



OFFICIAL REPORT
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DRAFT

Social Justice and Social Security Committee

Thursday 15 January 2026

Session 6



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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE 2nd Meeting 2026, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)

*Jeremy Balfour (Lothian) (Ind)

*Marie McNair (Clydebank and Milngavie) (SNP)

*Carol Mochan (South Scotland) (Lab)

*Alexander Stewart (Mid Scotland and Fife) (Con)

Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Charis Chittick (One Parent Families Scotland)

John Dickie (Child Poverty Action Group)

Dr Hannah Randolph (Fraser of Allander Institute)

Professor Stephen Sinclair (Poverty and Inequality Commission)

CLERK TO THE COMMITTEE

Diane Barr

LOCATION

The Mary Fairfax Somerville Room (CR2)

Two-child Cap

Scottish Parliament

Social Justice and Social Security Committee

Thursday 15 January 2026

[The Convener opened the meeting in private at 08:30.]

09:03

Meeting continued in public.

Decision on Taking Business in Private

The Convener (Collette Stevenson): Good morning, and welcome to the second meeting in 2026 of the Social Justice and Social Security Committee. Our first item of business in public is a decision on taking business in private. Do members agree to take items 4 and 6 in private?

Members indicated agreement.

09:03

The Convener: Our next item of business is an evidence session on the implications of the United Kingdom Government's policy change on the two-child cap. I welcome John Dickie, director, Child Poverty Action Group in Scotland; Charis Chittick, head of policy, strategy and communications, One Parent Families Scotland; and Stephen Sinclair, chair, Poverty and Inequality Commission. Hannah Randolph, knowledge exchange fellow, Fraser of Allander Institute, joins us online. I thank the witnesses for joining us. We will move straight to questions.

Not having to mitigate the two-child limit frees up around £10 million for the Scottish Government in the current financial year. Do you have any comments on the choices that the Scottish Government has made about its use of that money? We should bear in mind that there has been a slight change, given what was announced in the budget yesterday.

John Dickie (Child Poverty Action Group): The £10 million was freed up in the budget for the current year. We do not have any argument with the choices that were made. Clearly, the money will be going to fund support for struggling households and to deal with the extraordinary pressures that households are facing. The money has gone into crisis responses, which is reasonable, given the need for it to be spent in the current financial year. It is being used to respond to the consequences of poverty, rather than being invested in the long-term social security and other wider infrastructure that is needed to prevent and reduce child poverty and work towards meeting the child poverty targets. However, given the timing, that makes sense. The money has still gone to a good place and it will be supporting households.

The money that has gone into the Scottish welfare fund is much needed, and that is a good place to be investing. However, not all of that money will go to families with children, who make up only around a third of the recipients of that support. That raises the wider point that, when we are spending resources to tackle child poverty, for very good reasons, we should be absolutely clear about which resources are going to families with children and which resources are going to others. I am not arguing against that; it is just that we need to be sure that we are clear on that.

Professor Stephen Sinclair (Poverty and Inequality Commission): I echo what John Dickie said. It would have been helpful if we had heard which selection criteria the Scottish Government used, and it would be helpful to see some sort of impact assessment. We are aware of the degree

of urgency and that the money has to be spent in the current financial year. As the Government and the Parliament have set up a Poverty and Inequality Commission that has an advisory role, it seems a wasted opportunity not to seek its advice before making a decision such as that. We are aware that it is the Scottish Government's call, but there is expertise that could have been drawn on.

Charis Chittick (One Parent Families Scotland): I have nothing to add. I agree with Stephen Sinclair and John Dickie's comments.

Dr Hannah Randolph (Fraser of Allander Institute): I am happy to stick with what John Dickie and Stephen Sinclair have said.

Jeremy Balfour (Lothian) (Ind): Good morning, and thank you for coming. What are your initial comments on how the Scottish budget will address child poverty, given what John Dickie has said? To what extent have your recommendations been taken into account in the Scottish Government's decisions?

John Dickie: Overall, we are disappointed that the opportunities were not taken to do more in the budget to build on the real progress that has been made in recent years to reduce child poverty in Scotland. We are particularly disappointed that the £126 million that was freed up by the abolition of the two-child limit at United Kingdom level has largely been taken out of social security support for families.

All the evidence tells us that the most straightforward, impactful and cost-effective way to make further progress on reducing child poverty, being mindful of the 2030 targets and the First Minister's commitments on child poverty, would be to put the resources into additional cash support through the social security system. The evidence is absolutely clear that there is no credible path to meeting the 2030 child poverty targets without further substantive investment in social security. It is disappointing that the Scottish Government is taking money out of the social security budget line.

I stress that we very much welcome the increase in the Scottish child payment to £40 for families with babies, but that will kick in only from 2027. It makes sense to support families with very young children. They are at particularly high risk of poverty, so it makes sense to get additional support to them. However, it leaves the vast majority of children without any additional support through the social security system.

In the meantime, there is no real-terms increase in social security support for any children in the coming year's budget, and that is disappointing. The £126 million that was freed up with the abolition of the two-child limit could have paid for an uplift to around £35 per week in the Scottish

child payment for all children from April this year. Had that choice been made, it would have had a substantive impact. It would have lifted around 10,000 children out of poverty, which is potentially a 1 percentage point reduction in the levels of child poverty.

I make that comment in the context of wider investment being made in the budget in breakfast clubs and after-school and holiday provision. That is really welcome, and it will provide opportunities for children to participate and develop in and around their school day. Assuming that it is delivered well, it will reduce the childcare costs that families face, and it will enable parents either to work or to increase their hours at work.

In the overall context of the First Minister's commitment to eradicating child poverty, in the context of the Parliament's unanimous support for the 2030 child poverty targets and in the context of the very real challenges that families are facing this year and which they will continue to face in the coming financial year, I find it disappointing that we have not seen more action across the board, but particularly more action and more investment in keeping the money in social security spend. In saying that, I want to make it very clear that we do not believe that social security is the only lever that needs to be pulled—it needs to be pulled in addition to and alongside investment in childcare, housing and employment support.

Those would be our initial reflections on the budget.

Charis Chittick: I would echo what John Dickie has said. We, too, welcome the commitment to increasing the Scottish child payment to £40 for families with babies under one, and we are also encouraged by the commitment to funding whole-family support in a more sustainable way. However, we are waiting for the detail on that. We are keen to see what it will actually look like.

We at One Parent Families Scotland are concerned, because the fact is that a higher rate of children growing up in single-parent families are living in poverty. Currently, the figure is 36 per cent. As well as the investment in the Scottish child payment for all children, we would love to see more targeted support for more priority families as well as those with babies under one, and consideration of how we can support single-parent families better. We know that the families that we support are under increasing pressure to make ends meet. We are also waiting for more detail on the tackling child poverty delivery plan.

Professor Sinclair: I echo what the other witnesses have said. The budget is something of a missed opportunity. It was a chance to bake in recognition of the scale of investment and the actions that are required, which must inform the

next tackling child poverty delivery plan. The Poverty and Inequality Commission has stated that we need three or four measures on the scale of the Scottish child payment if we are to meet the 2030 targets, and the budget was a chance to reinforce that commitment through significant investment.

We welcome the increase to the tackling child poverty fund, and it will be interesting to see the detail on how that will be used. A particular recommendation by the commission, which has been widely shared, is on sustained investment in the advice sector, as that is a crucial way of making more effective use—and ensuring uptake—of income maximisation measures for households.

Another measure that we commend, which has gone somewhat under the radar, is the welcome commitment to paying the real living wage in the social care sector. That is not a direct anti-poverty measure, but that sector is very important and the move will help families. Many of the workers involved are second earners and many are women, and that measure will be a significant contribution. It is also important to increase the adequacy and professionalisation of that sector, given the huge investment that it makes in our future.

09:15

Dr Randolph: We found it quite difficult to tell from the budget exactly where the £126 million is going. Part of the reason for that is that we did not see a clear distinction between what is additional funding for existing measures and what the additional funding brings the total to, if that makes sense. We would expect some things to apply over multiple years, but it is not clear what will go in next year and what will go in later.

That is part of a wider lack of clarity on what is spent on tackling child poverty. Last year, several of my colleagues worked with the Joseph Rowntree Foundation to produce a public spending dashboard for Scotland. Part of that was focused specifically on child poverty, and they found it extremely difficult to track the measures in the existing delivery plans through to what is actually spent.

We would welcome a lot more clarity on where the £126 million has been reallocated to, how it relates to additional funding and what is going into each year in the delivery plan. We would also welcome, in general, an easier way to track that spending.

Jeremy Balfour: Thank you. My other questions have been dealt with in those answers, so I am happy for you to move on, convener.

The Convener: Okay. Bob Doris has a supplementary question.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): John Dickie was right to put to us a challenge about whether the budget represents a missed opportunity, as was Hannah Randolph in relation to clarity about spend. I am taking the figures in the budget at face value, and they include an additional £150 million for whole-family support and £14 million in the tackling child poverty delivery plan. While we have the witnesses here, I want to say that those are not missed opportunities—they are actual opportunities in the year ahead.

Can you give us an idea—briefly, I am afraid, as we are short of time—of how you would like to see the additional £99 million spent to tackle child poverty? I do not want us to gloss over that significant investment.

John Dickie: First, I will repeat what I said: we think that the most direct and effective way to use that money would have been to keep it in the social security budget line. Having said that, we recognise that it is clearly important that that additional resource sits alongside the next tackling child poverty delivery plan.

It will be important to ensure that the money is not spread too thinly. A figure of £50 million sounds like a lot, but if we consider that we have 32 local authorities and many third sector organisations, and that a lot of good things can be done to help low-income families with children, we can see that it could disappear pretty quickly. It is therefore important that the plan sets out a strategic approach to using those resources that will address the fundamental drivers of child poverty in a systematic and strategic way that will have an demonstrable impact on the overall levels of child poverty in Scotland.

My key concern is to ensure that that money is spent in a way that really tests whether it is supporting families with children, addressing those key drivers of child poverty and ensuring that their incomes are increasing, through either social security or employment, and that their costs, particularly for housing and childcare, are falling—

Bob Doris: Thank you, Mr Dickie—I am sorry to cut across you; it is just that I am aware of the time. Are there any additional comments on how that money could be used?

Charis Chittick: At One Parent Families Scotland, we have been conducting research on the child maintenance service over the past two years. That is a reserved issue, so many of our recommendations are for the UK Government, but we would love to see the Scottish Government commit to supporting advice for families who are

navigating the child maintenance service. Modelling that was conducted by the Institute for Public Policy Research Scotland shows that 20,000 children could be lifted out of poverty if they were able to access the money that they are owed through child maintenance.

Right now, the system is complex and not fit for purpose. We are calling on the UK Government for wider reform of the system, but we would love to see investment in advice from the Scottish Government, because we know that that works—we have seen it work at One Parent Families Scotland with the families that we support.

Professor Sinclair: The reason why we are somewhat disappointed concerns the issue of urgency. The targets are to be met by 2030, and social security has to be the lever that is used. That is the only way that the Government is going to deliver on the targets by that deadline, which was set by the Parliament. Investment in employment and other issues is important in the longer term, but that is indirect. There is no escaping the importance of social security, and particularly the Scottish child payment.

The Convener: Hannah, do you want to come in before we move on?

Dr Randolph: I am happy to move on.

The Convener: Okay—that is lovely. I invite Claire Baker to come in, to be followed by Carol Mochan, who is joining us online.

Claire Baker (Mid Scotland and Fife) (Lab): I will start with a question that I asked the Cabinet Secretary for Finance and Local Government during the budget statement.

John Dickie, you said that the £126 million has been taken out of social security, but the budget line shows that £152 million is being transferred into social security, because staff are being transferred into Social Security Scotland. We are spending a lot of time talking about what to do with the £126 million, which is not insignificant, but the social security budget line for the organisation is going up. Do you have an understanding of how it is justified that the budget line for the organisation is going up while money is being taken out that should, as you are arguing, be in there to increase the child payment?

John Dickie: I do not have a view or an understanding of specifically why that additional money is needed or how it is being spent. We need a social security system and an agency that are funded adequately in order to deliver social security to families and to others in a way that meets the principles that the Parliament sets, such as treating people with dignity and respect and so on.

You raise a broader point that we should not be focusing simply on the £126 million and that, if we are serious about making progress towards, and meeting, the child poverty targets, we need to be looking at the Scottish Government's overall budget, with all the tax and spending levers that the Government has available to it.

The release of the £126 million, which had been sitting there ready to be used for payments directly to families, created this particular opportunity, because it was no longer needed for those payments, but it could have been kept in that budget to provide payments to families in a different way, for the reasons that we have argued. Nevertheless, we need to look at the bigger budget picture and the resources that are available to the Government not just to invest in social security and ensure that we have an adequate system for delivering social security support, but to ensure that the payments that we are providing are adequate to meet the needs of children and families in Scotland.

At the moment, it is doing a good job, and that is making a really big difference—it is important to know that. All the feedback from families shows that the system is working to provide support and they are largely getting the support that they need. There are gaps and some families are missing out, but the system is working and is providing real relief. The Scottish child payment is working to reduce child poverty, deprivation and food insecurity. We need to be mindful of that—it is about building on that system.

Claire Baker: Professor Sinclair, I think that it may have been your own commission that did some analysis of the increase in the child payment to £40 for babies—those under one year old—and said that it would have a positive impact on those families but a negligible impact on our child poverty targets. That could just be because it is such a small group of people. Do you want to say anything further on that?

Professor Sinclair: I think that the forecast came from another organisation. The figure of 12,000 children is important—again, that is testament to the value of the Scottish child payment. If it is right for those families, that raises the question: why not for other families? We have the money and it is affordable, and it is not affordable not to address child poverty. We commend the child payment, and the lesson is that we should put it in place for other priority groups.

Claire Baker: I turn to the Fraser of Allander Institute—although other witnesses can comment—because it has done some work on fairness around the child payment to do with the point at which the income that a family is receiving is comparable to somebody who is in employment.

If my understanding is correct, part of the issue is that universal credit tapers but we cannot taper the Scottish child payment. The Fraser of Allander Institute's submission states:

"There are also fairness considerations surrounding the possibility that a family earning more than an otherwise identical counterpart could end up with a lower total income."

Do you want to expand on the issues around that, Dr Randolph?

Dr Randolph: Yes. That has to do with the universal credit cliff edge whereby, once a family loses their UC entitlement, they lose the full amount of the Scottish child payment in one go, because, as you said, there is no taper. Our point is that having a cliff edge is a problem both in terms of potentially creating adverse work incentives—I will come back to that in a minute—and in terms of fairness. On the fairness point, two households could be identical, but if one earns just a little bit more and loses their UC entitlement, they will end up with less than the other, because of the cliff edge.

We do not currently have evidence to show that there are significant adverse work incentives from the current level of Scottish child payment in relation to the cliff edge. A recent study from the London School of Economics and the University of York showed that relatively few families are at a point where the cliff edge particularly matters to them, which was reassuring to see. However, even in the absence of that, there is still a fairness argument around that cliff edge.

Claire Baker: Is it something that we need to be mindful of? Although the LSE report said that concerns around incentives and disincentives were overplayed, some of the detail described families reducing their hours or resisting taking a pay increase because it would affect that benefit.

Dr Randolph: It is something to be mindful of. The evidence that we currently have does not show a widespread impact, so it is not the case that a huge number of households are reducing their work in response to the cliff edge. However, as you say, the study also found that some households are perhaps doing that.

We would also expect that to potentially become more of an issue as the Scottish child payment increases, because it would deepen the cliff edge that families could reach. However, again, we do not think that a huge amount of households are directly at that point. It will make a difference for those households, but there does not seem to be a need to worry about that being more widespread.

Claire Baker: I have one final question for Charis Chittick. You talked about targeted support for priority children, and some of the figures show

that children of single parents and children in ethnic minority families are at the sharper end. One solution is that we increase the overall envelope so that there is more money; that is, we do not make any changes within the current system. Another option is that we make changes within the current system to rebalance resources more to where they are needed. I will understand if you argue for more money within the system—that is your job. However, are there any changes that we could make to the current system in relation to that focus? I think that absolute poverty figures have come down faster than relative poverty figures. Stephen Sinclair might be able to clarify that. How do we make sure that the children and families who really need support are receiving that support?

Charis Chittick: You are right that I would advocate for more investment across the Scottish child payment, but I would also argue for increased targeted payments to priority families, including single-parent families. I will also pick up on the cliff edge point. We are concerned about that, particularly for single-parent families, as it impacts them as single-income households.

The answer is not that we do not increase the Scottish child payment for everybody; that is not the right solution. I am aware that the solution is more complex and is part of what we need to do in looking at the wider social security system, such as introducing tapering and reviewing the provisions of section 79 of the Social Security (Scotland) Act 2018. We would be happy to work with the committee on that. We have heard, for example, from a single parent who turned down a promotion because they would have lost their Scottish child payment. We are particularly concerned because the problem predominantly affects women, who are already at the sharp end.

It is about looking at the system as a whole and asking how we can improve on what we have. It is not about getting rid of what we have; what is important is how we improve and build on it.

Claire Baker: We should not forget that the parents of the majority of children in poverty who receive universal credit are in work—I think that that is correct.

Does anybody else want to comment before we move on?

Professor Sinclair: I will make a brief point to remind the committee, which is very expert, that the Social Security (Amendment) (Scotland) Act 2025 has just gone through. It gives the Scottish Parliament the capacity to decouple the Scottish child payment from universal credit, which we would strongly recommend be investigated.

John Dickie: I will build on the points that have been made about the cliff edge. To add to the analysis that was done by the London School of Economics and the University of York, the Scottish Government published its own analysis, which showed no impact at scale in relation to labour market participation as a result of the Scottish child payment. Our analysis of universal credit data finds that households in Scotland are no more likely than those in England to be claiming very low amounts of universal credit—which you would expect to be the case if they were holding back and trying to stay on universal credit in order to keep their entitlement to the Scottish child payment.

Another basic but important point is that families will just about always be better off if they take up some work. The issue is what happens when earnings rise above a certain level—there is no question at all of the cliff edge being a disincentive to work.

09:30

Over the past two years, we have been working on the strengthening Scottish social security project. An issue for some families is that they are missing out on—they have lost their entitlement to—the Scottish child payment because their earnings rose just above the universal credit threshold. Despite that rise in earnings, they are still struggling. It is clear from the project that the complexity of universal credit means that families struggle to understand the impact of earnings on entitlement. They do not really know about or understand the implications of decisions to take on more hours or increase their earnings.

Parents are much more concerned about the impact on universal credit; they are not really thinking about the impact on the Scottish child payment. However, advisers are very aware of what the impact might be on the Scottish child payment if earnings increase.

The other thing is that money is not the only consideration that families take into account—they make all sorts of judgments about childcare availability, balancing the optimum amount of time for them to spend carrying out childcare responsibilities against the desire to increase their earnings through work.

It also became clear that, where families' earnings increase above the threshold, there are three possible outcomes. It is not just the case that, with the cliff edge, they are worse off. First, families can be better off as a result of a combination of their earnings and remaining social security support. Secondly, if their earnings have increased enough, they can be slightly better off, even if those earnings are offset to some extent by a reduction in social security support. Thirdly, they

can be worse off if any increase in their earnings has been offset by the loss of social security.

Claire Baker: Do you think that people have sufficient understanding of that? Do they get enough support to think through what the impact would be? Often, it can be difficult for a family to reach the point at which it is receiving a suite or package of benefits. If a family is stable and secure, and if they feel that they are managing on their current income, it can be quite a leap to move beyond that. They would have to consider what they were going to lose or retain. Is there enough support for people to navigate that?

John Dickie: Exactly. That led us, from talking to families, to what the solutions would be to the issues. A key solution would be providing more advice and information, so that people understand the implications of different decisions and choices. There is also a recognition that there is a specific issue with the Scottish child payment because it is an additional support and is not tapered. However, families are facing the issue as a result of the complexities of universal credit, so providing more advice is key.

I would add a note of caution about introducing an additional means test into the Scottish system in order to create a taper. The costs and benefits of that—particularly given the lack of evidence that the payment is having an impact at scale on labour market participation—need consideration. We should also remind ourselves that this is all a consequence of choosing—for understandable reasons, given budget constraints—to use a means-tested approach to providing additional support for families. You do not lose child benefit as your earnings increase; it can be clawed back through tax recharge now. Part of the value of a universal approach to social security support is that it takes away those problems when families' earnings increase. That approach needs to be kept on the table when considering how to deal with the issue.

Fundamentally, there is no evidence that the payment is currently having an impact at scale on labour market participation, and we have seen no evidence that weekly Scottish child payments increasing to £35 or £40 would result in that happening and be a major problem. However, there is a huge body of evidence that increasing social security support and the value of the Scottish child payment would have a significant impact by improving children's lives and families' wellbeing and would make a contribution to reaching the child poverty targets.

Claire Baker: Thank you.

The Convener: I am conscious of the time. Perhaps it is a question, Claire, that you could pose to Social Security Scotland when it comes in,

to find out what knowledge and awareness it has of this.

I call Carol Mochan, who is joining us online.

Carol Mochan (South Scotland) (Lab): Good morning. I think that, with those really robust answers, my questions might have been answered, but I just want to ensure that there is nothing else to add. Will abolishing the two-child limit have a different impact on families compared with mitigating it? Is there anything in particular that the witnesses would want to raise in that respect?

Professor Sinclair: I am happy to respond to that. The abolition of the limit provides certainty, and it reduces the potential burden that would have been faced by Social Security Scotland in administering a top-up. Moreover, the Scottish Government's planned mitigation, though very welcome, would not have reached a certain number of families, because of quite technical complications.

The abolition is very welcome. Its impact will be a reduction of 1 or 2 per cent in the child poverty figures in Scotland, using just the relative measure, and it will also liberate the money that we have been talking about. It is therefore commendable; however, it is also overdue, and it is not enough on the part of the UK Government. We still have a benefit cap, along with poverty-inducing policies such as universal credit and no recourse to public funds. There is still quite a lot of work to be done at that level to reduce some of the egregious effects that the Scottish Government has been trying to compensate for and mitigate.

Dr Randolph: As we understand it, and as Stephen Sinclair has said, there will be very little on-the-ground difference. The impact will be the same for most households, whether the limit is mitigated or removed.

The exceptions are those households that had their UC tapered away. With the removal of the two-child limit, they will now receive UC and will therefore qualify for the Scottish child payment, whereas before they would not have been able to receive the mitigation payment. Furthermore, mitigation might have made the UC cliff edge a bit deeper, which removal does not do, which is positive.

Finally, with regard to the Scottish budget, mitigation of the limit would not have created the same spillovers on to devolved benefits that removal creates. The Scottish Fiscal Commission estimates those spillovers at about £14 million next year, and they come from additional discretionary housing payments to mitigate the benefit cap and from additional families getting the Scottish child payment.

Carol Mochan: Thank you for that. It is quite helpful to get that information on the record. I had another question, which was on—

The Convener: I am sorry, Carol, but I believe that John Dickie wants to come in.

John Dickie: If there is time, I would just like to add to what Hannah Randolph and Stephen Sinclair have said.

The other obvious advantage of abolition of the limit at a UK level is that it is also abolished for children in England, Wales and the rest of the UK, which can only be a good thing. The other advantage of the limit being abolished at source is that, whereas mitigation payments would have required an application and therefore would have posed another hurdle for families to get over in order to get that financial support, there is now no need for them to make an application. Their application for universal credit will allow them to get the full support that they are entitled to.

Carol Mochan: I apologise that, when I am online, it is a wee bit tricky for me to see who wants to come in.

I know that the mitigation payments are not going ahead, but can the Scottish Government learn any lessons from that approach if, in future, it is looking at mitigating certain policies or at having different policies from UK social security policy? We have talked about the cliff edge, and we have some of that evidence on the record, but do the witnesses want to make any other points?

Charis Chittick: I go back to the point that has been made about looking at wider system reform and ensuring that, as John Dickie said, families do not have to apply for a mitigation payment in future. If we are reviewing the system, the question should be: how can we make the system that we already have more flexible for and accessible to people, and how can we reduce the burden on individuals of having to navigate it?

Carol Mochan: Navigating the system is a real issue for people, so thank you for those comments. Does anyone else want to comment, convener? I cannot see the witnesses.

The Convener: Hannah Randolph would like to come in, and then I will invite John Dickie to respond.

Dr Randolph: I will make a point about the budgetary process. We know that the two-child limit mitigation payment was announced as part of last year's budget, but the policy's development and budgeting seem to have happened a bit backwards. The Scottish Fiscal Commission was not informed about that early enough for inclusion in its initial forecast; it had to do an update in January, and then the consultation was carried out

after the policy was announced. Obviously, we would like that to happen the other way round, with the SFC given more notice of policy announcements.

Moreover, the payment highlighted the importance of information sharing between the Scottish and UK Governments with regard to social security data, and that is an important starting point for having good research, and good evidence, on poverty in Scotland. There are some lessons to be learned from the process, and we hope that it has helped to strengthen data sharing between the two Governments.

John Dickie: I will add to Charis Chittick's point about how the Scottish system can be developed. As well as making it clear that the system should allow for more payments to be delivered without people having to go through a new application process, we pointed out at the time that there was no allowance for backdating claims. That is the case for the Scottish child payment, too; we understand that it is to do with how the system has been built, but it means that families who are not aware of the support to which they are entitled or who face problems when they start the application process are not able to get the money backdated to the point at which their eligibility would have started. Other elements of the social security system—for example, child benefit—have backdating arrangements in place. Having the facility to backdate payments is something that we could learn about from this process when it comes to looking at the Scottish system.

The Convener: Can I confirm that you have completed your questioning, Carol?

Carol Mochan: Yes—that is fine. Thank you very much.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning. I thank the witnesses for their extremely helpful written submissions. As the evidence session is about the two-child limit, we owe it to those who are considering welfare policies in the future to acknowledge how abhorrent the two-child cap was and how it failed in its stated objectives.

I certainly put on record my thanks to everyone here for their determined campaign to scrap the two-child cap. There is no doubt in my mind that, without that campaign, the scrapping would not have happened. I also think that folk in Scotland who have had to experience the cap are very heartened by and thankful for your work.

How successful was the policy in meeting its objectives of influencing family sizes and encouraging folk into work? I will start with John Dickie.

John Dickie: The policy had limited impact—if any—on family size or on parents moving into work; its impact was marginal, if there was any at all. Of course, that was not really surprising—it is kind of what we knew from the start. What the policy was very effective at was driving children into poverty.

Marie McNair: I see you nodding, Charis. Do you want to comment?

Charis Chittick: I agree with John Dickie. I can share an example involving a single parent called Rose whom we work with; she was affected by the two-child limit and lost out on £292.81 per month, which was a huge loss and put a big strain on the family budget. It meant that the children missed out on activities, and she struggled from month to month to cover essentials. We know that the same thing happened across Scotland and the UK.

I agree with John Dickie that the policy did nothing to reduce family size but meant that families who were already under increasing pressure had to make impossible choices. We heard again and again of parents having to go without in order to feed and clothe their children.

09:45

Marie McNair: Your submissions show that a need exists for urgent action on child poverty. The two-child policy is still impacting children.

I know that CPAG looked at how many children are being pulled out of poverty in the meantime. Can you comment further on your work?

John Dickie: Our analysis was that scrapping the two-child limit would immediately lift 350,000 children out of poverty across the UK, and around 15,000 of them would be in Scotland. We have done a lot of work on that. The policy was identified as the key driver of rising child poverty across the UK, which is why the Scottish Government's commitment to mitigate its effect was welcome and why the fact that it is being abolished at source is even more welcome. I am not sure whether I have answered your question.

Marie McNair: Yes—absolutely.

Hannah Randolph has spoken about the need for shared data. Housing benefit has been replaced with UC for housing costs, and better shaping is needed for that data to be shared between both Governments. Are you aware of any cases that are falling through the gaps?

Dr Randolph: In relation to what data is shared?

Marie McNair: Yes.

Dr Randolph: I have an example from this year. In March, the family resources survey, which is the survey on which the poverty estimates are based,

will include linkage to the Department for Work and Pensions benefits data—reserved benefits data—which will give us a much clearer picture in the survey of who is receiving benefits and how much they are receiving. This year, the survey will not have linkage to devolved benefits—that means that there will be no data sharing between Social Security Scotland and the DWP—because that had not come into place in time for it to be included.

We expect that there might be a bit of confusion and some explanation needed about this year's child poverty statistics, to understand which benefits have been linked and which ones have not. We think that the linkage will come in next year, and we will then explain again why a change will be due more to the data than to something happening in the world.

Marie McNair: That is helpful. The Scottish Government is mitigating this poverty-inflicting policy through DHP. Despite our best efforts, families' payments are still being capped if they do not claim DHP. Can you give examples of that, John?

John Dickie: I am sorry—in my response to your previous question, I did not pick up that we had switched to talking about the benefit cap rather than the two-child limit.

Marie McNair: I am now talking about discretionary housing payments.

John Dickie: Yes. It is really welcome that the Scottish Government is funding discretionary housing payments to mitigate the benefit cap. We do not really know the level at which those payments are being taken up—indeed, it is difficult to see who is entitled, whether they are applying to get that money and whether they are getting it. Around 65 per cent of the budget was spent in the past full year, which suggests that not all those who should be entitled to get that discretionary housing payment to mitigate the benefit cap are getting it. However, as others have said, that could also have to do with how the budgets are estimated.

We would be very surprised if everybody was aware of and applying for the discretionary housing payment to which they are entitled to make up for the fact that they are losing out through the benefit cap. That is a disadvantage of using that system to mitigate the benefit cap, although it is difficult to find a system that would do so effectively.

We could be doing far more to ensure that families are aware that they should apply for a discretionary housing payment if they are impacted by the benefit cap.

The information on the gov.scot website, for example, links to the DWP without mentioning

mitigations to the benefit cap. We know that some local authorities' websites do not mention that DHPs are available for families who are affected by the benefit cap.

We also think that Social Security Scotland could include information in letters to families in receipt of Social Security Scotland low-income benefits to alert them to the availability of discretionary housing payments to mitigate the benefit cap. More could be done to ensure that families know that support is available in Scotland to mitigate the impact of the cap.

In answer to your previous question, the benefit cap impacts on the depth of poverty. Removing the benefit cap would not lift most of those families out of poverty, because they are so far below, but it would reduce the depth of poverty significantly.

Marie McNair: My next question was going to be about awareness of DHPs, but you have covered that. We need to do some work with the Scottish Government to raise awareness and maximise take-up.

In the interests of time, I had better hand back to the convener.

The Convener: I invite Alexander Stewart to speak.

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning. The witnesses have made it clear that further large-scale policies are required to meet the 2030 targets on child poverty. It would be good to get a flavour, if you have examples, of the types of policies that you think should be included to ensure that that is a possibility. Is there evidence that the scale that is required is set out in the Scottish Government's spending review to ensure that that could become a reality, rather than just an assumption that may happen? If the Government does not introduce some of the policies that you have indicated are required, it will struggle to meet those targets.

Once again, we find that the Government is aspiring to achieve something but, if it does not put something behind that, it might not happen. It would be good to get a flavour of what you think is required and whether there is enough there to ensure that that can become a reality.

John Dickie: I come back to what we were saying earlier. We need further investment in social security as a key pillar and lever for making progress towards meeting the 2030 targets. The analysis that the Fraser of Allander Institute, IPPR Scotland and the JRF have done on potential routes to meeting the 2030 targets shows that none of those would not include substantive further investment in social security. That is why we are so anxious that the budget did not put

substantial additional investment into social security support for families.

However, it is also clear that social security support needs to sit alongside investment in improving the childcare offer for families, ensuring that parents who are able and want to work can work because the childcare is in place for them to do that, and investing in housing to ensure that housing costs do not push children and families into poverty. We need to ensure that we are not just lifting and increasing the budget for affordable housing but specifically focusing those resources and the investment in housing on larger family houses for families who are being tipped into poverty as a result of housing costs and in the areas where that is most likely to happen.

More broadly, on action to improve the labour market and reduce the inequalities in the labour market, we know that children growing up in black and minority ethnic communities, children growing up in families affected by disability and children growing up in lone-parent households are all particularly at risk of poverty. We know that those parents and those families face inequalities in the labour market, so tackling those inequalities will need to be a key aspect.

Alexander Stewart: Dr Randolph, I am sure that the Fraser of Allander Institute has a view on all this, too.

Dr Randolph: As John Dickie alluded to, our modelling suggests that several large-scale policies would be needed across different policy areas, which will almost certainly have to include investment in social security. We have done a rough estimate—I believe that JRF has also done an estimate—of a policy package to meet the 2030 targets. That estimate varies a lot depending on the policies that you choose, the assumptions that you put into it and your underlying data, but it is in the order of billions rather than millions. We do not see that level of investment in the spending review, although there is no particular line item that says, “This is the spending on child poverty.”

In the analysis that I mentioned earlier, Scotland’s public spending dashboard showed that the Scottish Government spent about £1.2 billion on measures that are in the child poverty delivery plan. John Dickie alluded to the Scottish welfare fund—some of those measures will relate to things that are not necessarily exclusive to families. We would welcome more clarity in the next delivery plan about what direct spending goes only to families with children and what does not.

Alexander Stewart: Does Charis Chittick have a view?

Charis Chittick: We would agree with everything that has been said, because

investment in social security is essential. However, there are other things that we can do on top of that. As has been said, we should invest in income maximisation support. It is important to make sure that the advice sector is funded and that there is sustainable funding for the advice sector. We should work to close any gaps in eligibility criteria that result in families missing out on the Scottish child payment. We should widen the eligibility criteria and think about expanding them to families with children who are 16 or 17 and are in education. Another thing that the Scottish Government could look at is mitigating the young parent penalty. That would make a big difference to young parents.

There should also be action on public debt and school meal debt. The punitive debt collection approach puts families in financial hardship, and it massively affects those families. We should be looking at public debt reform and eradicating school meal debt as part of the Scottish child poverty strategy. We should make sure that free school meals apply to all children in primary school and roll that out to secondary schools, too.

Alexander Stewart: Professor Sinclair, do you have anything to add?

Professor Sinclair: I will not add to the list of things that have been said. One area in which we could improve our delivery is active labour market policy and employment support. Certain groups face additional compound barriers, and they need tailored support.

I have one other point, while we are talking about expenditure. We must always bear in mind the cost of not acting. Billions of pounds sounds like a lot but, if we do not address child poverty, there will be serious issues for our health budget, in educational underattainment and through lower tax revenue from people not being able to be in suitable jobs in which they can earn and contribute. In any cost benefit analysis, we must consider the serious costs of child poverty.

Alexander Stewart: My second question is about considering and producing the next Scottish tackling child poverty delivery plan, now that we have the new child poverty strategy from the UK Government. Since the UK Government has set its own strategy, do you expect to have any recommendations about what should be included when the Scottish Government sets its new delivery plan? Is there anything that needs to be included to make sure that we achieve our aims?

In the current plan, there is aspiration and there are opportunities. However, you have already given some examples and strong evidence of what is required. We are tinkering around the edges of some of that; in other areas, we have given support but it has not been enough to change

things. Is there anything else that you recommend should be in a future Scottish Government tackling child poverty delivery plan?

Charis Chittick: The things that we have already highlighted are really important, so I would advocate for those. We should make sure that we follow meaningful participation as part of creating the plan—that is, we should make sure that organisations such as ours are involved in that and that we can work with you to help. We should also make sure that families are heard from and involved in those decisions. That is how we will end up with a more robust plan and it will help to avoid any unintended consequences.

Professor Sinclair: I would remind the Scottish Government and all the parties that we at the Poverty and Inequality Commission have published our recommendations, and reinforce that the plan belongs to Scotland in total. There is a moral commitment from all the parties to deliver on the 2030 targets and they will have to continue the conversation on how to do that.

10:00

John Dickie: I do not have much to add. What we have said needs to be in the Scottish tackling child poverty delivery plan still needs to be there. The levers that need to be pulled are largely similar at UK and Scotland levels. Opportunities should be opening up in how Governments can work together to make sure that those levers are used to maximum effect. We might come on to that.

It is worth reminding ourselves that the Child Poverty (Scotland) Act 2017 requires the Scottish ministers to meet the targets regardless of what happens at UK level. Clearly, what happens at UK level can make that either easier or more difficult. The abolition of the two-child limit makes it a little bit easier and helps with progress. However, the requirement is to do it regardless. It is not conditional.

At the same time, the fact that both the UK Government and the Scottish Government are committed to tackling child poverty and have set out child poverty strategies opens up opportunities for them to work together to ensure that the levers on social security, housing, childcare and employment are pulled in a synchronised way, complementing each other and ensuring maximum impact over the next few years.

Alexander Stewart: Hannah Randolph, are there any areas that the institute thinks should be included?

Dr Randolph: We do not usually advocate for specific policies. However, based on our modelling and that of others, we expect that, under current measures, relative child poverty will be between 20

and 22 per cent in 2030-31; the target is 10 per cent, so that is a very big challenge. We do not see anything in the UK child poverty strategy that would significantly reduce the scale of what we would like to see from the Scottish Government. In the delivery plan, we would like there to be specific measures, accompanied by estimates of their impact, so that we can see a credible path to meeting the targets.

The Convener: I call Bob Doris.

Bob Doris: This is an appropriate time at which to come in because, in our discussion about the UK Government's new child poverty strategy, the committee is keen to see and understand the engagement that the UK Government has had with today's witnesses and other stakeholders in a Scottish context, in relation to not just getting information from you but having a dialogue with you as part of the process of setting its strategy. I am therefore interested in knowing what engagement each witness's organisation has had with the UK Government and how you would describe that engagement—whether as meaningful, deep or cursory. Mr Dickie, what has the situation been like? What has your experience been?

John Dickie: There has been a reasonable level of engagement and involvement in working both with our UK colleagues, who are based in London, and directly up here. We have facilitated engagement between UK Government officials and members of the End Child Poverty coalition. We have fed in the thoughts and ideas of Scottish organisations about the approach that should be taken by the UK Government in a UK-wide strategy. We participated in round-table discussions with the UK Secretary of State for Work and Pensions during the development of the strategy. We worked with the United Kingdom Committee for UNICEF to produce a paper that brought together the views of non-governmental organisations in Scotland on what needed to be in the strategy.

We have seen some impact from that—not least, in the abolition of the two-child limit, which we focused on. It was very clear from organisations in Scotland, as from organisations from across the rest of the UK, that no UK strategy would be credible if it kept the two-child limit in place. The fact that that has gone is a testament to the engagement, the fact that the officials listened and the presentation of that evidence to UK ministers.

Bob Doris: I have a follow-up question, and I will bring in other witnesses. The UK Government would have had to be absolutely myopic and have its fingers in its ears not to get the clamour to abolish the two-child limit, so I commend, as Marie

McNair did, the work of the stakeholders of civic Scotland and the rest of the UK on that. However, I am keen to know whether there are other policy areas in which engagement resulted in a bit of movement—or whether it is still a wee bit stuck and movement has not really happened. Our committee is trying to give added value on some of that. Can you give an example beyond the removal of the two-child limit—which, obviously, we welcome?

John Dickie: We welcome the abolition of the two-child limit and the recognition of social security as a lever that the UK and Scottish Governments need to pull.

The reality is that getting the abolition of the two-child limit over the line took so much focus that we did not have time and space to look in more detail at how the UK Government and the Scottish Government could work together on childcare and employment support. There is still work to do, and now that we have got the two-child limit over the line there is an opportunity to start having those conversations and to support both Governments engaging with each other in those areas.

Bob Doris: That is what my last question will be about, if there is time for it. Professor Sinclair, I do not know whether the two-child cap is an obvious example, but, based on what John Dickie said, the bandwidth and the effort that that took, for such a long period of time, might have crowded out other discussions that you were all keen to see take place. Did other discussions take place? How would you describe your engagement? Can you give some examples?

Professor Sinclair: We made representation—not only the commission. In November 2024, we met officials at a general round-table event at which secretaries of state were present. The commission had a follow-up meeting with officials and we sent evidence and wrote to the UK Government. There was also a subsequent meeting after the publication of the strategy.

You are right that the UK Government deserves credit for listening to the principal message, but there were other important messages that we have yet to see movement on. We are hopeful, as the UK Government has said that this is not just a one-off, but a developmental process.

I would reiterate the egregious effect of the five-week wait for universal credit, the continuing persistence of the no recourse to public funds policy—which is a principal source of very deep poverty—and the fact that we, along with many others, recommended an essentials guarantee. None of that was taken up. I do not think that those points were even itemised or recognised in some of the strategies. We will continue to make the case, along with other stakeholders.

Charis Chittick: We were at the same round-table event in November 2024, and we also submitted written evidence.

The separate issue that we have been working on with the UK Government is the child maintenance service. We were encouraged to see that reflected in its child poverty plan, although the provisions do not fully align with the recommendations that we made. In particular, we would love to see all fees being scrapped for people accessing the child maintenance service. We have been working with MPs and the Department for Work and Pensions on that, and we will continue to do that as part of the plan.

Bob Doris: Hannah Randolph, I am not sure whether those are policy areas that the Fraser of Allander institute would engage with the UK Government on, but I would be interested to know whether that is the case.

Dr Randolph: As you said, it is a bit different for us. My colleague Emma Congreve was part of the child poverty analytical expert reference group, and she reflected that it was useful to see the evidence that was being considered by the UK Government for the child poverty strategy, but that there was not a lot of scope for sharing learning from Scotland, and she did not get the sense that the UK Government was necessarily looking for that insight. It would have been nice to see a bit more interest in learning from things that Scotland has done differently.

Bob Doris: Charis, I will ask you this question first because you mentioned the child maintenance service. In relation to the Scottish and UK Governments having a positive and constructive relationship, irrespective of whether there are disagreements, I think that the cabinet secretary, when she was at the committee a few weeks ago, was a bit frustrated—I will paraphrase—because it feels as though the Scottish Government gives information to the UK Government, which goes away with it and something may or may not materialise, rather than the two Governments having an on-going substantive dialogue. The important thing is that the Scottish Government is up for that on-going substantive dialogue with the UK Government.

My final question is, if you could pick two or three things for both Governments to have a substantive and constructive dialogue on, what would they be?

Charis Chittick: For us, a key area to work on together would be the wider reform of the child maintenance service to ensure that it works for children and families across the UK, because we know that that could make a significant difference to lifting children out of poverty. The second area would be the work to abolish the young parent penalty in universal credit.

John Dickie: Key areas in relation to what is needed to prevent and reduce child poverty are reducing housing costs, and improving access to and reducing the cost of childcare. In those areas, responsibilities are essentially split across Governments. We have support for housing costs and childcare costs in the universal credit system, but the supply of childcare and housing is largely a devolved responsibility in Scotland. Finding ways to work together to pull the respective levers in a way that improves the availability of affordable childcare and housing is worth exploring a lot further.

There are ways of thinking about whether, if the Scottish Government invested in housing or childcare in a way that reduced demand on social security support for those costs, there would be a way of bringing that money back into the system in Scotland to further invest in housing and childcare, and vice versa. More thinking needs to be done, but there is scope for serious joint working in those areas.

Bob Doris: That is very helpful, Mr Dickie, and a really interesting way of looking at the issue. On a slight tangent, that joint working happens quite a lot in net zero ambitions, for example, where discussions take place between Governments and, sometimes, sectoral organisations, and then a commitment is almost co-produced and announced. We perhaps do not get to see that in the field of social security and social justice. Professor Sinclair, do you have any final words?

Professor Sinclair: The fact that it is a reserved matter means that it is important that we have greater dialogue about employment rights. Scotland has ambitious fair work targets and a strategy that will not be able to be entirely delivered without movement in some of the legislation at the UK level.

The UK Government should also have given consideration to the fact that its plan is weakened because it does not have any targets or independent scrutiny—we know that from international evidence. There are strategies that have a degree of accountability and targets that focus minds, attention and resources, as we have seen in Scotland.

Bob Doris: That is very helpful.

John Dickie: I have a final point.

Bob Doris: With the convener's permission, Mr Dickie.

John Dickie: I do not think that we have touched on the fact that some children in Scotland have no access to public funds because of their immigration status, and they are not able to access devolved sources of financial support, such as the Scottish child payment. They are living in poverty.

Some things can be done about that in Scotland, but some things need to be done at the UK level to address the fact that we have children growing up in poverty who are unable to access the support that they need.

Bob Doris: No further questions from me, convener.

The Convener: That concludes our questions. I thank the witnesses very much for joining us. We will now move into private session.

10:13

Meeting continued in private until 11:23.

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