

**Child Poverty Delivery Plan
progress:
Scrutiny by the Poverty and
Inequality Commission**



July 2020

Child Poverty Delivery Plan progress: Scrutiny by the Poverty and Inequality Commission

Executive Summary

The Child Poverty (Scotland) Act 2017 requires Scottish Ministers to publish an annual report on progress towards meeting the child poverty targets set out in the Act and on implementing its Child Poverty Delivery Plan. As part of preparing the progress report the Act requires Scottish Ministers to consult the Poverty and Inequality Commission on:

- the progress made during the reporting year towards meeting the child poverty targets
- whether it appears to the Commission that such progress is sufficient to meet the child poverty targets
- what further progress the Commission considers is required to meet the child poverty targets

The Scottish Government's next progress report will cover the period April 2019 – March 2020. The Commission was asked to provide its views on the progress made. In order to do this the Commission identified some key areas it wanted to focus on for its scrutiny of progress. These areas were those that the Commission identified as potentially having the greatest impact on the child poverty targets, or where significant investment was being made. These were:

- Housing
- Employment support
- The Scottish Child Payment
- Income maximisation and the Best Start Grant
- Early Learning and Childcare and Out of School Care
- The Innovation Fund
- Analysis and evaluation

The Commission's report makes some specific comments on the progress being made in these areas along with some broader recommendations.

What progress has been made during the reporting year towards meeting the targets?

It is still too early for the Commission to comment on evidence of progress towards meeting the targets. The Commission notes that this year's statistics for the targets are all slightly lower than the previous year's figures, except for the percentage of children in persistent poverty, but it is too early to know this is an actual reduction or just fluctuation due to the relatively small sample size. Nevertheless it is positive to

see those lower figures, particularly in the light of projections for child poverty to increase if no action was taken.

The progress updates provided by the Scottish Government make clear the significant work that has taken place over the last year. This work includes putting more money in the pockets of those on low incomes through new payments and supporting people to maximise their income; providing additional free early learning and childcare; investing in affordable homes; providing employment support; funding projects; and developing the new Scottish Child Payment. All this action will have a positive impact on the lives of children living in poverty. We also welcome the further work that has been done on evaluation, and modelling the cumulative impact of policies.

Does it appear to the Commission that such progress is sufficient to meet the child poverty targets?

It remains difficult for the Commission to judge whether the progress being made is sufficient to meet the child poverty targets because, in most cases, there is still not enough evidence of how the actions in the Child Poverty Delivery Plan are expected to impact on the targets.

Overall, our view is that there is not enough focus on the outcomes of actions and, for most of the actions, there still is not enough evidence that they will help deliver against the targets. There is still a lack of clarity about how the policies are expected to interact to make the Child Poverty Delivery Plan more than just the sum of its parts.

While actions such as the Scottish Child Payment will contribute towards the targets, there is nothing in the progress updates which gives us reassurance that the actions being taken would have had sufficient impact for Scotland to reach the child poverty targets, even before the potential impacts of COVID-19. Meeting the targets is only likely to get harder in the context of the COVID-19 crisis.

What further progress does the Commission consider is required to meet the targets?

The Commission recognises progress is being made on modelling work for some actions, but reiterates the previous Commission's recommendation that the Scottish Government needs to develop a greater understanding of the likely impact of the actions on the targets and use this to identify what further action is needed. Learning across the Delivery Plan needs to be used to make decisions about what to invest more in, what to change and what to stop. We set out seven recommendations for the Scottish Government below.

Recommendations

Recommendation 1:

The Scottish Government must ensure that actions are more clearly linked to targets and that it is clear what the impact of the action is expected to be. There should be a culture of continuous learning and improvement where policy makers (not just analysts) consistently demonstrate how evaluation and learning are integral to their on-going decision-making and delivery.

Recommendation 2:

The Scottish Government should continue to develop its approach to involving people with lived experience of poverty in developing solutions and actions and shaping delivery. There have been some examples where this has been done well, for example the work of Social Security Scotland in incorporating people's lived experience into the delivery of social security, but this type of approach needs to be applied consistently across policy areas.

Recommendation 3:

There should be a greater focus on the priority families in developing and delivering the actions in the Child Poverty Delivery Plan, with better data and evidence gathering to ensure that we know how different policies and interventions are impacting on priority families. The Scottish Government should also ensure that, while focusing on delivering the child poverty targets, it does not lose sight of the needs of others groups of children who are high risk of poverty, such as asylum seekers, refugees and Gypsy/Travellers.

Recommendation 4:

In the coming months the Scottish Government should review the actions in the Delivery Plan to ensure they meet the scale and types of needs that are emerging because of the COVID-19 crisis and look at what additional action is needed.

Recommendation 5:

The Scottish Government and Social Security Scotland should reinstate their delivery timetable for the Scottish Child Payment and aim to make payments to children under the age of six by Christmas 2020. A mechanism should be found to make interim payments until the Scottish Child Payment is implemented, if the delivery timetable cannot be reinstated.

Recommendation 6:

The Scottish Government must revisit and prioritise the delivery timetable for the 1140 hours funding for early learning and childcare. Should public health advice allow childcare to return to full capacity, the 1140 hours commitment should be reinstated during this academic year to enable parents to work and manage their childcare costs.

Recommendation 7:

The Scottish Government should extend its commitment to investing in affordable housing beyond 2021 and go further in investing more in social rented homes. It

should ensure that addressing child poverty is factored into its analysis of housing need.

Child Poverty Delivery Plan progress – scrutiny by the Poverty and Inequality Commission

Introduction

The statutory Poverty and Inequality Commission was established in July 2019, replacing the previous non-statutory Commission, which was in place from July 2017 - June 2019.

The Child Poverty (Scotland) Act 2017¹ sets out the role and statutory requirements of the Commission. The Commission's functions are to advise Scottish Ministers, to monitor progress and to promote the reduction of poverty and inequality in Scotland. The legislation also gives the Commission specific responsibilities in relation to child poverty. There is a statutory requirement for Scottish Ministers to consult and have regard to any recommendations made by the Commission when developing the Scottish Government's child poverty delivery plan. There is also a statutory requirement for the Scottish Government to consult the Commission when preparing its annual progress report.

Scottish Ministers must consult the Commission on:

- the progress made during the reporting year towards meeting the child poverty targets
- whether it appears to the Commission that such progress is sufficient to meet the child poverty targets
- what further progress the Commission considers is required to meet the child poverty targets

The progress report must include any comments or recommendations made by the Commission on the points above.

Child Poverty Delivery Plan progress report 2020

The Scottish Government's next progress report will cover the period April 2019 – March 2020. The Commission has been asked to provide its views on the progress made. In order to do this the Commission identified some key areas it wanted to focus on for its scrutiny of progress. These areas were those that the Commission identified as potentially having the greatest impact on the child poverty targets, or where significant investment was being made. These were:

- Housing
- Employment support
- The Scottish Child Payment
- Income maximisation and the Best Start Grant

¹ as amended by The Public Service Reform (Poverty and Inequality Commission) (Scotland) Order 2018 <http://www.legislation.gov.uk/ssi/2018/316/article/2/made>

- Early Learning and Childcare and Out of School Care
- The Innovation Fund
- Analysis and evaluation

The Commission arranged to meet with Scottish Government policy leads in these areas in order to explore progress and these meetings were then to be followed up by written updates. Five of the meetings went ahead, but, as a result of the COVID-19 outbreak, two had to be cancelled and just written updates provided.

Circumstances have changed enormously since the Commission started planning its scrutiny at the beginning of the year. Over the coming months and years Scotland faces a challenge which will have a huge impact on the whole population, but particularly on those experiencing poverty. The Commission's work over the next year will focus in a large part on how Scotland can address both the short and long term impacts of the Coronavirus outbreak on poverty and inequality. This scrutiny, however, is necessarily backward looking, focusing on the progress that has been made over the last year towards meeting Scotland's child poverty targets. It is important to keep a clear focus on the fact that even before the outbreak nearly one in four children in Scotland was living in relative poverty and that transformative action was going to be needed to meet the child poverty targets even before the impacts of the coronavirus were felt. Where significant changes were made to actions before the end of the reporting year as a result of the COVID-19 crisis the Commission has taken these into account in its scrutiny, and in some cases has made some comment about the potential implications for next year's work.

Progress towards the child poverty targets

It is very early days to expect to see any impact of the Delivery Plan on the child poverty statistics. The Scottish Government's Tackling Child Poverty Delivery Plan was published in June 2018 and sets out the programme of actions that are being taken towards reaching the child poverty targets set out in the Child Poverty (Scotland) Act 2017. The Scottish Government publishes annual statistics on poverty and inequality in Scotland, including data for the four child poverty targets. The latest statistics published in March 2020 relate to the period 2018-19 and are therefore the first statistics relating to the period after the Delivery Plan was published.

	2017-2018 statistics		2018-2019 statistics		2023 target (less than)	2030 target (less than)
	Scotland	UK	Scotland	UK		
% of children living in relative poverty	24%	30%	23%	30%	18%	10%
% of children living in absolute poverty	22%	28%	20%	28%	14%	5%
% of children living in combined low income and material deprivation	14%	15%	12%	14%	8%	5%
% of children living in persistent poverty	15%	20%	17%	20%	8%	5%

Note: the Scotland figures are the single-year estimates published by the Scottish Government for the purposes of reporting on the child poverty targets. The Scottish Government also publishes three-year averages, which may be better for identifying trends over time. The persistent poverty statistics cover a different time period, with the most recent ones based on 2014-18 data.

This year's figures against the targets are all slightly lower than the previous year, except for the percentage of children in persistent poverty. It is too early to know if this is an actual reduction or just fluctuation due to the relatively small sample size, but it is positive to see those lower figures, particularly in the light of projections for child poverty to increase if no action was taken. It is also too early to necessarily expect to see any movement on the persistent poverty target. However, it is important to bear in mind that the depth and intensity of poverty is particularly great for some groups and the actions in the Tackling Child Poverty Delivery Plan should be aiming to lift everyone out of poverty – not just those 'close to the line'. Therefore, the Commission will be carefully considering progress on this target in future years.

The Scottish Government also publishes statistics for the priority families identified in the Delivery Plan, which show how these groups are at much higher risk of poverty.

	Relative Poverty	Absolute Poverty	Combined income and material deprivation		Persistent Poverty
Interim target	18%	14%	8%		8%
Final target	10%	5%	5%		5%
2016-19				2014-18	
All Children	24%	21%	12%		17%
Baby under 1 in household	32%	30%	13%	Children under 5 in benefit unit (not household)	27%
Mother under 25 in household
Disabled person in household	30%	27%	20%	Disabled adult in benefit unit (not household)	18%
Ethnic minority household	44%	41%	23%		..
Lone parent in household	39%	34%	27%	Lone parent in benefit unit	..
3+ children in household	31%	28%	18%	3+ children in benefit unit	38%
In none of the priority groups	10%	9%	2%		..

Note: In order to give the sample sizes needed for these groups the statistics use three and four year averages of the data. As the persistent poverty data comes from a different survey the definitions for the priority groups and the years covered are slightly different. The symbol .. indicates that data is not available either due to small sample size (fewer than 100), or for reasons related to data collection or methodology.

Given the early stage, the Commission's scrutiny of progress will focus mainly on the progress that is being made in implementing the Delivery Plan and the extent to which the Commission thinks it is likely to be sufficient to meet the targets. The Commission's scrutiny is informed by its discussions with policy officials and the Scottish Government's written updates covering the period up to 31 March 2020. It therefore, generally, does not take account of actions that may have been taken since then.

Overview of progress

The progress updates provided by the Scottish Government make clear the significant work that has taken place over the last year. This work includes putting more money in the pockets of those on low incomes through making new payments and supporting people to maximise their income; providing additional free early learning and childcare; investing in affordable homes; providing employment support; funding projects; and developing the new Scottish Child Payment. All this action will have a positive impact on the lives of children living in poverty and the Commission provides more detailed comments on these actions below.

The Commission's focus, however, is not just on whether good work is being done, which it clearly is, but on whether this work is sufficient to make progress against the child poverty targets, and whether these are the right things to be investing in to make the most progress possible.

In looking at the action that has taken place the Commission is asking the questions:

- Is this likely to directly impact on the child poverty targets?
- To what extent is it likely to impact on the targets?
- What evidence is there that the Scottish Government is investing in the most effective actions to impact on the targets?

The Commission welcomes the considerable action that has been taken and can see that these actions are likely to have a positive impact on children's lives. However, our view is that there is not enough focus on outcomes and, for most of the actions, there still is not enough evidence that they will help deliver against the targets. There is still a lack of connection between activity and outcomes, what the impact on the targets of different activities is anticipated to be, and how the policies interact to make the Child Poverty Delivery Plan more than just the sum of its parts. Some actions seem to be driven by an amount of funding being allocated, rather than consideration being given to what impact is aimed for and funding being put in place to deliver that.

The previous Commission's advice on the last delivery plan progress report focused particularly on scale of impact and speed of progress. The Commission recognises that progress had been speeded up on the Scottish Child Payment over the last year, although that progress has now been hit by the COVID-19 crisis. The Commission considers that scale of impact still remains an issue. There is nothing in the progress updates which gives us reassurance that the actions being taken would have had sufficient impact for Scotland to reach the interim child poverty targets in 2023, even before the potential impacts of COVID-19.

Using evidence and learning

The Commission's view is that the Scottish Government needs to use evidence and learning better. Robust evidence should be used to design actions, understand their

impact on the targets, and, where not enough impact is being made, redesign actions or develop new actions. The Scottish Government should be prepared to stop or change actions if they are not having the expected impact. The Commission will comment specifically later in this advice on the evaluation strategy for the Tackling Child Poverty Delivery Plan. Here, what we are talking about is the need for policymakers to consistently demonstrate how evidence and learning are integral to their ongoing decision-making and delivery.

There seems to be variation in the extent to which learning is taking place within individual programmes and actions, and is being used to improve design or delivery. While the Commission welcomes the evaluations that have been commissioned and the data that is being collected, it is not always clear how this is informing policy development and delivery. Given the timescale within which the child poverty targets need to be met, it is important this evidence and learning starts to impact on decision-making now, rather than waiting several years for the outcomes of evaluations. More broadly it is not clear how learning is happening across the programme and feeding into decisions about the relative benefits of different actions and what to invest in further and what to stop doing.

Recommendation 1:

The Scottish Government must ensure that actions are more clearly linked to targets and that it is clear what the impact of the action is expected to be. There should be a culture of continuous learning and improvement where policy makers (not just analysts) consistently demonstrate how evaluation and learning are integral to their on-going decision-making and delivery.

Lived experience

When the previous Commission reviewed last year's progress updates from Scottish Government it noted that there was limited evidence of how people with lived experience of poverty have been involved so far in development of key actions. In this year's update there is far more evidence about how the views and experiences of people with lived experience are being gathered to inform and evaluate the actions in the Delivery Plan, although it is by no means consistent across the activities. At the moment this still relies heavily on commissioning research, or on involving organisations working with people with lived experience of poverty, rather than working directly with people with lived experience themselves. Involvement of people with lived experience seems to be stronger in shaping delivery than in developing solutions and actions.

In terms of delivery we would highlight the work of Social Security Scotland on the Best Start Grant and Scottish Child Payment, where those who will receive the payments are being involved in co-designing pre-application information, letters, communications and application forms. The Commission considers that Social Security Scotland is leading the way with its approach to incorporating people's lived experience into the delivery of social security and congratulates those involved in

this work. We hope that learning from this will inform the work of other areas of government.

One action where there has been a lot of involvement of people with lived experience in developing the action is the work on out of school care, where there has been direct engagement with groups of parents and children and there are plans to set up a panel of parents to work with Scottish Government on development of the policy. The Commission would like to see more of this kind of approach. There were also lots of examples of research and evaluation data being gathered from people using services. The Commission would like to see more evidence that this being used to develop services and feed into new policy development.

Recommendation 2:

The Scottish Government should continue to develop its approach to involving people with lived experience of poverty in developing solutions and actions and shaping delivery. There have been some examples where this has been done well, for example the work of Social Security Scotland in incorporating people's lived experience into the delivery of social security, but this type of approach needs to be applied consistently across policy areas .

Focus on the priority families

In its initial advice on the Child Poverty Delivery Plan the previous Commission said that the Delivery Plan should recognise that some households have a much higher risk of poverty than other households and should be clear how its proposed actions will support children from high risk households. The Scottish Government responded by identifying six groups of priority families² at higher risk of poverty and set out how the actions in the plan were expected to help those priority families. This Commission welcomes the identification of the priority families but thinks that there should be more focus on them in the shaping and delivery of the actions. There also needs to be better data and evidence gathering to ensure that we know how different policies and interventions are impacting on priority families. This will be crucial in ensuring that inequality as well as poverty is tackled.

The Commission would also highlight that there are some groups of children who are at high risk of poverty, such as refugee and asylum seeking children, children of families with no recourse to public funds, and Gypsy/Traveller children, but who are not covered by the priority groups and whose needs may not be well met by the existing actions in the plan. These groups are smaller in number and therefore may not have a big impact on the child poverty targets but it is important that their needs are considered, or there could be a risk of a situation where progress is made towards the targets but inequality deepens and some children are left behind.

² The priority families are: Lone parents; Families with a disabled child or adult; larger families, minority ethnic families, families with a child under one year old; and families where the mother is under the age of 25.

Recommendation 3:

There should be a greater focus on the priority families in developing and delivering the actions in the Child Poverty Delivery Plan, with better data and evidence gathering to ensure that we know how different policies and interventions are impacting on priority families. The Scottish Government should also ensure that, while focusing on delivering the child poverty targets, it does not lose sight of the needs of others groups of children who are high risk of poverty, such as asylum seekers, refugees and Gypsy/Travellers.

The impact of COVID-19

As the progress report covers the period April 2019 – March 2020, COVID-19 has only had an impact at the very end of reporting period. Nevertheless its significant impact on the Delivery Plan is already clear even at this stage. Two major commitments, the introduction of the Scottish Child Payment and the expansion of early learning and childcare, have been delayed. The Early Learning and Childcare Parental Employment Support Fund boost has been put on hold for now.

Over the coming year the impact of the COVID-19 crisis on child poverty will become clearer. We are already seeing rising unemployment in Scotland and this will undoubtedly increase further when the furlough scheme comes to an end. Increasing numbers of families have been claiming Universal Credit. We know those in lower paid jobs are less likely to be able to work from home so uncertainty about the availability of school and childcare, may impact on low income families' ability to stay in or seek work, and this impact is likely to be greatest on women and single parents in particular. In households with a disabled person some unpaid carers have had to step in to provide support as care services have been withdrawn, putting them at risk of losing employment and income. The impacts of COVID-19 on businesses may lead to parents losing hours, or to wages being cut. Rising unemployment may also depress wages. All of these could lead to further rises in in-work poverty. This will have an impact on existing actions and on the need for new ones.

Recommendation 4:

In the coming months the Scottish Government should review the actions in the Delivery Plan to ensure they meet the scale and types of needs that are emerging because of the COVID-19 crisis and look at what additional action is needed.

Delivery Plan actions

Maximising income through Social Security

When the previous Commission scrutinised progress in 2019 it welcomed the Scottish Government's commitment to introduce an income supplement but said that action should be taken to speed up delivery. In its Progress Report the Scottish Government committed to introducing a **Scottish Child Payment** of £10 per week for eligible children, with payments being made to children under the age of six before the end of this parliamentary term (March 2021) and to all eligible children aged under 16 by the end of 2022. It subsequently committed to speed up delivery further by introducing the payment to children under the age of six by Christmas 2020.

The Scottish Child Payment is a key part of the Scottish Government's action to achieve the targets and the Commission welcomes the significant work that was done to speed up its introduction. The Commission has some concerns around take-up as recipients will have to make an application for the payment, rather than receipt of the payment being automated for those who are entitled to it due to receiving qualifying benefits. While it recognises that the Scottish Government has made this decision to enable it to get payments to families as quickly as possible, we hope that automated payments will become an option in the future. In the meantime, we would expect to see considerable investment in action to encourage take-up.

The timetable for delivery has now been delayed by the COVID-19 crisis, with the Scottish Government now aiming to make payments in 2021. The Commission recognises the challenges that Social Security Scotland faces in terms of recruiting and training staff under present circumstances. Nevertheless the need for the payment has increased with parents furloughed, facing cuts in hours or pay, or being made redundant, and there must be urgency in delivering it as soon as possible.

Recommendation 5:

The Scottish Government and Social Security Scotland should reinstate their delivery timetable for the Scottish Child Payment and aim to make payments to children under the age of six by Christmas 2020. A mechanism should be found to make interim payments until the Scottish Child Payment is implemented, if the delivery timetable cannot be reinstated.

All three payments of the **Best Start Grant** have now been introduced and families have received more than £20 million, compared to £2 million that was received through the previous Sure Start Maternity Grant. This will provide an important boost to low-income families and the Scottish Government should be congratulated on this. We are pleased to see that the impacts of the grant on families are being evaluated and the evaluation must cover all the priority families. The Commission welcomes the commitment to now focus on increasing take up of the grant and hopes there will be learning from different approaches from across Scotland. This is particularly important because the application for the Best Start Grant and Best Start Foods is

being combined with the application for the forthcoming Scottish Child Payment, so improved take-up levels should also increase take-up of the Scottish Child Payment.

There are a number of actions related to **income maximisation** in the Tackling Child Poverty Delivery Plan and the Commission is pleased to see that the Scottish Government has set up an Income Maximisation Strategic Group to ensure its work in this area is complementary and joined up. We welcome examples of a more joined up approach, including the warm referral process has been established between Money Talk Team and the Home Energy Scotland programme, and the focus of Money Talk Team on establishing and developing partnerships. Nevertheless, at present, there still seems to be a level of fragmentation in the approach to income maximisation.

The Scottish Government has invested £3.3 million, plus £255k marketing costs, over two years in its **Money Talk Team** income maximisation service. Since the service was launched in November 2018, 19,015 clients have accessed the service, with additional financial gains of just over £17 million recorded. Of those 4,793 identified as being part of a family with children, of which 3,671 belonged to one of the six priority groups in the Tackling Child Poverty Delivery Plan. Just over £4 million of financial gain was recorded for these priority groups.

The Commission has concerns about whether Money Talk Team has enough focus on the six priority groups. While it is delivering financial gains for clients, the gains being achieved for families with children, and the six priority groups in particular, are fairly low given the amount of money being invested. We note from the update that Citizens Advice Scotland is currently engaging with all 59 Citizens Advice Bureaux to ensure that they are actively promoting the service to low income families, including the six priority groups, and are working on a one-to-one basis with a number of Citizens Advice Bureaux who have been less successful in engaging with these priority groups. The Commission considers that there needs to be further evaluation of whether this approach is the most effective approach to investing in income maximisation to tackle child poverty.

In comparison to Money Talk Team, the **Healthier Wealthier Children** programme has been previously evaluated as having a positive impact but the money being invested in it relatively small; £250,000 in total this year across all health boards. We are pleased to see that the funding is being built on by focusing on financial inclusion through the Universal Health Visiting Pathway Quality Improvement Collaborative. In its update the Scottish Government notes that it is necessary to be realistic about the outcomes that this particular funding will achieve, given the amount of funding provided to each region. Health Boards were expected to report on how the funding was used in the Local Child Poverty Action Reports and the Commission is disappointed that not all Local Child Poverty Action Reports reported on this. The Commission expects to see all Local Child Poverty Action Reports report on progress on income maximisation referral pathways this year.

It is not clear to the Commission how the decisions were reached about the relative funding amounts for the different income maximisation actions. The Commission

would have hoped to see greater clarity about the evidence and analysis that led to the funding decisions and what outcomes were expected from the funding. There is not expected to be any future funding for the Healthier Wealthier Child programme and, again, it would be good to understand the decision-making around this.

Maximising income through work

The Delivery Plan includes a number of actions focused on employment. The Commission is focused here on the Parental Employability Support Fund, Fair Start Scotland, and the Disabled Parents Employability Support Fund. The Scottish Government has described its intensive employment support for parents commitment as one of the landmark actions in the delivery plan. In its advice on the 2019 Child Poverty Progress report the Commission expressed some concerns about the speed of progress in developing the intensive employment support for parents commitment, so the Commission is pleased to see that all local authorities are now implementing and progressing their **Parental Employment Support Fund** delivery model. As the employment support is being delivered locally, the update from Scottish Government does not contain much detail about the approaches being taken. The approaches being taken should be evidence based and the Commission will expect to see more detail in the Local Child Poverty Action Reports about what approaches are being used, why they have been chosen, and what outcomes are expected.

The Commission is pleased to see that some of the funding will be focused on addressing in-work poverty, but notes the point from the update that this is a relatively new area for local authorities and their partners who have little experience of how to identify, engage and support these individuals. We are also aware that there is not a lot of evidence about what works in addressing in-work poverty. The Commission therefore has some concerns that a test and learn approach to the fund is not being taken. The Commission recommends that the Scottish Government consider running some more structured trials to develop more evidence of what works for those in in-work poverty.

In addition to previously announced funding, since the last progress report the Scottish Government had also committed a dedicated £4.1 million Early Learning and Childcare Parental Employment Support Fund boost to facilitate better local connections between employability services and the expansion of funded early learning and childcare provision. While this investment may now be delayed due to the COVID-19 crisis, the Commission welcomes the action being taken to join up these policies in order to maximise the benefits for families. We also welcome the efforts that are being made to make links with the roll out of the new Scottish Child Payment in order to raise awareness of employability support.

The Scottish Government estimates that around 11,500 children could positively benefit from the Parental Employment Support Fund. It is important that the right data is collected from the start in order to be able to measure the impact of the funding and understand what approaches work best. The Commission would

encourage the Scottish Government to go ahead with the external evaluation of the Parental Employment Support Fund that it is considering. An evaluation should ensure that information is captured about the activities being undertaken as well as the outcomes.

Data is not yet available from **Fair Start Scotland** about the number of parents accessing the service so it is difficult to comment on the impact that it may be having on child poverty. It is disappointing that Fair Start Scotland did not start collecting this data at the time it was first included as an action in the Child Poverty Delivery Plan, and we would question how the Scottish Government could include this as an action without any plan to understand the impact. We note that the Scottish Government has now made changes to the collection of management information from service providers to allow it to estimate the proportion of priority families that Fair Start Scotland services are reaching, however, the quality of this data is still poor, with a significant amount of data missing. The Commission is very concerned that two years after the publication of the Delivery Plan there is still no reliable data about the number of parents accessing the service. The Commission considers that more priority needs to be given to getting reliable data. This also emphasises the importance of getting data collection for the Parental Employment Support Fund right from the start.

Given both Fair Start Scotland and the Parental Employability Support Fund rely on the voluntary engagement of parents it will be important that evaluation deals with the self-selecting nature of a voluntary programme and understands who is and is not engaging with the programmes. It will be important to look at how services are letting parents know what support is available and to understand outcomes for those not volunteering for the programme and look at what offer is being made to them. There is a risk, especially in current circumstances where unemployment is likely to rise, that employability services work with those who are easiest to work with and most likely to have positive outcomes, while those who are further from the labour market are not engaged in the programmes.

Following publication of the Child Poverty Delivery Plan, a further commitment was made to develop a **Disabled Parents Employability Support Fund** to deliver intensive, mainly pre-employability, support to unemployed disabled parents. The Scottish Government committed to a £6 million fund in December 2018. We understand from the update provided that the Scottish Government has been exploring relevant data and working with stakeholders, including Disabled People's Organisations, the Scottish Local Authorities Economic Development Group and COSLA, to develop the fund, and that further work is being undertaken in coming months to further explore user needs. While the Commission welcomes the commitment to understanding user needs it is concerned that more progress has not been made in delivering the fund and that, in the light of likely significant increases in unemployment, there is a risk that the focus on disabled parents is lost. The Scottish Government must make more rapid progress on delivering the Fund. The Commission also notes that support to prevent people dropping out of the labour market is not mentioned. The Commission considers that it is important that there is

policy focus on supporting disabled parents to maintain contact with the labour market as a preventative measure.

In its advice on the last progress report the previous Poverty and Inequality Commission noted that the commitment on **early learning and childcare** potentially had consequences for work and earnings, through enabling parents, particularly mothers, to work, or to work more hours; saving parents money on childcare; and creating new, living wage jobs. As of February 2020 the expansion was broadly on track to deliver an increase to 1140 hours of free childcare for all three and four year olds, and eligible two year olds, by August 2020. However, Audit Scotland had noted that there remained a number of significant risks around getting enough people and buildings in place to deliver the expansion, and that it was likely that some aspects of the policy, such as delivering flexibility and choice, would not be fully implemented by August.³

The expansion of early learning and childcare is now on hold due to the coronavirus pandemic, and in early July the Scottish Government said that the duty to deliver 1140 hours of funded early learning and childcare would not be reinstated during the 2020/2021 academic year. Many families will have been relying on the commitment to 1140 hours of funded early learning and childcare in order to enable them to work or manage their childcare costs. The delay of at least a year is likely to cause financial difficulties for these families and reduce progress towards the child poverty targets. While the Commission recognises the difficulties and uncertainties at present, the Scottish Government should commit to reinstating the duty this academic year if public health advice allows childcare to return to full capacity.

Recommendation 6:

The Scottish Government must revisit and prioritise the delivery timetable for the 1140 hours funding for early learning and childcare. Should public health advice allow childcare to return to full capacity, the 1140 hours commitment should be reinstated during this academic year to enable parents to work and manage their childcare costs.

The Commission is pleased to see that work has been undertaken to strengthen the links between early learning and childcare and employability support, with links made between services at a local level in areas, such as North Ayrshire and East Ayrshire, and a boost to the Parental Employability Support Fund to support parents from priority families to access employment and training opportunities, including within the early learning and childcare sector itself.

The Commission welcomes the commitment to evaluating the impact of the early learning and childcare expansion programme. The Scottish Government has commissioned the Scottish Study of Early Learning & Childcare and is proposing to undertake additional research to identify potential systemic barriers to the three desired outcomes of the ELC expansion and to understand the inequality dimensions

³ Audit Scotland (2020) *Early Learning and Childcare: Follow up* https://www.audit-scotland.gov.uk/uploads/docs/report/2020/nr_200303_early_learning.pdf

of those outcomes. The evaluation must allow us to better understand the contribution that the expansion can make to achieving the child poverty targets. We note that, when it published its report in March, Audit Scotland considered that it was not yet clear how the longer-term economic benefits of the expansion would be assessed but that the Scottish Government was looking at this. It must also look at the impact for the six priority families.

In its advice on last year's progress report the previous Commission recommended that work be carried out to model the potential impact of the investment on the child poverty targets through enabling parents to work, or work more. This was because the Commission wanted to understand more about the potential contribution that the early learning and childcare expansion might make to meeting the child poverty targets. There are likely to be many benefits to the expansion for children and for families. Accessing high quality early learning and childcare is associated with improved outcomes in language, cognitive and other essential skills which can have a long-term impact on attainment and labour market outcomes, and it can also improve wellbeing of children and parents. It is less clear, however, to what extent the early learning and childcare expansion will contribute towards reaching the child poverty targets by 2030. While we recognise that modelling can only provide estimates of what might be achieved we are disappointed that this has not been taken forward as we think this would provide important information for Scottish Government in considering how the package of actions it is implementing are likely to have an overall impact on the targets.

The Scottish Government has recognised the importance of **out of school childcare** for families, not just in benefitting the children themselves but also in enabling parents to access employment, education and training. It committed to developing a strategic framework for out of school care by the end of this Parliament. A draft framework was published for consultation in August 2019 and it is clear that a lot of effort has gone into engaging with parents, including those with lived experience of poverty, about this.

The Commission welcomes the creation of a £3 million Access to Childcare Fund to provide funding to projects that develop childcare solutions for the six priority family groups. We hope that there will be a focus from the start on looking at how learning can be shared and how projects can be developed in the long term to deliver access to families across Scotland. The update says that outcomes linked to employability will be measured. While we recognise that the information collected will vary depending on the type and size of project, the Commission recommends that, as far as possible, some core data is collected and core outcomes measured in the same way across all the monitoring and evaluation frameworks for the different childcare and employability funding being given by Scottish Government. This will make it possible to look at the impact of different policy responses in the future.

Reducing Housing Costs

Housing costs are generally the largest single cost for families, which is why the child poverty targets are measured after housing costs. The Scottish Government has committed to deliver **50,000 affordable homes**, including 35,000 for social rent, by the end of this Parliament. By December 2019 just over 30,000 homes had been delivered, including 20,000 for social rent.

The Commission notes that Audit Scotland has said that it is not clear how the 50,000 target links to local housing needs and wider outcomes, creating the risk that the homes delivered are not located in the places with the greatest levels of need, or are not the right type to best meet people's housing needs.⁴ The Scottish Government estimates that around 16,000 of the 50,000 homes will directly benefit families, helping about 27,000 children, but we do not know how many of these children will have been experiencing poverty. We would reiterate the point made by the previous Commission that ***the Scottish Government needs to do more to understand who is benefitting from this investment and how it can maximise the impact of its investment on child poverty.*** This is particularly important as the Scottish Government starts to set out its future approach to delivering affordable housing.

While we would expect investment in social housing to help some families living in poverty and to prevent others from falling into poverty, the approach to investment in affordable housing at the moment does not appear to be targeted to address child poverty. Rather it is hoped that some families in poverty will benefit as a by-product of existing investment plans. In future, modelling of affordable housing need should take account of the needs of families who are locked into poverty by high housing costs in the private rented sector (but would be considered 'adequately housed'), not just the needs of new households, or those who are in physically inadequate housing.

The future commitment to affordable housing must take into account the needs of families who could be lifted out of poverty by getting access to affordable housing. The Commission calls on the Scottish Government to continue its commitment to investing in affordable housing and go further in investing more in social rented homes. It must look at whether the right homes are being built in the right place to meet the needs of families in poverty and those with potential to experience poverty. It should also have a focus on the six priority families identified in the Child Poverty Delivery Plan. We do not consider that looking at Scottish Household Survey data for those in the social rented sector is sufficient; there needs to be a greater understanding of where there are particular needs and who is benefitting from the very significant investment in affordable housing. We hope to see this reflected in the forthcoming Housing 2040 strategy.

⁴ Audit Scotland (2020) https://www.audit-scotland.gov.uk/uploads/docs/report/2020/nr_200409_affordable_housing.pdf

Recommendation 7:

The Scottish Government should extend its commitment to investing in affordable housing beyond 2021 and go further in investing more in social rented homes. It should ensure that addressing child poverty is factored into its analysis of housing need.

On the **private rented sector** we welcome the introduction of emergency legislation, in response to COVID-19, to temporarily increase the notice to leave period for all eviction grounds in the private rented sector. We look forward to hearing more about the impact of the **Homelessness Prevention Fund** and how it may impact on child poverty.

Other actions

The £7.5 million **Innovation Fund** between Scottish Government (£5m) and The Hunter Foundation (£2.5m) was announced as part of the Tackling Child Poverty Delivery Plan. It was intended to support new thinking and new approaches to preventing and reducing child poverty in order to achieve sustained systemic change, with a view to speeding up progress on the targets. After the first two years of the Fund the Commission wanted to look at where funding had been allocated and how the approach differed from other Scottish Government project funding. At the time of the updates approximately £2.2m had been spent on 13 projects, with 10 projects currently funded. The Commission notes that the Fund as whole is taking an approach that focuses on enhancing wellbeing and capabilities in order to deliver better outcomes and contribute to poverty reduction. It welcomes the focus on trialling relational approaches to service delivery.

The Commission has not looked in any detail at the individual projects being funded but instead focused on the wider objectives of Fund in achieving sustained systematic change. We would like to have more clarity on how the individual projects were chosen as being those with most to contribute towards the wider objectives, and to what extent the strategy described in the update underpinned the funding decisions that were taken. Nevertheless, we welcome the thematic approach that is being taken across the projects, including the focus on leadership and collaboration. The emphasis on learning, in particular, is important if the Fund is to have a broader application and impact beyond the individual projects that are being funded, and we are pleased to see a Learning Partner has been appointed to support this. We look forward to considering the findings of the learning programme as they become available.

Monitoring and evaluation

The previous Commission welcomed the evaluation strategy for the Tackling Child Poverty Delivery Plan and the continued commitment to evaluation. The current Commission agrees, recognising the systematic approach that is being taken to monitoring and evaluation of the plan as a whole. The monitoring and evaluation

framework sensibly focuses on those actions likely to have the biggest impact on the child poverty targets.

In its advice on the last progress report the previous Commission noted that it was particularly important that progress was made towards evaluating how policies are working together as a package of policies to lift children out of poverty, not just as individual actions. The Commission is therefore pleased to see that progress has been made on modelling the impact of a package of seven cash-transfer policies⁵ on the child poverty targets and that consideration is being given to a 'system' evaluation to examine how well the policies have been designed, and are being implemented, as a coherent package. In future the Scottish Government plans to use its model to test the impacts of hypothetical scenarios, such as increases in employment for certain groups, to help determine what is required to meet the child poverty targets. The update notes that this kind of work needs to play a strategic role in informing the development of future policies, not just assessing the impacts of existing ones, and this is something with which the Commission strongly agrees.

The evaluation strategy, cumulative impact modelling and systems evaluation are impressive but they will need to be used to inform actions. We would emphasise the need to see a greater join up between the evaluation and policy development and delivery.

⁵ Scottish Child Payment; Best Start Grant; minimum level of School Clothing Grant; 2018/19 public sector pay policy; Young Carers Grant; Carers Allowance Supplement; and additional payment for carers of more than one disabled child

CONCLUSIONS AND RECOMMENDATIONS

What progress has been made during the reporting year towards meeting the targets?

It is still too early for the Commission to comment on evidence of progress towards meeting the targets. The Commission notes that this year's statistics for the targets are all slightly lower than the previous year's figures, except for the percentage of children in persistent poverty, but it is too early to know if this is an actual reduction or just fluctuation due to the relatively small sample size. Nevertheless it is positive to see those lower figures, particularly in the light of projections for child poverty to increase if no action was taken.

The progress updates provided by the Scottish Government make clear the significant work that has taken place over the last year. This work includes putting more money in the pockets of those on low incomes through making new payments and supporting people to maximise their income; providing additional free early learning and childcare; investing in affordable homes; providing employment support; funding projects; and developing the new Scottish Child Payment. All this action will have a positive impact on the lives of children living in poverty. We also welcome the further work that has been done on evaluation, and modelling the cumulative impact of policies.

Does it appear to the Commission that such progress is sufficient to meet the child poverty targets?

It remains difficult for the Commission to judge whether the progress being made is sufficient to meet the child poverty targets because, in most cases, there is still not enough evidence of how the actions in the Child Poverty Delivery Plan are expected to impact on the targets.

Overall, our view is that there is not enough focus on the outcomes of actions and, for most of the actions, there still is not enough evidence that they will help deliver against the targets. There is still a lack of clarity about how the policies are expected to interact to make the Child Poverty Delivery Plan more than just the sum of its parts.

While actions such as the Scottish Child Payment will contribute towards the targets, there is nothing in the progress updates which gives us reassurance that the actions being taken would have had sufficient impact for Scotland to reach the child poverty targets, even before the potential impacts of COVID-19. Meeting the targets is only likely to get harder in the context of the COVID-19 crisis.

What further progress does the Commission consider is required to meet the targets?

The Commission recognises progress is being made on modelling work for some actions, but reiterates the previous Commission's recommendation that the Scottish Government needs to develop a greater understanding of the likely impact of the actions on the targets and use this to identify what further action is needed. Learning across the Delivery Plan needs to be used to make decisions about what to invest more in, what to change and what to stop. We set out seven recommendations for the Scottish Government below.

Recommendations

Recommendation 1:

The Scottish Government must ensure that actions are more clearly linked to targets and that it is clear what the impact of the action is expected to be. There should be a culture of continuous learning and improvement where policy makers (not just analysts) consistently demonstrate how evaluation and learning are integral to their on-going decision-making and delivery.

Recommendation 2:

The Scottish Government should continue to develop its approach to involving people with lived experience of poverty in developing solutions and actions and shaping delivery. There have been some examples where this has been done well, for example the work of Social Security Scotland in incorporating people's lived experience into the delivery of social security, but this type of approach needs to be applied consistently across policy areas .

Recommendation 3:

There should be a greater focus on the priority families in developing and delivering the actions in the Child Poverty Delivery Plan, with better data and evidence gathering to ensure that we know how different policies and interventions are impacting on priority families. The Scottish Government should also ensure that, while focusing on delivering the child poverty targets, it does not lose sight of the needs of others groups of children who are high risk of poverty, such as asylum seekers, refugees and Gypsy/Travellers.

Recommendation 4:

In the coming months the Scottish Government should review the actions in the Delivery Plan to ensure they meet the scale and types of needs that are emerging because of the COVID-19 crisis and look at what additional action is needed.

Recommendation 5:

The Scottish Government and Social Security Scotland should reinstate their delivery timetable for the Scottish Child Payment and aim to make payments to children under the age of six by Christmas 2020. A mechanism should be found to

make interim payments until the Scottish Child Payment is implemented, if the delivery timetable cannot be reinstated.

Recommendation 6:

The Scottish Government must revisit and prioritise the delivery timetable for the 1140 hours funding for early learning and childcare. Should public health advice allow childcare to return to full capacity, the 1140 hours commitment should be reinstated during this academic year to enable parents to work and manage their childcare costs.

Recommendation 7:

The Scottish Government should extend its commitment to investing in affordable housing beyond 2021 and go further in investing more in social rented homes. It should ensure that addressing child poverty is factored into its analysis of housing need.