



## **Advice on the Scottish Government's Child Poverty Delivery Plan 2018: Executive Summary**

### **Introduction**

The Child Poverty (Scotland) Act 2017 sets in law four targets relating to child poverty which are to be met by 2030. The Scottish Government is required to publish three Child Poverty Delivery Plans over the period to 2030 that set out the actions that the Scottish Government will take in order to meet the targets. The Poverty and Inequality Commission has been asked by the Scottish Government to provide advice on its first Child Poverty Delivery Plan.

This paper sets out the Poverty and Inequality Commission's advice to the Scottish Government. It sets out some general principles that should be incorporated into the Delivery Plan, identifies three levers that are likely to have the biggest impact on the child poverty targets, and recommends some other elements that should be included in the Delivery Plan in order to improve quality of life for children living in poverty.

### **General Principles**

The Commission has identified some general principles that should underpin the Scottish Government's Delivery Plan. These are focused around five themes:

- **Linking actions to impact:** being clear what the impact of each action is expected to be and committing to monitoring and evaluating the impact
- **A cross-portfolio approach focusing on actions that will have the biggest impact:** ensuring every part of government is clear about its contribution, while making sure the Delivery Plan focuses particularly on core actions that are likely to have the biggest impact on the child poverty targets.
- **Focusing on people as well as numbers:** recognising some households have a higher risk of poverty or require additional income or support to achieve the same standard of living
- **Reducing the poverty gap in the long term:** taking action to improve prospects that will have an impact beyond 2030
- **Considering the geography of poverty:** taking account of concentrations of poverty in particular areas, while recognising most people living in poverty do not live in areas of multiple deprivation

## **Work and Earnings**

The relationship between work and poverty is not straightforward. Children in households where no-one is in employment are at highest risk of poverty, but in-work poverty has been rising and nearly two-thirds of children in poverty live in a household where someone is in some form of employment.

Work will be the most effective route out of poverty for many households, but the Commission is clear that higher employment alone will not necessarily address child poverty for all children. Many children in poverty already live in a household where someone is working and many of these households would not be expected to work more than they already work.

The Commission recommends that the Child Poverty Delivery Plan should include action to support parents into employment and to address in-work poverty. This should take account of issues such as wages, hours, security, training, quality and opportunities to progress. The Commission recommends that the Delivery Plan should address how childcare and training can support employment for parents. The Delivery Plan should also set out how wider economic policy, such as the Inclusive Growth agenda and City Deals, will contribute to delivering the child poverty targets.

## ***Social Security***

Social Security will be the most direct route for reducing levels of child poverty in Scotland. It cannot be expected to provide the whole solution but the Commission believes that investment in Social Security, alongside employment, is needed if the targets are to be met. The Commission considered analysis looking at potential options for reducing child poverty through devolved Social Security powers. This modelled a number of changes to Universal Credit and Child Benefit which would have an impact on child poverty.

The analysis did not model any behaviour change amongst those receiving topped up benefits, nor did it take account of the administrative costs or complexities of delivering benefit changes. On this basis the modelling suggested that topping up the child element of Universal Credit, combined with removing the two-child limit and removing the benefit cap, is potentially the most cost-effective way of reducing child poverty. The Commission is not recommending that the Scottish Government top up a specific benefit but points to the analysis as providing some direction as to which options are worth exploring further. Consideration should also be given to issues such as the cost and complexity of delivery, potential take up rates, income security, and potential disincentives to move into work or increase earnings as well as likely impact.

The Commission endorses the Scottish Government's commitment to creating a new social security system based on dignity, respect and fairness. It recommends that the Delivery Plan should set out the extent to which the Scottish Government intends

to use the Social Security Powers to meet the child poverty targets and the options that it will consider over the period to 2030 to top up or create benefits. The new Social Security Agency should be established in such a way that it can deliver the top up benefits or new benefits that are needed to tackle child poverty.

### ***Housing***

The Scottish Parliament has chosen to set child poverty targets that are measured after housing costs, reflecting the impact that housing costs can have on disposable income. Poverty is highest amongst children living in households in rented accommodation; 43% of children living in the private rented sector and 39% of children living in the social rented sector are living in poverty. Action to address housing costs has to be part of the plan to reach the child poverty targets and there is scope for additional action on housing costs, particularly in the private and social rented sectors.

The Commission recommends that the Delivery Plan should explore ways of reducing housing costs for families with children living in poverty and that the prioritisation of building new homes for social rent should be continued. Work on housing supply should take account of accessibility of housing as well as supply. The Scottish Government should commit to monitoring and evaluating the impact of the changes introduced by the new Private Residential Tenancy and rent pressure zones on child poverty and consider whether further action may be needed to limit rent increases in the private rented sector.

### ***Improving quality of life and helping families manage the impacts of poverty***

Poverty puts a considerable strain on families. It can cause stress, damage relationships and limit children's ability to fully participate in the opportunities that other children have. In addition to action focused on the child poverty targets the Commission recommends that the Delivery Plan should also include actions to improve the quality of life of families living in poverty and to help them manage the impacts of poverty. The Commission has identified five areas in particular where action can help improve quality of life for families:

- Addressing barriers to education
- Income maximisation
- Transitions
- Supporting families
- Providing public services in a respectful way that preserves dignity

The Commission welcomes existing work in these areas by the Scottish Government. It highlights a number of actions that should continue, including the investment in closing the poverty related attainment gap, the introduction of the Family Financial Health Check Guarantee, and the introduction of the Best Start Grant and the Job Grant for young people aged 16-24.

There are also a number of areas where more could be done. Cost of the school day was an issue that was raised with the Commission. The Scottish Government should establish a minimum rate for school clothing grants; the Tackling Child Poverty Fund could be used to help fund the additional cost. The Scottish Government should also work with local authorities to find ways of making the application process for Educational Maintenance Allowance easier and quicker. Transition points related to either life stages or life changes can be points at which the risk of entering poverty increases. The Commission recommends that the Scottish Government consider piloting a transitions fund to make support available to families at transition points where there is an increased risk of poverty.

## **Recommendations**

### ***General principles***

1. In identifying actions to include in the Delivery Plan the Scottish Government must be specific about the expected impact of each action on the statutory targets. It should commit to monitoring and evaluating the impact of these actions.
2. The Delivery Plan should commit the Scottish Government to provide analysis of the likely impact of annual budget decisions on the child poverty targets.
3. The Delivery Plan should take a strategic cross-portfolio approach, making full use of new powers and available policy choices. The Scottish Government should designate a senior person within government with responsibility to ensure this cross-portfolio approach is co-ordinated and delivered on. The plan should also recognise the role that needs to be played by the wider public sector, the private sector and the third sector.
4. The Delivery plan should focus particularly on a core set of actions that are likely to have the biggest impact on reaching the child poverty targets.
5. The Delivery plan should also clearly set out the wider activity that is needed to underpin these actions and the links with other strategies and policies. Every part of government should be clear about its contribution to delivering the outcomes set out in the Delivery Plan.
6. The Scottish Government should consider whether there may be any unintended consequences of the actions they propose, and, where possible, put in place measures that address this.

7. The Delivery Plan should set child poverty in the context of human rights, and particularly the UN Convention on the Rights of the Child.
8. The Delivery Plan should recognise that some households have a much higher risk of poverty than other households. The Delivery Plan should be clear how its proposed actions will support children from high risk households.
9. Some households face additional costs and require a higher income, or other kinds of support, in order to achieve the same living standards as other households. The Delivery Plan should demonstrate awareness that other factors beyond income can impact on experiences of poverty.
10. The Delivery Plan should set out how the Scottish Government will ensure that children and families with direct experience of poverty will continue to be involved in the development and delivery of the actions. It should ensure that this consultation reaches wider communities and not always the same organisations and individuals.
11. The Delivery Plan should also include actions which might not have an impact in time for the 2030 targets but which will improve outcomes and reduce inequalities in the longer term.
12. The Delivery Plan should reflect the geography of poverty across Scotland and ensure that the geographical variations are taken into account in the proposed actions.
13. The Delivery Plan should make sure that there are connections between national and local Child Poverty Delivery Plans. Local plans should be clear on the connections between actions and outcomes.

### ***Work and Earnings***

14. The Child Poverty Delivery Plan should include action to support parents who are able to work, or able to work more, into employment. This action should be developed in response to a clear analysis of the barriers to employment and evidence about what works in supporting people into work.
15. The Delivery Plan need to particularly recognise the barriers that may be faced by those at greatest risk of poverty, including single parents, households with a disabled member and Black and minority ethnic households, and consider how it can address the specific needs these households may have. In doing so the Delivery Plan should consider the recommendations made in *Addressing Race Inequality in Scotland: The Way Forward* and actions to 'reduce by at least half

the employment gap' between disabled and non-disabled people set out in *A Fairer Scotland for Disabled People*.

16. The Delivery Plan should consider what further analysis may be needed about access to and outcomes of vocational training for groups at risk of poverty, and what action might be taken in response to this analysis.
17. The Delivery Plan should set out action to support progression in work for families in working poverty. Given the limited evidence about what works in this area, this might include action to test what support works to help people move jobs, undertake training, and work more hours, and what incentives can help deliver this.
18. The Delivery Plan should consider how the Scottish Government can work with employers to improve the quality of part-time work. Employers should consider job design to build in progression at the lower end of the wage spectrum.
19. The Delivery Plan should set out how investment in early years childcare will ensure it is of high quality and also able to support parents into employment.
20. The Scottish Government has committed to developing a strategic framework for after-school and holiday childcare. This should be taken forward as a priority given the potential impact of the availability of out of school care on parents' ability to access and sustain employment.
21. The Delivery Plan should set out how the Inclusive Growth agenda and City Deals will contribute to delivering the child poverty targets.

### ***Social Security***

22. The Commission believes that investment in Social Security is needed if the targets are to be met. The Delivery Plan should set out the extent to which the Scottish Government intends to use Social Security powers to meet the child poverty targets.
23. The Delivery Plan should set out the options that the Scottish Government will consider over the period to 2030 to top up or create benefits. It should consider the options that are modelled as having the greatest financial impact alongside other relevant factors such as cost and complexity of delivery, take up rates, income security, and potential disincentives to move into work or increase earnings in order to identify the most effective option to impact on child poverty.
24. The Delivery Plan should commit to ensuring that the new Social Security Agency is established in such a way that it can deliver the top up benefits or new

benefits that are needed to tackle child poverty. This does not preclude Scottish Government from topping up current benefits under the existing system.

### ***Housing***

25. The Delivery Plan should explore ways of reducing housing costs for families with children living in poverty.
26. The Commission acknowledges the Scottish Government's existing commitment to deliver 35,000 new homes for social rent over the term of this Parliament and recommends that the prioritisation of social housing should be continued.
27. Housing costs and supply of social housing varies significantly across Scotland so the Scottish Government should particularly look at the geographical aspects of supply and demand for households with children and focus action where it is needed most.
28. Work on housing supply should also take account of accessibility, including for wheelchair users, as well as supply, as accessible housing can improve quality of life, increase access to employment and reduce housing costs for disabled people.
29. The Delivery Plan should commit to monitoring and evaluating the impact of the changes introduced by the new Private Residential Tenancy and rent pressure zones on child poverty and considering whether further action may be needed to limit rent increases in the private rented sector.
30. The Scottish Government should continue its work to reduce fuel poverty. The Commission supports Naomi Eisenstadt's recommendation in *Shifting the Curve* that more should be done to ensure that fuel poverty programmes are focused to support those on low incomes, and do more to tackle the poverty premium in home energy costs.

### ***Improving Quality of Life***

31. The Delivery Plan should set out specific actions to help families manage the impacts of poverty. It should be clear on what outcomes these actions are expected to deliver, and who is expected to benefit. It should commit to putting appropriate monitoring and evaluation in place.
32. The Commission welcomes the Scottish Government's commitment to closing the poverty related attainment gap. The Scottish Government should ensure that local authorities and schools have access to the best evidence about what works and that this informs the use of the attainment funding they receive. The impact of the £750m attainment funding should be monitored and evaluated.

33. The Scottish Government should establish a minimum rate for school clothing grants. The Tackling Child Poverty Fund could be used to help fund the additional cost.
34. The Scottish Government should work with local authorities to find ways of making the application process for Educational Maintenance Allowance easier and quicker, and providing free transport to school until payment has been processed.
35. The Commission welcomes the roll-out of a Family Financial Health Check Guarantee aimed at those on low incomes to support income maximisation. The Scottish Government should monitor who is being reached by the Health Check and consider what action is needed to ensure that it is accessible to all those who might benefit.
36. The Commission supports the introduction of the Best Start Grant and the Job Grant for young people aged 16-24. The Scottish Government should monitor and evaluate the impact of these grants.
37. The Scottish Government should consider using the Tackling Child Poverty Fund to pilot a transitions fund (potentially modelled on the new Independent Living Fund) to make support available to families at transition points such as relationship breakdown, move into/loss of employment, acquiring a health condition/impairment or relocation. This could link into existing funds such as the Scottish Welfare Fund.
38. The Scottish Government should ensure funding is available to deliver parenting support, alongside rigorous evaluation to learn what aspects of support are likely to be most effective in ameliorating the impact of poverty on children.
39. The Child Poverty Delivery Plan should also consider how families with complex needs can best be supported to manage and reduce the risks and impacts of child poverty.
40. The Commission supports Naomi Eisenstadt's recommendation that public service delivery should be respectful, person-centred and preserve the dignity of people in poverty. Pre-employment and in-service training should include the importance of avoiding stigma and developing understanding of the challenges of living on a very low income.