

# Exploring the Impact of the Scottish Child Payment on Child Poverty

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# Family Finance Research Project

- Growing differences in social security between provision between Scotland and the rest of the UK:
  - In 2021, Scotland introduced the SCP; now £27.15/week per child for families on Universal Credit
  - Not subject to the 2 Child Limit
- Research Question:  
**What difference does cash support for children make?**
- Explores the impact of the SCP on financial and emotional wellbeing and employment

# Data

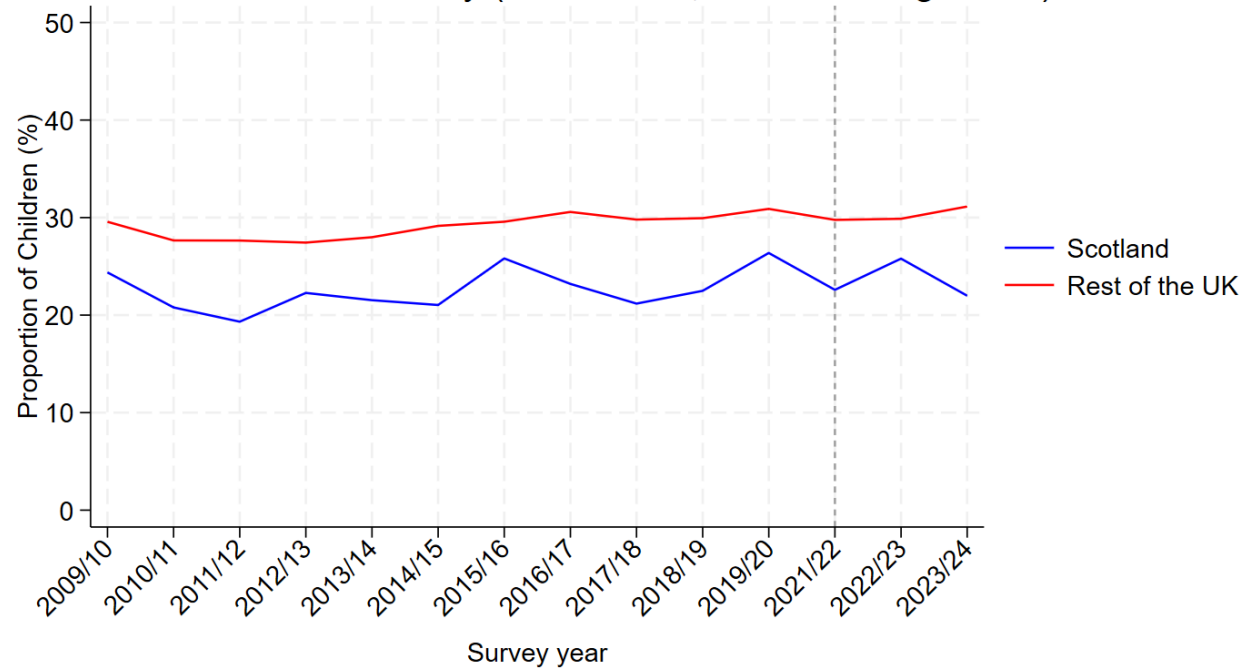
- Family Resources Survey (FRS), 2009/10 – 2023/24 (excluding 2020/21 data)
- DiD analysis based on 2016/17 – 2023/24
- **Outcome measures:** Relative income poverty, fixed income poverty, material deprivation, food insecurity
- **Controls:** young head of household, female head of household, ethnicity, disability in the household, large families
- **Treated group:** Children in Scotland
- **Control group:** Children in England

# Child Poverty Rates Overtime

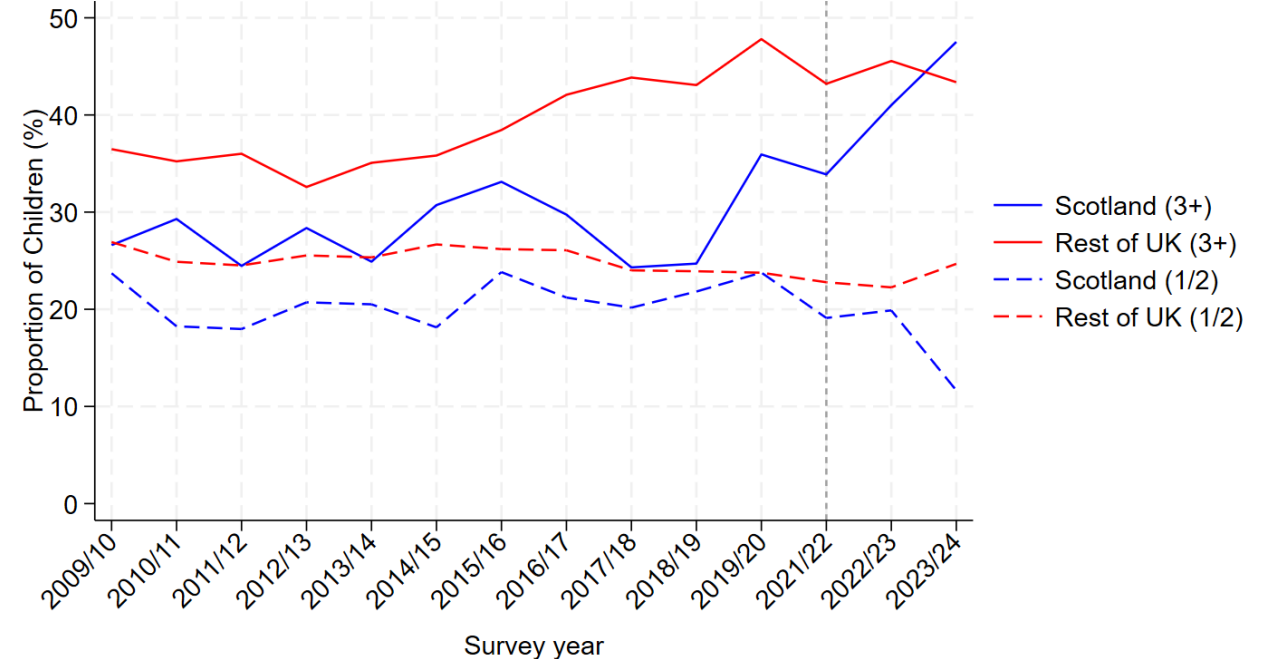
Aggregate trends suggest the SCP may be contributing to lower child poverty rates for small families in Scotland

(e.g., Joseph Rowntree Foundation, 2025; Scottish Government, 2025).

Children in Relative Poverty (Below 60%, After Housing Costs)



Children in Relative Poverty (Below 60%, After Housing Costs)



(i) A child is defined as being in poverty if they live in a household with an equivalised income below 60% of the UK median, measured after housing costs. (ii) Data to the right of the vertical line represents the post-SCP period, beginning in 2022/23, following the expansion of the SCP to all eligible families with children under 16 and the increase in the payment to £20 per week per child. (iii) Estimates are weighted using FRS-provided survey weights to adjust for non-response bias. (iv) A large family is defined as a household with three or more dependent children. (v) Data for 2020/21 are excluded due to pandemic-related disruptions in survey collection, which affected data quality and comparability.

# Child Poverty Rates Overtime

$$Y_{it} = \alpha + \lambda_1 \text{Scotland}_i + \lambda_2 \text{Post}_t + \delta(\text{Scotland}_i \cdot \text{Post}_t) + \boldsymbol{\beta} \mathbf{X}_{it} + \varepsilon_{it}$$

Assumptions:

- No anticipation
- Common Trends

Sample Size by Family Size						
	Pre-SCP (pre-2021)			Post-SCP (post-2021)		
	All children	Children in small families	Children in large families	All children	Children in small families	Children in large families
Scotland	5,198	3,794	1,404	1,216	865	351
England	33,900	23,290	10,610	14,203	10,259	3,944

# Diff-in-Diff: Child Poverty Measures (no controls)

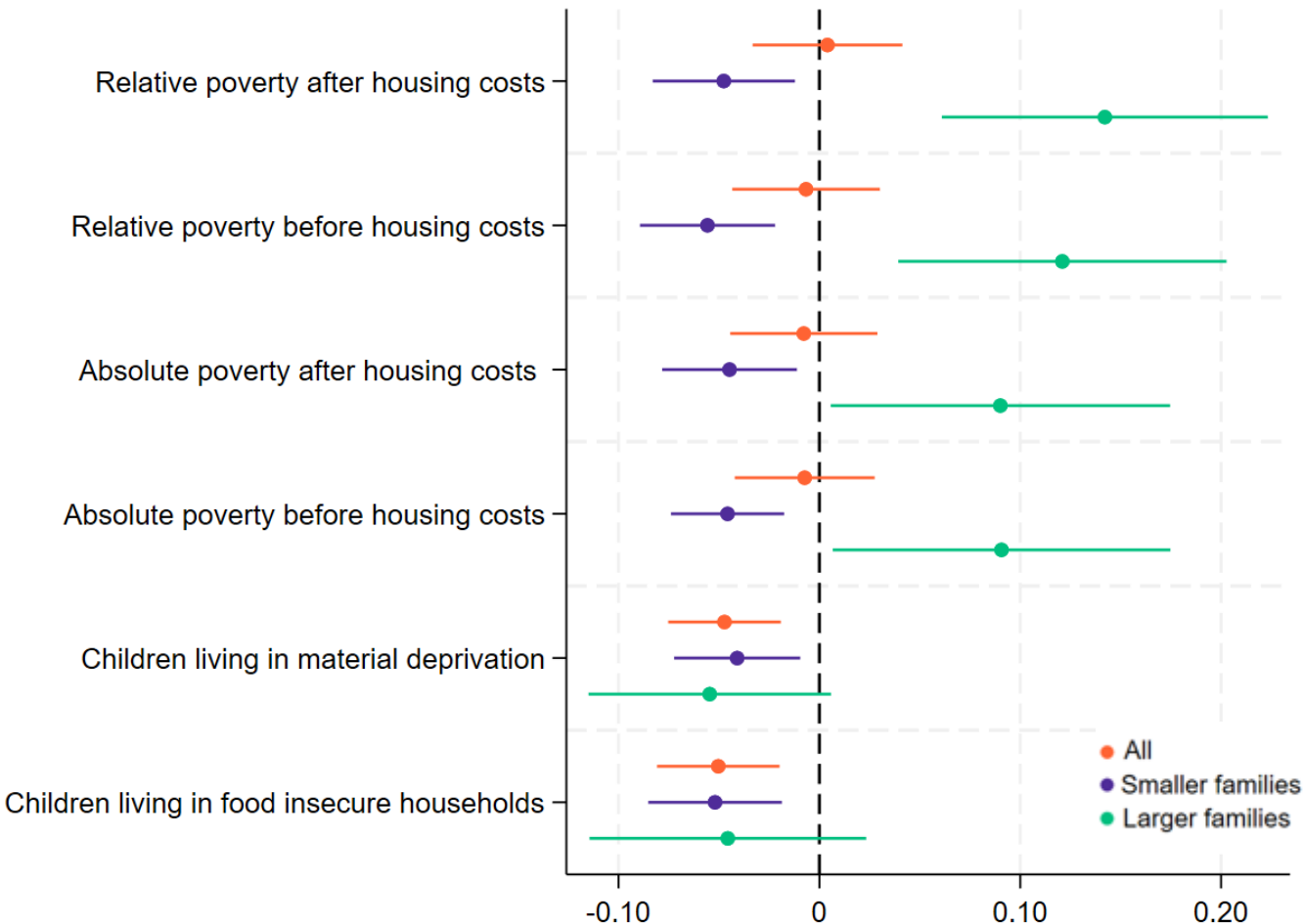
Relative poverty after housing costs

	All children	Small Family	Large family
Scotland	-0.074*** (0.007)	-0.031*** (0.008)	-0.150*** (0.015)
Post-SCP	0.000 (0.005)	-0.007 (0.006)	-0.004 (0.011)
Scotland * Post-SCP	0.008 (0.019)	-0.047* (0.018)	0.151*** (0.042)
$R^2$	0.0017	0.0011	0.0035
$N$	54,517	38,208	16,309
Baseline poverty rate	30.52%	24.15%	44.49%

Children Living in Material Deprivation

	All children	Small Family	Large family
Scotland	-0.040*** (0.006)	-0.015** (0.006)	-0.079*** (0.014)
Post-SCP	0.061*** (0.005)	0.041*** (0.005)	0.089*** (0.010)
Scotland * Post-SCP	-0.048*** (0.014)	-0.040** (0.015)	-0.059* (0.031)

$R^2$	0.0058	0.0028	0.0102
$N$	54,517	38,208	16,309
Baseline poverty rate	20.52%	15.61%	31.26%



\*\*\*<0.01, \*\*<0.05, \*<0.10

# Diff-in-Diff: Child Poverty Measures (controls)

Relative poverty after housing costs			
	All children	Small Family	Large family
Scotland	-0.035*** (0.007)	-0.017** (0.008)	-0.094*** (0.014)
Post-SCP	-0.016*** (0.005)	-0.019*** (0.006)	-0.007 (0.010)
Scotland * Post-SCP	-0.000 (0.017)	-0.046*** (0.017)	0.136*** (0.039)
$R^2$	0.1073	0.0652	0.0843
$N$	54,517	38,208	16,309
Children Living in Material Deprivation			
	All children	Small Family	Large family
Scotland	-0.018*** (0.006)	-0.010* (0.006)	-0.045*** (0.013)
Post-SCP	0.041*** (0.005)	0.025*** (0.005)	0.074*** (0.009)
Scotland * Post-SCP	-0.059*** (0.015)	-0.042** (0.015)	-0.089*** (0.033)
$R^2$	0.1363	0.1061	0.1245
$N$	54,517	38,208	16,309

\*\*\*<0.01, \*\*<0.05, \*<0.10



# Discussion and Next Steps

- Differences in the impact of the SCP on child poverty rates by family size:
  - Smaller families: child poverty in Scotland has declined relative to rest of UK.
  - Larger families: child poverty rates have continued to rise despite the SCP.
  - SCP's impact appears insufficient to offset the 2 Child Limit for larger families.
- Broader poverty measures:
  - Indicators of material deprivation and food insecurity suggest a more positive impact
- Next steps: