



## Time to Prove Child Poverty Really is the First Minister’s “First Priority” The End Child Poverty Coalition’s priorities for the 2025-26 Scottish Budget

### Introduction

In the period 2020 to 2023, 1 in 4 children in Scotland were growing up in poverty.<sup>1</sup> Poverty strips away the opportunities for children and young people to learn, grow and develop fully, and have happy and thriving childhoods. As well as harming children and families, poverty harms Scotland’s economy to the cost of at least £2.4 billion per year.<sup>2</sup> This isn’t acceptable, and change is possible.

We welcome progress on action to drive down child poverty, especially through investment in the Scottish Child Payment, a powerful intervention for putting money directly in the pockets of low income families. However, while tackling child poverty is the Scottish Government's and the First Minister’s stated “first priority”,<sup>3</sup> this priority must be better reflected in budget decisions. That is why the End Child Poverty Coalition is calling on the Scottish Government to ensure the 2025-26 Scottish Budget allocates the necessary additional resources to address the root causes of child poverty.

The 2025-26 budget should resource action across social security, employment, housing and whole-family support. Focused action must also be made to support those groups at highest risk of being in poverty. Women make up the majority of one-parent families (92%), are more likely to be primary caregivers for children, unpaid carers for disabled and older people, and in lower paid less secure work.<sup>4</sup> Children's poverty is inextricably linked to women's poverty and, to sustainably reduce child poverty, this budget must address women’s labour market inequalities as well as inadequate social security entitlements.

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<sup>1</sup> Poverty and Income Inequality in Scotland 2020-2023 statistics, Scottish government, 2024. <https://data.gov.scot/poverty/>. The full impact of the increased and expanded Scottish Child Payment is not currently reflected in the latest Households Below Average Income (HBAI) statistics as there is not HBAI data for a full year of SCP at this increased level. The next HBAI statistics for 2023/4 will be available in March 2025.

<sup>2</sup> Tipping the scales, IPPR May, 2023. <https://www.ippr.org/articles/tipping-the-scales>.

<sup>3</sup> Meeting of the Parliament (Wednesday, May 22, 2024) Official Report, The Scottish Parliament, 2024. <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/meeting-of-parliament-22-05-2024?meeting=15875&job=135544>.

<sup>4</sup> The SWBG Women’s Survey also found that 69% of women responding feel financially worse off compared to the same time last year. Women’s Survey, SWBG, 2024. <https://www.swbg.org.uk/content/publications/SWBG-Womens-Survey-2024-FINAL.pdf>.

Focused support must also be provided for the six priority families: lone parents, young mothers (under 25 years old), minority ethnic families, large families (with three or more children), families with a baby under one and families with a disabled adult or child. Shockingly, the rate of poverty amongst children from BME ethnic backgrounds is, for example, over twice as high as for all children, with 1 in 2 (53%) trapped in poverty – a sign that more targeted action is urgently needed.<sup>5</sup>

The clock to 2030 is ticking. Further action needs to be taken if we are to shift the dial on child poverty enough to meet the statutory targets by 2030. This has been made clear by the Poverty and Inequality Commission, the body set-up to advise and scrutinise progress in reducing child poverty in Scotland, which says that aside from social security, only “limited progress has been made” with slow progress in some areas and a “failure to invest sufficient additional funding”.<sup>6</sup>

There is nothing inevitable about child poverty. It is vital that the Scottish Government raises the resources in this budget - including through the ambitious and bold use of devolved taxation and Barnett consequentials flowing from the recent UK Budget – to fund the action needed to deliver on the First Minister’s number one priority of ending child poverty.

## Action to be taken by the Scottish Government in the 2025-2026 budget

### 1. Increasing income from social security and other income support

#### **Scottish child payment**

We welcome the significant investment that has been made to Scottish Child Payment. We know this is having a very real impact on families across Scotland, with all available evidence telling us it is lifting tens of thousands of children out of poverty. The recent inquiry into the effectiveness of the Scottish Child Payment by the Social Justice and Social Security Committee heard from expert evidence that the payment is a very well-targeted and cost-effective intervention.<sup>7</sup> However, there is no doubt that investment in the Scottish Child Payment needs to be sustained and deepened. This budget must:

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<sup>5</sup> Poverty in Scotland, JRF, 2024. <https://www.jrf.org.uk/poverty-in-scotland-2024>.

<sup>6</sup> Child Poverty Scrutiny Report 2023-24, Poverty and Inequality Commission, 2024. <https://povertyinequality.scot/publication/poverty-and-inequality-commission-child-poverty-scrutiny-report-2023-24/>.

<sup>7</sup> Official Report: May 30th 2024, Social Justice and Social Security Committee, 2024. <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-social-justice-and-social-security-committee/meetings/2024/social-justice-and-social-security-committee-30-may-2024>; Official Report: May 23rd 2024, Social Justice and Social Security Committee, 2024. <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-social-justice-and-social-security-committee/meetings/2024/social-justice-and-social-security-committee-23-may-2024>.

- **Deliver, at the very least, an above inflation increase to the Scottish Child Payment and commit to raising it to £40 within the lifetime of this parliament.** Recent modelling from CPAG shows that increasing the payment from £26.70 to £30 a week would lift around 5,000 children out of poverty at a cost of £50 million. It would also reduce the depth of poverty for many more and strengthen the protective buffer for families living just above the poverty line. Increasing the Payment to £40 would lift 15,000 children out of poverty in Scotland at a cost of £200 million.<sup>8</sup>
- **Mitigate the impact of the UK-wide two-child limit and younger parent penalty in Scotland.** Until the UK Government abolishes these harmful policies at source, the Scottish Government must provide sufficient additional resources to mitigate their impacts, while continuing to advocate for their removal at UK level. 25% of all families affected by the two-child limit are single parents with a child under three years old, and the vast majority of single parents are women.<sup>9</sup> CPAG estimates mitigating the two-child limit in Scotland would lift an additional 15,000 children out of poverty at a cost of around £100 million.<sup>10</sup>

### **Other income support**

Beyond the Scottish Child Payment, Best Start Grants and Best Start Foods, school clothing grants and free school meals provide much-needed support to low-income families by reducing their costs. ECP members welcomed the uprating of Best Start Grants, Best Start Foods and school clothing grant in line with inflation in the last Scottish Budget. The removal of income thresholds from Best Start Foods, as well as the commitment for all Social Security Scotland benefits to be uprated for inflation in the Social Security Scotland (Amendment) Bill, is welcomed.<sup>11</sup>

It is disappointing, however, that the commitment to expand free school meal eligibility to all pupils in primary six and seven was left out of the most recent Programme for Government, with the last budget committing only to funding the roll out for primary six and seven pupils in receipt of the Scottish Child Payment from February 2025. While ECP members welcomed the £1.5m commitment in the last budget to write-off historic school meal debt, there also needs to be a longer-term commitment to end this debt for good. Ultimately, we know that

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<sup>8</sup> Priorities for the 2024-2025 Programme for Government: tackling child poverty, Child Poverty Action Group, 2024. <https://cpag.org.uk/sites/default/files/2024-08/CPAG%20in%20Scotland%20-%20Programme%20for%20Government%202024-25.pdf>. Figure for April 2025.

<sup>9</sup> Data obtained by Freedom of Information requests by the End Child Poverty coalition, <https://endchildpoverty.org.uk/2childlimit/>, 2024. Nine out of ten lone parents are women. J Dixon, F Ruby and E Clery, Single parents in 2023, Gingerbread, 2023. <https://www.gingerbread.org.uk/wp-content/uploads/2023/03/Single-Parents-in-2023-Single-Parents-Day-report.pdf>.

<sup>10</sup> Priorities for the 2024-2025 Programme for Government: tackling child poverty, Child Poverty Action Group, 2024. <https://cpag.org.uk/sites/default/files/2024-08/CPAG%20in%20Scotland%20-%20Programme%20for%20Government%202024-25.pdf>

<sup>11</sup> Social Security (Amendment) (Scotland) Bill: consideration prior to Stage 3. <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2024/11/1/fa6db1d0-8e94-42ed-8d67-1094ceeb9f75>.

universal provision allows children to focus on learning, playing and fully participating in their education. This budget must:

- **Provide resource to deliver on the commitment to fully roll out free school meals to all Primary 6 and Primary 7** in the next financial year, not just children in receipt of Scottish Child Payment.
- **Provide resource to extend eligibility to free school meals to secondary school pupils** in receipt of the Scottish Child Payment.
- **Make a long-term commitment to end free school meal debt for good**, as this further penalises low-income families.
- **Increase Best Start Foods by at least inflation from April 2025**, alongside the uprating of all Social Security Scotland entitlements, as will be required by the Social Security Scotland (Amendment) Bill.
- **Increase the eligibility criteria and value of school clothing grants** to maximise the number of families that are supported with costs.

### **Crisis support**

For those on the lowest incomes, the Scottish Welfare Fund can be a vital lifeline when facing periods of acute income crisis. However, in many cases, the Scottish Welfare Fund does not appear to be acting as the safety net it is intended to be for families in urgent financial need. To both prevent and respond to crises, it's also vital that families are able to access advice services to maximise their income. And for families in debt, a pause on collecting debt and arrears owed to public bodies could provide much-needed breathing space. This budget must:

- **Provide significant enhanced investment in the Scottish Welfare Fund** to ensure it provides consistent and adequate support to families facing an acute income crisis, and is effectively promoted.
- **Provide sufficient investment to fund the expansion of income maximisation and advice services**, including the training of new advisers.
- **Implement a debt amnesty programme** prioritising low-income families trapped in poverty due to unmanageable public sector debts, such as council tax arrears, housing arrears and school meal debt.
- **Create a permanent national 'fund to leave' for women experiencing domestic abuse**, a significant contributor to women's poverty.

## **Addressing exclusion in the Social Security System**

Analysis of the latest Social Security Scotland (SSS) applicant and client data shows 6% of applicants are Black or minority ethnic (BME).<sup>12</sup> This is not representative of the BME proportion of the Scottish population (7%) or the fact that Black and minority ethnic people are at an increased risk of deprivation. This suggests that there are specific barriers for take-up of social security entitlements for Black and minority ethnic people. Additionally, both Scottish Government and JRF analysis show that minority ethnic households receive the lowest proportion of income from social security.<sup>13</sup><sup>14</sup> This budget must:

- **Provide resource to ensure everyone can access social security support** through focused take-up campaigns and income-maximisation support.
- **Commit to measuring benefit uptake by ethnicity and disaggregating social security ethnicity data**, to improve understanding of take-up by Black and minority ethnic families.

## **2. Increasing income from employment**

Fairly paid and flexible work is a key factor in protecting families and children from living in poverty. However, official poverty statistics show that 70% of children in relative poverty after housing costs live in working families.<sup>15</sup> For far too many parents and other unpaid carers in poverty, the labour market simply does not work for them. This is particularly true for women, disabled people and Black and minority ethnic people.

Women make up three-quarters of the part-time workforce in Scotland and account for 60% of people earning below the real living wage.<sup>16</sup> In 2022, just over 50% of working-age disabled adults had jobs compared to 82.5% of non-disabled adults.<sup>17</sup> Black and minority ethnic (BME) people earn less per hour than their white counterparts, have twice the rate of insecure work

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<sup>12</sup> Client and Applicant Diversity and Equalities Analysis for April 2023 to March 2024 (page 6) , Social Security Scotland, 2024. <https://www.socialsecurity.gov.scot/asset-storage/production/downloads/Social-Security-Scotland-Applicant-Diversity-and-Equalities-Statistics-to-March-2024-Publication248569.pdf>.

<sup>13</sup> Additional child poverty analysis 2023, Scottish Government, 2023.

<https://www.gov.scot/publications/additional-child-poverty-analysis-2023/>.

<sup>14</sup> Child Poverty Delivery Plan progress 2023-2024, Poverty and Inequality Commission, 2024.

[https://povertyinequality.scot/wp-content/uploads/2024/06/Child\\_Poverty\\_Delivery\\_Plan\\_progress\\_2023-2024\\_Scrutiny\\_by\\_the\\_Poverty\\_and\\_Inequality\\_Commission.pdf](https://povertyinequality.scot/wp-content/uploads/2024/06/Child_Poverty_Delivery_Plan_progress_2023-2024_Scrutiny_by_the_Poverty_and_Inequality_Commission.pdf).

<sup>15</sup> Poverty and Income Inequality in Scotland 2020-23, Scottish Government, 2024.

<https://data.gov.scot/poverty/#Children>.

<sup>16</sup> Fair work in a wellbeing economy, Close the Gap, 2023.

<https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Fair-work-in-a-wellbeing-economy-Nov-2023.pdf>.

<sup>17</sup> The declining disability employment gap in Scotland, SPICE, 2024.

<https://digitalpublications.parliament.scot/ResearchBriefings/Report/2024/1/12/434f4dc4-caa1-4971-b5f3-7699e70ec1ff>.

and underemployment, and are three times as likely to be in in-work poverty.<sup>18</sup> Tackling such labour market inequalities is critical to addressing child poverty.

We know that access to, and the ability to sustain, well-paid, decent employment goes hand-in-hand with parents being able to source accessible, flexible and affordable childcare. This is especially true for women and for parents of disabled children who face increased barriers to this.<sup>19</sup> To accelerate progress on tackling child poverty in Scotland, additional resources are needed to boost the provision of high-quality, accessible, flexible and affordable childcare. This budget must:

- **Fully fund and invest in expanding the commitments of a funded offer of early learning and childcare (ELC) for children under three and a system of school age childcare** that was set out in the *Best Start, Bright Futures* child poverty delivery plan, ensuring this is high-quality, flexible and accessible.
- **Expand the pilot to provide ELC from the time maternity leave ends** to all eligible families across Scotland.
- **Ensure childcare is flexible to support parents working irregular schedules or shift work.**
- **Address existing barriers to accessible appropriate childcare, that have especially impacted families with disabilities and BME families by investing in inclusive ELC provision.**
- **Use all available devolved levers, including procurement and devolved taxes, to drive and incentivise improvements in the quality of work, particularly in sectors that are dominated by women,** such as social care and childcare – including addressing low-pay and insecure work, while boosting flexibility.
- **Reduce barriers to entering and remaining in well-paid employment for those groups identified as being in higher risk of poverty** this includes people impacted by disability, lone parents, women, BME communities and those living in larger families.
- **Allocate sufficient funding for the implementation of the employability commitments in the Tackling Child Poverty Delivery Plan,** including ensuring employability services are gender-sensitive and ensuring parental transition fund is delivered at the local level, to ensure employability support meets the needs of priority

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<sup>18</sup> Labour Market Statistics for Scotland by Ethnicity, Scottish Government, 2022.

<https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2022/12/labour-market-statistics-for-scotland-by-ethnicity-january-to-december-2021/documents/labour-market-statistics-for-scotland-by-ethnicity-january-to-december-2021/labour-market-statistics-for-scotland-by-ethnicity-january-to-december-2021/govscot%3Adocument/Labour%2BMarket%2BStatistics%2Bfor%2BScotland%2Bby%2BEthnicity%2B-%2BJD21.pdf>.

<sup>19</sup> Overview of the provision in Scotland of early learning and childcare for children with profound and multiple learning disabilities with life-limiting or life-threatening conditions, The Scottish Centre for Children with Motor Impairments and Indigo Childcare Group, 2023. <https://www.alliance-scotland.org.uk/wp-content/uploads/2023/03/main-report-1603b.pdf>.

families.<sup>20</sup>

### 3. Improving access to high-quality affordable housing

Scotland's housing emergency and child poverty are linked; 19% of children are living in poverty before housing costs are taken into account, compared to 24% after housing costs. In other words 50,000 children are driven into poverty as a result of housing costs.<sup>21</sup> In 2024, there were over 10,000 children in temporary accommodation in Scotland.<sup>22</sup> ECP members were deeply concerned by the 26% cut to the affordable housing supply programme (AHSP) made in the last budget as we know this will have a negative impact on family finances.

Households in the rented sectors have a higher proportion of people, including children, who are in relative poverty.<sup>23</sup> Black and minority ethnic families have lower levels of home ownership and are concentrated in the private rented sector, where they experience increased living costs, poor housing conditions, increased financial vulnerability and discrimination.<sup>24</sup> Investing in good quality, accessible and affordable and social housing is a key lever to tackling poverty. This budget must:

- **Adequately fund the AHSP and ensure strengthened focus on the supply of larger properties** to ensure all children live in safe, secure and affordable homes.

### 4. Provide holistic whole-family support

Increasing incomes is the bedrock of lifting children out of poverty. But critical financial support must go hand-in-hand with appropriate emotional and practical support for children and families who need it. Not only will this prevent families reaching crisis point, but it can also help prevent families from cycling in and out of poverty. Families have a right to the help and support they need to bring up their children. We need a clear commitment to sustainable investment in holistic whole family support if we are to ensure early and preventative help is available to all families who need it, in line with both The Promise and the UNCRC. To achieve this, the budget must allocate significant additional funding to ensure that parents have the right kind of support, at the right times, in a way that truly works for them. This budget must:

- **Provide sufficient resources to implement a national approach to holistic whole family support that guarantees practical, emotional and financial help and**

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<sup>20</sup> Thriving, Not Just Surviving, OPFS, 2021. <https://opfs.org.uk/policy-and-campaigns/policy-research/employment-employability-and-education/thriving-not-just-surviving/>.

<sup>21</sup> Poverty and Income Inequality in Scotland 2020-23, Scottish Government, 2024. <https://data.gov.scot/poverty/>.

<sup>22</sup> Homelessness in Scotland: 2023-24, Scottish Government, 2024. <https://www.gov.scot/publications/homelessness-in-scotland-2023-24/>.

<sup>23</sup> Private rented sector - rent increase frequency: equality impact assessment, Scottish Government, 2024. <https://www.gov.scot/publications/frequency-rent-increases-private-rented-sector-equality-impact-assessment-results/pages/6/>.

<sup>24</sup> Home Ownership Facts and Figures, Gov UK, 2020. <https://www.ethnicity-facts-figures.service.gov.uk/housing/owning-and-renting/home-ownership/latest>.

**assistance** to all families across Scotland who need it. Anti-poverty and income maximisation work should be embedded into all whole-family support. Specifically:

- **Simplify and make transparent the Whole Family Wellbeing Fund**, with funding streamlined to focus on frontline service delivery - to put people alongside people to help reduce child poverty.
- **Provide more financial wellbeing support** made available to help families maximise their income.
- **Ensure a collaborative approach to delivering holistic whole family support between public and third sector** that maximises the capacity, skills and experience of providing extra help for struggling families across Scotland.
- **Provide sufficient resource to meet high levels of need for mental health services for adults and children affected by poverty**, especially through funding to Child and Adolescent Mental Health Services (CAMHS).

## 5. Maximising and investing resources to meet legal child poverty targets

We recognise that the Scottish Government faces a difficult financial context. However, there is no credible route to meeting the 2030 child poverty targets that doesn't involve further significant investment across social security, employment, childcare, and support services. By any measure, Scotland is a wealthy country. More must be done to use devolved taxation to raise as much additional finance as possible, in the fairest possible way, so those with the most pay progressively more.

The Poverty and Inequality Commission has made clear that “changes around the edges” of some existing devolved taxes are “not likely to be an adequate long-term response to the fiscal challenges faced”. It says the Scottish Government “must have the ambition to look at fundamentally reformed and better designed taxation policies” to achieve the ambitions it has around poverty reduction.<sup>25</sup>

ECP members in Scotland believes that fairer tax is a way to close the implementation gap and to fully deliver ‘eradicating child poverty’ as the Scottish government’s ‘top priority.’

The evidence shows that we cannot afford **not** to do this. Poverty is costing individuals, families, communities and our economy. The impact of entrenched poverty is seen across educational attainment, health outcomes, long-term earning potential and mortality rates. Research from IPPR, JRF and Save the Children has shown that around £2.3 billion of health board’s budgets is directed annually towards responding to the impacts of poverty; a quarter of a billion is spent in schools seeking to address the consequences of poverty; and a conservative estimate is that there is around £2.4 billion lost in income each year due to historic child poverty – up to 1.5 per cent of Scottish GDP.<sup>26</sup> This budget should:

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<sup>25</sup> How Better Tax Policy Can Reduce Poverty and Inequality, Poverty and Inequality Commission, 2024 <https://povertyinequality.scot/publication/how-better-tax-policy-can-reduce-poverty-and-inequality/>.

<sup>26</sup> Tipping the Scales, IPPR, Save the Children and JRF, 2023. <https://www.ippr.org/articles/tipping-the-scales>.



- **Channel Barnett consequentials flowing from the recent UK Budget to fund the action needed to deliver on the First Minister’s “first priority”** of ending child poverty.
- **Kick-start tax reforms** to ensure the full suite of devolved and local taxes are as fair and progressive as possible, by exploring:
  - **Raising additional revenue through progressive changes to existing taxes** to ask those with greater resources to pay more while protecting those on low incomes.
  - **A plan to shift the focus of tax from income to under-taxed wealth.**
  - **New and reformed local taxes to incentivise businesses towards positive social outcomes** such as paying the real Living Wage and offering flexible working for disabled people and people with caring responsibilities

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