

# Prevention Watch

## January 2026

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### 1. The Scottish draft Budget 2026/27

On the 13<sup>th</sup> January, the Finance Secretary Shona Robison presented the final budget of this parliamentary session, along with a Spending Review outlining the direction of spend in the next few years. As trailed in a pre-budget [blog](#) by the Fraser of Allander Institute, this could have been an opportunity to set out how the aims of the Public Service Reform strategy on preventative budgeting were being put into motion.

Unfortunately, it looks like we'll have to wait a bit longer. What it did set out is that:

- SG will pilot an approach to tracking preventative spend with a number of public sector partners in early 2026
- This will provide the foundation for a comprehensive, whole-of-budget understanding of preventative spend across the Scottish Budget by summer 2026
- The intention is for the new approach to be embedded within the ongoing reporting cycle from the 2027–28 budget onwards

These timescales are fairly ambitious. On the one hand, it's good that focused work is being done. But as the Fraser of Allander blog noted, there are risks that we aren't sure are being fully resolved. Firstly, determining what is and isn't preventative spend is often subjective, and depends on which outcome you are focussing on. And secondly, the deficiencies that we already see in transparency of budget figures will need to be addressed in order for any 'prevention tagging' to be meaningful and credible.

These are issues which could be solved but it's important also to recognise that preventative budgeting is not solely a technical exercise – the hardest part will be translating the knowledge created from budget analysis to reshape how government understands problems, prioritises action, and invests public resources. A key question, therefore, is how will the work over the next year enable this change, rather than just explain the status quo.

The Spending Review documents did set out that preventative budgeting is not just about outcomes, but also about “*generating significant cashable savings and closing the gap between our funding envelope and spending decisions.*” More detail will be needed on how the Government are going to demonstrate this, particularly in areas where other factors, such as demographic change, are driving spend upwards.

## 2. The Keep Britain Working final report on health and employment

In November 2025, the Department for Work and Pensions and Department for Business and Trade released a final report on the [Keep Britain Working review](#), which discusses the roles that businesses, governments, and individuals all play in keeping people – especially those in poor health – in work.

Work plays a critical role in our health. Having a job, and the quality of that job, influences and interacts with an individual’s physical and mental health in a variety of ways. Because of this, policies which facilitate and improve employment access and quality are necessarily preventative health policies.

Employment policy is partially devolved, with the UK Government responsible for employment law generally, and the UK and Scottish governments, and local authorities all having a role to play in employability policy. Health is a key aspect of these employability services. In Scotland especially, around [a third](#) of employability service users in 2024/25 disclosed a disability.

The Keep Britain Working review notes that in our current system, individuals and the NHS are the main responsible parties for managing health and employment. The review states, plainly, that employers need to take on more responsibility in this area, stating that “*Employers are uniquely placed to ‘do’ prevention - by encouraging safe and early conversations about emerging health issues, making reasonable adjustments, supporting people swiftly, and offering flexibility for treatment and phased returns.*”

Another key point that the review makes is that employers often do want to do the right thing and support employees’ mental and physical health, but find that the system is potentially unnecessarily complicated, with complex legislation, inconsistent or adversarial enforcement and tribunal bodies, and fragmented guidance on navigating health and work which may require payment to access.

The review proposes that the Government can push businesses to do better through data improvements, incentives, and addressing the complicated legal systems around work and health.

This report was commissioned by the UK Government, and as we stated earlier, the legal and statutory powers are largely reserved to UK Government. Issues with data are also [complicated](#) and involve multiple levels of government. The Scottish Government do, however, have other levers they can use to influence employers, and we know that they are actively looking for ways to better engage with employers to provide good quality jobs and to increase employment among disabled people or people with long-term health conditions.

In September, for instance, the Scottish Government published a review of [evidence on disability employment initiatives](#) from Denmark and Sweden. Both countries worked closely with employers and implemented some form of financial incentives to encourage businesses to get and keep disabled people in work.

Financial incentives are an interesting option to consider. The Keep Britain Working review discusses ways of using tax relief, sick pay rebates, targeted contract and public procurement, and other rebates to encourage businesses to keep people in work and facilitate their return to work. The Resolution Foundation, similarly, published [a report](#) in July which discussed options such as reimbursing employers for the costs associated with workplace adjustments for disabled people. The Resolution Foundation report also discussed incentivising employers who successfully reintegrate workers after a period of workplace absence due to ill health, and for recruiting previously economically inactive people.

While the Scottish Government have not yet formalised their plans for involving employers in addressing health-related economic inactivity, we look forward to seeing the direction they take in the future.

### 3. The end of the two-child limit in the UK Budget

In November, the [UK budget](#) officially confirmed a major policy change, which had been [speculated about](#) for months: the removal of the “two-child limit,” which is a policy wherein families with more than two children are not entitled to additional Universal Credit benefits. Universal Credit policy is a reserved power, and this policy has been in place since 2017.

Since its inception, the two-child limit has been controversial, and removing it is widely considered an important step in reducing child poverty. Reducing child poverty is [crucial](#) for improving population-wide health outcomes.

In December 2024, the Scottish Government said that they would mitigate the two-child limit from 2026 onwards, as we discussed in our Prevention Watch from [January 2025](#). Because Universal Credit is reserved, however, this would have required a complicated mitigation system in Scotland to be developed with payment through Social Security Scotland.

[FAI analysis](#) found that the Scottish Government mitigation payment could keep approximately 15,000 children out of relative poverty, and the Scottish Fiscal Commission further found that around 43,000 children would benefit financially in some way. The most [SFC analysis](#) estimated that this would have cost £141m in 2026-2027.

With work underway to develop the mitigation system, in June 2025, the Scottish Government announced that they would begin accepting applications to this supplementary payment in March 2026. In December 2025, the Scottish Government [confirmed](#) that in the light of the UK Budget the proposed payment would no longer be needed and that the money which would have been required would be used in other ways to tackle child poverty, with plans to be shared as part of the budget in January. Following the Scottish Budget announcement on 13 January, it remains unclear how the funding is being reallocated, particularly in terms of what constitutes new investment versus spending that would have been expected in any case. See the Fraser of Allander [blog](#) for the latest on this.

The UK Budget [did not feature](#) many other measures which both fall under primary prevention and are relevant to Scotland, although it did include an uplift in funding to support unemployed young adults (which would either apply in Scotland or lead to Barnett Consequentials which the Scottish Government could use in a similar way) and an increase to minimum wage. Both employment and income are highly correlated to health outcomes, as we've discussed [previously](#).

## 4. Wealth inequality and suicide & Ireland's suicide prevention strategy final evaluation

In November, the Fairness Foundation published [a report](#) exploring the relationship between wealth inequality and suicide.

The report notes that there are a wide range of reasons why a person may attempt to take their own life, but focuses on the socio-economic context of suicide, noting the extensive research which links suicide to a range of factors, including housing insecurity, employment, income inequality, debt, and deprivation. At the same time, the report points out that suicide policy in the UK often focuses on secondary or tertiary preventative methods, which place emphasis more directly on mental health services and training.

Wealth inequality is an important aspect of these socio-economic determinants of suicide and can influence suicide in a variety of ways. Notably, wealth inequality is linked to differences in housing, financial insecurity, and stress. In Scotland, [wealth inequality is high](#), and wealth is more unequally distributed than income. The Scottish Government notes that “the 2% of households with the highest incomes had 10% of all income, while the wealthiest 2% of households had 15% of all wealth.”

The report concludes by recommending that the UK review suicide prevention strategies and look for ways of tackling wealth inequality overall.

Scotland's [suicide prevention strategy](#), *Creating Hope Together*, is discussed favourably in the report, noting that it explicitly discusses these socio-economic determinants of suicide, and that these determinants guide the strategy. At the same time, the author notes that Scotland's strategy fails to "*fully acknowledge wealth inequalities as part of their assessment and proposed actions to address the link between inequalities and suicide.*"

There are other issues with preventative strategies in Scotland, which often require different areas of government to work together to be successful, but [struggle](#) to do so. However, other countries are exploring ways of implementing cross-governmental preventative strategies for suicide specifically, with some success.

In our [September report](#), we discussed the Republic of Ireland's suicide prevention strategy, *Connecting for Life*, which was in operation from 2015-2024. This strategy was a unique example of an effort to address the infrastructural challenge of joined-up working, while also focusing on the socioeconomic determinants of suicide.

At the time of our report publication, the final evidence review on *Connecting for Life* had yet to be published, but Professor Steve Platt, a contributor to our report, noted that "*In over 40 other national suicide prevention programmes, I don't know of any other that has this kind of mechanism for actually attempting to deliver a whole of government policy.*"

The [final evidence review](#) was released in December, and while the review found that there were some issues with implementation and coordination between bodies, the majority of the goals that *Connecting for Life* put forth were met, albeit with some areas for future learning.

## 5. The new National Youth Strategy in England

In December, the UK Government announced a new [National Youth Strategy](#) for England, which is a 10-year strategy that covers a series of actions and funding streams aimed at improving [social capital](#) among children, adolescents, and young adults in England. Social capital, broadly, refers to the quality and extent of social networks within a community, and there are several different aspects of social capital, including interpersonal relationships, social network support, civic engagement, and trust and cooperation.

People and regions with higher social capital often experience better [physical and mental health outcomes](#). Improving social capital is an important aspect of primary prevention, with the [Nuffield Foundation](#) stating that "Our success in moving towards a prevention-based approach to mental health means placing the social world – and social capital – at the foundation." In Scotland, people in deprived areas report [lower social capital](#) than in non-deprived areas, adding to health inequalities experienced across the country.

The actions listed within the National Youth Strategy cover various aspects of youth social capital, including online safety, the youth sector workforce, youth activities outside of school, youth spaces and sport centres, employment and training opportunities, transport, and political enfranchisement.

While this strategy only applies to England, there are a range of things that are relevant to Scotland, and important for us to consider in the future. These include improvements to training and increased funding to the youth sector work force; improvements to youth centres, clubs, and sports facilities; and policies targeting social connections for boys and young men.

Scotland does not have a similar youth strategy but has discussed social capital within the context of primary prevention in past strategy documents. Notably, while social capital is not explicitly mentioned in the [Population Health Framework](#), it discusses strengthening the community and voluntary sector and “strengthening access and ensured sustainability of good quality public and green spaces, green networks, recreational spaces, play and sports amenities,” but does not highlight the changes to funding nor the organisational changes that would need to happen in order to do so.

According to the UK Government’s [companion report](#) on the lives of young people (aged 10-25) in England, there were 34% fewer full-time equivalent youth workers in England in 2023/24 compared to 2012/13, and between 2010/11 and 2022/23, spending on youth facilities fell by 73%. Importantly, we do not know what these changes have been for Scotland, nor is it easy to trace through Scottish Government and local authority budgets. A 2024 [report](#) from the University of Edinburgh, however, points to both the importance and the precarity of the sector for children and young adults in Scotland.

Scotland also does not have any plans in place at present addressing men and boys specifically, which is a notable gap that we discussed in Part 2 of our [2025 Inequality Landscape](#) report. One notable finding in this report was that working-aged adults (especially men aged 18-44) in poverty were significantly less likely to go out socially or see friends or family regularly compared to adults that are not in poverty. This is likely one of the many factors influencing the higher mortality rate among men in Scotland, and one of our recommendations was to ensure longer-term funding for preventative programmes, including those which address social capital.

Thanks for reading this edition of Prevention Watch.

At SHERU, we are working to identify and scrutinise some of the difficult policy choices that are required if Scotland is going to realise its commitment to prioritising prevention. We're particularly interested in policy decisions impacting on key socio-economic determinants of health inequalities (e.g., housing, employment and income). Going forward, Prevention Watch will be shining a light on some of the difficult choices involved in achieving a preventative policy shift, while the broader work in SHERU will consider the evidence supporting distinct policy options.

If you want to suggest issues for us to keep an eye on, or just be kept up to date with what we are saying and doing, you can sign up to our mailing list via our website ([www.scothealthequity.org](http://www.scothealthequity.org)) or by emailing [sheru@strath.ac.uk](mailto:sheru@strath.ac.uk).

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**Scottish Health Equity  
Research Unit**

Insights, analysis and action on the socio-economic factors  
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