



# PRIORITIES FOR THE 2024-25 SCOTTISH BUDGET

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## Summary

### The Scottish Budget 2024/25 must:

- Increase the Scottish child payment *at the very least* to £30 per week from April 2024, as committed by the First Minister in his leadership campaign. This investment is supported by the Children and Young People's Commissioner and over 150 trade unions, faith groups, children's charities and community organisations from across Scotland. To be sure of bringing child poverty below 18% (the interim target that was set for 2023/24) **analysis suggests a £40 Scottish child payment is needed.**
- Ensure sufficient resources are harnessed and allocated to **fund the wider measures set out in the statutory child poverty delivery plan - *Best Start, Bright Futures*.**
- Provide additional cash payments to families impacted by the two-child limit and the under 25 penalty in universal credit.
- Continue to provide sufficient investment in Best Start payments to, at the very least, ensure they retain their real terms value.
- Invest in childcare so not only can the actions in *Best Start, Bright Futures* be delivered, but every parent can access the childcare they need, when they need it.
- Expand income maximisation and advice services, including the training of new advisers.
- Ensure that schools have sufficient resources to remove cost barriers, including to provide every child with a device and connectivity; remove costs for curriculum related trips and activities and ensure all pupils are able to attend 'rite of passage' trips. Resources must also be allocated to roll out free school meals to all primary school pupils and create a timetable for the introduction of universal free school meals in secondary schools.
- Make further investment in the Scottish welfare fund, including the administration and promotion of the fund to ensure it can meet demand.
- Ensure local authorities receive sufficient funds and clear guidance to enable them to use local powers to provide payments to migrant families whose status limits their rights to social security benefits.
- Be bold in using tax powers in a progressive way to ensure sufficient resources are available to fully deliver on the actions that are needed to tackle child poverty.

## Introduction

**Previous Scottish government budget choices are working to reduce child poverty.** Institute for Fiscal Studies analysis concludes that, as a result of recent Scottish tax and benefit policies, “amongst the poorest 30% of households, those with children will see their incomes boosted by around a sizeable £2,000 a year” compared to those in England and Wales.<sup>1</sup> Our Cost of a Child in Scotland report<sup>2</sup> shows the investment in the Scottish child payment and other low-income benefits, free school meals, free bus travel, funded childcare and reducing the costs of the school day are all having a welcome impact. Analyses shows that child poverty in Scotland will start to fall significantly.<sup>3</sup> However, more needs to be done to meet legally binding child poverty targets introduced with the support of all Scotland’s political parties.<sup>4</sup> The **Scottish government’s own analysis<sup>5</sup> shows that the interim child poverty target may be missed, and that its current policy package is not sufficient to meet the 2030 target of less than 10% of children living in poverty by 2030.**

The First Minister committed to making “*shifting the dial*” “on child poverty a “*defining mission*” of his government<sup>6</sup> and to use “*all the powers we have to reach our targets of substantially reducing child poverty*”.<sup>7</sup> His first budget must match these words with the tax and spending decisions needed to deliver. Existing levels of investment are not enough. The 2024-25 budget must at the very least harness and allocate sufficient resources to fund the measures set out in the statutory child poverty delivery plan - Best Start, Bright Futures. These measures are vital to both lift families out of poverty and prevent families falling into poverty.

## Spending priorities

### The Scottish child payment

A key driver of child poverty continues to be inadequate social security.<sup>8</sup> The Scottish child payment is proving a vital investment. It is forecast to reduce child poverty in Scotland by around five percentage points – lifting up to 50 000 children out of poverty.<sup>9</sup> As a result of the payment there are families no longer relying on foodbanks, children able to join their friends in activities previously denied them and struggling parents whose financial worries have lessened, and mental health improved. Evaluation shows the extra money has been spent on nappies and other essentials, and it has helped parents travel to interviews, a new job, or college – opening up opportunities that have the potential to create long term routes out of poverty.<sup>10</sup>

The Scottish government is already required in law<sup>11</sup> to increase the payment (currently £25 per week) in line with inflation – raising the payment by around £1.68 a week. However, **the First Minister committed to increase the Scottish child payment to £30 a week in “his first budget if elected first minister”.**<sup>12</sup> Such an increase is supported by the Children and Young People’s Commissioner and over 150 other faith groups, trade unions, children’s charities and community organisations from across Scotland.<sup>13</sup> CPAG estimates **the additional cost of this increase would be around £58m<sup>14</sup>**, significantly less, for example, than the cost of funding the proposed council tax freeze which will largely benefit better off households.<sup>15</sup> This is the *minimum* extra investment that is needed to support lower income families and demonstrate the First Minister is genuinely ‘shifting the dial’ on child poverty. Analysis<sup>16</sup> suggests a payment of £40 per week will be needed to ensure child poverty levels fall below the 2023/24 interim target by 2024/25. **The Scottish government must increase the Scottish child payment to at least £30 per week from April 2024, as committed by the First Minister in his leadership campaign.** However, to be sure of bringing child poverty below the interim target level a £40 Scottish child payment is needed.

## The two-child limit

Families already at increased risk of poverty are being badly affected by UK wide social security policies - the two-child limit,<sup>17</sup> the benefit cap<sup>18</sup>, the bedroom tax and the young parent penalty.<sup>19</sup> The responsibility for these policies lies with Westminster and the UK government must abolish them at source. The Scottish government mitigation of the bedroom tax and benefit cap are extremely welcome.<sup>20</sup> With analysis now showing the two-child limit affects nearly 90 000 children in Scotland and pushes up to 15 000 of them into poverty it is necessary for the Scottish government to now address its impact. The young parent penalty also reduces the income of families at particular risk of poverty<sup>21</sup>. The most effective way to mitigate these policies in Scotland is through additional payments of the Scottish child payment to the families that are affected.<sup>22</sup> **The Scottish Budget should address the impact of the two-child limit and the under 25 penalty in universal credit through additional payments of the Scottish child payment.**

## Other cash payments

Other Social Security Scotland cash payments to low-income families - Best Start grants paid at key points in a child's life, and Best Start food payments - provide vital additional financial support. However, at present not all families in poverty are entitled to all these payments. We therefore welcome the extension of Best Start foods to all families entitled to universal credit in February 2024.<sup>23</sup> **The Scottish budget must provide sufficient investment in these payments, to, at the very least, ensure they retain their real terms value.** Legislation<sup>24</sup> should be amended to ensure they continue to retain their value in the future.

The ever-increasing complexity of social security, along with rising costs and insufficient wages, mean more people than ever are seeking advice from welfare rights services. Evidence from our advice line consistently highlights that many people cannot access their maximum social security entitlement without expert help and advice. We welcome the colocation of advice services, and effective referral pathways, that we are seeing in local authorities and health settings across Scotland.<sup>25</sup> However, we understand that there is a lack of capacity within advice services,<sup>26</sup> as well as difficulty recruiting new advisors. **The Scottish budget must provide sufficient investment to fund the expansion of income maximisation and advice services, including the training of new advisers.**

## Employment and childcare

**The level of paid work in a family is a key factor in providing protection from poverty.** In a family where one adult works full time and one part time, the risk of child poverty is 7%, compared to 40% where there is only part time employment.<sup>27</sup> **Yet more than two thirds of children in poverty live in working households.**<sup>28</sup> There is evidence that child poverty, gender and disability are linked. Analysis suggests that removing barriers to work for mothers and for parents affected by disability, and tackling the labour market inequality they face, is necessary to address child poverty.<sup>29</sup> The Scottish government's child poverty delivery plans committed to reducing the gender, ethnicity and disability pay and employment gaps. **The Scottish budget must allocate adequate resources to tackle the structural employment barriers and inequalities that these groups face.**

Lack of appropriate childcare, and the childcare costs families face, continue to lock children in poverty, despite significant improvements in funded childcare in Scotland in recent years. We welcome the commitments the Scottish government has already made,<sup>30</sup> including in the recent Programme for Government, and the recognition in the *Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022 to 2026*,<sup>31</sup> that tackling child poverty will require further investment in childcare. Government must now prioritise investment to ensure that the commitment (set out in the delivery plan) of a funded offer of early learning and childcare for children aged one

and two and a system of school age childcare are implemented. However, it needs to go further and ensure every parent can access the childcare they need, when they need it. A strategy with adequate funding must be put in place toward delivering on the vision for childcare in Scotland developed by CPAG, Close the Gap, One Parent Families Scotland, Parenting across Scotland, Save the Children and others.<sup>32</sup> In short, **the Scottish budget must fully fund the commitments in *Best Start, Bright Futures*, and go further to ensure every parent can access up to 50 hours childcare per week, when they need it.**

## Housing

Housing costs have an important impact on child poverty. In the period 2019 - 2022, before housing costs are taken into consideration 22% of children were living in poverty, after housing costs that figure rises to 24%.<sup>33</sup> This reflects the inadequacy of the incomes families have at their disposal once housing costs, over which they often have limited control, are taken into account. Good quality, affordable family housing is still too often difficult to access. Reduced support for housing costs within the UK social security system leaves many families with a shortfall which they must cover from other means, including benefits not meant for housing costs. This can leave families with little or nothing to live on, pushing them into deeper poverty. **The Scottish Budget must fund an adequate supply of affordable, secure, good quality family housing.**

## Costs of the school day

**Free school meals:** The cost of school meals continues to be a significant pressure on increasingly hard-pressed household budgets, particularly for those just above the means-tested threshold for free meals. Research shows universal provision is progressive and helps tackle inequality.<sup>34</sup> It is disappointing that the Scottish government's commitment to introduce free school meals to all primary school children by August 2022<sup>35</sup> has not been met. The Budget must allocate the resources needed to deliver as a matter of urgency. The same approach should be taken towards school meals in high schools. An immediate first step could be the extension of free school meals to all families in receipt of universal credit, or an equivalent means-tested benefit<sup>36</sup> as part of a roadmap towards universal provision. **The Scottish government must roll out free school meals to all primary school pupils and create a timetable for the introduction of universal free school meals in secondary schools.**

**School clothing grants:** Uniform is frequently cited by parents and carers as one of their most significant school costs. The national minimum<sup>37</sup> school clothing grant is welcome. The SNP manifesto committed to increase the minimum grant in line with inflation *each year*,<sup>38</sup> but this has not yet happened. In real terms the value of clothing grants has fallen over the past two years. Furthermore many struggling families' have incomes that are above the income thresholds used to define eligibility for the grants. These thresholds have also not increased in line with inflation. **The Scottish budget must fund the commitment to increase the minimum clothing grant in line with inflation, lifting them to at least £150 for primary school and £185 for high school pupils by summer 2024.**<sup>39</sup> Government must also work with local authorities to ensure that income thresholds used for school clothing grants increase *at a minimum* in line with inflation, as a step towards extending eligibility to all families in receipt of universal credit (or an equivalent benefits).

**Other costs of the school day:** The Scottish government has committed to 'ensure access to a device for every school aged child';<sup>40</sup> to 'support schools to provide inclusive trips and activities for all and ensure consistent practice across Scotland', and to 'ensure that schools and teachers are resourced to deliver [the Curriculum for Excellence]'.<sup>41</sup> With families continuing to face rising costs it is now more important than ever that costs of the school day are minimised. **The Scottish budget must ensure that local authorities and schools have sufficient resources to:**

- provide every child with a device and connectivity;
- ensure families do not face costs for curriculum related trips and activities;
- ensure all pupils are able to attend 'rite of passage' trips, such as P7 residential; and
- introduce minimum entitlement for all secondary pupils to attend at least one 'optional' trip during their time at school.

## Cash first support in a crisis – the Scottish welfare fund

Despite the Scottish government's welcome commitments to a cash first approach to supporting households in immediate crisis<sup>42</sup> too many families in Scotland continue to rely on emergency food aid or charity handouts.<sup>43</sup> For those in immediate crisis the Scottish welfare fund should be the key source of cash first support. The government's Scottish Welfare Fund Action Plan,<sup>44</sup> should, if fully implemented, address many of the concerns that have previously been identified in the administration and promotion of the fund. **The Scottish budget must now provide sufficient investment in the administration and promotion of the Scottish welfare fund to ensure those who need it can get the support they need, and it can play the fullest possible role in ending the need for foodbanks.**

Not everyone is able to access cash support via the Scottish welfare fund. The Scottish welfare fund is only able to help when someone has a crisis or has a need for 'occasional support',<sup>45</sup> whereas many people are in need of ongoing access to emergency food. Some families are also excluded from accessing the fund, such as those who have 'no recourse to public funds.' **The Budget must ensure local authorities receive sufficient funds and clear guidance must be developed to enable them to use local powers to provide payments to, for example, migrant families whose status limits their rights to social security benefits and who are at risk of destitution.**<sup>46</sup>

## Using tax powers to tackle child poverty.

Taxation policy needs to ensure sufficient resources are available to deliver on the Scottish government's priorities, legal child poverty commitments and human rights obligations. It should not be assumed current taxation policy will be sufficient. Scotland has wide ranging powers over taxation, the full scope of which are still to be explored. The Scottish government needs to review all devolved tax powers and identify how to make progressive use of those powers to fund the social infrastructure needed, not just to prevent more children being pushed into poverty, but to help end that poverty for good. **The Scottish government must commit to fundamental reform in the use of Scotland's tax powers. The scope of the reform should be bold and include, for example, opportunities to overhaul council tax and introduce Scotland specific taxes on wealth and inheritance.**

**Income tax:** The next year will be financially challenging for government,<sup>47</sup> but with prices and costs continuing to rise it will be even more challenging for low-income families. The Scottish government must ensure it has the additional revenues needed to invest in preventing child poverty. The changes made to income tax in Scotland to date have been progressive and provided welcome additional resources to help meet government priorities, including the reduction of child poverty. However, there is more that the Scottish government could do. Given the pressure on existing government resources, we, along with over fifty other organisations,<sup>48</sup> believe this budget must make further progressive changes to income tax. **We support the call to introduce a new and additional income tax band between the current higher and top rates. This would help generate the additional revenue needed to fully deliver action to meet child poverty commitments.**

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## Sources

- <sup>1</sup> The Institute for Fiscal Studies (2023) *Scottish Budget changes to tax and benefit system widen gap with rest of the UK, with higher taxes and more redistribution to poorer families*. Available at <https://ifs.org.uk/news/scottish-budget-changes-tax-and-benefit-system-widen-gap-rest-uk-higher-taxes-and-more>
- <sup>2</sup> See our Cost of Child in Scotland report commissioned by the Child Poverty Action Group (CPAG) in Scotland from the Centre for Research in Social Policy at Loughborough University. <https://cpag.org.uk/policy-and-campaigns/report/cost-child-scotland-2022-update>
- <sup>3</sup> For example, Fraser of Allander (2023) *Meeting the Scottish child poverty targets – is it a case of too little, too late?*. Available at <https://fraserofallander.org/meeting-the-scottish-child-poverty-targets-is-it-a-case-of-too-little-too-late/>
- <sup>4</sup> <https://data.gov.scot/poverty/2022/cpupdate.html>
- <sup>5</sup> <https://www.gov.scot/publications/annex-b-cumulative-impact-assessment-update/>
- <sup>6</sup> <https://www.gov.scot/publications/cross-party-anti-poverty-summit-first-ministers-opening-remarks-3-2023/>
- <sup>7</sup> <https://www.gov.scot/publications/equality-opportunity-community-new-leadership-fresh-start/>
- <sup>8</sup> <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/pages/4/>
- <sup>9</sup> <https://www.gov.scot/news/scottish-child-payment-increased/> and <https://www.gov.scot/publications/annex-b-cumulative-impact-assessment-update/>
- <sup>10</sup> <https://www.gov.scot/publications/interim-evaluation-scottish-child-payment/pages/1/>
- <sup>11</sup> <https://www.legislation.gov.uk/asp/2018/9/section/86B>
- <sup>12</sup> “Yousaf has previously announced he would look to increase the payment, but says he would push it to £30 per week from £25 in his first budget if elected first minister.” <https://www.theguardian.com/politics/live/2023/mar/07/snp-leadership-debate-live-hamza-yousaf-kate-forbes-and-ash-regan-to-set-out-visions-for-scotland> and <https://twitter.com/CPAGScotland/status/1633482352193052673>
- <sup>13</sup> [https://endchildpoverty.org.uk/letter\\_to\\_first\\_minister/](https://endchildpoverty.org.uk/letter_to_first_minister/)
- <sup>14</sup> based on IPPR analysis showing that if the £100m was spent on SCP it would add another £5.70 to the payment (ie take it to £30.70) <https://www.ippr.org/blog/freezing-council-tax-will-make-virtually-no-difference-to-households-in-poverty>. To reach £30 only requires an additional £3.33 on top of the £1.67 already required to uprate in line with inflation – requiring an investment of around £58 million.
- <sup>15</sup> <https://www.ippr.org/blog/freezing-council-tax-will-make-virtually-no-difference-to-households-in-poverty>
- <sup>16</sup> Institute for Public Policy Research (2023). Poverty doesn’t have to be inevitable – it needs political will and investment to eradicate. Available at: <https://www.ippr.org/blog/poverty-doesn-t-have-to-be-inevitable-it-needs-political-will-and-investment-to-eradicate>
- <sup>17</sup> The two-child limit is a UK government policy that prevents families in receipt of universal credit (UC) or child tax credits (CTC) from getting a child element for a third or subsequent child born after 6th April 2017, unless one of a small number of exceptions applies. Over 80 000 children in Scotland are adversely impacted by this policy. See <https://cpag.org.uk/topic/two-child-limit> for more details.
- <sup>18</sup> The cap limits the amount of social security support that households with no work or low earnings can receive and overrides the amount that the DWP assesses a family to need. The cap is the same for a family of two as a family of five, meaning that households with children who rent their homes and therefore have higher costs are affected most deeply by the flat-rate of the cap. See <https://cpag.org.uk/topic/benefit-cap> for more detail.
- <sup>19</sup> All people aged under 25 receive substantially less on UC than those over 25. Unlike in the legacy benefit system, UC extends this penalty to younger parents. This makes single younger parents £70 a month worse off and couple parents £110 a month worse off than on legacy benefits.
- <sup>20</sup> The Scottish government provides funding through discretionary housing payments to mitigate the effects of the bedroom tax and the benefit cap. See <https://cpag.org.uk/scotland/welfare-rights/scottish-benefits/discretionary-housing-payments-scotland> for more details.
- <sup>21</sup> <https://opfs.org.uk/policy-and-campaigns/campaigns/end-young-parent-poverty/>
- <sup>22</sup> CPAG and OPFS held round tables with stakeholders, government officials and experts to discuss the most effective way of mitigating the two-child limit and young parent penalty, concluding Scottish child payment was the most effective method.

<sup>23</sup> At present, parents over 18 can only get Best Start foods if they get a qualifying benefit *and* their income is below a certain level. See <https://www.mygov.scot/best-start-grant-best-start-foods/best-start-apply> for full details. The Scottish government has committed to removing income thresholds.

<sup>24</sup> Social Security (Scotland) Act 2018 could be amended to include Best Start grants under Sec 86B, this would require Scottish Ministers to uprate Best Start grants in line with inflation. If the legislative footing of Best Start Foods is changed they too can be include in Sec 86B.

<sup>25</sup> For example, see reports from the Improvement service *Embedding Access to Money and Welfare Rights Advice in Education Settings*, available from: <https://sway.office.com/TJRjaKUWAHmT0aBP?ref=email&loc=play> and *Child Poverty and the Cost of Living*, available from [https://www.improvementservice.org.uk/\\_data/assets/pdf\\_file/0014/40523/child-poverty-cost-of-living-briefing.pdf](https://www.improvementservice.org.uk/_data/assets/pdf_file/0014/40523/child-poverty-cost-of-living-briefing.pdf)

<sup>26</sup> See, for example, NHS GG&C *Tackling Child Poverty Delivery Plan - Universal Pathway Money Advice Directive*

<sup>27</sup> Scottish Government, [Additional child poverty analysis 2020](#) Table 6a (2020)

<sup>28</sup> Scottish Government, *Poverty and Income Inequality in Scotland 2019-22*, (2023). Available at <https://data.gov.scot/poverty/index.html#children>

<sup>29</sup> JRF, (2018), *Poverty in Scotland 2018* available from <https://www.jrf.org.uk/report/poverty-scotland-2018>

<sup>30</sup> Further investment in childcare through, for example, the funding 1140 hours of childcare for all pre-school children from the age of three and additional investment in funding childcare provision for some families for two year olds.

<sup>31</sup> *Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026*, Scottish government, 2022, available from <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/>

<sup>32</sup> <https://cpag.org.uk/news-blogs/news-listings/vision-childcare-helps-end-child-poverty-scotland>

<sup>33</sup> Scottish Government *Poverty and Income Inequality in Scotland 2019-22* (2023). Available at <https://data.gov.scot/poverty/#Children>

<sup>34</sup> For example C.J. Morelli and P.T. Seaman (2022), *Understanding Society: Poverty, Wealth and Inequality in the UK*, London: Routledge also see C.J. Morelli and P. Seaman, 2010, *Devolution as a policy crucible: the case of universal free school meals*, *Poverty & Public Policy*, Vol. 2: Iss. 1, pp.139-61, DOI: 10.2202/1944-2858.1032 <http://www.psocommons.org/ppp/vol2/iss1/art7/> also see C. J. Morelli, G. Mooney and P. Seaman 2012, 'Moving 'Upstream'? The Case for Universalism and Redistribution in Tackling Poverty and Inequality in the Devolved Scotland', in M. Leith, I. McPhee and T. Laxton, (ed.s), *Scottish Devolution and Social Policy - Evidence from the First Decade*, (Cambridge). ISBN 978-1-4438-3790-3

<sup>35</sup> Scottish government news release *Budget deal secured, new initiatives on free school meals, pay and the environment* (2021). Available at <https://www.gov.scot/news/budget-deal-secured/>

<sup>36</sup> The benefits of extending entitlement beyond the current entitlement are explored in our free school meals policy paper available from <https://cpag.org.uk/policy-and-campaigns/briefing/free-school-meals-policy-paper>

<sup>37</sup> Currently £120 for primary school children and £150 for secondary school children

<sup>38</sup> Scottish National Party (2021) *Scotland's Future. SNP Manifesto 2021. "If re-elected we will review the real cost of school uniforms for less well-off families, increasing the grant to at least £120 in primary school and £150 in secondary school and ensure it increases each year with inflation."* p61

[https://issuu.com/hinksbrandwise/docs/04\\_15\\_snp\\_manifesto\\_2021\\_a4\\_document?mode=window](https://issuu.com/hinksbrandwise/docs/04_15_snp_manifesto_2021_a4_document?mode=window)

<sup>39</sup> Using average inflation forecasts this is the level needed to maintain the grants real terms value in 2024/25.

<sup>40</sup> *Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026*, Scottish government, 2022, Pg 14 available from <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/>

<sup>41</sup> <https://www.gov.scot/publications/scottish-government-and-scottish-green-party-shared-policy-programme/>

<sup>42</sup> See, for example, <https://www.gov.scot/publications/cash-first-towards-ending-need-food-banks-scotland/pages/1/>

<sup>43</sup><sup>43</sup> <https://www.trusselltrust.org/wp-content/uploads/sites/2/2023/06/2023-Hunger-in-Scotland-report-AW-web.pdf>

<sup>44</sup><sup>44</sup> <https://www.gov.scot/publications/scottish-welfare-fund-action-plan/pages/1/>

<sup>45</sup><sup>45</sup> <https://www.gov.scot/publications/scottish-welfare-fund-action-plan/pages/1/>

<sup>46</sup> e.g. people whose immigration status mean that they have no recourse to public funds or EU nationals who have no 'right to reside' or settled status and therefore cannot access social security.

<sup>47</sup> <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-may-2023/>

<sup>48</sup> <https://oxfamapps.org/scotland/2023/09/13/fair-tax-changes-in-scotland-could-boost-spending-on-key-national-priorities-by-hundreds-of-millions-per-year-say-campaigners/>