

# What difference does targeted cash support make for families on a low-income?

## Examining the impact of the Scottish Child Payment in comparative perspective

June 2026

### Family Finances

### Findings Report

## Executive Summary

The Scottish Child Payment, introduced in February 2021, is a regular cash transfer paid to low-income families in Scotland. It is currently paid at a rate of £28.20 per week per child under 16 years in families that receive Universal Credit. The Scottish Child Payment is a central part of the Scottish Government's strategy to reduce child poverty, with a stated ambition to eradicate child poverty by 2030. The Scottish Child Payment significantly differs from how the UK Government and other devolved administrations approach social security support for low income families. The additional investment provided through the Scottish Child Payment for children is not provided elsewhere in the UK, and this makes it especially important to properly understand its reach and impacts.

This report presents findings from the Family Finances project, the first independent and comparative investigation of the Scottish Child Payment. Given that the rollout of the Scottish Child Payment has coincided with successive cost of living crises, if we are to understand its impact it is vital to compare outcomes for families in Scotland with families in parts of the UK where this support is not available. The Family Finances research project does exactly this, combining statistical analysis with innovative expenditure diaries and interviews with families in Scotland and England.

Analysis of food insecurity and material deprivation indicators from the Family Resources Survey suggests that the Scottish Child Payment is improving children's lives: our results suggest that both material deprivation and food insecurity would have been between 8 and 9 percentage points higher in Scotland without the SCP. Interviews with

parents from the Family Finances project also show that the Scottish Child Payment makes a significant difference to household finances, often providing a lifeline so families can buy essentials. However, due to the ongoing cost of living crises, the Scottish Child Payment is not paid at a high enough level to enable children to go beyond surviving to thriving, and family finances often remain very strained.

Despite concerns that the Scottish Child Payment creates work disincentives, our analysis reveals no evidence that the Scottish Child Payment has created work disincentives among families in Scotland. Empirical analysis shows no impact on employment, hours worked, or labour market participation.

The Scottish Child Payment is a powerful policy intervention making a significant difference to low income households. There are key learnings from our research, both for the Scottish Government and the UK Government. The UK Government needs to do much more to recognise how social security can be a force for good in reducing child poverty and provide increased support for children living throughout the UK. The Scottish Government should look at what more they can do with the Scottish Child Payment to meet its child poverty targets. While the increase in Scottish Child Payment to £40 per week for children under one is welcomed, increased support should be provided to all children. More should also be done to extend eligibility, especially for those aged 16 to 19, who often have a high level of need and are not yet financially independent. The evidence consistently shows that income support is a powerful tool for addressing the underlying drivers of child poverty and must be central to any effective anti-poverty government response.

## Introduction

Child poverty results in multiple harms: it limits and restricts opportunities, causes physical and mental health ill-effects, and deprives children and their families of a sense of financial security, and often, the chance to thrive. Both the Scottish and UK Governments have pledged to reduce child poverty following sharp rises over the past fifteen years. In 2017, the Scottish Government reinstated statutory targets for child poverty reduction, including the commitment to reduce the percentage of children in relative poverty to below 10% by 2030. The most significant policy introduced as a result of this has been the Scottish Child Payment (SCP), a regular cash transfer to low-income families. The introduction of the SCP marks an important step in using social security as a key policy lever to reduce child poverty; however, further action is needed if the Scottish Government is to meet its child poverty targets.

The UK Government has pledged to reduce child poverty during the current parliament and estimates that its Child Poverty Strategy, published in 2025, will lift 550,000 children out of relative low income in the final year of the parliament. The key policy included in this strategy is the removal of the two-child limit, estimated to lift 450 000 children out of poverty. This much-needed measure reinstates previous support for children in larger families. However, additional support for children has not been introduced and cash support remains at low levels, having fallen overall in real-terms since 2010. Additionally, the fallout from the war in Iran is anticipated to hit low income households particularly hard and worsen living standards in the absence of extra support from the government.

### What is the Scottish Child Payment?

Introduced in April 2021, the SCP is currently paid at a rate of £28.20 per week per child under 16 in households that receive Universal Credit. It is paid every four weeks in arrears and rises every April in line with inflation. There is no limit on the number of eligible children that a household can claim for. This additional investment in social

security support for children in Scotland is not mirrored elsewhere in the UK. A family on a low income with three children under 16 in Scotland could receive a payment of over £350 a month, resulting in an annual income £4400 higher than an equivalent family in England. The explicit aim of the SCP is to reduce child poverty by increasing family incomes, including through social security. The Scottish Government anticipates that the policy will disproportionately benefit those groups most at risk of poverty, namely households with a disabled parent or child, minority ethnic households, larger families, lone parents, mothers aged under 25 and families with a baby. Recently, the Scottish Government committed to increasing the level of the SCP for children under one to £40 from April 2027.

### The Family Finances Project

This policy briefing draws on findings from quantitative analysis, qualitative interviews (with parents in receipt of the SCP and Universal Credit in Scotland and parents in receipt of Universal Credit in England) and innovative expenditure diaries conducted by the Family Finance project. You can find more details about the methods we used to investigate the impact of the Scottish Child Payment at the end of this report. We find that the SCP significantly improves family financial wellbeing. Despite concerns that the SCP creates work disincentives, our analysis reveals no evidence that the SCP has created work disincentives among families in Scotland. Our evidence provides an overwhelming case for the UK government to increase investment in children throughout the UK through Universal Credit and Child Benefit and for the Scottish Government to continue to build on the investment provided for children in Scotland through above inflation increases to the SCP.

Below, we highlight the key findings from our analysis, as well as pulling out examples of parents we interviewed from the study, documenting how the SCP was used and the difference it made.

## Financial insecurity in Scotland fell relative to England after the SCP roll out

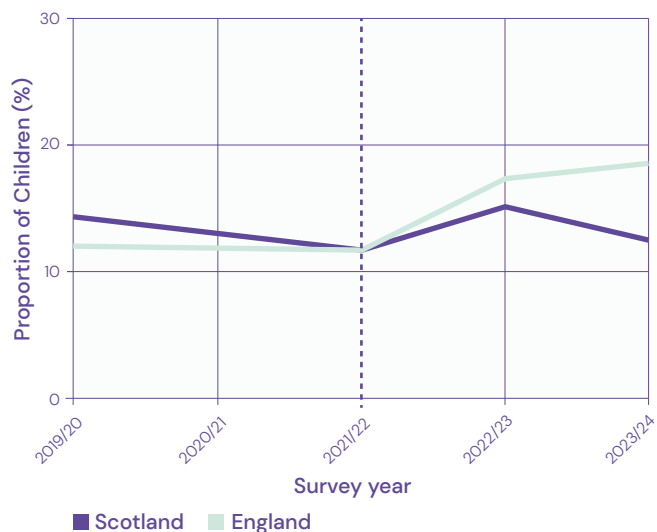
Our quantitative analysis provides evidence that the SCP is improving children’s lives. Using data from the Family Resources Survey, we examine trends in food insecurity and child material deprivation.

Food insecurity is measured using questions on whether households skip meals, reduce food intake, or are unable to afford balanced diets. Child material deprivation captures whether families can afford essential items, including adequate food, clothing, and participation in school trips.<sup>1</sup>

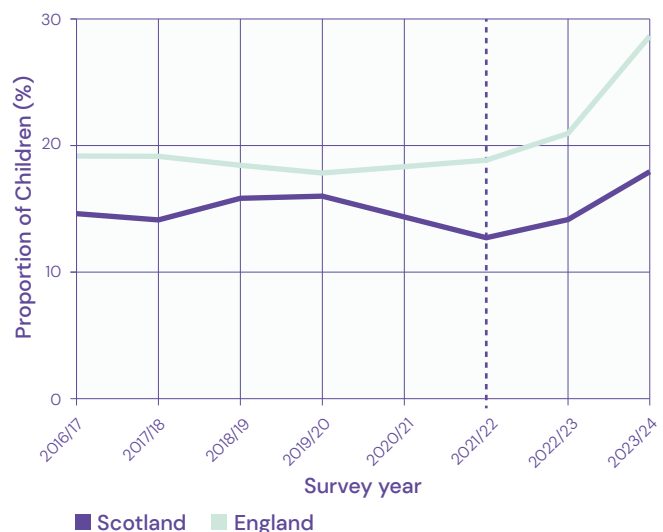
Across the UK, both measures worsened during the COVID-19 pandemic and cost-of-living crisis. However, while Scotland and England followed similar trends prior to the introduction of the SCP, since its rollout we have seen divergent trends. In Scotland, both food insecurity and material deprivation fell *relative* to England since the introduction of the SCP.

Our results point to statistically significant reductions in both child material deprivation and food insecurity in Scotland relative to England, after the introduction of the SCP. They suggest that both material deprivation and food insecurity would have been between 8 and 9 percentage points higher in Scotland without the SCP. This translates to just over 70,000 fewer children in Scotland living in material deprivation and food insecurity than we predict would have been the case without the policy.

Proportion of Children in Food Insecure Households



Proportion of Children in Material Deprivation



Source: Authors’ calculations using HBAI 19th edition (DWP, 2025).<sup>2</sup>

1 We need to take care with interpreting the overall change, as the measurement of deprivation changed between 2022/23 and 2023/24 however because this is true in Scotland and England, our estimates of the difference in difference should not be sensitive to this. The new measures include questions such as whether children can join in school trips and a weekly after-school club, whether they have clothes they are comfortable wearing to school and whether they can have friends round once a month.

2 Notes: (i) The figure shows the annual proportion of children aged under 16 who are materially deprived and living in food-insecure households, by nation. (ii) All estimates are weighted using the dependent child weight from the HBAI dataset (gs\_indch). (iii) The dashed vertical line marks the introduction of the SCP period in 2022, following the expansion of the SCP to all eligible families with children under 16 and the increase to £20 per week per child. (iv) Data for 2020/21 are excluded due to pandemic-related disruptions to survey collection, which affected data quality; values for this year are instead interpolated. (v) The change in line colour between 2022/23 and 2023/24 for each nation for material deprivation reflects a change in the survey questions, meaning comparisons across these years should be treated with caution.

## Case Study: Kay's experience of the Scottish Child Payment

Kay, a coupled parent aged 22 with a 6 month old baby, belongs to two of the priority groups most likely to benefit from the introduction of the SCP. Kay's household receives UC, child benefit and the SCP. At the time of the interview, Kay was on maternity leave and her partner was signed off sick from work; however, the couple were no longer receiving maternity allowance or sick pay. Kay started claiming the SCP a couple of months after her son was born. She explained that it had been easy to apply for:

They made the questions simple...And it didn't take long to get it up and going either.

She explained that the SCP helped her to afford household and baby basic necessities and eased her worry about money:

It's really beneficial because it does help us a lot... like it stops my worrying. Like kind of gives us that little extra top up if we need food, if we need nappies and wipes, and like gas and electric, and it just gives us like that benefit of the doubt.

However, because of rising prices, finances were still strained at times and the couple had some utility arrears. While Kay was hopeful that the SCP would increase to help meet rising prices, she was clear that the SCP made a big – and much appreciated – difference to her household:

Because of the cost of living and that, everything's going up, like I feel like the prices are just ridiculous. The cost of gas and electric, like they are times when we struggle...I don't know if it'll [the SCP] rise so it'll be worth a bit more money.

The Scottish Government has now committed to increasing the level of the SCP for children under one to £40. While this will be very welcome to families like Kay's, children under one only make up 4% of children benefitting from the Scottish child payment.

Our timely interviews with parents in receipt of the Scottish Child Payment and comparative interviews with parents in England in receipt of Universal Credit also highlight the difference cash transfers for children make. Overwhelmingly, parents receiving the SCP said that it made a significant difference to their families' lives. Parents in receipt of the SCP used the money to meet their children's basic needs, including food, clothing and heating. For many parents, the SCP was often a lifeline which enabled parents to buy essentials and tied them over until their next Universal Credit payment, thereby helping them to buy food for their children throughout each month:

The money's there to help, what the children need throughout the month. Like, if they need new shoes or if they're growing or if we need a top up with food and stuff, it's, it's really good to have there. **Jade, two children, Scotland**

There is money coming in-between the Universal Credit so that I don't need to take from like the credit card to buy essential, so it makes a very big, huge impact. **Amal, three children, Scotland**

Some families were able to go beyond using the SCP for basic essentials to afford extra-curricular and leisure activities for their children. Eva, a coupled parent with four children, explained how the SCP had enabled her daughter to attend extra-curricular activities alongside her peers:

I think it's access to activities that are normally not very accessible to people with lower income because you have to prioritise other things... So it's nice because it feels, you know, you're in these lessons or activities with other families and babies that probably have more income than us, but it makes me feel happy that she [daughter] has access to these things as well. **Eva, four children, Scotland**

The improved ability to meet the needs of their children and households also benefited families through the knock-on impact of reduced worry about money:

It helped me feel a lot less stressed about money... it goes quite a long way. **Alicia, three children, Scotland**

While the parents were grateful for the SCP and reported that it was very helpful, it was often not enough to enable them to meet all of their children's needs. Financial stress continued, in part due to the cost of living crisis. The increasing costs of essential items and expenses (particularly food, gas, electricity, and fuel costs) limited the extent of the difference the SCP made:

I'm sure it's definitely helping lift children out of poverty, it must be. I think just the state that we're in at the moment, that's why it probably isn't enough. **Gwen, one child, Scotland**

It does help alleviate some - not all - some poverty aspects. I feel like it would need to possibly increase with current, increase with that occurring right across the board... obviously the cost of living and cost of everything is going up, you need to incorporate that to go up to meet in line with everything else, otherwise you're still going to have people struggling along the way. And what you don't want is people accumulating debt or getting into debt. **Melissa, two children, Scotland**

Parents with older children also commented that the cut off at age sixteen at which children are no longer eligible for the SCP was detrimental to family finances:

It's just frustrating that at some point it all just comes to crashing stop and you're like urgh, especially at a time when cost of living is up and people need it the most. But I would welcome it, it has been great for my family, yes, it's been a positive thing until it stops. **Hope, two children, Scotland**

In contrast to the Scottish families, the vast majority of the families in England we spoke to were barely getting by and were often only able to manage due to help from extended family members. Without the additional support for children that the SCP provides, the English participants struggled to meet basic household needs:

I won't use the heating or anything like that too much... With the cost of living you can't get the other things that you need, like the clothes and things. I'm relying on like my mum and my daughter's dad to help buy the clothes that

my kids need. So it's either putting the clothes on their back or putting the food on the table because you can't choose one or the other. **Zoe, two children, England**

Participants in England felt that having extra financial support for their children would be a 'huge' help in meeting basic household needs including food, clothes, shoes, activities and school-related expenses:

That would make a massive impact, because then I wouldn't have to worry about things like their school uniform or when they need new trainers or new wellies or when they need new coats. Even things like underwear... So, like that amount of money might seem small to other people, but it's not really small... That money would be I guess sort of precious really in our household. **Sinead, three children, England**

The English participants, who received lower social security support for their children than their Scottish counterparts, were unable to get by on current levels of support. Parents were also unable to afford experiences and activities important to children's everyday experiences of childhood and life chances. Inability to meet basic needs and to afford activities also has negative emotional impacts, causing both significant parental stress and child distress.



*It's not proportionate to living and the cost of living. I think people who make these policies should live on benefits for a little while because I think that would definitely change their opinion on how it is.*

**Jazmine, England**



## Case Study: Chloe's experience of Universal Credit

Chloe lives in the north of England and is a single parent with three children. She receives Universal Credit and Child Benefit. She had worked until two years prior to the interview, when she developed a health condition. Chloe is designated as having 'Limited Capability for Work', which exempts her from work-related requirements but does not provide her with extra financial support. Chloe was subject to the two-child limit. Excluding the housing element, the household received £975 a month in Universal Credit payments.

Chloe explained that the amount she received in social security support was not enough to live on and that she only got by with help from family. She was in debt and struggled to afford food, clothing and transport. She explained that this had taken a toll on her mental health:

Every day I worry about it [money]. It's like just even managing things like school trips. Like at the minute I know I've got £40 to pay on my daughter's school trip and I'm just like, "Oh, where am I going to pull it from?" It's really hard and it definitely adds to the stress and the pressure.

When asked what an extra £25 per week per child would enable her to afford, she explained:

It would make a difference...I'd be able to do a food shop, a proper food shop. I think that was kind of my big thing.

Chloe is aware that there is additional support for children in Scotland. When asked how she felt about the difference, she told us:

Well it's amazing for them, it's absolutely wonderful for them. But it is frustrating because it's like, well why can't we do more for people that need support also? And for children that need support?

Without additional support from the government, families like Chloe's are going to face increasing hardship and will be especially hard hit by the rising prices resulting from the war in Iran.

## The SCP does not create work disincentives

Concerns have been raised that the SCP may weaken work incentives due to its interaction with Universal Credit. Because SCP eligibility is contingent on receiving Universal Credit (or related means-tested benefits), entitlement is withdrawn when Universal Credit eligibility ends. Unlike Universal Credit, which is tapered, this creates a potential 'cliff-edge', where small increases in earnings could lead to a substantial drop in total household income. For example, a parent with three children could, in principle, lose over £80 per week in SCP by increasing their hours.

However, evidence suggests this cliff-edge is unlikely to affect most families in practice. Simulations of benefit entitlements for households earning the National Living Wage show that the SCP cliff-edge occurs at relatively high levels of working hours. Lone parents and single-earner couples would typically need to work beyond standard full-time hours (around 39-47 hours per week) before losing eligibility. Even for larger families, who face greater potential losses due to per-child payments, the cliff-edge is located beyond full-time hours (approx. 70-90 hours). The main exception is for secondary earners in couple households. Assuming the primary earner works full-time at the National Living Wage, a secondary earner with one child could reach the eligibility threshold after working 9 hours per week, making this group more exposed to potential work disincentives.

Analysis of Family Resources Survey data reinforces these findings. Prior to the introduction of the SCP, between 65% and 96% of eligible households had earnings well below the threshold at which SCP entitlement would be withdrawn. Although crossing this threshold could imply losses of £117-£352 per month, very few families appear to be in a position where this trade-off is relevant.

Direct evidence on behaviour shows no meaningful impact on labour supply. Using a difference-in-differences approach comparing families in Scotland and England before and after the SCP introduction, we find no effect on employment, labour force participation, or hours worked across key groups,

including mothers, fathers, lone parents, and dual-earner households.

Our qualitative findings illuminate the quantitative analysis. The vast majority of the participants did not know at what point they would become ineligible for the SCP, so this did not factor into their decision-making concerning paid work:

I didn't even think about that even though my hours have gone up a little bit. Yeah, that didn't even cross my mind that that could happen... it didn't even click with me that that would change.  
**Fiona, one child, Scotland**

A small number of participants did express concerns that if they worked additional hours, they might lose entitlement to the SCP and other passported benefits; however, this was often linked to confusion around eligibility for SCP entitlement. More commonly, participants explained that their decisions regarding entering and progressing in paid work were multi-factorial and often centered around their children:

When you've a child at this age and you're obviously doing like most of it by yourself, it's so difficult to try and find a job that's going to work with you. **Freya, one child, Scotland**

I've not thought about that at all [losing SCP entitlement]. I feel like the hours that I'm on is sufficient enough because like I said [son] is still very young and I don't want to go back full time any time soon because there's still a lot that he's got to learn and there's still a lot that I would potentially miss by doing so. **Sally, one child, Scotland**

Additionally, some explained that they were not concerned about losing SCP entitlement as they were keen to exit the benefits system through paid work:

I guess if I get to the point that I'm not eligible for it any more I'd be happier because it's- Then I'd feel like I'm earning enough at that point then. **Emily, one child, Scotland**

I think I would probably prioritise more stable income, even if that meant that I wasn't eligible for certain benefits. **Eva, one child, Scotland**

Overall, while the SCP creates a theoretical cliff-edge, it does not appear to generate significant work disincentives in practice. The main policy implication is that concerns about employment effects may be overstated. Instead, the evidence suggests that the design of the SCP, delivered as a simple, regular payment through the existing benefits system, has reduced child poverty and financial hardship with little impact on work behaviour.

## Case study: Rosalind's experience of the Scottish Child Payment

Rosalind, a coupled mother with four children, belongs to two of the priority groups (minority ethnic household, larger family) which have an increased risk of poverty. Rosalind and her husband are studying full time and Rosalind also has a zero hours contract job as a support worker. The household started receiving the SCP from when it was first introduced in February 2021. Rosalind explained that it has been especially helpful in light of the two-child limit (which was still in place at the time of the interview):

That benefit is really helpful, to be honest. It's just covered the gap that like my two other kids were born after 2017. So, they don't get anything from Universal Credit. But that covers that gap. The Scottish child payment is like the most helpful thing.

Rosalind told us that she used the SCP to help cover childcare, food and educational online classes for her children:

If we can't cover the after-school care or the nursery during the month, we would cover that with the Scottish child payment... we cover it for the food...My daughters also take like online classes. So, we pay that from it as well.

In her interview, Rosalind explained that the online classes included tutoring for her older daughter to help her progress with her English and Maths. Given the limited time that Rosalind had between her full-time course, weekly night shift and family responsibilities, online lessons were an important and accessible way in which she could invest in her children's learning and education.

When asked what message she had for policy makers, Rosalind was unequivocal that similar support should be introduced throughout the rest of the UK:

They need to apply for all the UK, to be honest. Absolutely. I'm not the only person or only family that's suffering from the rules of the Universal Credit... It's like we have kids. They need to survive. We need to be responsible. But if we don't have anything in our hand, we will feel guilty that we don't have it. So, I feel it's unfair to be in parts of the UK and not in another part. So, I hope they can apply that for all through the UK.

Data from Rosalind's expenditure diary shows how her household used their income from social security provision and wages to cover household expenses and demonstrates that the SCP was vital in helping the family meet essential costs:

From 26.5.25 – 25.6.25, Rosalind's household – two adults and four children – received £2,695.84 in total income (£434 of which came from the SCP) and had £2,504.76 in expenses. Of this, £1,478.54 (59%) went towards household items, £187.79 (7%) towards adult items and £838.43 (33%) towards children's items. A significant proportion of household expenses were groceries (£639.33 – 43%) and transport costs (£171.43 – 12%). Children's items included childcare costs (£129.93 – 15% of children's expenses), school uniforms, equipment, clothes and shoes (£217.64 – 26%) and lessons, including online education classes (£308.90 – 37%).

## Summary and Policy Recommendations

This timely evidence demonstrates that investment in social security for families is helping families meet children's basic needs and does not create work disincentives. Westminster needs to pay attention to the lessons learned in Scotland on the 'massive difference' that the SCP makes for families.

- To achieve its commitment of reducing child poverty in this parliament, the UK Government needs to increase Universal Credit and Child Benefit.

The SCP is effective but it is not sufficient to fully meet families' needs, particularly amid rising living costs. While lower than in the UK as a whole child poverty remains high in Scotland, and between 120,000-150,000 live in food insecurity and material deprivation.

- In addition to further action from the Westminster Government, the Scottish Government much build on this investment and increase the value of the Scottish Child Payment if it is to meet its statutory child poverty targets.
- The Scottish Government needs to consider extending the Scottish Child Payment to 16 to 19 year olds in full-time, non-advanced education or approved training.

Without more money in the pockets of low income families, children across the UK will continue to go without and miss out on the opportunities they deserve. The Westminster and Scottish Governments need to more fully utilise social security provision as a key policy lever for reducing child poverty.



*To go that one step further and increase it would be even better...They've got a long ways to go to eradicating child poverty and this is just the beginning.*

**Olivia, one child, Scotland** 

## Methodological note

Our quantitative analysis adopted a comparative approach, examining differences between Scotland and England to assess the potential effects of the SCP. Using data from the Family Resources Survey (FRS), we use difference-in-differences models to compare families living in Scotland and England, before and after the introduction of the SCP. Our analysis focuses on material deprivation and food insecurity and labour market outcomes. We also simulate where the cliff-edge is using an online benefits calculator ([entitledto.co.uk](https://entitledto.co.uk)), estimating the levels of earnings and hours at which households would lose entitlement. Our qualitative research also took a comparative approach. We interviewed 40 parents in Scotland in receipt of both the SCP and Universal Credit, and 20 carefully defined comparable parents in northern England in receipt of Universal Credit. We also used an expenditure diary tool to obtain further comparative insight into the financial difference the SCP makes. A subsample of twenty parents in Scotland and eight parents in England completed income and expenditure diaries through a bespoke web-based app.

For further information on the methods and findings please see:

Andersen, K., Nesom, S., Patrick, R., Pinter, I., Stewart, K. & Tominey, E. (2025). Investing in children: Early findings on the difference the Scottish Child Payment makes to child wellbeing. CASEpaper/238. Centre for Analysis of Social Exclusion, LSE [https://sticerd.lse.ac.uk/CASE/\\_NEW/PUBLICATIONS/abstract/?index=11919](https://sticerd.lse.ac.uk/CASE/_NEW/PUBLICATIONS/abstract/?index=11919)

Nesom, S., Stewart, K. & Tominey, E. (2025). Does the Scottish Child Payment weaken work incentives? CASEpaper/239. Centre for Analysis of Social Exclusion, LSE [https://sticerd.lse.ac.uk/case/\\_new/publications/abstract/?index=11920](https://sticerd.lse.ac.uk/case/_new/publications/abstract/?index=11920)

Pinter, I. (2025). A Month of family finances: Exploring family spending through a digital diary tool. <https://familyfinances.study/family-digital-tool>

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