2.013)
Controls	No	Yes	No	Yes	No	Yes
Observations	19,617	19,617	19,617	19,617	13,988	13,988

Notes: Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, marital status, disability, government region (columns 2, 4, 6). *Source*: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A4: Parallel trends – paternal labour supply

	(1)	(2)	(3)	(4)	(5)	(6)
	Employment		Labour Force Partcip.		Hours Worked	
Pre-SCP						
Scot * 14 Nov 2016 - 13 Feb 2017	0.043	0.047	0.046	0.050	0.351	0.347
	(0.046)	(0.043)	(0.045)	(0.042)	(1.837)	(1.803)
Scot * 14 Feb 2017 - 13 May 2017	-0.011	-0.006	0.002	0.007	0.386	0.464
	(0.054)	(0.052)	(0.049)	(0.047)	(2.316)	(2.320)
Scot * 14 May 2017 - 13 Aug 2017	-0.013	-0.019	0.015	0.010	0.583	0.274
	(0.055)	(0.050)	(0.049)	(0.046)	(2.079)	(2.042)
Scot * 14 Aug 2017 - 13 Nov 2017	-0.012	-0.003	0.027	0.035	0.085	0.107
	(0.052)	(0.047)	(0.047)	(0.043)	(2.005)	(1.973)
Scot * 14 Nov 2017 - 13 Feb 2018	-0.059	-0.054	0.011	0.017	3.420	3.163
	(0.065)	(0.064)	(0.056)	(0.056)	(2.590)	(2.605)
Scot * 14 Feb 2018 - 13 May 2018	0.039	0.045	0.048	0.053	3.870	3.951*
	(0.046)	(0.044)	(0.043)	(0.042)	(2.417)	(2.370)
Scot * 14 May 2018 - 13 Aug 2018	0.025	0.016	0.019	0.014	1.461	0.829
	(0.046)	(0.043)	(0.045)	(0.042)	(2.041)	(2.024)
Scot * 14 Aug 2018 - 13 Nov 2018	-0.085	-0.070	-0.066	-0.051	0.735	0.725
	(0.065)	(0.062)	(0.064)	(0.063)	(1.807)	(1.789)
Scot * 14 Nov 2018 - 13 Feb 2019	-0.052	-0.039	-0.044	-0.031	0.642	0.938
	(0.054)	(0.051)	(0.053)	(0.050)	(1.858)	(1.847)
Scot * 14 Feb 2019 - 13 May 2019	0.021	0.013	0.031	0.026	-0.959	-1.083
	(0.048)	(0.044)	(0.045)	(0.042)	(1.707)	(1.684)
Scot * 14 May 2019 - 13 Aug 2019	-0.052	-0.046	-0.034	-0.026	0.830	0.828
	(0.056)	(0.051)	(0.051)	(0.049)	(1.848)	(1.813)
Scot * 14 Aug 2019 - 13 Nov 2019	-0.021	-0.026	-0.004	-0.006	-1.717	-1.843
	(0.047)	(0.044)	(0.045)	(0.043)	(1.918)	(1.897)
Scot * 14 Nov 2019 - 13 Feb 2020	-0.015	-0.004	-0.019	-0.008	1.820	1.799
	(0.050)	(0.048)	(0.048)	(0.046)	(2.022)	(2.007)

Scot * 14 Feb 2020 - 13 May 2021	0.041	0.026	0.061	0.049	2.049	1.738
	(0.052)	(0.048)	(0.049)	(0.046)	(2.044)	(2.032)
Scot * 14 May 2021 - 13 Aug 2021	-0.038	-0.039	0.000	0.001	-0.067	-0.347
	(0.064)	(0.063)	(0.057)	(0.056)	(2.330)	(2.266)
Scot * 14 Aug 2021 - 13 Nov 2021	0.020	-0.001	0.057	0.039	-1.313	-1.558
	(0.054)	(0.052)	(0.047)	(0.045)	(2.661)	(2.633)
Scot * 14 Nov 2021 - 13 Feb 2021	-0.023	-0.040	-0.037	-0.049	-1.346	-1.716
	(0.087)	(0.084)	(0.086)	(0.083)	(2.046)	(2.033)
Scot * 14 Feb 2022 - 13 May 2022	-0.050	-0.080	0.021	-0.004	1.517	1.567
	(0.080)	(0.076)	(0.050)	(0.049)	(3.078)	(3.004)
Scot * 14 May 2022 - 13 Aug 2022	0.018	0.042	0.059	0.083**	-0.882	-0.813
	(0.053)	(0.051)	(0.040)	(0.040)	(1.808)	(1.783)
Scot * 14 Aug 2022 - 13 Nov 2022	0.032	0.037	0.043	0.044	-6.081*	-5.769*
	(0.052)	(0.048)	(0.050)	(0.046)	(3.616)	(3.504)
Post SCP rollout						
Scot * 14 Nov 2022 - 13 Feb 2023	-	-	-	-	-	-
Scot * 14 Feb 2023 - 13 May 2023	0.040	0.034	0.035	0.031	-0.640	-0.718
	(0.051)	(0.048)	(0.051)	(0.048)	(2.622)	(2.568)
Scot * 14 May 2023 - 13 Aug 2023	0.053	0.070	0.035	0.049	0.970	1.139
	(0.051)	(0.049)	(0.050)	(0.048)	(2.492)	(2.479)
Scot * 14 Aug 2023 - 13 Nov 2023	-0.072	-0.057	-0.052	-0.038	-1.741	-1.717
	(0.063)	(0.059)	(0.061)	(0.057)	(1.922)	(1.902)
Scot * 14 Nov 2023 - 13 Feb 2024	0.012	0.021	0.038	0.048	-2.115	-1.967
	(0.060)	(0.053)	(0.055)	(0.050)	(2.259)	(2.234)
Controls	No	Yes	No	Yes	No	Yes
Observations	13,137	13,13747	13,137	13,137	12,195	12,195

Notes: Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. All models include a constant. Covariates: parent gender, age, number of children, age of youngest child, ethnicity, marital status, disability, government region (columns 2, 4, 6).
Source: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A5: Parallel Covariate Trends Test

	(1)	(2)	(3)	(4)	(5)
	Lone parent	Number of children	Age of youngest child	White	Disability
Scotland	0.007	-0.117***	0.023	0.148***	0.025*
	(0.013)	(0.028)	(0.026)	(0.010)	(0.014)
Scotland * 2017/18	0.013	-0.012	-0.077**	-0.015	-0.014
	(0.019)	(0.044)	(0.039)	(0.015)	(0.020)
Scotland * 2018/19	0.003	-0.013	0.078**	-0.014	-0.004
	(0.018)	(0.042)	(0.038)	(0.017)	(0.019)
Scotland * 2019/20	0.008	-0.001	0.023	-0.004	0.003
	(0.018)	(0.041)	(0.039)	(0.016)	(0.020)
Scotland * 2021/22	-0.030	-0.049	0.006	-0.000	-0.011
	(0.022)	(0.057)	(0.047)	(0.019)	(0.026)
Scotland * 2022/23	-0.007	-0.030	-0.014	-0.059**	0.006
	(0.022)	(0.055)	(0.047)	(0.029)	(0.025)
Scotland * 2023/24	0.028	-0.104*	-0.06	-0.012	0.041
	(0.029)	(0.012)	(0.050)	(0.022)	(0.031)
F-test: Scotland * year	0.87	0.63	3.05	0.86	0.58
p-value	0.517	0.705	0.006	0.526	0.749
Obs.	37,131	37,131	37,131	37,131	37,131

Notes: (i) Robust standard errors in parentheses. (ii) $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$. (iii) All models include a constant.

Source: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A6: Covariates from regression results: Effect on Parental Labour Supply (Table 1/2)

	Employment			Labour force participation			Hours worked		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All	Mothers	Fathers	All	Mothers	Fathers	All	Mothers	Fathers
Sex	-0.173***			-0.176***			-0.315*		
	(0.004)			(0.004)			(0.170)		
Age group	0.050***	0.059***	0.017***	0.045***	0.059***	0.017***	-0.169**	-0.187*	-0.130
	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.085)	(0.100)	(0.148)
Lone parent	-0.116***	-0.094***	-0.163***	-0.095***	-0.094***	-0.163***	-7.921***	-8.789***	-0.842
	(0.008)	(0.009)	(0.023)	(0.008)	(0.009)	(0.023)	(0.264)	(0.279)	(0.798)
Number of children	-0.069***	-0.097***	-0.020***	-0.067***	-0.097***	-0.020***	-0.802***	-0.894***	-0.674***
	(0.003)	(0.004)	(0.003)	(0.003)	(0.004)	(0.003)	(0.100)	(0.124)	(0.163)
Obs.	37,034	22,185	14,849	37,034	22,185	14,849	33,055	19,139	13,916

Notes: Covariates from Table 6. (i) Robust standard errors in parentheses. (ii) * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. (iii) All models include a constant, year and regional fixed effects.

Source: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).

Table A7: Full regression results: Effect on Parental Labour Supply (Table 2/2)

	Employment			Labour force participation			Hours worked		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All	Mothers	Fathers	All	Mothers	Fathers	All	Mothers	Fathers
Age-band of youngest child	0.016***	0.043***	-0.012***	0.021***	0.043***	-0.012***	0.379***	0.416***	0.203
	(0.004)	(0.005)	(0.004)	(0.003)	(0.005)	(0.004)	(0.120)	(0.155)	(0.188)
Mixed ethnicity	-0.056***	-0.068***	-0.026	-0.054***	-0.068***	-0.026	-1.036*	-1.644**	-0.192
	(0.018)	(0.025)	(0.019)	(0.018)	(0.025)	(0.019)	(0.576)	(0.762)	(0.872)
Asian	-0.148***	-0.237***	-0.013*	-0.141***	-0.237***	-0.013*	-0.760***	-0.879***	-0.619*
	(0.008)	(0.012)	(0.007)	(0.008)	(0.012)	(0.007)	(0.231)	(0.298)	(0.361)
Black/African Car/Black Brit	-0.052***	-0.020	-0.034**	-0.025**	-0.020	-0.034**	-0.036	0.223	-0.381
	(0.013)	(0.016)	(0.014)	(0.012)	(0.016)	(0.014)	(0.368)	(0.459)	(0.610)
Other ethnicity	-0.175***	-0.227***	-0.043**	-0.152***	-0.227***	-0.043**	-0.964*	-1.134	-0.776
	(0.018)	(0.026)	(0.017)	(0.017)	(0.026)	(0.017)	(0.578)	(0.753)	(0.899)
Disability	-0.200***	-0.204***	-0.187***	-0.194***	-0.204***	-0.187***	-0.940***	-0.426	-1.887***
	(0.008)	(0.009)	(0.012)	(0.008)	(0.009)	(0.012)	(0.235)	(0.287)	(0.411)
Obs.	37,034	22,185	14,849	37,034	22,185	14,849	33,055	19,139	13,916

Notes: Covariates from Table 6. (i) Robust standard errors in parentheses. (ii) * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. (iii) All models include a constant, year and regional fixed effects.

Source: 2016/17-2023/24 HBAI data, 19th edition (DWP, 2025).