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13 January 2026

Dear Convener,

Thank you for providing the Social Justice and Social Security Committee's 2026-27 Pre-Budget report on future social security spending in Scotland, and for the opportunity to reply to it. I have attached a detailed annex to this letter responding directly to the points the report makes.

I am keen as well to draw to your and the Committee's attention a number of overarching points about our investment in Social Security Assistance which, as the Cabinet Secretary for Finance and Local Government set out in this afternoon's Budget statement, will rise in 2026-27 to a total of £7.2 billion, an increase of £0.6 billion compared to 2025-26.

This investment will ensure that around 2 million people in Scotland will continue to benefit from our radically different benefits system with, for example, the families of around 330,000 children set to receive the Scottish Child Payment.

This investment is of course fully funded for 2026-27, as it has been for each year since the highly successful roll-out of our Scottish social security benefits began in 2018, thanks to the careful and meticulous work we do each year to balance our budget.

The Committee's pre-budget scrutiny was underpinned by the Scottish Fiscal Commission's forecasts of 25 June 2025, which included the impact of the substantial disability benefit spending cuts announced by the UK Government in its Spring Statement of 26 March 2025.

The updated SFC forecasts published today therefore reflect a number of key changes – the most notable of which is the UK Government's welcome but belated reversal of its unacceptable cuts to disability benefits which was announced on 3 July 2025.

As a result, the latest SFC forecasts show that for 2026-27 the cost to the Scottish Government of maintaining our investment in Scotland's social security system (i.e. the difference between the Social Security Assistance budget and the funding received through the Social Security

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Block Grant Adjustments) falls from £1,353 million, as set out in the Medium-Term Financial Strategy in June 2025, to £905 million.

This pattern is repeated during the forecast period and by 2029-30 we see the funding from our own resources reduces from £1,823 million to £1,001 million, which is 45 per cent less than was forecast in June 2025.

Clearly, these updated forecasts provide important new material for the Committee's Budget scrutiny and indicate a clear reduction in the additional amount that the Scottish Government needs to invest in Social Security Assistance over and above the BGAs received to maintain a system which operates to a different set of principles from that of the rest of the UK.

In terms of the BGAs, the Committee will also wish to note that the funding we expect to receive through the Social Security BGAs now covers more than 87% of the forecast expenditure for 2026-27, an increase of 5 percentage points compared to what was set out in the MTFs in June 2025. This figure increases to 88% for 2027-28 onwards and is forecast to reach 89% in 2030-31.

To put this in further context, the proportion of the overall resource budget which the Scottish Government has chosen to invest in Scotland's social security system compared to England and Wales will be around 1.7% in 2026-27 and over the forecast period to 2029-30. Compared to the position set out in the Medium-Term Financial Strategy in June 2025, this a reduction of 0.8 percentage points in 2026-27 and 1.4 percentage points by 2029-30.

In considering the wider detail of the report, I am pleased to see the Committee's recognition that "it is crucial that social security spend supports those who need it", as well as feedback from a wide range stakeholders on the importance of our conscious policy choices to invest in a social security safety net from which all of us may, at any point in our lives, need assistance.

I am pleased as well to highlight the Cabinet Secretary for Finance and Local Government's announcement this afternoon that as part of our unwavering commitment to eradicating child poverty we will introduce an additional payment for children under 1 who are eligible for the Scottish Child Payment.

Subject to consultation and Parliamentary approval our intention is for these additional payments to commence in 2027-28, bringing the total Scottish Child Payment amount to £40 a week for children under 1, with the SFC estimating that families of around 12,000 children will receive this increased support.

In addition, as the First Minister set out last week, in light of the UK Government's welcome but delayed decision to scrap the two-child limit we are fully reinvesting £10 million originally allocated this financial year to mitigating this pernicious policy in a package of other initiatives to tackle child poverty in line with the commitments given on this issue by the First Minister and myself.

This import and wide-ranging new package includes £5.46 million of additional funding for the Scottish Welfare Fund this financial year, as well as an additional £1.5 million for Children First and £0.55 million for Aberlour Children's Charity to provide extra emergency support to families in crisis.

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The package also includes £1.5 million for the Corra Foundation to distribute additional emergency funds via local organisations and a further £1 million will support various strands of our national Child Poverty Delivery Plan, including parental employability schemes, funding to support women back into the workforce and targeted support for households experiencing homelessness.

Meanwhile, as I set out when appearing before the Committee on 18 September 2025, the importance of value for money for our investment in benefits is clearly documented in the unanimously approved 2018 Social Security Act and is further underlined in our social security charter as part of our clear strategy and plan to ensure the public finances are on a sustainable path, including through the actions set out in the MTFs and in the Fiscal Sustainability Delivery Plan.

I thank you again for the Committee's detailed and important scrutiny and I welcome the opportunity to appear before you next month to discuss these matters further.

SHIRLEY-ANNE SOMERVILLE

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

LIST OF CONCLUSIONS AND RECOMMENDATIONS – FOR RESPONSE

Part 1: Scottish Government's resource budget, Medium Term Financial Strategy (MTFS) and Fiscal Sustainability Delivery Plan (FSDP)

Effectiveness of FSDP:

Paragraph 36: There is clearly uncertainty regarding whether actions set out in the Fiscal Sustainability Delivery Plan (FSDP) will be enough to balance the budget. The Committee would therefore like more information on choices the Scottish Government intends to make across the resource budget as a whole in order to fund its programme of devolved social security.

SG RESPONSE

The MTFS and FSDP provide the context and set the framework for the 2026-27 Scottish Budget and Scottish Spending Review. The Budget announced by the Cabinet Secretary for Finance and Local Government today set out significant detail on how the budget is being balanced and the continuation of social security as fully-funded. Meanwhile, the Scottish Spending Review sets out multi-year funding envelopes to effectively and efficiently deliver the core priorities of this Government, underpinned by our commitment to fiscal sustainability. This reflects the prioritisation decisions taken by Scottish Ministers to ensure a balanced budget and sustainable public finances going forward.

Paragraph 37: The IFS also noted that the Scottish Government carried over significant funds from 2024-25 into this financial year, and questioned whether this will be possible as the years go on and budgetary pressures increase. The Committee asks the Scottish Government for its position on this, and whether it believes its planned investment in social security will be affected.

SG RESPONSE

The current fiscal and economic environment poses considerable challenges to Scotland's public finances and will likely remain so into the foreseeable future. This is why the Scottish Government remains committed to ensuring the sustainability of the Scottish public finances. The 2025 MTFS and its accompanying FSDP reinforce this commitment and provide the context and framework for the 2026-27 Scottish Budget and Scottish Spending Review, as announced today.

Given the constraints within which the Scottish Government operates there will inevitably continue to be some management of funding across financial years through the Scotland Reserve. Any use of the Scotland Reserve is not expected to impact on planned investment in Social Security.

Spend on devolved social security in 2026-27:

Paragraph 38: We note that were the two-child benefit cap to be removed at UK level, this could save the Scottish Government £11m this year and £155m next year, compared with the cost of mitigation. The Cabinet Secretary and First Minister have confirmed that the budget for this would be invested in other anti-poverty measures. Given the Scottish Government's payment is due to

start in March 2026, the Committee would welcome further detail on how this money will be spent if it is not being used to mitigate the two-child benefit cap.
SG RESPONSE

The UK Government's decision to scrap the punitive two-child limit comes after sustained, concerted pressure from the Scottish Government and charities across the UK. While their decision was a delayed one, it is one that the Scottish Government welcomes and we have set out how we will reinvest the funding made available.

On 8 January, the First Minister announced plans to reinvest funding previously committed to the Two Child Limit Payment in 2025-26, with the majority of funding split between charities and government programmes that provide emergency financial support. This includes providing nearly £5.5 million of additional funding to the Scottish Welfare Fund, over £3.5 million to Children First, Aberlour and the Corra Foundation to provide extra emergency support to families, and a further £1 million in wider support for families.

The Scottish Budget 2026-27 and Scottish Spending Review, published earlier today, set out our plans for reinvestment of funding from 2026-27 onward. In addition to continuing to uprate the Scottish Child Payment in line with inflation, this includes a commitment to development the systems and legislation needed to introduce a Scottish Child Payment premium for children under the age of 1 in 2027-28 to increase support to £40 per child. We will also put in place a new annual £50 million package of Whole Family Support, to help break the cycle of poverty; and have, and supercharged investment in our Tackling Child Poverty Fund – increasing investment to £61.5 million in 2026-27. Detail of the measures to be supported by this investment will be set out in our Tackling Child Poverty Delivery Plan, to be published by the end of March.

As you will note, the Scottish Fiscal Commission have provided revised estimates of spend associated with the Two Child Limit Payment, which have been published alongside the Scottish Budget 2026-27. These forecasts have informed our reinvestment plans outlined above.

Part 2: Forecast growth in devolved social security spend

Cash payments versus public service provision:

Paragraph 61: The effectiveness of cash payments versus public service provision should be evaluated to inform future policy. This should include consideration of long-term trends on the impact of the different measures assessed. The impact of the actions in the Scottish Government's Best Start Bright Futures strategy to address child poverty should be evaluated prior to the updated plan being published in March 2026.

SG RESPONSE

Evidence accumulated over the course of the first two Tackling Child Poverty Delivery Plans has shown us that there is no single policy solution to maintain a credible path to the 2030 Statutory Targets. Instead, a combination of short-term and long-term measures across all three drivers of poverty are needed to ensure

sustainable decreases in child poverty rates. As set out in *Best Start, Bright Futures*, action on the drivers of poverty reduction also needs to be balanced with a focus on improving the wider wellbeing of families and supporting children to thrive. Further detail on the drivers of poverty reduction can be found in the [Child Poverty Evaluation Strategy](#), published in March 2022.

As part of the development of the third Plan, we agree that thorough analysis is needed to ensure that policies consider a balanced approach to supporting routes out of poverty. This would include a combination of cash payments as well as public service provisions. In addition to the Scottish Government making those cash payments through social security, we also seek to increase take-up through our funding to support free income maximisation and welfare advice services.

Analysis allows us to look at both the individual impact of a certain policy, as well as the cumulative impact of a package of policies as a whole. However, not all child poverty policies can be quantified and modelled in this way yet. In these instances, evaluations are undertaken to either build the evidence or quantifiable impacts or to provide qualitative evidence of impacts. We look at the potential size of the impact (the scale), the type of impact (direct or indirect), and the certainty of impact (based on evidence/data). Work is ongoing to build this evidence base through evaluations such as the recently published [Five Family Payments evaluation](#), Child Poverty Pathfinder Dundee and Glasgow evaluations, and the Fairer Futures Partnership Programme evaluation.

Paragraph 62: More complex analysis of how social security interacts with services to reduce poverty and increase health and well-being across the population is also essential and we ask the Scottish Government to provide details of the actions being taken to develop such analysis.

SG RESPONSE

The current evaluation programme, which evaluates the policy impact of devolved benefits, has already identified evidence against outcomes in reducing poverty and improving the health and wellbeing of recipients and their children. For example, the recent Five Family Payments evaluation shows that these benefits are contributing to the Scottish Government's long-term aims for children and families such as reduced child poverty through reducing material deprivation and food insecurity.

The current evaluation programme is now coming to a close, with the last evaluation due to be published in Summer 2027. Following this, a new evaluation strategy will be implemented which will build on the findings to date to further examine both the impacts of each benefit on the individual as well as wider outcomes and contribution across our society. This will in turn build the evidence base to examine longer term impacts, particularly where there has been policy divergence with the approach elsewhere in the UK.

Paragraph 63: The Committee was concerned by Age Scotland's comments that local authorities, Integration Joint Boards (IJBs), health and social care partnerships can lack transparency and there is "limited accountability or responsibility". We would therefore ask the Scottish Government what work it is doing with these bodies to ensure decisions are more accountable and

responsive to local needs, and that they do not undermine the stated objectives of the devolved social security programme.

SG RESPONSE

The Public Service Reform Strategy published by the Scottish Government in June 2025 sets out how no single organisation can address the complex challenges that many people and communities experience. It sets out commitments to improve the system of public services to be preventative, to better join up and to be efficient through. With these aims in mind, it sets out a system-wide approach to change centred around three key priorities: prevention, joined-up services and efficiency.

Sustainability of social security spend:

Paragraph 64: The Committee acknowledges that devolved social security spend is demand-led, and that as a result, short-term spend can only be reduced by limiting eligibility criteria.

Paragraph 65: We also note concern expressed by witnesses about the nature of social security spend, with the Fraser of Allander Institute (FAI) explaining expenditure in this area can be "less predictable and more volatile than other forms of spend".

SG RESPONSE

Expenditure on social security benefits is indeed determined by the number of eligible people who apply for support, all of whom must be paid at the rate set in legislation. While we recognise the risks associated with demand-led expenditure on this scale, and the impact that forecast variation on demand-led spending may have on the wider Budget, the SFC has a robust process for forecasting social security expenditure using the latest operational data available from Social Security Scotland. We work closely with the SFC throughout the year to review forecasts and challenge the SFC's assumptions.

It is important to note that there is uncertainty in the level of Block Grant Adjustments which relate to social security policy as it exists in the rest of the UK. Changes in either UK Government policy relating to devolved benefits, or the OBR's forecasts of benefit demand in the rest of the UK, can affect the funding that the Scottish Government receives, in either direction.

Paragraph 66: It is crucial that social security spend supports those who need it. However, it is also crucial to aim for long term improvements to population health and wealth that would reduce demand for social security. The Committee asks the Scottish Government for further detail on its policy approaches for achieving these longer-term outcomes.

SG RESPONSE

Scotland's Population Health Framework (PHF) published in June 2025 takes a whole-system approach to improving health and reducing long-term demand for social security by strengthening the conditions that enable people to participate fully in society and the economy. This includes continued action to give children the best start in life and tackling the wider determinants of inequality and local economic opportunity.

For adults, the PHF places a strong emphasis on creating the conditions and support systems that enable sustained economic participation. For instance, the Health and Work action will improve support for people to remain in or return to work

(particularly those with mental health or musculoskeletal conditions) by: strengthening occupational health provision; improving the fit-note journey; embedding health and disability work advice in local healthcare settings; and supporting employers to create mentally healthy workplaces.

Alongside this, the PHF, through action on income maximisation, aims to ensure people who require financial assistance can access support easily within healthcare and other universal services, with consistent pathways and enhanced NHS involvement in connecting those most at risk of poverty to welfare and money advice.

Together, these preventative and income-focused measures aim to improve financial security, reduce poverty, and build a more inclusive and economically active population, thereby reducing longer-term need for social security.

Paragraph 67: The Committee notes that eligibility criteria and the cost of each proposed benefit is provided by the Scottish Government for agreement by the Parliament. It would assist the Parliament if the Scottish Government included details within its legislation as to how it intends to meet forecast costs over the medium term.

SG RESPONSE

Any significant change in proposed social security benefits is subject to approval by Parliament and relevant funding would be agreed by Ministers as part of that process and reflected in the SG budget. Estimated costs and associated Block Grant Adjustments are set out by the Scottish Fiscal Commission in their regular updates to the Scottish Government.

Paragraph 68: The Cabinet Secretary told the Finance and Public Administration Committee that she does not believe social security spending levels are "unsustainable". The Committee notes that social security spend is planned, and recommends that the language used should reflect this to maintain and improve take-up levels, and avoid stigmatising those in receipt of payments.

SG RESPONSE

The Scottish Government undertakes extensive work to promote benefit take-up and is committed to challenging stigmatising narratives in everything that we do – taking a rights-based approach to social security and embedding this in all our communications. For example, we intentionally avoid using stigmatising language such as ‘claiming benefits’ and instead talk about ‘accessing’ or ‘applying’ for social security. The UK Government has no equivalent to our Benefit Take-Up Strategy, and the Scottish Government, as well as a number of leading stakeholders, have repeatedly urged the UK Government to introduce one.

Paragraph 69: The Committee acknowledges that the Scottish Government has set priorities which mean it is investing in social security beyond what is received via the Block Grant Adjustment (BGA). That investment has been broadly welcomed.

Paragraph 70: Further additional investment would clearly present budgetary challenges. Given this, can the Scottish Government indicate how it will arrive at decisions on further investment, given the competing calls and demands the Committee has heard.

SG RESPONSE

As we continue to balance the Scottish budget, decisions will be made regarding any new policy suggestions we receive, ensuring that any new changes are affordable and deliver value for money for the public purse. We will continue to prioritise choices to ensure we can deliver this Government's priorities while also ensuring the public finances remain sustainable.

Analysis of administrative spending:

Paragraph 71: The Committee asks the Scottish Government to confirm the metrics that Social Security Scotland and the Scottish Government use to assess value for money of particular policies such as the approach to reviews, the operating costs of individual benefits or individual processes within each benefit.

SG RESPONSE

Value for money is a key consideration in our policy development process, it is enshrined as a principle within the Social Security (Scotland) Act and further defined in our Charter. As we continue to balance the Scottish Budget, the Scottish Government will ensure that any new changes are affordable and deliver value for money for the public purse.

Social Security Scotland's operating costs are forecast to be below budget and comparable to DWP's, as a percentage of benefit payments to clients. DWP's cost of administering non-pension benefits as a percentage of benefit value is estimated at 6.3%. Social Security Scotland's equivalent in 2024-25 was 4.9% of the value of benefits spent on running costs, and below the 5% anticipated once all benefits have transferred from DWP. We expect this to remain in line with this expectation for 2025-26.

In relation to operating costs for individual benefits, Social Security Scotland does not currently report on the cost of administering individual benefits as it needs to maintain flexibility in its workforce to meet demand, such as seasonal benefits, and manage performance. Some benefit specific costs can be quantified, but due to the need for flexibility these costs fluctuate throughout the year.

Part 3: Taxation

Progressive taxation:

Paragraph 85: The Committee heard in evidence about the Tax Justice Campaign, and its belief in the potential to raise £1.1 billion in extra revenue in the short-term, rising to £2.6 billion over the longer term. Despite taking limited evidence on this, we are interested in the Scottish Government's position on the proposals made by the Campaign to generate this revenue, and whether it has considered implementing any of them.

SG RESPONSE

We value the input from Tax Justice Scotland and other stakeholders in the ongoing discussion about how our tax powers can best to support child poverty reduction and investment in our vital public services.

The Scottish Government has already introduced one of the three reforms previously highlighted by Tax Justice Scotland and STUC: a 45% income tax band for earnings between £75,000 and £125,140, which came into effect in 2024-25. Future tax decisions will continue to be made through the normal Scottish Budget process, guided by the principles set out in Scotland's Tax Strategy.

Different types of taxation:

Paragraph 86: Witnesses such as Joseph Rowntree Foundation were very clear that council tax rates should be updated, given valuations have not changed since 1991. The organisation emphasised that making changes to council tax could lessen the financial burden on low income households while also potentially generating revenue for national and local government.

SG RESPONSE

The Council Tax debate has been characterised by agreement on the need for reform, but with differing and competing views on what that reform should look like. Reform can only proceed if a broad political consensus in favour of it exists. We do not believe there is that consensus currently.

The Scottish Government and COSLA have launched a national consultation as part of a wider programme of engagement on the future of Council Tax in Scotland. The consultation sets out a range of illustrative options for reform, developed with independent analysis from the Institute for Fiscal Studies, and is designed to support an informed national conversation on how the system could be made fairer. These options include updating the market reference point to reflect modern housing values, redesigning or adding bands, adjusting charges between bands to make the system more progressive, exploring transitional relief and deferral schemes, and strengthening the Council Tax Reduction Scheme to protect low-income households. All of the models included in the consultation are revenue-neutral at the national level, and the consultation does not propose increasing the overall revenue raised from Council Tax.

Following analysis of all responses, a final report will be published to support long-term consensus across parties and communities and guide the next Parliament's consideration of next steps.

Paragraph 87: However, the Committee notes the Scottish Government's stated intention of ensuring that council tax will be revenue neutral. Therefore while reform could ease the tax burden for low income households, it is not a route to generating additional revenue to fund social security. The Committee asks the Scottish Government to provide a progress update on council tax reform, in particular how the needs of low income households are being considered in developing reform proposals.

SG RESPONSE

The Committee is correct that all options being consulted on are revenue-neutral at the national level. The focus is on whether the existing tax burden could be distributed more fairly, informed by updated property values and robust evidence. The Scottish Government is not advocating for a specific reform model and the purpose of current work is to examine whether consensus around a unified approach to Council Tax can be achieved.

A core element of this is consideration of the needs of low-income households. The IFS modelling suggests that, generally, the reform approaches tend to reduce average bills for lower-income households, as well as those in lower-value properties. The consultation also seeks views on a range of protections, including:

- expanding the Council Tax Reduction Scheme, so support is withdrawn more gradually as income rises
- transitional phasing to prevent sudden increases in bills
- deferral schemes for households that are asset-rich but income-poor.

We are encouraging wide participation in the public consultation and findings from this engagement will support Parliament in determining next steps.

SG position on tax:

Paragraph 88: We acknowledge the Cabinet Secretary's comments that the Scottish Government has no plans to make any changes to income tax rates this parliamentary session.

Paragraph 89: Funding social security forecast spend requires planning over a longer time frame. The Fiscal Sustainability Delivery Plan sets out plans to expand the research base for Scottish Income Tax and publish a literature review on wealth taxes. Given the interest in wealth taxes from the respondents to this inquiry, the Committee asks the Scottish Government to provide an update on this work.

SG RESPONSE

The Scottish Government's Tax Strategy, published alongside the 2025-26 Budget, included a commitment to improve the evidence we use to make tax policy decisions. This means building a stronger understanding of how tax changes affect people and the economy and using that information to review and evaluate taxes.

As part of this commitment, the Government plans to assess the impact of Income Tax changes introduced in 2023-24 and 2024-25. These evaluations will take place once the outturn data is available.

The outturn data for 2023-24 was published in July 2025. Work has now started with HMRC to analyse this information and evaluate the effects of the 2023-24 changes. The evaluation of the 2024-25 changes will follow, and the findings are expected to be published later this year.

The Scottish Government has committed to framing a well informed and broad discussion on taxing wealth. We have commissioned an external supplier to undertake a literature review on approaches to wealth taxation and aim to publish the analysis in Spring this year. As part of this work, we will also undertake extensive engagement with experts and stakeholders on how this learning could be applied in a Scottish context, in the next parliamentary term and beyond.

Part 4: Effectiveness of devolved social security spend: reducing child poverty

Child poverty targets and the Scottish Child Payment:

Paragraph 122: The Committee acknowledges the widespread support for the Scottish Child Payment (SCP) amongst stakeholders, something that was also expressed by witnesses who engaged with the Committee during the recent inquiry into the effectiveness of SCP in reducing child poverty.

Recipients of SCP above the poverty line:

Paragraph 123: The Committee is aware of analysis from the Scottish Parliament's Information Centre (SPICe) showing that SCP is paid, not only to those below the poverty line, but also to families with below average incomes. The Committee recalls however that in its inquiry into the Scottish Child Payment witnesses described poverty lines as essentially 'arbitrary'. Many families who are above such arbitrary lines are still on low incomes. There is therefore a strong case for paying SCP to low-income families who are above the poverty line. The Committee asks the Scottish Government to consider whether the current design of SCP achieves the right balance in this regard. The Scottish Government would have greater flexibility over SCP design if it changed its statutory footing to being a form of 'childhood assistance' rather than a 'top-up' to Universal Credit. The Committee therefore asks the Scottish Government when it intends to bring into force the power to create 'childhood assistance' and what scope there is for using it to improve the design of SCP.

SG RESPONSE

We are committed to reviewing the legislative footing on which Scottish Child Payment is based. However our efforts in relation to low-income benefits had been focussed on developing the necessary legislation and systems to scrap the impact of the two-child cap in Scotland from March onwards.

The UK Government's decision to scrap the two-child limit means we will be able to commit more resource to considering how best to bring into force the power to create "childhood assistance", noting that any future developments would need to take into account finance availability, cost effectiveness and delivery and legal implications.

'Cliff edge' for those in receipt of the Scottish Child Payment

Paragraph 124: With regards to the 'cliff edge' associated with eligibility for SCP, we note the Cabinet Secretary's recognition that there are calls for a taper to be introduced so families do not face a sudden drop in their income. Introducing the two-child benefit mitigation payment will mean families face an even greater 'cliff edge' as they will lose both SCP and the two child limit payment when they earn over the threshold for Universal Credit. The Committee therefore asks the Scottish Government what investigation it has done on options to remove this 'cliff-edge' and for its assessment of the point at which the benefits of removing the 'cliff edge' outweigh the administrative complexity of removing it.

SG RESPONSE

It is not possible to carry out a detailed assessment of the point at which the possible advantages of removing the "cliff-edge" might outweigh the administrative complexity of doing so as the quantitative impact of both the current "cliff-edge" and its removal on labour market outcomes can only be estimated and is not known. To carry out a quantitative comparison would require data demonstrating a causal link between the

“cliff-edge” and labour market outcomes for previous, existing and potential clients of SCP. This data is not currently available and even if it was, this would be very complex analysis subject to a high degree of uncertainty.

However, now that the UK Government is scrapping the two-child limit, the Scottish Government no longer needs to mitigate that. This means the "cliff-edge" impact will solely be limited to the SCP and analysis published by the Scottish Government analysts in July 2024 concluded that SCP was not having a negative impact on labour market outcomes in Scotland's economy at scale.

Furthermore, the evaluation of the Five Family Payments published in September 2025 showed the majority of respondents reported that SCP had no impact on their labour market choices. Among the minority who did report an impact, the findings indicate it mostly reduced barriers to labour market participation. The evaluation further showed that for 69% of clients who responded, SCP had no impact on their decisions around employment or was not applicable. For the 29% who reported an impact the most common impact was in fact helping with work costs such as travel or clothing (45%) followed by enabling them to stay in work or work more hours (23%).

We will continue to analyse the impact of Scottish Child Payment on work incentives recognising that we would need to fully consider the implications of any proposed taper, both in terms of its potential interactions with the labour market and the impact on those who receive the payment.

SG evaluation of Five Family Payments:

Paragraph 125: While the Scottish Government's evaluation of the ‘five family payments’ was largely positive, we note the potential labour market disincentives for some recipients, particularly those close to the income limit for Universal Credit (UC).

Paragraph 126: The Committee asks the Scottish Government to confirm whether its position is that the positive impact of its overall investment in families across Scotland outweighs these potential labour market disincentives. The Committee also asks the Scottish Government what actions can be taken to address these potential disincentives.

SG RESPONSE

In 2024-25 the Scottish Government spent almost half a billion pounds providing low-income families with children with a crucial source of income through the Five Family Payments. Most of this money was spent through Scottish Child Payment, and modelling by Scottish Government analysts estimates it will keep around 40,000 children out of relative poverty in 2025-26.

Evidence from the Five Family Payments evaluation demonstrates that these payments are largely achieving their short-term and medium-term policy outcomes, including reducing food insecurity and material deprivation, and improving the health and wellbeing of children.

In relation to potential disincentives, as mentioned above analysis published by the Scottish Government in July 2024 concluded that Scottish Child Payment was not having a negative impact on labour market outcomes in Scotland's economy at scale. We will continue to analyse the impact of Scottish Child Payment on work

incentives to see if any potential risks are realised and consider if any actions are required in light of this future analysis.

Suggested measures to tackle child poverty:

Paragraph 127: Reducing child poverty requires action across a very wide range of policies. The Committee asks the Scottish Government what its response is to the policy package proposed by Joseph Rowntree Foundation (JRF) to meet the 10% 2030 child poverty target, and to JRF's Meeting the Moment report more generally.

SG RESPONSE

We welcome the JRF analysis presented in their Meeting the Moment report which, alongside wider engagement and consultation led by the Scottish Government, is helping to inform development of the next Tackling Child Poverty Delivery Plan.

JRF are a critical friend and inform both our Tackling Child Poverty Programme Board, which oversees implementation of our current delivery plan, and our External Reference Group, which is guiding development of the next delivery plan.

It is welcome that JRF's report recognises the potential for positive fiscal impacts as a result of reducing child poverty, and the need for action which is balanced across the three drivers of poverty reduction – increasing earned incomes, reducing costs of living, and maximising incomes from social security and benefits in kind.

As JRF note, they have not prescribed an exact course of action and have instead, shown the required scale of action needed and the areas of policy that will, in all likelihood, be the most important to meeting the income-based targets set. This strongly aligns with the key themes for the next delivery plan which were shared with the Social Justice and Social Security Committee as part of our consultation process.

Our Tackling Child Poverty Delivery Plan for 2026-31 will set out action across the key areas identified by JRF, with the 2026-27 Scottish Budget supporting action within the first year of the delivery plan.

Paragraph 128: We acknowledge comments made by the IFS that it is hard to disentangle the impact of family circumstances and factors such as parents' education, parents' health and household structure from the impact of immediate increases in income through social security payments.

Paragraph 129: The Committee recognises the complexities involved. It will be important for this Committee or its successor committee to scrutinise how the Scottish Government balances these factors in its forthcoming Tackling child poverty delivery plan. Policies for improving life chances may have a less immediate impact on poverty statistics compared to social security, but we believe that, where they are based on clear evidence and implemented in a strategic way, they can be just as important to ensuring long term outcomes.

SG RESPONSE

The Scottish Government recognises the need to take a balanced approach to tackling child poverty, which includes action focused on the drivers of poverty reduction – increasing earned incomes, reducing the costs of living, and maximising incomes from social security and benefits in kind; all of which will have a direct

impact on the income-based targets set, alongside the need to improve the outcomes of families and to support children to thrive and reach their full potential.

Further measures to support these aims will be set out within the Tackling Child Poverty Delivery Plan for 2026-31, which will be published by the end of March this year.

Data gaps: Better availability and linkage of data

Paragraph 130: Availability of data is essential to understanding the impact and effectiveness of devolved social security spend on reducing child poverty. We are therefore concerned by the IFS's comments that the Scottish Government charges more for data compared to the UK and Welsh Governments. We ask the Scottish Government to provide details about its costs to access data and the reasons they are higher than elsewhere in the UK.

SG RESPONSE

The Scottish Government does not charge for data. However, there may be costs associated with services of other organisations (such as Research Data Scotland or Public Health Scotland) in support of data access in certain circumstances. For example, if the request requires linkage or for the data to be accessed in the Scottish National Safe Haven, a safe and secure research environment.

Where data needs to be linked to other data sets, researchers can also apply through services such as the Research Access Service (RAS) managed by Research Data Scotland (RDS). If these projects are undertaken through the ADR Scotland programme (a partnership between Government and academia aiming to transform access to administrative data in support of policy decision-making) there is no cost to the researcher. However, other projects may be subject to a charge to reflect the administrative and operational costs to RDS of the additional support they provide to researchers for data provisioning. The cost difference of these services in Scotland compared to other parts of the UK reflects the different operating and charging models in the Scottish data ecosystem and data infrastructure.

Data gaps: Committee inquiry into the effectiveness of the SCP

Paragraph 135: The Cabinet Secretary will be aware of the Committee's inquiry into the effectiveness of SCP in reducing child poverty, and the conclusions and recommendations we came to as a result of that work. Whilst the Committee report was broadly positive, we did make recommendations around data quality and are therefore concerned to hear similar issues being raised as part of our pre-budget scrutiny.

SG RESPONSE

The Cabinet Secretary responded directly to these recommendations on 22 July 2024 (response published on the Parliament website [here](#)).

Paragraph 136: With regards to the Family Resources Survey in particular, we ask the Scottish Government to provide details of the progress made in working with the UK Government to address stakeholder concerns that the sample sizes are small and the data quality is too low.

SG RESPONSE

DWP have set out plans to improve the quality of data gathered through the Family Resources Survey across the UK – including through linkage to administrative data for benefits such as Universal Credit. Scottish Government analysts have been working closely with DWP colleagues to ensure our interests are represented, including by retaining agreed imputation methodology which fully captures Scottish Child Payment receipt in the Family Resources Survey.

There is an ongoing programme of work by DWP to improve the survey response rates through enhancing the effectiveness of the field force and incentivising respondents. The Scottish Government has funded a 100% sample boost since 2002 with the aim of delivering a representative sample in Scotland, enabling the production of Scotland level statistics.

The current sample size is sufficient to assess trends for and differences between most groups, and these are published in the annual Poverty and Income Inequality in Scotland report.

We also publish ad-hoc analyses requested by stakeholders. Scottish Government analysts draw on a range of analytical approaches, evaluations and evidence syntheses to understand the drivers of observed changes, and assess the impacts of policies: the Family Resources Survey is just one part of the picture, and will also be affected by global factors such as economic environment.

Part 5: Effectiveness of devolved social security spend: disability benefits

Growth in disability benefit caseload and spending

Paragraph 159: The Committee asks the Scottish Government to confirm it is on track to publish information in February 2026 on what is driving demand for ADP.

SG RESPONSE

Yes, a review entitled ‘Understanding the Drivers of Changes in Demand for Disability Benefits in Scotland since 2010’ produced by the Office of the Chief Social Policy Adviser is on track to be published by the end of next month.

Independent Review of ADP: Review periods

Paragraph 160: We note that Social Security Scotland has indicated that the “review process is robust” for ADP. However, we are aware that the Scottish Government’s Fiscal Sustainability Delivery Plan advised this will be investigated to ensure the policy is operating as intended and we look forward to receiving more information on this in due course.

SG RESPONSE

The work referred to in the Fiscal Sustainability Delivery Pla on the review process for Adult Disability Payment is well underway and the Cabinet Secretary for Social Justice will consider the findings. Meanwhile, the Cabinet Secretary is carefully considering all of the recommendations of the Independent Review of Adult Disability Payment and will provide an initial response later this month.

Improving policy making

Paragraph 161: Edel Harris OBE said there is insufficient information available about the impact of ADP on people's lives, or on how many disabled people there are in Scotland. She made the point that if ADP is designed to provide financial support for the additional costs of disability, it would be helpful to have more information about what those costs are. The Committee asks the Scottish Government for details of how it will improve the information gathered on the number of disabled people in Scotland and the impact of ADP on their lives.

SG RESPONSE

Scottish Government analysts are working on analysis of take-up of disability benefits in Scotland, in particular Adult Disability Payment and Child Disability Payment. This is part of the broader Scottish Government benefit take-up strategy and analysis programme of work but also in response to the recommendations of the Independent Adult Disability Payment review. This work will investigate alternative measures of the population of disabled people in Scotland with a view to estimating the number of people eligible for the payments and the extent to which they are taking these up.

Paragraph 162: It is clear this data gap highlighted by Edel Harris is persistent, given that analysis presented to the Committee in March 2024 found there is not a "source of quantitative data that can provide robust enough evidence on additional costs [of disability] in Scotland".

Paragraph 163: The Committee asks the Scottish Government to provide details of the research it has undertaken regarding how ADP fits within the wider support available for disabled people, given Audit Scotland's view that the current approach is "fragmented".

SG RESPONSE

The Disability Equality Plan was published in June 2025, which sets out a clear, whole-of-government approach to advancing disability equality. We will continue work to update the Disability Equality Plan in 2026, in collaboration with our partners in Disabled People's Organisations as part of our commitment to a fairer Scotland where disabled people can live and work in a place and in a way they choose. This update will consider the findings of the Audit Scotland report and will include a published progress report on the actions set out in the Plan. We will also explore how reporting on ADP spending can better reflect its role in supporting disabled people, alongside other interventions. This will be considered in the context of the Independent Review of ADP and longer-term priorities such as reducing the day-to-day additional costs which disabled people face.

Paragraph 164: Organisations including the Free Church of Scotland, the ALLIANCE and Disability Equality Scotland have recommended increasing or reviewing the adequacy of disability and carer payments. The Committee asks the Scottish Government to provide information on any work being carried out on this issue.

SG RESPONSE

Being disabled and having long-term health conditions impacts people in different ways, and disabled people have different levels of needs that reflect their personal circumstances. Disability payments are therefore non-means tested and people can spend them as they choose in line with their needs. Although, there is no specific

work being undertaken in this area the Committee may wish to note the positive findings in Social Security Scotland's most recent Annual Client Panel Survey 2024. 69% of people surveyed gave high scores for how much Adult Disability Payment had a positive impact on health and wellbeing, with 72% giving high scores for how much payments helped make a difference to their life and helped them pay for what they needed.

Support for specific groups

Paragraph 165: Several respondents to the call for views mentioned that the design of disability benefits does not reflect the needs of people with specific conditions such as multiple sclerosis, chronic pain and Premenstrual Dysphoric Disorder, and that existing regulatory structures and eligibility criteria risk “reproducing inequalities” like those that exist in the administration of UK social security benefits. The Committee recognises that altering eligibility criteria would impact on the Scottish budget; and that divergence from eligibility criteria across the rest of the UK may also have wider implications. We ask for the Scottish Government to provide an update to the Committee on both these areas.

SG RESPONSE

One of the key improvements we made when introducing Adult Disability Payment in comparison to the DWP's Personal Independence Payment was a series of changes to how the eligibility criteria is applied when decision makers consider an application. Our approach aims to understand and take into account the full impact on someone of a disability or health condition. Our reliability criteria therefore require consideration to be given to someone's ability to complete an activity safely, to an acceptable standard, repeatedly, and in a reasonable time. When an individual is asked whether they can complete an activity, the full impact of that activity on the individual - including pain and fatigue - will be considered. Decisions about entitlement are based on the overall impact of a condition or a disability on an individual and their level of need..

Part 6: Support for Carers

Increase in eligibility

Paragraph 175: The forecast increase to social security payments for carers is significant. The Committee asks the Scottish Government to provide information as to the reasons for the forecast increase. In doing so it would be helpful to understand any relationship between levels of social care available and an increase in Carers Allowance; for instance carers reducing or ceasing employment and claiming Carer Support Payment.

SG RESPONSE

The Scottish Fiscal Commission's May 2025 publication forecast that the number of people getting Carer Support Payment would increase from around 105,000 in 2025/26 to 120,000 by 2030/31. The rising number of Carer Support Payment clients, in combination with inflation and the introduction in March this year of Carer Additional Person Payment – which will be new extra support for carers getting Carer Support Payment and caring for more than one person – contribute to an increase in forecast benefit expenditure.

The forecast number of people who will receive Carer Support Payment is influenced by the number of people receiving qualifying disability benefits, as well as increases to the earnings threshold and policy or delivery choices made by the Scottish Government. Forecast increases in spend on carer benefits also reflect our duty, as set out in legislation, to uprate these benefits for inflation so that the support retains its value as costs rise.

Unpaid care work

Paragraph 176: Given the breadth of issues exacerbating poverty for unpaid carers identified by Carers Scotland and IPPR Scotland, the Committee asks the Scottish Government to provide information on how it will improve holistic support available for carers. If carers are supported to retain or increase employment, and those they care for are properly supported through, for example, improvements in social care, poverty could be reduced. This could simultaneously reduce the need for support to be provided via social security payments.

SG RESPONSE

Our delivery of carer benefits is just one part of our National Carers Strategy which has been developed with carers to deliver on our vision that Scotland is a place where carers are recognised, valued, and enabled to provide the right support for the people they care for while living full, rounded lives.

Carer Support Payment provides recognition for the vital role of unpaid carers while providing some replacement income due to the impact this can have on carers' ability to take on paid work. Our benefit has been designed to work better for carers combining paid work with caring roles. We worked with carers to make information on earnings rules for Carer Support Payment clearer and we can average out carers' earnings to provide more stable support. We use data from HMRC and scheduled reviews to check and track earnings and we significantly increased the earnings threshold for Carer Support Payment to £196 from April 2025.

The increase means carers are able to earn an additional £45 per week compared with 2024/25 and still receive the benefit, helping to remove barriers to work, and provide more stable financial support. Carer Support Payment was also launched with different rules on full-time education than Carer's Allowance, the benefit it replaced, allowing carers to study full-time and continue to receive support, helping remove barriers to education.

We are continuing to consider the feedback to our public consultation on further improvements to Carer Support Payment which could support carers to combine care, and receiving the benefit, with paid work. Decisions on any further changes will need to take into account affordability, sustainability, and discussions with Department for Work and Pensions on any implications for carers' wider support.

Wider employment and employability support for carers includes our funding of Carers Scotland to deliver the Carer Positive Scheme, which works to improve awareness for, and flexibility for, unpaid carers in the workplace. There are now more than half a million employees working in 292 Carer Positive organisations across Scotland (end October 2025).

Unpaid carers continue to have rights to support under the Carers (Scotland) Act 2016, including to an Adult Carer Support Plan or Young Carer Statement setting out their needs and how these will be supported. We have legislated to extend these rights through the Care Reform (Scotland) Act 2025, which will establish a right to breaks for carers. In the meantime, we have increased funding for voluntary sector short breaks for 2025/26, enabling up to 15,000 additional carers to take short breaks from caring.

Adequacy of support for carers:

Paragraph 177: The Committee acknowledges that social security for carers in Scotland is higher than similar payments elsewhere in the UK. While we await evaluation of the Carer Support Payment, due to be published in spring 2026, the Committee would appreciate details of how the Scottish Government believes the adequacy of carer benefits could be improved. The Committee also requests information on any consideration the Scottish Government has made to date as to the budgetary impact of increasing carer benefits.

SG RESPONSE

Social Security Scotland currently delivers three benefits which are specifically for unpaid carers: Carer Support Payment, which has replaced Carer's Allowance in Scotland, and Carer's Allowance Supplement and Young Carer Grant which are only available in Scotland. Carer's Allowance Supplement was the first payment we delivered with our social security powers and by the end of 2025 carers continually in receipt of this support since 2018 were up to £4,400 better off as a result. Our 2020 evaluation found the extra support had made a difference to carers' finances and feelings of recognition and wellbeing, and a further evaluation of this support is due to report this year. We have made over 16,400 payments of our Young Carer Grant – the first payment of its kind in the UK – since 2019, to support young carers aged 16 to 18, and have extended this support to carers aged 19 from November last year.

Carer Support Payment, like Carer's Allowance, is an 'income replacement' benefit – not means tested but a payment to those with the most significant caring roles in recognition of the impact this has on their ability to take on paid work. Carers on low incomes can access other benefits and we have significantly increased the 'earnings threshold' for Carer Support Payment from April 2025 so carers in work can earn more and still get support. Across all of our carer benefits we are committed to uprating for inflation so that support retains its value as costs rise.

A multi-phase evaluation of Carer Support Payment is ongoing and will consider carers' experiences of applying for and receiving the benefit and its impact on their lives. A report on the initial phase is due to be published in spring this year, with the overall report of all phases due in the summer. This will include evaluations of Young Carer Grant and Carer's Allowance Supplement. We will take into account the findings of this, along with feedback to our public consultation, in considering any further improvements which could be made to support for carers. As always decisions on any changes which would extend the support availability will need to take into account affordability and sustainability as part of the wider Scottish budget.

Part 7: Take-up rates and Minimum Income Guarantee

Social security take-up rates

Paragraph 189: We discussed with witnesses specific changes that could be made to improve people's circumstances, and increasing the take-up of existing benefits was suggested. The Poverty Alliance and Citizens Advice Scotland (CAS) also called for increased funding for advice services, given such services can signpost people to social security they may be entitled to. This could be especially important for families from an ethnic minority background, given the Joseph Rowntree Foundation's (JRF) evidence highlighting a substantial decrease in this group receiving social security. The Committee recognises the work that the Scottish Government is doing on benefit take-up, including their welcome focus on seldom heard groups, and looks forward to seeing the results of this work in increased take-up.

SG RESPONSE

In 2025-26 the Scottish Government has allocated £16.9 million for the provision of free income maximisation support, welfare and debt advice – going beyond what we committed to in our Programme for Government. This includes over £5 million to support the delivery of welfare advice and income maximisation services in 25-26, allocated to a range of advice providers.

We are committed to ensuring that everyone takes up the social security they're entitled to. However, we know that some groups, including ethnic minority communities, face additional barriers accessing this financial support. In August 2025, the Scottish Government published our Seldom-Heard Groups Action Plan, setting out practical ways we are working to reduce these barriers. Learning from implementation of this Action Plan will inform the next Benefit Take-Up Strategy, due by October this year

Paragraph 190: We note that in Session 5 the Social Security Committee undertook an inquiry into benefit take-up, and published a report in 2020. The

inquiry heard evidence on reasons why people do not claim social security payments, possible solutions to this, as well as difficulties in estimating take-up. It found that while a lot of this information was already known at the time, "very little" appeared to be changing. In response, the Scottish Government recognised there remained "barriers to accessing benefits [...] which must be mitigated and overcome."

SG RESPONSE

Tackling persistent barriers is central to our approach to maximising take-up, ensuring everyone who is eligible accesses support they are entitled to. In response to an evidence review on barriers for seldom-heard communities, we published our Seldom-Heard Groups Action Plan in August last year. This Action Plan outlines the practical ways the Scottish Government, together with Social Security Scotland, continue to tackle barriers to take-up faced by seldom-heard communities. Learning from this Action Plan will inform development of the next Benefit Take-Up Strategy, due by October this year.

Pension Credit

Paragraph 191: While the Scottish Government has a focus on increasing take-up of devolved benefits, there remain challenges in the two governments working together on benefit take-up. On Pension Credit specifically, we note that there are between 70,000 and 80,000 pensioners in Scotland who have entitlement to Pension Credit but are not claiming it. Age Scotland have said that the UK and Scottish Governments should work together to improve take-up rates for this. It can be a passport to other devolved support, such as winter heating payment and council tax reduction. The Committee acknowledges that across social security policy in general both governments have been working well together at official level and hopes to see this continue. The Committee seeks an update on discussions with the UK Government on joint working on benefit take up and urges the Scottish Government to prioritise discussions with the UK Government to address this issue.

SG RESPONSE

As responsibility for promoting Pension Credit lies with the UK Government, the Scottish Government does not directly communicate with those of state pension age regarding this payment. However, Social Security Scotland have previously shared information on entitlement to Pension Credit, where relevant, to Scottish audiences.

For devolved social security, we continue to take steps to address barriers to take-up. When promoting Pension Age Disability Payment, we have engaged with older disabled people in communities to raise awareness of this new benefit. Furthermore, most people will not need to apply for Pension Age Winter Heating Payment this winter, as most payments will be made automatically. This will remove potential barriers to accessing this support, ensuring take-up remains high.

The UK Government has no equivalent to our Take-Up Strategy and the Scottish Government has repeatedly urged the UK Government to follow our example here and ensure eligible people can get the UK Government support they are entitled to, and can in turn apply for the additional benefits the Scottish Government can provide.

Minimum Income Guarantee

Paragraph 194: The Committee notes the Minimum Income Guarantee Steering Group published its report in June 2025, and would appreciate the Scottish Government confirming when it will respond to the Group's recommendations.

SG RESPONSE

Subsequent to the Committee's pre-budget scrutiny, the [Scottish Government response to 'A Minimum Income Guarantee: a Roadmap to dignity for all'](#) was published on 18 November 2025.

Paragraph 195: We were interested in the point raised by Carers Scotland that a Minimum Income Guarantee can partly be met by reducing everyday costs for people, an idea also discussed in the Steering Group's report. It states this could be done by reducing households' outgoings for things like childcare, transport and essential items like energy, food and children's clothes. The Committee would like to know the Scottish Government's response to this, and whether it sees it as an avenue by which to reduce the need for social security spend more broadly.

SG RESPONSE

As outlined by Carers Scotland and the Expert Group, their roadmap highlighted that any Minimum Income Guarantee in Scotland should be delivered through a combination of fair and accessible paid work, high-quality services and adequate social security.

The Scottish Government is already taking actions across all of these areas to help tackle poverty and inequality in Scotland. For example:

- We are the only part of the UK to already offer 1,140 hours a year of funded early learning and childcare to all 3, 4 and eligible 2 year olds.
- We are funding several initiatives to help make transport affordable – including concessionary travel schemes offering free bus travel for young people, disabled people and everyone over the age of 60.
- Our Five Family Payments help families pay for essential items like food and clothing which children in these households might otherwise go without. These payments also help with essential one-off larger purchases like prams and furniture, and reduce dependency on food banks and borrowing money.
- Through policies such as Whole Family Support we are enabling more local areas to test and improve delivery of joined-up services, maximise incomes and support people towards education and into sustained employment.

More detail on actions in these areas is outlined in the Scottish Government response to the Minimum Income Guarantee Expert Group's final roadmap.

However, it is important to note that a considerable portion of our social security investment is currently spent mitigating against some of the worst impacts of UK Government decision-making, with £1.3bn spent over the last 15 years on mitigating the impacts of policies such as the bedroom tax and benefit cap.

This includes £144m in 2025/26 through activities such as our Discretionary Housing Payments and the Scottish Welfare Fund. This money could have been spent on services like health, education and transport, or on further ambitious anti-poverty

measures, and would pay for around 1,900 teachers or 2,300 band 5 nurses each year.

Part 8: Prevention

Scotland's Population Health Framework

Paragraph 210: The Committee notes the work being undertaken as part of Scotland's Population Health Framework, and the ALLIANCE's comments that the approach to improving people's health over the long term could "constrain some of the growth in social security in a positive way". The Committee asks the Scottish Government to provide details of the modelling done to establish whether there will be less demand for social security spend if the Framework is successful in achieving its aims.

SG RESPONSE

The development of the Population Health Framework (PHF) did not include specific modelling on social security demand, however, the PHF was underpinned by a [comprehensive evidence paper](#) which guided the approach taken, and ensured that the priorities and actions were grounded in evidence.

This drew upon evidence such as the report by the Scottish Fiscal Commission last year which illustrated the economic and fiscal implications of different courses of population health over the next fifty years with scenarios of better and worse health in Scotland. This report stated:

"Improved population health can improve people's ability to participate in the labour market. Higher participation can lead to more people earning and spending, which grows the economy and leads to more people paying tax and higher tax revenue. This would have a positive effect on Scottish Government funding.

"If population health worsens then more spending may be needed to maintain the same access to services, whereas improvements in population health could lead to lower costs for the same access or to achieve the same outcomes.

"Whether or not gains in health result in lower spending on healthcare, social care, and social security would be a policy choice. Governments may wish to continue to spend similar levels, and improve provision and reduce unmet need in these areas in Scotland."

Paragraph 212: It is clear widespread societal intervention is needed to meaningfully change people's circumstances, and we are therefore concerned by CAS's comments that joined-up solutions to the problems people face are not there. We ask the Scottish Government to respond to this concern and whether social security spend is currently being used to "prop up failure demand".

SG RESPONSE

We take a whole government approach in the development of our work, for example, 'Best Start, Bright Futures', the Scottish Government's second Tackling Child Poverty Delivery Plan, sets out how we will continue to drive forward cross-government action to tackle child poverty; improve outcomes for families and support

every child to reach their full potential; help to break the cycle of poverty and reduce demand on public services such as the NHS and criminal justice system in the long term. This includes through investment in social security, including our five family payments.

We acknowledge the concerns raised by CAS regarding high energy costs and that a joined-up approach is required in addressing this. Whilst positive action has been taken towards raising household incomes, reshaping our social security benefits and providing financial support and delivery through our heat in buildings schemes, we have repeatedly called on the UK Government to introduce a social tariff mechanism.

We recognise that there is scope for improvement in taking a joined-up approach across Government and will continue to work towards this approach, including through our ongoing commitment to Public Service Reform.

Employability

Paragraph 213: The Committee is pleased to hear about the success Fife Gingerbread has had in working with care homes to create shift patterns for single parents, enabling them to work around school hours. We would like to know whether there are any similar schemes around Scotland, and what the Scottish Government is doing to encourage the development of more of these.

SG RESPONSE

Collectively with partners, including Fife Gingerbread, we aim to build an employability system that tackles inequalities in Scotland's labour market by creating more responsive, joined up and aligned services. The Scottish Government is investing up to £90 million in 2025/26 for the delivery of devolved employability services. Our investment includes funding to support more parents to enter employment and increase their earnings. We continue to embed person-centred support as a core principle through the No One Left Behind approach to employability services, working closely with employers to promote flexible working practices. This work includes:

In Renfrewshire, the new Spire programme (Supporting Parents in Renfrewshire into Employment) is funded by No One Left Behind and delivered by The Lennox Partnership. The programme is delivered 1 day per week during school hours for 7 weeks and is aimed at engaging with parents who are starting their employability journey. It focuses on barrier removal, assertiveness, planning the household to prepare for returning to work and childcare options. The programme engages with employers, discussing family friendly hours focusing on offering a more flexible approach where a parent can perhaps work mornings, afternoons, even nights depending on childcare. The group also ensure they have staff with multiple languages to accommodate minority ethnic participants.

Dundee City Council, in collaboration with NHS Tayside, launched the Discover Together pilot. Through this initiative, six unemployed or underemployed parents have commenced 6-month placements with NHS Tayside in non-clinical roles. Roles are supernumerary to allow participants the freedom to learn and settle into work at their own pace. Participants are supported to manage their own weekly hours to maximise their family's income while taking into consideration additional childcare

costs or benefit implications. This also allowed participants to transition into work flexibly while managing family commitments or caring needs. Participants will be supported with guaranteed interviews with NHS Tayside for six months after completion of the programme.

Since 2020/21, the Scottish Government has provided almost £1.5m in funding to help promote and support employers and workers across Scotland to adopt flexible workplace practices.

For example, funding of £60,000 over 2024-26 has been granted to East Renfrewshire Council through the Child Poverty Practice Accelerator Fund (CPAF) Round 2 for a Flexible for Families Employer Scheme to enable the council to work with lead partners Flexibility Works and NHS Greater Glasgow and Clyde to support local employers to offer more flexible working opportunities which meet the needs of parents and carers.

Paragraph 214: We were concerned by JRF's comments that efforts to improve employability are "piecemeal", "messy", and insufficiently aligned with the DWP, as well as the PIC's assertion that the No One Left Behind employability strategy is "not delivering" for black and minority ethnic communities or disabled people. We ask the Scottish Government and the Convention of Scottish Local Authorities (COSLA) to respond to these comments, and to confirm what actions are being taken to improve employability services and initiatives across Scotland.

SG RESPONSE

In September 2024, the Scottish Government and COSLA published the Employability Strategic Plan. This is a 3-year plan which sets out our strategic priorities and range of actions to deliver improvement and more effective outcomes for people using services.

In December, we published our first annual report, [No One Left Behind](#), demonstrating how we are working in partnership, harnessing the expertise of organisations taking a cross-sectoral, collaborative approach to delivering improvements to Scotland's employability services.

The integration and alignment of employability support with other key public services is important in providing holistic support for individuals and families to access and sustain fair work opportunities. In the first year of the Strategic Plan, we delivered a refreshed Local Employability Partnership (LEP) Framework setting out clear roles and responsibilities of key partners including the Department for Work and Pensions, Skills Development Scotland, Local Authorities and Third Sector organisations.

The Scottish Government works collectively with local government and DWP to identify opportunities to improve employability services in Scotland and ensure these are coherent, accessible and transparent to people who need to access them.

As part of our commitment to continuous improvement, we will continue to identify effective ways to engage with minority ethnic groups and other under-represented groups and their representative organisations.

Year-on-year No One Left Behind has increased in terms of reach and growth into positive destinations. We have seen positive trends in the number of people from minority ethnic backgrounds accessing No One Left Behind services, with 3,769 people (16%) receiving support in 2024/25, compared to 1,450 people (8%) in 2022/23 when we implemented the local delivery model.

In the latest quarter (April - June 2025), 857 participants (15%) on No One Left Behind were from minority ethnic backgrounds.

In response to the JRF report highlighting failures in employability services for minority ethnic communities within Glasgow, Glasgow Futures LEP has strengthened diversity by inviting Fiaz Khan (Race Equalities Mainstreaming Officer at the Council of Ethnic Minority Voluntary Sector Organisations) to join the LEP and formed the Minority Ethnic Communities Employability Group (MECEG). The group is driving actions on inclusive service planning, tackling systemic racism, and improving data insights. Key recommendations include culturally competent work placements with robust support, equal partnership with grassroots organizations, lived experience among service providers, advanced Equality, Diversity and Inclusive training, and strong accountability mechanisms to eliminate discrimination.

Minority ethnic and disabled families are recognised as priority family groups within Best Start, Bright Futures. Parents within these cohorts are therefore entitled to Parental Employability Support which provides person-centred, wrap around support to remove barriers to employment for in-work and out of work parents.

We know that disabled people face significant structural barriers to employment and that we need to do more to support those individuals to enter and sustain employment. We are committed to improving our services and will continue to work with stakeholders and partners to achieve this.

We have seen progress in the proportion of disabled people accessing support: 33% of participants reported a disability in year 6 (2024/25), and 36% reported a disability in the most recent quarter (April – June 2025).

As per our Programme for Government commitment and our commitment to halving the disability employment gap, Specialist Employability Support for disabled people is now in place across all 32 local authorities so that more disabled people and those with long-term health conditions can access fair and sustainable work.

Paragraph 215: The Committee notes Carers Scotland's comments that the Carer Positive scheme, which aims to encourage employers to create a supportive working environment for carers, is welcome.

Paragraph 216: We were interested in Carers Scotland's comments that where employers are in receipt of public funds, they should be expected to work to boost support for carers in employment, alongside providing family-friendly and flexible working arrangements. We ask the Scottish Government and COSLA to confirm the actions they are taking to encourage and support this approach.

SG RESPONSE

While employment law is reserved, including paid and unpaid Carer's leave, the Scottish Government will continue to use the levers at our disposal to address inequalities and promote fair and inclusive work practices across the labour market in Scotland. In the absence of devolved employment powers, Fair Work First criteria in procurement and grants are the tools we use to raise employment standards in Scotland and to promote more diverse workforces.

Since 2020/21, the Scottish Government has provided almost £1.5m in funding to help promote and support employers and workers across Scotland to adopt flexible workplace practices. Through the promotion of flexible working arrangements, we seek to support the creation of fair, flexible well-paid jobs which help to support employee wellbeing, strengthen business resilience and drive labour market participation in Scotland.

In November 2024 we published updated Fair Work First guidance which provides information on the challenges that carers can have in balancing work and their caring responsibilities, signposts employers to the Carer Positive Initiative as an example of best practice and the importance of flexible working in supporting workers with caring responsibilities. The Scottish Government is undertaking an evaluation of our Fair Work First policy, working with stakeholders, to understand how effectively it is being delivered and how we can strengthen our approach.

In April 2025 we launched our Fair Work Resource Hub for employers where they can find all relevant guidance, advice, case studies, signposting and networking opportunities on removing barriers to Fair Work for many workers, including carers and includes signposting to the [Carer Positive Scheme](#) and [The gender pay gap: guidance for employers](#). A section is also included on the [Benefits of flexible working](#).

The Scottish Government continues to fund Carers Scotland to deliver the Carer Positive Scheme which operates through an encouragement, persuasion, and promotion approach. This initiative is working to improve awareness and flexibility of unpaid carers in the workplace and there are now more than half a million employees working in 292 Carer Positive organisations across Scotland (end October 2025).

Scottish Government's Tackling Child Poverty Delivery Plan

Paragraph 217: We are aware the Scottish Government's Tackling Child Poverty Delivery Plan is designed to take a holistic approach, and we look forward to the publication of the next iteration of the plan. We are interested to understand the expected impact it will have on the Scottish Government's social security spend. We appreciate it will be scrutinised during the next parliamentary session, but any views at this time from the Scottish Government would be welcome.

SG RESPONSE

The Tackling Child Poverty Delivery Plan for 2026-31 will outline a robust framework to drive progress toward the 2030 targets over the life of the next Parliament. Action to be taken within the first year of the delivery plan is supported by the investment outlined within the draft Scottish Budget for 2026-27, which includes detail of social security measures.

Detail of further action, across the life of the delivery plan and next Parliament, will be set out by an incoming government.

Part 9: Universal versus targeted payments

Targeting

Paragraph 230: We note Age Scotland's view that we lack the "right mechanisms at times to work out who is the most needy." The Committee asks the Scottish Government to respond to this concern and provide details of work being undertaken to improve data available to inform policy making.

SG RESPONSE

We have repeatedly called on the UK Government to urgently deliver a social tariff in the form of an automatic and targeted discount on energy bills to address unaffordable bills at source.

Our Social Tariff Working group final report highlighted the need to have access to reliable, consistent and accessible data to ensure we are able to support as many of the right people as possible. The group also recognised that there is a challenge of accessing 'clean' data in a complex and disjointed system.

The UK Government convened a data sharing working group where it was agreed to assess which legal routes were available for sharing of data with energy suppliers to allow better identification of consumers.

Data sharing and energy prices remain reserved to the UK Government however we are committed to working closely with them, Ofgem, suppliers and consumer organisations to make tangible progress.

Scottish Government position

Paragraph 231: While the Committee acknowledges the Cabinet Secretary's comments regarding the balance of universal versus targeted payments, the Committee would appreciate details of any modelling done by the Scottish Government on the potential impact on poverty levels if a proportion of funds for universal services were to be reallocated to those on the lowest incomes.

SG RESPONSE

The Scottish Government has not produced modelling on this scenario. Details of the latest available child poverty modelling can be found in the [Child Poverty Modelling Update](#), published in March 2025.

Part 10: UK Government Policy Choices

Scottish Government view

Paragraph 245: We would appreciate information on the conversations that Scottish Ministers are having with their UK counterparts to improve information sharing.

SG RESPONSE

The Scottish Government has encouraged the UK Government to engage with the Scottish Government earlier rather than later on a number of issues, such as the welfare reforms that were announced on 19 March. Although they were later rolled

back, it was a missed opportunity not to engage with the Scottish Government in advance of the statement made to the House of Commons.

On 31 October the Cabinet Secretary for Social Justice wrote to Sir Stephen Timms reiterating that it is vital any proposed UK policy change takes full cognisance of the impact on people in Scotland and devolved policy making and stressed that it is essential that the UK Government keeps the Scottish Government informed on developments. This letter was sent following a meeting between the Cabinet Secretary for Social Justice and Sir Stephen Timms. During the meeting it was noted that Sir Stephen Timms recognised the importance of including Scottish voices in the planned Steering Group for the Timms Review. This was welcomed by the Scottish Government.

However, recent asks to the Secretary of State for Work and Pensions have gone ignored. In a letter dated 7 November, the Cabinet Secretary for Social Justice asked for reassurance that UK Government officials would engage with Scottish Government counterparts around potential changes to Motability but changes were announced in the media and the UK Autumn Budget Statement that had not been shared in advance.