

# Our vision for the future of Scottish Child Payment

May 2024

CAS welcomes this opportunity to input our unique overview of the impact of the Scottish Social Security landscape to inform the Social Justice Social Security Committee's inquiry into the efficacy of Scottish Child Payment (SCP) in reducing Child Poverty.

## Our Recommendations

- > The re-introduction of Scottish Child Payment as “Childhood Assistance” not anchored to the reserved benefit system could improve the lives of more children and more effectively target child poverty.
- > Consideration should be given to tapering eligibility as earnings are introduced or increase and the inclusion of a fair work allowance.
- > Consideration should be given to tapering eligibility as children turn sixteen but are still under the age of nineteen.
- > The new payment must maintain its current administrative simplicity but be sufficiently needs targeted as to capture those not currently able to access reserved means tested benefits, including those in receipt of Maternity Allowance, some students, young parents, and those with no recourse to public funds (NRTPF).
- > Access to the new Scottish Child Payment through Social Security Scotland's Local Area Delivery Teams should be upscaled to become a starting point to developing a holistic, “no wrong door” approach to integrating early years support.



## Our Data: Scottish Child Payment

- > The Citizens Advice Network supported 4,746 individual clients with Scottish Child Payment advice in the financial year 2023-2024.
- > In Quarter 3 of 2023-24, over a quarter (28%) of those who sought advice for the SCP also required advice on Council Tax. This suggests Council Tax liability is a significant financial concern for those seeking advice about Scottish Child Payment.
- > In the majority of cases 76%, in that same Quarter, advice contacts regarding Scottish Child Payment also involve advice about Universal Credit.
- > In Quarter 4 of 2023-24, 67% accessing SCP advice were women.
- > In the same Quarter, 31% of those we supported in relation to SCP are couples with one or two children. An equivalent proportion and total number, 34%, are single parents. 14% care for children with a disability.
- > In the same Quarter of those we supported with SCP 20% are in full-time employment, 20% in part-time employment and 12% are unable to work due to ill health or disability.
- > 55% of those needing advice on SCP reside in the most deprived areas of Scotland, SIMD 1 & 2.
- > Web traffic to our public facing advice page on Scottish Child Payment peaked during November 2022 and January 2023 coinciding with the expansion of eligibility from qualifying children under 6 years of age to qualifying children under the age of sixteen. It was viewed 8,345 times in January 2023. Views have since steadied; the page was viewed 2,334 times in February 2024.

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## Small payment, big impact

### What is the impact of the Scottish Child Payment on individual households?

Our advisers are reporting on the positive impact of the SCP on households facing multiple pressure points. For example, a West of Scotland CAB reports of the relief the SCP provided for a client living with suspected neurological disease, severe headaches, weakness in her body and other variable debilitating symptoms, who had moved in with her parents to provide care while also raising her 13-year-old daughter. Another West of Scotland CAB reports of the relief provided by SCP to a client who had faced unexpected unemployment and marital breakdown and found himself the sole carer for three children aged 5, 9 & 15.

The profound nature of this positive impact is summarised by a South of Scotland CAB. The CAB explains that they have recently experienced a significant increase in demand for emergency food assistance, to the extent that volunteers are providing emergency food donations to plug gaps in foodbank opening times and advisers are observing physical evidence of malnutrition. The CAB observes that parents of young children have been less affected, something the CAB attributed to the extension and uplift of the Scottish Child Payment.

However, that positive impact is itself evidence that the broader context in which the Scottish Child Payment is being delivered is limiting its ability to go beyond helping people to access the essentials toward tackling the root causes of child poverty. Two key root causes can be linked to social security design and the broader labour market, seen in the context of challenges with public transport infrastructure and childcare provision.

## Social security

Certain design features of the qualifying benefit most recipients are claiming, Universal Credit, are driving child poverty. These include, but are by no means limited to, the: -

- > Two-child limit.
- > The young parent penalty.
- > The five week wait.
- > The treatment of weekly, fortnightly and four -weekly pay, which can leave people without benefit income on four five-week months.
- > The treatment of Maternity Allowance as a fully deductible benefit rather than income.
- > The treatment of student funding as unearned deductible income.

The two-child limit is one of the more pernicious of these features. The Scottish Government's own analysis has identified the reversal of the two-child limit as one of the most cost-effective options for tackling child poverty.

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### ! Citizens ● ALERT

An East of Scotland CAB reports of client who has been unable to work due to his mental health since December 2023 and was seeking to check his benefit entitlement. The client's current income is Statutory Sick Pay; he lives with his wife, who is self-employed, in a mortgaged home. The couple care for three children, aged 17, 8 and 6, but will only be able to receive support from Universal Credit for two of these children. The family are facing a struggle to meet their needs.

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Many recipients have incurred debt while waiting for their first Universal Credit payment or are subject to deductions to repay a Universal Credit advance.

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### ! Citizens ● ALERT

A West of Scotland CAB reports of a single parent of two children, aged 13 and 10, seeking support to apply for a Community Care Grant. The client's eldest child has multiple complex needs, and the client receives Disability Living Allowance for a child to reflect this. The youngest has been diagnosed with autism. The client struggles with her mental health but did not feel that she is eligible for ADP. The client's presenting issue was being unable to afford mattresses for the children's bedframes that she had recently had to replace. The client also advised that she is unable to use her oven as it has no handle or glass door, but she cannot afford to replace it. The client receives fortnightly payments of Universal Credit, subject to deductions of £67.67pm to repay an advance, £6.07pm to repay a Department of Work and Pensions (DWP) overpayment and £18.44pm to repay Council Tax arrears, reducing an already very tight budget. The CAB advised that the local authority has lately indicated that it will prioritising only 'High Most Compelling' applications.

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Meanwhile, receipt of Maternity Allowance (MA) or student income can prevent access to Universal Credit and therefore Scottish Child Payment. This can act as a disincentive to work and restrict the capacity of parents to engage in a course of study that could help them to access higher quality work.

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### ! Citizens ● ALERT

A Central Scotland CAB reports of a client who sought advice on eligibility for benefit. The client was no longer receiving UC as, having applied for Maternity Allowance (MA), which was awarded and backdated, her income is higher than the UC standard allowance and Child Element. The client does not have housing costs as she lives with her mother. The client's SCP will cease since she is no longer in receipt of a qualifying benefit. MA is worth just £156 a week to meet the needs of both mother and child.

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**! Citizens  
ALERT**

A West of Scotland CAB reports of a client, a nursing student and lone parent to one child, who is struggling to manage her Universal Credit claim. The client was moved to UC via Managed Migration. She was not awarded Transitional Element. She receives a bursary of £1220 a month, leaving her with a nil award of Universal Credit and consequently unable to get the Scottish Child Payment; while this can be challenged in the context of Managed Migration, in the longer term the client will dip out of entitlement outside of study holiday periods. As exam season approaches the client is afraid that her energy will be so consumed by financial hardship that her performance will be affected, and she is considering quitting altogether.

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Administrative errors, disallowances and sanctions can all result in the loss of Scottish Child Payment. Parents are in the practical sense at the mercy of the DWP in respect of both their primary source of benefit income, which is reserved, and the Scottish Child Payment, which is devolved but dependent upon a DWP benefit being in payment.

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**! Citizens  
ALERT**

A West of Scotland CAB reports of completing a benefit check that revealed that a client should have an entitlement of UC totalling £42.15/month, considering their student bursary. This award should increase once the client's second child is born. The DWP informed the client that they have no entitlement to UC; no reason for the decision was provided despite several phone calls to the DWP's UC help line. No attempt was made to contact or assist the client following the decision. This client is a pregnant, single parent of a 3-year-old child struggling to meet the family's needs.

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### **The labour market**

The wider labour market context facing parents is vividly illustrated by the case below. It demonstrates that low pay, precarity and access to childcare are not the only barriers to the use of work as a route out of poverty, flexibility matters too.

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**! Citizens  
ALERT**

An East of Scotland CAB reports of a client currently on maternity leave but due to return to work soon. The client is a single mum of four young children and was seeking advice as she is struggling to sustain employment due to the care needs of her disabled son. Her son has been diagnosed with learning difficulties. He attends nursery, but is not yet settled, and the client is frequently called to take him home due to the levels of distress he displays. The client is keen to stay in her job as a learning support assistant, but her employer cannot give her the flexibility that she needs. The client currently receives the low rate of the care component of Child Disability Payment and is seeking to have this raised to middle rate by way of a review of the award. This would qualify her for Carer Support Payment, but she would be no better off, as that benefit is considered as income for the purposes of calculating Universal Credit entitlement. The client receives Scottish Child Payment.

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This example demonstrates the interdependent relationship between social security and the labour market. Parents are struggling to manage fluctuating earnings with the effect of the fluctuation on their UC entitlement and the ecosystem of support linked to it.

We believe that the new "Childhood Assistance" should parents to manage this by, for example, allowing for a set of wages to be reallocated to another assessment period to avoid hardship during five-week months. The tapering should sit alongside help to calculate in advance the impact of changes to earnings to enable predictable budgeting e.g. via an online calculator tool.



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**! Citizens  
ALERT**

An East of Scotland CAB reports of a client, who resides with her partner and their disabled child, seeking advice about Council Tax Reduction (CTR). The client described struggling financially due to the loss of CTR every time she has five weekly pay days in a month. The client and her husband have a joint claim for UC, supplemented by the client's earnings of £220 a week. Viewed on a weekly basis, the couple are entitled to a CTR of around £60 a month, but when five paydays fall within their Universal Credit assessment period, the client's earnings take her over the threshold for CTR that month.

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The relevant Regulations governing CTR specify that an applicant's average weekly earned income is calculated by multiplying the applicant's earned income for an assessment period by twelve and dividing that figure by fifty-two. In this case that is normally £220 multiplied by four weeks, £880, multiplied by twelve months, £10,560, divided by fifty-two weeks, £203.08. In months where she receives five wages in an assessment period however, the calculation is £220, multiplied by five, £1100, multiplied by twelve months, £13200, divided by fifty-two weeks, £253.85, taking her above the threshold.

### **Barriers to impact**

Parents navigating these twin challenges of a labyrinth social security system and a daunting labour market on knife edge budgets stretched ever thinner as the cost of living continues to rise often find themselves in a situation where any unexpected expense places impossible stress on precarious incomes.

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**! Citizens  
ALERT**

An East of Scotland CAB reports of a client, a single mother of two who also supports her young adult pregnant daughter, seeking emergency food assistance. The client's freezer had defrosted, spoiling its contents, as she could not afford to top up her electricity prepayment meter. The client could not afford the bus fare to travel to a neighbouring town to access a foodbank. The CAB supported the client to apply for a crisis grant.

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These challenges disproportionately affect women, who are more likely to be lone parents (92% of lone parents are women ) and to be in low paid part-time or flexible hours employment. Most of the Citizen's Advice Network are women, 67%, and an equivalent proportion of those we support with the benefit are lone parents, 34%, as are part of a couple, 31%. The profound intersection of gender and health is vividly illustrated by the case below, in which an inflexible social security system has intertwined with a lack of access to employment support and mental health services to generate multiple poor outcomes. The case also illustrates how these outcomes can result in people falling through the cracks of Scottish Child Payment eligibility.

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**! Citizens  
ALERT**

An East of Scotland CAB reports of a client seeking advice to manage multiple and complex debt, including a UC advance, historic overpayments, rent arrears, utility arrears, loans and credit. The client experiences depression and suspected PTSD. She has overnight contact with her two teenage boys, one of whom has health conditions. When the client reduced her hours due to ill health, eventually having to stop work altogether, she had delayed claiming benefit in the hope that she would be able to return to work. Her income when presenting at the CAB was Statutory Sick Pay (SSP) topped up with Universal Credit subject to deductions for two historic overpayments and an advance. She was receiving regular contact via WhatsApp encouraging her to sign a Protected Trust Deed which was not affordable at £100/pcm. The client was struggling to access her GP and mental health services to support her to achieve her goals of returning to work and seeking to become the resident parent of her boys; meanwhile her mental health continued to deteriorate.

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## What is the impact of the Scottish Child Payment at societal level?

Scottish Child Payment is providing a lifeline to many, but in the context of the issues detailed relating to Universal Credit, the labour market and energy, it appears to be mitigating failure in other areas rather than fulfilling its intended purpose of truly tackling poverty. There is clear evidence for the need to disentangle SCP from the reserved benefit system to ensure that it is reaching the people who need it.

The depth of the inadequacy of current reserved social security provision that Scottish Child Payment alone cannot bridge is starkly indicated by the intersection of disability, impairment, and ill health with demand for crisis support among families. While the CAB network has seen the dramatic positive impact on families with young children, this has not eradicated the disproportionate impact of the broader policy context on families affected by disability and ill health. A shocking 67% of clients who took part in our food insecurity pilot, which involved providing emergency shopping vouchers or grants and ran from June to November 2023 inclusive, confirmed that they had a disability or long-term health condition. This mirrors findings by the Trussel Trust that 70% of their clients in Scotland are affected by ill health or disability. . Of the 3,154 people participating in the pilot, 1,070 were families with children belonging to one of the six priority family groups. 70% were lone parent households and 54% were households affected by ill health or disability.

The depth of the need is also revealed by our data on those seeking advice about regulated fuel from us. Our network logged 24,424 contacts with clients concerning fuel trust funds and fuel vouchers in the financial year 2023-24, up 24% on the previous year. These funds are accessed via authorised services completing applications on someone's behalf and are a useful proxy of fuel poverty; they represent the largest area of advice in relation to regulated fuel, at 24% of all advice provided in this area in 2023-24. A further 4% of advice on regulated fuel in 2023-24 concerned discretionary credit for pre-payment customers, another useful proxy for energy costs stress.

Low income is recognised as one of the key drivers of fuel poverty , with 95% of the income poor in 2022 having been found by the Scottish Housing Conditions survey to be in fuel poverty .

28% of our clients coming to us for advice on regulated fuel who provided information about their caring responsibilities, indicated that they are looking after a child. 29% of our regulated fuel clients who provided information about their household composition indicated that they are living with dependent children, 18% of whom told us that they are single parents. The impact on families can be brutal and insidious. A West of Scotland CAB, for example, reports of communicating with a supplier seeking a better tariff for a client who had started caring for his granddaughter at weekends. His granddaughter requires an oxygen machine and the client had accumulated arrears due to the additional cost associated with running it. The case below illustrates the toll that an inability to meet energy needs takes:-

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### **! Citizens ALERT**

A West of Scotland CAB reports of a client, a widow solely supporting her two children. Her daughter has a sensory disorder which requires the use of special lighting in the home and a special hot tub which gives her child the support she needs to sleep and relax. Due to increasing costs of bills, the client has been unable to use the sensory equipment in her home. This has meant the child has not been attending school. The client is currently receiving Scottish Child Payment, Child Disability Payment, Child Tax Credit and Working Tax Credit. The client is in debt both with her energy supplier and a credit card. The rising cost of bills means the client is having to make choices between her energy bills and other necessities like food and clothes.

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## The application process

The administrative process associated with accessing a benefit has a significant impact on take up and therefore efficacy. The relatively light administrative burden associated with Scottish Child Payment seems likely to be contributing to the encouragingly high take-up levels of at least 83%, going up to 95% in respect of children under 6 years who have been eligible for a longer period of time. . This also appears to be reflected in the fact that Scottish Child Payment represents just 2% of the CAB network's benefit advice caseload, and just 3% of Scottish Child Payment inquiries that we handle relate to re-determinations and appeals.

Problems do arise, however. Demonstrating responsibility for a child can cause delays and can be especially challenging for those for whom English is a second language, those with limited digital access or literacy, and those going through relationship breakdowns. The CAB network supports many people who struggle to extract and upload evidence of receipt of Child Element from a UC claim, or who are experiencing language barriers to progressing a claim.

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### **! Citizens ALERT**

An East of Scotland CAB reports of a client seeking assistance as his former partner is continuing to receive Child Benefit and Scottish Child Payment in respect of his two children although the client is the resident carer and his former partner has very little contact with the children. Both applications were made at the same time, however HMRC claim that they have not received the application. The application was posted from the CAB office including two supporting letters. SSS advised that they cannot make any changes to his ex-partner's claim or process a new claim until they receive confirmation of Child Benefit.

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### **! Citizens ALERT**

A West of Scotland CAB reports of a client struggling to provide proof of a Child Benefit or Universal Credit Child Element award pertaining to her son. Her UC statement showed Child Element but as the child was not named on the statement this was not sufficient. The client further advised that there is no UC Child Element in place for her step daughter, and therefore no Scottish Child Payment (SCP). The client had attempted to contact HMRC for proof of Child Benefit in order to progress this but had struggled to get through. Eventually the client received a letter from UC confirming Child Element, and she sought help from the CAB to provide this to Social Security Scotland (SSS). She also advised that SSS had issued a letter advising she can submit a redetermination in relation to the SCP application being declined due to lack of evidence. The client is being treated for mental ill health and has also been diagnosed with long Covid affecting her physical health; the stress of this situation has exacerbated these conditions.

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This illustrates the potential value of exploring a wider variety and simpler ways of evidencing responsibility, such as social work communications, school enrolment or GP practice confirmation. This is especially relevant in the case of domestic abuse, including coercive control and financial abuse. The case below underlines the role of an emergency domestic abuse cash payment system in addition to Child Benefit and the new Scottish Child Payment.

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### **! Citizens ALERT**

A West of Scotland CAB reports of a client who is a lone parent to three children aged 10, 5 and 4 years, seeking help to access benefits pertaining to her children. The client is living with dyslexia, sciatica and poor mental health. She is not working at the moment and has just applied for Universal Credit. She requested a change in the nominated parent in respect of Scottish Child Payment, Child Benefit and Child Disability Payment. They are currently in her former partner's name. The client advised that when she left the relationship her former partner was self-employed and in complete control of the household finances. While she is unable to access the additional financial support she is struggling to meet the needs of her children and herself.

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There are also signs that barriers such as the cost and logistics of travel to an advice provider combined with lower levels of reliable digital connection, exacerbated by the additional hurdle to overcoming stigma posed by life in small communities, is impacting on take-up in rural and remote areas. 9% of our SCP clients live in remote areas, and a further 10% live in rural areas. Excepting some island communities for which there is no reliable data, Scottish Government analysis shows take-up is lowest in Aberdeenshire, Moray and Highland .

Overall barriers to claiming UC and the administration of UC are the primary barriers being encountered by our clients to accessing Scottish Child Payment. These can range from psychological and practical barriers, through language barriers, to digital access and literacy; commonly these factors intersect.

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A West of Scotland CAB reports of a client settling in the UK under the Afghan Citizens Resettlement Scheme (ACRS) and the Afghan Relocation and Assistance Policy (ARAP). English is a second language. The client had applied for Universal Credit and was advised by Job Centre Plus that a National Insurance (NI) number would be issued automatically. After four weeks, the client was informed by Job Centre Plus that they would in fact need to make an online application for an NI. This delay has impacted on the client's access to Scottish Child Payment, which requires NI numbers to be included in any application. Since the client must be awarded the qualifying benefit within 14 days of the Scottish Child Payment application being made i.e. backdating processes do not apply, the financial loss will be considerable. The process has been overwhelming for the client.





## Is the Scottish Child Payment effective as a targeted intervention to reduce child poverty or could the money be better spent in other ways?

The creation, proposed in the Social Security (Scotland) Act 2018 amendment Bill, of secondary powers in relation to “childhood assistance” is, we believe, the correct approach. This will allow SCP to be treated as a standalone payment, with eligibility not necessarily tied to the reserved social security system. This provides an opportunity to future-proof SCP, and to widen eligibility to better reflect need and contribute to the realisation of a social security system that has an active role in reducing poverty in Scotland.

The most recent analysis of the outcomes associated with social security spending in Scotland by the Scottish Government pointed to modelling projecting that that in 2024-25, Scottish Child Payment is expected to keep 60,000 children out of relative poverty in that year. In short, its enormous significance as a lifeline cash transfer is clear.

While it is important to acknowledge this hugely positive impact, it is equally important to consider where impact is limited and what other measures could be taken to realise the fullness of difference that this payment could make to families. For example, unaffordable energy costs have had a devastating impact on family finances and in many instances SCP payments are being used to service growing energy debt. A social tariff for energy targeted at households on low incomes would significantly help to provide financial stability for one of the most essential expenses that we all have. This reflects the need that we have to tackle the issues that households are facing as far up stream as possible, at the root cause. The Scottish Child Payment should not be used to mitigate failures elsewhere.

CAS believes that re-imagining Scottish Child payment could be the beginning of a bold new approach to early years support that takes a holistic view of tackling child poverty, with the Sure Start programme providing a model of what is possible.



The Institute for Fiscal Studies (IFS) in its analysis of the impact of Sure Start centres on educational attainment has highlighted the profound potential of this approach to early years support in improving outcomes. The analysis found that access to a nearby Sure Start centre at early ages increased the likelihood of children being recorded as having a special educational need or disability (SEND) at age 5, but significantly decreased the proportion of children recorded as having a SEND at ages 11 and 16 by 3%. By age 16, the probability of having an Education, Health and Care Plan decreased by 9% (or over 1,000 children a year). They concluded that Sure Start likely increased reporting of need for some children while reducing the actual need for support for others, offsetting the cost of the programme by around 8%. The analysis found that Sure Start was particularly effective for children from low-income backgrounds, resulting in higher life-time earnings. The analysis estimated that taking school outcomes alone, for every £1 the government spent on Sure Start, there were benefits to attending children worth £1.09.

The collated evidence of a wide-ranging evaluation of the programme conducted over four years from 2012-2016 demonstrated that Sure Start reach areas showed a bigger fall in child poverty levels than their corresponding local authorities and England as a whole from 2006- 2011 (3.3% points fall, compared with a 1.1% point fall across England). In the most deprived areas, child poverty levels fell by five percentage points over the same period. The evaluation work concluded that the Centres improved the early home learning environment, which evidence suggests is linked to improved child outcomes at school age. The IFS analysis concluded that the greatest benefit was found where budget was spent on parental outreach, focused on families who were less likely to use and more likely to benefit from Sure Start.

The point at which parents access Scottish Child Payment is a real opportunity for engagement. Social Security Scotland now has established Local Area Delivery Teams situated in all 32 local authority areas with the capacity to support people to complete benefit applications within local hubs and to carry out home visits. The Sure Start programme was managed by a partnership of health, education, social services and the voluntary sector, and each Local Programme was responsible for working with the community to offer a range of services, but without specification of how services should be delivered. This area-based approach was acknowledged to be innovative. It is clear then that with Local Area delivery teams an infrastructure is in place that has the potential to be built upon at a key point of contact with parents to ensure that those who need it can be supported to access and be connected to a range of services via one roof. The links could include, for example, holistic debt advice through a Citizen's Advice Bureau to childcare providers to health, employability and parenting services. The existing home visit capacity has the potential to be developed into a service able to provide the outreach provision that have been found to be so effective.

Tackling child poverty mandates bold and innovative public service provision alongside cash first financial support.

## Any other comments?

The introduction of “childhood assistance” is an opportunity to align Scottish Child Payment with Child Benefit in respect of age tapering, which would create a payment that not only better reflects the reality of the transition to adulthood between the ages of sixteen and twenty, but that could support incentivising young people to continue in education.

There is an opportunity to consider ways in which a new “childhood assistance” could be used to support non-resident parents in certain circumstances. Many of these parents are responsible for their children on an equal basis with the resident parent but are not benefiting from support to meet the child’s needs . This might include exploring split payments.

### **! Citizens ALERT**

A North of Scotland CAB reports of a client, seeking help to apply for a Community Care Grant. The client has recently separated and is now a single parent of two children. The client has two other children aged seven and ten who reside with their father. She has now been awarded joint custody of the seven-year-old. The client advised that her spare room is going to be used to accommodate this and that she needs help to equip it with a bed, mattress, duvet and pillows, appropriate flooring and a chest of drawers.

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## About Citizens Advice Scotland

Citizens Advice Scotland (CAS), our 59-member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland’s largest independent advice network. Scotland’s Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential and independent advice. We use people’s real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help and we change lives for the better.

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