

Briefing: Ministerial Statement on Tackling Child Poverty Delivery Plan

Progress report

June 2023



About us

The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

1. Introduction

We welcome the Minister's statement on the progress of the Tackling Child Poverty Delivery Plan. **The cost of living crisis is far from over and will continue to have far-reaching implications for families across Scotland.** Stubbornly high energy and food costs coupled with a growing debt crisis threatens to undo much of the positive work that has been done in recent years to combat child poverty. This new government must enact every lever it has to continue to combat child poverty in Scotland. **Child poverty can only be eradicated if the Scottish Government utilise all the available levers across housing, social security, childcare and employability.**

Scotland's child poverty targets as set out in the Tackling Child Poverty Delivery Plan are extremely welcome and help focus efforts to eradicate child poverty. However, **ambitious commitments must be matched with bold, immediate action to protect people, particularly children, from the impacts of this crisis.** The latest statistics show that **250,000 children are living in poverty in Scotland, which equates to around one in four children.** Of great concern is the fact these statistics do not reflect the full impact of the cost of living crisis. This underscores the need for concerted action to tackle the injustice of poverty.

2. Key Recommendations:

- Increase the Scottish Child Payment to at least £40 per week.
- Pause collections on public sector debt recovery for at least six months.
- Expand funded childcare to 50 hours per week.

- The delivery of outstanding employability commitments in Best Start, Bright Futures including the Parental Transition Fund.
- Introduce a top up payment for young parents in the Scottish Child Payment.
- Encourage the inclusion of robust and measurable actions related to Fair Work within Local Child Poverty Delivery Plans.
- Build at least 38,500 social homes by 2026 to meet housing need.

3. The Scottish Child Payment

The Poverty Alliance welcomed the increase of the Scottish Child Payment to £25 per week. This has made a difference to many households, offering a vital lifeline as they struggle to make ends meet. However, further increases in the value of the payment are needed to support families through this crisis. The failure to uprate the Scottish Child Payment in line with inflation in the Scottish Government's most recent budget also means that the real terms value is now falling.

We have welcomed the commitment by the new First Minister to increase the payment to £30 per week in his Government's first budget. However, recent modelling from IPPR Scotland for Save the Children and the Trussell Trust shows that **an increase to the Scottish Child Payment to at least £40 per week would lift 60,000 children out of poverty and surpass the interim targets, making good progress towards the 2030 goal.**¹ Increasing the Scottish Child Payment to at least £40 a week is a step the Scottish Government can take to immediately inject cash into people's pockets and lessen the impact of this crisis.

4. Social Security uprating with inflation

We have welcomed the uprating of all Scottish benefits by 10.1%. This however, is not enough to offset costs for those living on the lowest incomes. Given that inflation is an average of the cost increases over a variety of products this does not paint an accurate picture of the cost increases experienced by low income households. **While the overall rate of inflation sits at 8.7%², the cost of food has increased by 16.5%.³ This increase has a greater impact on low income households who spend higher proportions of their incomes on food.⁴** It is imperative that benefits are uprated at levels which reflect the real increases in the

¹ Institute for Public Policy Research (2023). *Poverty doesn't have to be inevitable – it needs political will and investment to eradicate*. Available at: <https://www.ippr.org/blog/poverty-doesn-t-have-to-be-inevitable-it-needs-political-will-and-investment-to-eradicate>

² UK Parliament (2023) *Rising Cost of Living in the UK*. Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9428/CBP-9428.pdf>

³ Office for National Statistics (2022). *Rising cost of past, bread and other everyday food leaves most vulnerable worst off*. Available at:

<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/risingcostofpastbreadandothereverydayfoodsleavesmostvulnerabletheworstoff/2022-12-22>

⁴ Office for National Statistics (2022). *Family spending workbook 1: detailed expenditure and trends*. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/familyspendingworkbook1detailedexpenditureandtrends>

cost of living experienced by low income households. This is the only measure to ensure equitable provision, protecting people from being pulled into poverty.

5. Debt and the cost of living crisis

Increased problem debt is likely to be a long-term implication of the cost of living crisis, with households managing extremely limited finances or negative incomes. Our joint research with the Scottish Women's Budget Group highlights that women are falling into deeper poverty as a result of the cost of living crisis, with women being unable to pay existing debt and being at risk of accumulating more debt.

Joseph Rowntree Foundation's most recent Poverty in Scotland report showed that **nearly half (45%) of single-parent families, over 90% of whom are headed by women, are behind on at least one bill or payment.**⁵ Christians Against Poverty (CAP) have highlighted that their clients are struggling to remain debt free over the longer-term, with many clients operating a deficit budget which forces them into destitution or back into problem debt. **Demand for CAP's emergency aid for food and energy is also at an all-time high, with an 80% increase in requests for food aid in the last 6 months of 2022 compared to the same period the previous year.**⁶

Recent research by Aberlour has highlighted that more **than half of Scottish families with children in receipt of Universal Credit have their monthly income reduced by around 10%, equating to £80 on average, as a result of deductions by DWP to recover debts.** This means that tens of thousands of families eligible for the Scottish Child Payment are not feeling the full benefit of that financial help, with most of the increase in income cancelled out by deductions to cover these debts. Making repayments on debts means even less money available for essential needs, whilst concurrently causing significant stress and poor mental health. As a response, **the Scottish Government should immediately stop collection of public sector debt for a period of at least six months, helping households to use money on essentials like food, energy and housing costs.**

6. Housing

Child poverty rates after housing costs are generally lower in Scotland compared to other parts of the UK due to greater availability of social housing. However, **stagnation in the number of new social homes being built, coupled with an expensive private rented sector (PRS), is pulling more families into poverty and insecure housing.** In the PRS, severe poverty nearly doubles once housing costs are taken into account, and relative poverty rises from 25% to 34%.⁷ Shelter

⁵ Joseph Rowntree Foundation (2022) *Poverty in Scotland 2022*. Available at: <https://www.jrf.org.uk/report/poverty-scotland-2022>

⁶ Christians Against Poverty (Forthcoming). *Debt Client Report*. Unpublished.

⁷ Scottish Government (2023). *Poverty and Income Inequality in Scotland 2019-2022*. Available at: <https://data.gov.scot/poverty/>

Scotland have called attention to the record number of children living in temporary accommodation (9130 – a 120% increase since 2014).⁸

Despite this, the housing budget has seen real terms cuts of 16% in the most recent budget, delaying the provision of urgently needed affordable homes.

In order to ensure that housing works towards meeting the child poverty targets, we echo calls from Shelter Scotland that the Scottish Government must **make good on its commitment to build at least 38,500 homes by 2026**⁹ to reduce housing need. Relatedly, the rent freeze introduced in September 2022 was a welcome intervention to protect people from rising rent costs. However, when these measures come to an end there must be protections put in place to prevent a tidal wave of unaffordable rent hikes and evictions.

7. Parental employability and child poverty

Employability support is a key area of activity in the Tackling Child Poverty Delivery Plan. However, it is also the area of Best Start, Bright Futures where the implementation gap is most apparent. In September 2022, **the Scottish Government announced a cut of £53m in proposed employability support spending. According to analysis by the Fraser of Allander Institute, this cut represents 43% of the amount named in 2022-23 budget.**¹⁰ While the Scottish Government have acknowledged that this budgetary change means fewer parents will be supported, there is no indication of how many parents will be affected.¹¹ These cuts are concerning in the context of child poverty, as data highlights that mainstream programmes are not delivering for the priority family groups outlined in the Tackling Child Poverty Delivery Plan.

The Poverty Alliance welcomed the introduction of the Parental Employability Support Fund. However, to date, there has been insufficient data on outcomes to assess the extent to which this was meeting parents needs or making progress towards Scotland's child poverty targets. Similarly, Best Start, Bright Futures included a commitment to deliver a new Parental Transition Fund intended to tackle the financial barriers parents face in entering the labour market, particularly over the initial period of employment. However, there has been a significant delay in implementation.

The Poverty Alliance support the Scottish Government's analysis in Best Start, Bright Futures about what is required in the realm of employability. However, the implementation gap means that these policy commitments are not yet

⁸ Shelter Scotland (2023) *Shelter Scotland Briefing: Ministerial Statement on The Tackling Child Poverty Delivery Plan 2022-26 Progress Report*. Unpublished.

⁹ Shelter Scotland (2023). *Shelter Scotland Briefing: First Minister's Statement on Scottish Government Priorities And Scottish Government Debate On Child Poverty And Cost Of Living, 18 April 2023*. Unpublished.

¹⁰ Scottish Government (2021) *Scottish Budget 2022 to 2023* available at <https://www.gov.scot/publications/scottish-budget-2022-23/pages/7/>

¹¹ Fraser of Allander (2022) *First thoughts on the Scottish Emergency Budget Review* available at <https://fraserofallander.org/first-thoughts-on-the-scottish-emergency-budget-review/>

enabling parents to escape the grip of poverty. In December 2022, ahead of the Scottish Budget, the End Child Poverty Coalition called for the allocation of sufficient funding for the implementation of the employability commitments in the Tackling Child Poverty Delivery Plan to ensure that employability support meets the needs of priority families.¹² This should be an early priority for the new First Minister.

Relatedly, the duty that the Child Poverty (Scotland) Act 2017 places on local authorities to develop and publish annual child poverty action reports should be utilised to drive robust actions around Fair Work. Yet in many of these reports, **actions around Fair Work are relatively weak, with significant inconsistencies across local authority areas.** The Scottish Government should do more to encourage the inclusion of robust and measurable actions related to Fair Work within these plans.

8. Expansion of affordable and flexible childcare

In order to support parents into work, services such as childcare must be affordable and accessible. **The Poverty Alliance have welcomed the introduction of the 1140 hours of funded childcare as a positive step in the provision of affordable and flexible childcare.** However, 1140 hours only equates to the duration of the school day and continues to fall short of full-time working hours. This therefore limits the ability of primary caregivers, typically women, to work full-time.¹³

Part-time work is correlated with low-paid employment, with part-time jobs being more than three times as likely to pay below the Living Wage than full-time roles.¹⁴ The latest release of the Scottish Government's Poverty and Income Inequality data notes that those families where all adults are in full-time work have a low poverty risk.¹⁵ However, **the increased funded entitlement has not negated the need for expensive top-up childcare for single parent households, or households where both parents want to work full-time.** The lack of full-time funded childcare options thus traps families in in-work poverty. To combat this, the **Scottish Government should increase the funded provision of childcare to 50 hours per week.**

9. Young Parents and child poverty

The most recent data on poverty rates in Scotland show that the targeted interventions for child poverty have made a difference; policies such as increasing

¹² End Child Poverty Coalition (2022) *Scottish Budget Briefing 2023* available at <https://cpag.org.uk/policy-and-campaigns/briefing/end-child-poverty-scotlands-scottish-budget-2023-briefing>

¹³ Close the Gap (2021) *Close the Gap briefing for Scottish Government Debate: Early Learning and Childcare – 1140 Hours and Beyond*. Available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Early-Learning-and-Childcare.pdf>

¹⁴ Jones, Gareth (2019) 'Women benefit from living wage expansion', Third Force News. Available at: <https://tfn.scot/news/women-benefit-from-living-wage-expansion>

¹⁵ Scottish Government (2023) *Poverty and Income Inequality in Scotland 2019-22* available at <https://data.gov.scot/poverty/index.html#Children>

the Scottish child payment appear to have partly protected families from a significant spike in overall child poverty.

However, some groups are still experiencing significant rates of poverty compared to other priority groups. **Poverty rates for people aged 16-24 has spiked dramatically from 27% in 2021 to 36% in 2022.** Whilst there has not been a measurement taken on the rates of poverty of mothers under 25 for this year, **the 2020 figure showed that 55% of households where the mother was under 25 were in poverty.**¹⁶ Young people are paid a lower rate of Universal Credit and are more likely to be paid lower wages due to lower minimum wages despite having exactly the same living costs.

To tackle this, **we echo the calls of One Parent Families Scotland's for the Scottish Government to provide a 'top-up' through the Scottish Child Payment to all households with parents under 25 in receipt of Universal Credit.** At a minimum, this payment should bring young parent families' support through social security in line with that received by parents aged 25 and over in the same circumstances. Relatedly, there is a need to **publish poverty rates for young mothers (<25) and households with a child under 1 to allow for better targeting of support** for these groups.

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¹⁶ The Scottish Government (2022) *Tackling child poverty delivery plan: fourth year progress report 2021-2022-focus report on households with mothers aged 25 or under.* Available at: <https://www.gov.scot/publications/tackling-child-poverty-delivery-plan-fourth-year-progress-report-2021-22-focus-report-households-mothers-aged-25-under/documents/>