

# What difference does the Scottish Child Payment make?

## Findings from the Family Finance Study

June 2026

### Family Finances

### Policy Briefing

## Introduction

The Westminster and Scottish Governments have pledged to reduce child poverty by 2030. In Scotland, this commitment is underpinned by statutory targets in the Child Poverty (Scotland) Act 2017, and subsequent Tackling Child Poverty Delivery Plans. The most significant policy introduced of this has been the Scottish Child Payment, a regular cash transfer to low-income families.

This brief draws on evidence from Family Finances, a mixed-methods and comparative study, which combines quantitative analysis with qualitative interviews and expenditure diaries across Scotland and England. This study has addressed three key questions:

1. What difference does the Scottish Child Payment make to family finances?
2. What are the impacts of the Scottish Child Payment on work incentives?
3. What lessons can be learned from the introduction of the Scottish Child Payment for policies aimed at reducing child poverty?

## Impact on family finances

The Scottish Child Payment has led to measurable improvements in children's living standards, reducing both food insecurity and child material deprivation in Scotland relative to England (Figure 1 & 2).

*The money's there to help, what the children need throughout the month... if they need new shoes... or if we need a top up with food... it's really good to have there.*

**Jade, two children, Scotland**

## What is the Scottish Child Payment?

- The Scottish Child Payment is a **regular cash benefit** paid to families receiving Universal Credit or other qualifying benefits in Scotland.
- It is currently worth **£28.20 per week** per child for eligible children under 16. It is set to increase to **£40 per week** for **children under one** from April 2027.
- It's a central part of the Scottish Government's strategy to reduce child poverty.

Our analysis of Household Below Average Income data shows that, without the Scottish Child Payment, rates of child material deprivation and food insecurity in Scotland would be 8-9 percentage points higher, equivalent to 70,000 additional children affected.

Our qualitative interviews suggest that families use the SCP in ways that directly support children’s wellbeing:

- Covering essential costs, including food, clothing, and heating
- Acting as a reliable income source, even as Universal Credit payments fluctuate
- Reducing debt and financial insecurity.

For many households, the Scottish Child Payment acts as a financial lifeline, helping families consistently meet basic needs. Some families are also able to use the support to pay for extracurricular activities, facilitating improved social participation, and access to enrichment activities for those on a low-income.

However, the payment is not sufficient on its own. Many families continue to face financial pressure due to rising living costs. Our comparative evidence shows that families in England, without an equivalent payment, are more likely to struggle to meet basic needs and rely on informal support.

I’m relying on like my mum and my daughter’s dad to help buy the clothes that my kids need. It’s either putting the clothes on their back or putting the food on the table. **Zoe, two children, England**

## Work incentives

The Scottish Child Payment creates a potential ‘cliff-edge’ in income, as entitlement is lost entirely once eligibility for Universal Credit ends. This contrasts with Universal Credit, which is gradually tapered as earnings rise. In theory, a parent might decide they would be better off not increasing the amount they work in case they lose eligibility for Universal Credit and Scottish Child Payment simultaneously.

However, our evidence suggests that this cliff-edge is unlikely to affect most. Simulations show that eligibility is typically only lost at relatively high working hours, often beyond standard full-time employment. As a result, most families are unlikely to face a direct trade-off between increasing earnings and losing entitlement.

- **Most families are far from the threshold:** The majority of eligible households have earnings well below the cut-off for SCP eligibility.
- **Limited exposure:** Those most likely to be affected are secondary earners in couple households, who may reach the threshold at relatively low hours.

We find no evidence that the SCP reduces labour supply, with no impact on employment, hours worked, or labour market participation.

Figure 1: Proportion of Children in Food Insecure Households

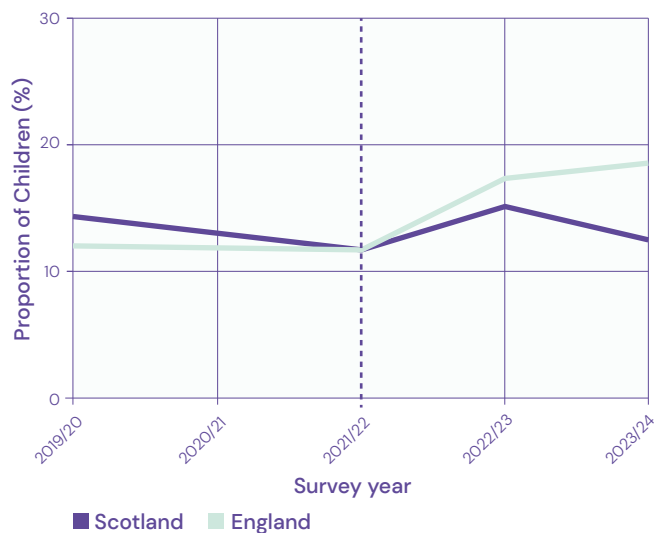
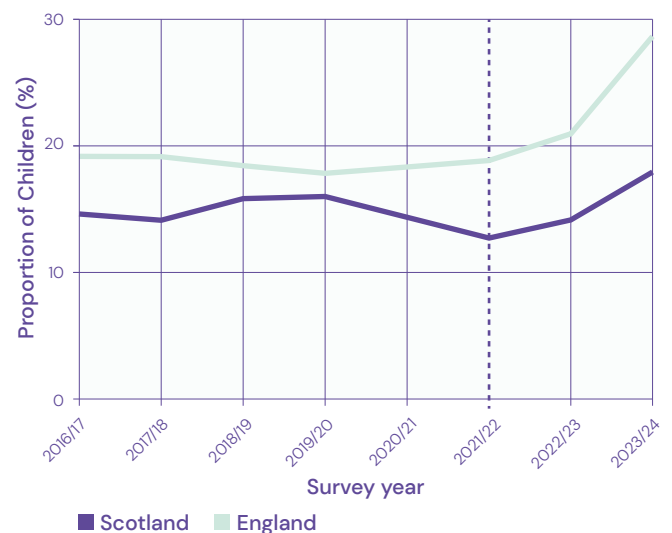


Figure 2: Proportion of Children in Material Deprivation



Source: Authors’ calculations using HBAI 19th edition (DWP, 2025).

Qualitative evidence supports this finding. Parents' decisions about work are shaped by multiple factors, including childcare, rather than benefit eligibility. Most families were unaware of the eligibility threshold, so potential withdrawal of SCP does not factor into their work decisions:

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

Instead, income stability was prioritised.

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

## Lived Experiences

The following case studies illustrate how the Scottish Child Payment supports families facing financial hardship. They highlight the importance of the payment in meeting basic needs, and its limitations in the context of rising living costs and broader issues of the inadequacy of working-age social security.

### Rosalind: Filling gaps in support

Rosalind, a mother of four children in a couple household, belongs to two of the Scottish Government's priority groups (minority ethnic household and larger family). She and her husband study full time, and Rosalind works on a zero-hours contract as a support worker.

Due to the two-child limit in Universal Credit, two of Rosalind's children are not eligible for support. She described the Scottish Child Payment as critical in filling this gap, helping to cover childcare, food and educational classes.

That benefit is really helpful... It's just covered the gap... 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 felt strongly that similar support should be introduced across the rest of the UK.

### Kay: Reducing financial stress for new parents

Kay, a 22-year-old parent with a six-month-old baby in a couple household receives Universal Credit, Child Benefit and the Scottish Child Payment. At the time of the interview, Kay was on maternity leave but is due to return to her two jobs shortly and her partner was signed off sick.

Kay described the Scottish Child Payment as easy to apply for and vital in covering essential costs such as nappies, food, and energy bills, reducing financial anxiety and providing a buffer during periods of low income.

It stops my worrying... gives us that little extra top up if we need food,... nappies and wipes, and like gas and electric.

However, rising living costs meant that finances remained strained, and the couple had some utility arrears. Kay emphasised the Scottish Child Payment's positive impact and hoped it would increase in line with costs.

## Policy Implications

The Family Finances study demonstrates that investment in social security for families makes a significant difference, helping families meet children's basic needs. Evidence shows that direct cash transfers for children have substantial positive impacts, offering lessons for policymakers across the UK and internationally:

### Recognise social security as a key policy lever addressing a root cause of poverty:

- Both the Scottish and UK Governments should treat income support as key to addressing the underlying drivers of child poverty, not supplementary.
- Adequate and stable income support can reduce reliance on debt and prevent families from facing difficult trade-offs between essentials.

## Sustain, increase and expand the Scottish Child Payment

- The Scottish Child Payment is making a clear and measurable difference and should remain central to anti-poverty policy in Scotland.
- While effective, it is not sufficient to fully meet families' needs, particularly amid rising living costs; above inflation increases would enhance its impact.
- The Scottish Government should build on existing investment to meet statutory child poverty targets; without further above inflation increases, these targets are unlikely to be met.
- Consider extending eligibility to 16-19 year olds in full-time, non-advanced education or approved training to prevent a sudden loss of support.

## Learn from Scotland at the UK-level and beyond

- Direct cash transfers for children have substantial positive impacts, and the UK Government should draw on Scotland's experience.
- To reduce child poverty, the UK Government should increase Universal Credit and Child Benefit, which remain insufficient to meet basic living costs.

## Conclusion

Evidence from the Family Finances study shows that the Scottish Child Payment is a clear example of how direct cash support can reduce child poverty and improve family wellbeing. It delivers measurable improvements in living standards, helps families meet essential needs, and reduces financial stress without undermining work incentives.

However, the Scottish Child Payment alone is not sufficient to eliminate child poverty. Rising living costs, low pay and the broader inadequacy of working-age social security mean statutory child poverty targets are unlikely to be met without further action. Strengthening the role of social

security will be key to reducing child poverty and improving children's wellbeing.

## Outputs

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)

## About the Family Finances Study

Family Finances is a collaboration between the universities of Glasgow (Ruth Patrick, Ilona Pinter); Manchester (Emma Tominey); York (Kate Andersen, Suzanna Nesom) and the London School of Economics and Political Science (Kitty Stewart). Our policy partner is Child Poverty Action Group, and we are grateful to Maria Marshall and John Dickie for their support with this project.

We would like to thank the parents who made the research reported on in the Family Finance Study possible by giving their time to be interviewed by us and sharing their experiences of the Scottish Child Payment and Universal Credit.

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