CPAG in Scotland's Pre-Scottish Budget Briefing

November 2026

Summary:

- **One in five children in Scotland are currently growing up in poverty.** Poverty robs children of opportunities and life chances and is harmful to Scotland's economy and future prosperity.
- **The Scottish Parliament is committed to reducing child poverty to under 10% in the lifetime of this Parliament.** The 2027/28 Scottish Budget is a vital opportunity to accelerate progress towards this target.
- **Policy choices in Scotland have already shown that change is possible.** Child poverty has fallen in Scotland while reaching historically high levels across the UK. The Scottish child payment has been central to this progress.
- **Social security provides families, both in and out of work, with the foundation to thrive.** This investment is highly beneficial for a variety of educational, health and economic measures.
- **Eradicating child poverty will require action across government including on social security, employment, childcare and housing.** Strengthening social security for families is the single most effective action that the Scottish Government can take to reduce child poverty in this Budget.
- **Some low-income families are currently missing out on Scottish child payment.** This includes families in temporary accommodation whose housing costs are covered by housing benefit, which is not a qualifying benefit for Scottish child payment. The Social Security (Amendment) (Scotland) Act 2025 now gives the Scottish Government the power to address this.

Recommendations:

- **Provide an above-inflation increase to the Scottish child payment.** By law Scottish child payment must increase in line with inflation. However increasing the payment to £40 per week for all eligible children, not just infants as planned, would lift 15,000 children further out of poverty at a cost of £190 million.
- **Provide additional cost-of-living support this winter through targeted support for families with children.** Scottish child payment is an effective and tested mechanism for reaching low-income families and reflects household size.
- **Strengthen Scottish social security.** Ensure sufficient resources to commence the remaining provisions of the Social Security (Amendment) (Scotland) Act 2025. This is a vital step towards closing gaps in eligibility for Scottish child payment and improving redetermination and appeals processes. This should be accompanied by investment in income maximisation services to help families access their full entitlements.
- **Make ending child poverty a priority across government spending.** Prioritise investment in the policies that are essential to reduce child poverty. These include funded childcare, affordable family housing, action to tackle low pay and insecure work and the extension of free school meals to secondary pupils in families receiving Scottish child payment.

"The reality dawns on me when I struggle to pay for my family daily need like food, electricity with the increasing high tariff especially during this winter season when we need to heat up our home more. Financial instability threatens the very foundations of my capacity as a mum to look after myself and my family. I feel poor and vulnerable when I cannot meet my basic family needs. It reduces my self esteem, and negatively impacts my mental health." **(Nicky, Parent, Changing Realities, 2026.)**

Introduction

One in five children in Scotland are currently growing up in poverty.[1] Behind that statistic are families who are skipping meals, rationing heating and watching their children go without the basics their peers take for granted.

Investing in children is not only the right thing to do, but also one of the most cost-effective investments government can make. Evidence shows that reducing child poverty leads to a healthier, better-educated population and a stronger future workforce[2] - all things that will work to lower demand on public services in the future. Failing to further invest in children also has a cost. CPAG analysis puts the price of child poverty to the public purse at up to £40 billion a year across the UK. [3]

Policy choices in Scotland have shown that child poverty is not inevitable. The latest official statistics show the proportion of children in poverty in Scotland fell from 25% between 2020-23 to 21% in 2022-25, a substantive four percentage point reduction. In the UK as a whole, 28% of children were living in poverty across the same period.[4] The introduction of Scottish child payment has been central to this progress. CPAG has also welcomed action across government such as the expansion of free school meals and funded childcare.

However, current policies do not go nearly far enough. The Scottish Parliament is committed to reducing child poverty to under 10%, as outlined in the Child Poverty (Scotland) Act 2017. Further progress will require investment across government including in social security, childcare, housing and employment. While all these areas are important, progress can only be achieved and sustained when underpinned by a strong social security system to support families during the time-limited stage of their lives when costs are highest and barriers to work are the greatest.

Scottish child payment remains the single most effective tool available to the Scottish Government to increase family incomes and reduce child poverty.[5] The payment can and must go further to support struggling families, both in and out of work, including those who are currently missing out. This Budget is a crucial opportunity to build on progress made and deliver change that will give all children in Scotland the childhood they deserve.

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[1] Scottish Government, Poverty and Income Inequality in Scotland 2022-25, 2026.
[2] M Bailey and others, 'Is the social safety net a long-term investment? Large-scale evidence from the food stamps program', Review of Economic Studies, 91(3), 2024, pp1291-1330.
[3] D Hirsch, The cost of child poverty in 2023, CPAG, 2023
[4] See previous note.
[5] Modelling from the Fraser of Allander concludes that, in meeting the child poverty targets, increases to the Scottish child payment are the 'most effective tool available' to the Scottish Government. Fraser of Allender, Meeting Scotland's Child Poverty Targets: Modelling and Policy Packages, 2025.

"Financial insecurity makes me feel anxious all the time. I'm always calculating in my head if we'll make it to payday. It gives me headaches, poor sleep, and sometimes I feel really down and ashamed. On the other hand, if I felt calmer, I could have enjoyed time with my kids more without the stress and worry of finances." **(Marty, Parent, Changing Realities, 2026)**

Why investing in social security is vital

Reducing child poverty and improving the lives of families

The Scottish child payment alone is estimated to keep 50,000 children out of relative poverty in 2026-27, reducing child poverty by five percentage points. While social security is not the only policy intervention required to tackle child poverty, it is the most immediate, direct and cost-effective way for the Scottish Government to do so. Independent modelling has shown that Scottish child payment is the 'most effective tool available'. Meeting child poverty targets will not be possible without further investment in the payment.

Scottish child payment is already having a significant impact on children and families' lives. Research from the London School of Economics (LSE) and the universities of York and Glasgow has found 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.[6] Through qualitative interviews the research found that families used the payment in a way that directly supported children's wellbeing, including covering essential costs like food, clothing and heating.[7]

"[Scottish child payment] relieved some of the tension, knowing that, like, what [my son] needs at that point is covered... even the price of formula has gone up so much." **(Pixie, parent with two children aged 3 and 1.5 years, Family Finances, 2026)**

"[Scottish child payment] stops my worrying [it] gives us that little extra top up if we need food... nappies and wipes, and like gas and electric." **(Kay, young parent with a baby, Family Finances, 2026)**

Economic benefits for Scotland

Child poverty has a damaging impact on Scotland's economy, notwithstanding the human cost paid by children themselves.[8] In Scotland alone the Institute for Public Policy Research (IPPR) have estimated around £2.3 billion of health boards' budgets are directed at responding to the impacts of poverty.[9]

Increased social security leads to healthier, better-developed children who achieve more at school.[10] CPAG in Scotland's Big Question survey of over 5,000 children and young people across Scotland, saw young people reporting that basic needs at home like comfort, warmth, clothing and food must be met before they can feel ready to turn up to school and engage in learning.[11]

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[6] Family Finances, Policy Briefing: What difference does the Scottish Child Payment make?, 2026.
[7] See previous note.
[8] D Hirsch, The cost of child poverty in 2023, CPAG, 2023
[9] IPPR, Save the Children and JRF, Tipping the Scales, 2023.
[10] The strongest predictor of how well a child will do at school is family income. The correlation is four times stronger than the link between outcomes and place. Institute for Fiscal Studies, Education inequalities, 2022.
[11] Child Poverty Action Group in Scotland, The Cost of the School Day Big Question Report: Children and Young People's Views on Food, School Trips and Readiness to Learn, 2024.

> ***"Having a good sleep without worrying about food or money. Feeling ready to learn without worrying."*** **(Secondary pupil on what's important to feel ready to learn, Cost of the School Day Voice Network, 2024)**

16 per cent of all 11–18-year-olds in the UK say that they have missed school at least once because they didn't have something they needed to attend. This number increases significantly among children who qualify for means-tested free school meals, with more than one in four (26 per cent) saying this has been the case.[12]

Child poverty harms children's health now and increases the risk of poorer health outcomes later in life.[13] This not only damages children's wellbeing and opportunities, but also increases pressure on Scotland's health services and public finances. A survey of paediatricians conducted by Child Poverty Action Group (CPAG) and the Royal College of Paediatrics and Child Health (RCPCH) highlights how children across the UK are experiencing more severe health issues due to poverty, further straining the health system.[14]

The improved childhood outcomes that result from investment in social security persist into adulthood, meaning a healthier and more productive workforce.[15] As has been illustrated by Scottish Government modelling, investing in devolved social security in Scotland now, can lead to long-term economic benefits in the future through lower demand for public services, higher productivity and increased labour market participation.[16]

Policy recommendations

Provide an above-inflation increase to the Scottish child payment

CPAG modelling estimates that increasing the Scottish child payment to £40 per child would lift 15,000 children further out of poverty at a cost of £190 million. This should be the first step towards increasing the payment to £55 per child by the end of this Parliament, an action supported by all members of the End Child Poverty coalition. This action would not only further lift children out of poverty, but also reduce the depth of poverty for many more, while strengthening the protective buffer for families living just above the poverty line.

> ***"The cost of living and income has a huge gap now, my rent has increased around 10% every year, whereas my income stays quite the same. I do worry about the balance of income and expenditure a lot as the gap is getting bigger with every day. Before, things such as social clubs etc. were affordable as well, whereas now it's a tough decision to make."*** **(Arjan, Parent, Changing Realities, 2026)**

Provide additional cost-of-living support this winter through targeted support for families with children

The UK Government's announcement of a £100 Household Energy Payment is a blunt form of support that takes no account of family size, income or energy need. The Scottish Government must deliver a cost-of-living response that better aligns with its child poverty ambitions and meets the needs of low-income

[12] Child Poverty Action Group, Priced out of school: how lack of money prevents young people from attending school, 2025.
[13] Scottish Government, Health outcomes of experiencing poverty in the early years: evidence review, 2025.
[14] CPAG, More children ill from poverty, 2025.
[15] H Hoynes, DW Schanzenbach and D Almond, 'Long-run impacts of childhood access to the safety net', American Economic Review, 106(4), 2016, pp903-934.
[16] Scottish Government, Economic impact of spending on social security: technical note, 2024.

families with children. The Scottish child payment is an effective and tested mechanism for reaching low-income families and reflects household size.

> ***"I feel really worried about the winter coming up and how I'm going to keep my house. I amounted quite a lot of debt last year and this year and I've got quite a lot of arrears on my account. And for me, switching it on is just mounting up my debt even further. And it is getting really cold here. I mean I'm in Edinburgh and its starting to get real cold really quickly. And I've got a three-year-old and the flat I'm in is quite an old flat so it's not very well insulated and it's very cold and I do worry…"*** **(Effie, Parent, Changing Realities, 2025)**

Strengthen Scottish social security

Some low-income families are excluded from Scottish child payment. Addressing gaps in eligibility is important to ensure Scotland's social security system reaches all families it is intended to support. While changes to eligibility cannot be delivered through the Budget itself, they should be taken forward through future social security policy development.

CPAG's *Strengthening Scottish Social Security* project identified a number of gaps in eligibility and made recommendations to address them. One group affected is families living in temporary accommodation, whose housing costs are met through housing benefit. Unlike universal credit, housing benefit is not a qualifying benefit for Scottish child payment, meaning some low-income families miss out on support. The passing of the Scottish Social Security (Amendment) Act 2025, now gives the Scottish Government the power to change this. Alongside other organisations[17], CPAG are calling for the Scottish Government to make housing benefit a qualifying benefit for Scottish child payment to stop these families from missing out. This would benefit around 3,700 children at a cost of £5 million.

> ***"[As a student in temporary accommodation] because I wasn't eligible for universal credit, I was told I couldn't access the Scottish child payment. So we had to live within the means that we had. We managed to survive. We relied quite a lot on food banks to sustain ourselves. [I've] finished my studies now and I have a job lined up. [Eligibility for SCP] should be looked at…. That way nobody is left behind."*** **(Mary, Parent, Scottish Social Security Project, 2025).**

The Act also allows the redetermination and appeals processes to be improved. Some clients currently wait over a year for an appeal hearing about their social security entitlements, and the number of appeals progressing to tribunal is putting pressure on Social Security Scotland and the Scottish Courts and Tribunals Service.

This Budget must ensure the Scottish Government and Social Security Scotland have sufficient capacity to carry out the work needed to commence the remaining provisions of the Social Security (Amendment) (Scotland) Act 2025 and lay regulations to address gaps in eligibility for Scottish child payment, and improve redetermination and appeals processes. Doing so will contribute to public service reform by improving efficiency in Scottish social security for claimants, Social Security Scotland and the Scottish Courts and Tribunals Service.

[17] CPAG, Shelter Scotlsn, Citizens Advice Scotland and the Children and Young People's Commissioner Scotland, Stop families in temporary accommodation missing out on Scottish child payment, 2026.

Make ending child poverty a priority across government tax and spending choices

In this Budget, the Scottish Government should prioritise investment in the wider policies that are essential to reduce child poverty. This must include:

Sufficiently funding the current and planned expansion of funded early learning and childcare

Scotland has led the way by introducing 1,140 hours of funded childcare for all three- and four-year-olds regardless of parental employment status, and commitments to expand childcare provision from nine months through to the end of primary school, alongside breakfast clubs, are welcome. However, significant gaps in affordable and flexible childcare remain, particularly for families with older children, disabled children, and parents working irregular hours.[18] This Budget should provide funding for the capacity needed to deliver both the existing and planned expansion of the childcare offer, ensuring childcare can make the fullest possible contribution to reducing child poverty.

Further investing in affordable housing for families

Housing costs have an important impact on levels of child poverty. In the period 2022-25, housing costs were responsible for pushing a further 30,000 children into poverty.[19] This Budget must provide further investment to the Affordable Housing Supply Programme (AHSP) to ensure all children live in safe, secure and affordable homes.[20]

Making work a stronger route out of poverty for families

Paid work plays a key role in protecting families from poverty, but employment alone is not always enough, with 75% of children in poverty now living in working households.[21] Further action is needed to tackle low pay, insecure work and labour market inequalities for parents (especially for mothers and disabled parents). The upcoming Budget should support a gendered and child-poverty-focused approach to labour market policy, using available levers to drive improvements in the quality of work, including addressing low pay, particularly in female-dominated sectors such as social care and childcare.

Extending free school meals to all secondary pupils in families receiving Scottish child payment

Evidence from children and young people through our Cost of the School Day project shows that poverty is still affecting children and young people's readiness to learn.[22] In their Manifesto ahead of the 2026 election, thousands of young pupils across Scotland set out what the government should do to ensure everyone has the same chances at school - including funding universal free school meals.[23] CPAG, alongside NASUWT – the teachers union - are calling on this Budget to make expansion permanent by extending free school meals to all secondary children in families receiving Scottish child payment. This would match provision in England, where all young people in households claiming universal credit are now eligible.

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[18] See: SWBG, From Policy Ambition to Implementation: A Gender Budget Review of the Expansion of Early Learning and Childcare in Scotland, 2026, and SWBG, Childcare Survey, 2023.

[19] Before housing costs are taken into consideration,180,000 children were living in poverty, after housing costs were taken into account that figure rises to 210,000. Scottish government, Poverty and Income Inequality in Scotland 2022-2025, March 2026.

[20] See: Shelter Scotland, Building Hope: A Routemap, 2026.

[21] In a family where all the adults in the house work full time, the risk of child poverty is only 7%, compared to 33% where one adult is in full time work but the other is not. Scottish Government, table 23a, three year average estimates Poverty and Income Inequality in Scotland 2022-2025, March 2026.

[22] CPAG, Cost of the School Day Big Question report and film, 2024.

[23] To find out more about what children and young people are calling for in this Parliament, see: CPAG, School Shouldn't Cost – the young people's poverty and education manifesto, 2025.

Using Scotland's tax powers to ensure the nation's income and wealth is harnessed to fund the social security and public service infrastructure needed to end child poverty

Budget pressures and long-term fiscal sustainability pose a real challenge to the Scottish Government. In this context it is vital that public sector reform, tax and spending decisions all contribute to reducing child poverty, and to reducing the long-term costs that poverty imposes on our public services and economy. Along with other members of Tax Justice Scotland, CPAG welcomes the important steps taken by the Scottish Government towards a fairer income tax system in recent years and the commitment to include replacement of council tax with a more progressive model as part of local government reorganisation. Rapid and decisive action is needed to meet the country's ambitions.[24]

Conclusion

Scotland has shown that child poverty is not inevitable. Policy choices, particularly through Scottish child payment, have helped drive down child poverty, but progress is not going far or fast enough. This Budget should provide an above-inflation increase to the Scottish child payment, targeted cost-of-living support and strengthen the social security system so that all eligible families receive their full entitlements. It must also prioritise the wider action needed to end child poverty, including investment in childcare, affordable housing, fair and secure work, and free school meals. Together, these measures would improve children's wellbeing and life chances now, while strengthening Scotland's economy and reducing pressure on public services. This Budget is a crucial opportunity, that must not be missed, to build on progress made and deliver change to ensure every child in Scotland has the opportunity to thrive.

About CPAG in Scotland

CPAG in Scotland works on behalf of the one in five children in Scotland growing up in poverty. We collect evidence from families living in poverty and campaign for solutions to bring about a society where children have a fair chance in life free from hardship. We provide training, advice and information on social security to frontline workers to make sure families get the financial support they need.

For more information contact Maria Marshall, Policy Officer, CPAG: mmarshall@cpagscotland.org.uk.

[24] CPAG in Scotland supports the Tax Justice Scotland coalition. For more information see: Tax Justice Scotland, Choosing a fairer future for all, 2024.