



Social Justice and Social Security Committee Budget scrutiny 2026-27: The future social security spending in Scotland.

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

The devolution of social security powers in Scotland has created opportunities to design and implement new policy interventions aligned with national objectives. The Scottish Child Payment (SCP) is a clear example. Aimed at supporting efforts to tackle child poverty, this measure marked a significant shift in recognising social security as a key policy lever for addressing poverty, representing a notable departure from the UK Government's approach.

While there have been challenges in capturing its full impact due to the way the Department for Work and Pensions (DWP) collects data, qualitative evidence from the Joseph Rowntree Foundation (JRF) highlights the positive effects the payment has had on families. Furthermore, JRF's modelling of future outcomes suggests that the SCP will significantly contribute to reducing child poverty rates¹.

From a gender equality perspective, the SCP can also be regarded as a positive policy intervention. Women are more likely to rely on social security payments for a larger proportion of their income because on average they have lower earnings, lower savings and less assets, and greater (unpaid) caring responsibilities². This is backed by figures produced by Social Security Scotland for the year ending March 2024 which show that 68% of applicants for social security were women. For men, this was 25%. Gender disparities are particularly salient for benefits relating to children i.e. Scottish Child Payment, Best Start Grant and Foods, and Child Disability Payment, where the vast majority of applicants continued to be women.

Qualitative data from the Women's Survey 2025 backs up this point and provides further evidence of the positive impact of the SCP on women:

¹ JRF (2024) *Poverty in Scotland 2024*, available at <https://www.jrf.org.uk/sites/default/files/pdfs/poverty-in-scotland-2024-092871135349befc6232fbc28a8e81e1.pdf>

² Women's Budget Group (2024) *Social security and gender: Briefing for a new government*, available at <https://www.wbg.org.uk/publication/social-security-and-gender-briefing-for-a-new-government/>

“Tax free childcare makes a dent in the massive cost of sending my son to nursery for 1 day a week to allow me to work 3 days a week. The Scottish child payment helps us keep above overdraft each month to pay for bills/necessities.”

“I rely on these payments as do not receive child maintenance.”

The First Minister has declared eradicating child poverty as the Government’s highest priority.³ The growth in devolved social security spending represents a bold and deliberate intervention that reflects this commitment.

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

Concerns about the growth in devolved social security spending have largely stemmed from ongoing discussions about the long-term fiscal sustainability of Scotland’s public finances. While a portion of this spending is unique to Scotland and therefore not covered by the Barnett formula through the Block Grant, it reflects distinct policy choices made to address Scotland’s specific social and economic challenges, particularly in areas such as child poverty. These investments should be evaluated in terms of their long-term social and economic returns.

However, given the requirement for Scotland to deliver a balanced budget, ensuring the fiscal sustainability of policy decisions is paramount. We welcome the Scottish Government’s commitment, outlined in the Medium-Term Financial Strategy (MTFS), to provide further support by mitigating the impact of the UK Government’s two-child limit policy from March 2026. The upcoming Scottish Spending Review (SSR) presents a critical opportunity to reassess and prioritise existing expenditure to enable this commitment. It also offers a chance to identify potential efficiencies or savings that could be redirected toward the Government’s four core missions, ensuring that resources are aligned with strategic priorities and long-term impact.

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

The Scottish Women’s Budget Group has not conducted dedicated research on social security. However, insights from our annual Women’s Survey offer a glimpse into the material impact of the Scottish Child Payment and other benefits on women’s financial wellbeing:

³ BBC (2024) *Swinney to make eradicating child poverty greatest priority*, available at <https://www.bbc.co.uk/news/articles/cwyj0810304o>

“I am able to pay all bills, afterschool, clubs for my kid and any other extra activities for my child like day trips, theatre, cinema, etc.”

“I could not manage without these benefits, especially as my children are now older and of course eat more and require adult size clothes and shoes (so it feels like I am paying for 3 adults, not 1 adult and 2 children).”

“Child payment made a huge difference to our life. However losing it when the child is 16 is difficult- everything goes up train fares, clothes are generally adults but income decreases if they turn 16 and stay in school.”

Beyond these personal accounts, there is a robust body of evidence linking austerity measures to rising poverty⁴, stagnating life expectancy⁵ and deteriorating health outcomes⁶, including negative effects on newborn health⁷.

Research by the UK Women’s Budget Group on living standards over the past 14 years has found that women on low incomes, women from minority ethnic backgrounds, disabled women, and families with children have been among the hardest hit by the decline in living standards⁸. This makes austerity policies a highly gendered issue and further underscores the vital role of social security in supporting women’s socio-economic wellbeing.

Social security should therefore not be regarded solely as an anti-poverty intervention, but as a preventative investment with far-reaching socio-economic benefits in the long term⁹.

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

⁴ BMJ (2019) *UK’s “austerity experiment” has forced millions into poverty and homelessness, say UN rapporteur*, available at <https://www.bmj.com/content/365/bmj.l2321#:~:text=News-,UK's%20%E2%80%9Causterity%20experiment%E2%80%9D%20has%20forced%20millions%20into%20poverty,and%20homelessness%2C%20say%20UN%20rapporteur>

⁵ Berman, Y., Hovland, T. (2024) *The Impact of Austerity on Mortality and Life Expectancy*, available at https://eprints.lse.ac.uk/123915/1/WP_139.pdf

⁶ BMA, (2024) *Cutting away at our children’s futures: how austerity is affecting the health of children, young people and families*, available at <https://www.bma.org.uk/what-we-do/population-health/addressing-social-determinants-that-influence-health/cutting-away-at-our-children-s-futures-how-austerity-is-affecting-the-health-of-children-young-people-and-families>

⁷ Healthandcare.scot (2025) *Austerity policy harm to newborns laid bare*, available at <https://healthandcare.scot/stories/3990/health-care-poverty-welfare-reforms-government-austerity>

⁸ Women’s Budget Group (2024) *Where do we go from here? An intersectional analysis of women’s living standards since 2010*, available at <https://www.wbg.org.uk/publication/where-do-we-go-from-here-an-intersectional-analysis-of-womens-living-standards-since-2010/>

⁹ JRF (2024) *Poverty in Scotland 2024*, available at <https://www.jrf.org.uk/sites/default/files/pdfs/poverty-in-scotland-2024-092871135349befc6232fbc28a8e81e1.pdf>

One of the key drivers of rising child poverty rates is the UK Government's two-child limit. Removing this policy would lift 20,000 children out of poverty in Scotland according to modelling by the Scottish Government¹⁰. In addition, further increases to the Scottish Child Payment may need to be considered, particularly in the wake of the cost-of-living crisis. In line with calls by the End Child Poverty Coalition, we support calls for the value of this payment to be increased to at least £40 a week in the coming budget. A crucial factor when assessing these interventions is the relative speed at which they can deliver a positive impact—especially when compared to other important but slower measures, such as investment in social housing or education.

While we do not currently have modelling to assess the cost-effectiveness of increases in social security spending, we urge policymakers to consider the long-term costs of inaction—or of poorly designed social security policies—both in economic and human terms. The experience of austerity measures should serve as a warning: short-term savings in social security have contributed to worsening health outcomes. These outcomes are now being flagged by the Scottish Fiscal Commission as a fiscal risk, particularly in the context of an ageing population and a shrinking workforce.

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

There is a place for both universal and targeted benefits within Scotland and the UK's social security system. What is important to consider within these is how targeted benefits reach those in need, including how thresholds for access can create cliff edge points, with those just above a threshold unable to access support. It is essential that gender budget analysis informs government decisions on the suitability of either type of intervention and the detail of how targeting is conducted.

Gender budget analysis provides tools to understand the impact of spending decisions from an intersectional and gendered perspective. With women more reliant on social security this makes it critically important that this analysis is informing the decision-making process.

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

¹⁰ Scottish Government (2025) *Scrapping the two child limit to help end child poverty*, available at <https://www.gov.scot/news/scrapping-the-two-child-limit-to-help-end-child-poverty/#:~:text=Published%2017%20June%202025%2010,according%20to%20Scottish%20Government%20modelling.>

Changes to reserved social security policy can have significant implications for the Scottish Budget. For example, increases in benefit levels at the UK level lead to additional funding for Scotland through the Barnett formula. Conversely, decisions that reduce benefit provision result in fewer consequentialists being passed on. A clear example is the case of the Pension Age Winter Heating Payment. When the UK Government reduced eligibility, but the Scottish Government chose to maintain broader access, the difference in cost had to be met from within the Scottish Budget, placing pressure on other areas of public spending.

From this perspective, it is crucial that the Scottish Government works closely with the UK Government. However, Scottish Government has the opportunity to raise additional revenue to support its policy choices and priorities. Apart from changes to income tax the Scottish Government has not made significant use to these powers which is a missed opportunity. SWBG is a member of the Tax Justice Scotland coalition and supports the calls of this campaign including reform to Council Tax and developing a timebound action plan to deliver a wealth tax in Scotland. These moves would provide greater budget flexibility to support the unique choices of the Scottish Government and work to tackle child poverty and women's inequality.

For further information

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About us

The Scottish Women's Budget Group (SWBG) is an independent analysis and campaign group that aims to promote gender analysis in public policy and public finance decisions through budgetary processes. SWBG brings together a wide range of women from across Scotland who have an interest in women's equality and want to achieve better gender equality in our society. We have focused on encouraging active gender analysis in the Scottish Budget process since 2000.

Find out more: www.swbg.org.uk