

Child Poverty Delivery Plan progress 2020-2021

Scrutiny by the Poverty and Inequality Commission



Prepared May 2021

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Executive summary

In 2017 the Scottish Parliament unanimously passed legislation to reduce child poverty. The legislation sets interim targets to be met by March 2024 and then final targets to be met by Scottish Ministers by 2030.

Unless very significant further action is taken now, the Scottish Government is going to miss the interim and final targets by a long way, leaving children and families locked into poverty. The targets can be met, but the Scottish Government must deliver action at a much greater scale and pace, and with significantly higher levels of investment, if it is to do so. Meeting the child poverty targets must be a priority for the new Scottish Government, and it must act now.

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

The latest child poverty statistics show that child poverty levels are at best stagnating, and may be starting to rise. These statistics refer to the period before COVID-19. We have not yet seen the full impact of the pandemic on poverty and inequality, and it is clear that families on low incomes are likely to have been hit the hardest. This will make reaching the child poverty targets even more challenging.

Over the last year much of the focus has been on trying to prevent families on low incomes from being swept more deeply into poverty by the pandemic. The Commission welcomes the action that the Scottish Government has taken to mitigate the impacts of the pandemic; this has provided a lifeline for many families. Overall, however, the pandemic has led to delays in delivery of many of the actions set out in the Tackling Child Poverty Delivery Plan.

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

The Commission's view is that, based on current progress, the Scottish Government will miss the child poverty targets by a long way. The action being taken by the Scottish Government is not on a scale that is sufficient to meet the interim or final targets. The progress being made would not have been sufficient to meet the targets even leaving aside the impact of the pandemic.

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

The targets can be met, but the Scottish Government must deliver action at a much greater scale, and with significantly higher levels of investment, if it is to meet them. It must act now. The response to the pandemic has shown that when there is a sense of urgency, and all partners work together, it is possible to take significant action to support families and to do so quickly. Action can be taken that was

previously seen as too difficult. This same sense of urgency and partnership needs to be applied to eradicating child poverty.

Recommendations

In its overall approach the Scottish Government must:

1. Deliver action at a much greater scale and pace, and with significantly higher levels of investment, using all the levers available to it.
2. Apply the same sense of urgency, pace, and commitment to investment and partnership, to eradicating child poverty, that it has shown in responding to COVID-19.
3. Ensure that actions are more clearly linked to targets and that it is clear what the impact of the action is expected to be.
4. Involve people with lived experience of poverty in developing solutions and actions and shaping delivery.
5. Implement recommendations from the Social Renewal Advisory Board

For specific policies and programmes, the Scottish Government must:

6. Make the case to the UK Government to make the uplift to Universal Credit permanent and extend this to relevant legacy benefits, and for single parents under 25 to receive the same rate of Universal Credit standard allowance as older parents.
7. Increase the Scottish Child Payment to £20 per week this year.
8. Look at whether further increases to the Scottish Child Payment will be needed in order to meet the targets.
9. Provide 50 hours per week of funded early learning and childcare for children between the age of 6 months and 5 years, and a funded or subsidised out of school care entitlement for primary school age children, including disabled children.
10. Provide a significant increase in funding for the Parental Employment Support Fund and an equivalent to the 'Youth Guarantee' for parents from priority families engaging with programmes supported by the Fund.
11. Attach Fair Work criteria to all grants, contracts and funding as standard, and continue to champion good jobs in the recovery.
12. Commit to making holiday payments, equivalent to free school meals, on a permanent basis.

1. Introduction

1.1 The Commission's role

The Child Poverty (Scotland) Act 2017 requires Scottish Ministers to publish an annual progress report setting out the progress made during the year towards meeting the child poverty targets and implementing its child poverty delivery plan.

There is a statutory requirement for the Scottish Government to consult the Poverty and Inequality 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.

The Scottish Government's next progress report will cover the period April 2020 – March 2021. The Commission has been asked to provide its views on the progress made.

1.2 The Commission's approach to scrutiny

It is inevitable that progress in implementing the delivery plan over the last year has been overshadowed by the impacts of COVID-19. Last year's scrutiny report covered the period up until the end of March 2020, so COVID-19 had only had an impact at the very end of reporting period, however the Commission noted 'its significant impact on the Delivery Plan is already clear even at this stage'. The impact of the pandemic has been far greater than we could have anticipated at this time last year and the route out of it is still uncertain.

This scrutiny report reflects briefly on the likely impact of COVID-19 on poverty and inequality, and notes some of the actions that have been taken to try to mitigate the impact of the pandemic on child poverty. Given the current uncertainties, however, the Commission has not attempted to look in any detail at the impact that COVID-19 is likely to have on progress towards the child poverty targets. The Commission has also chosen not to examine progress against individual actions in the plan over the last year in any detail. Instead the Commission has focused on the extent to which the actions committed to so far are likely to be sufficient to meet the interim and final targets, and what further action may be required.

In order to undertake its scrutiny, the Commission received a progress update from the Scottish Government. This covered brief updates on key actions where significant progress had been achieved over the last year or where progress has

been significantly delayed over the last year. It also outlines action taken to mitigate the impacts of COVID-19 on child poverty.

The Commission was keen to hear from parents about whether they felt that life had got any easier financially for them since the commitment was made to reduce child poverty, whether they were aware of the action the Scottish Government was taking, and what more action they thought was needed. We worked with Aberlour, Contact, Fife Gingerbread, and Amina MWRC to carry out workshops with parents to explore these issues. These workshops included single parents, black and minority ethnic parents, parents with disabled children and parents with learning disabilities. The majority of the parents who took part were women. We are very grateful to all the parents who took part and the organisations that supported them.

In addition to the workshops the Commission provided funding towards modelling by Fraser of Allander Institute, which has looked at options for reaching the child poverty targets. This modelling, along with published modelling by the Joseph Rowntree Foundation, has been useful in looking at whether current action is likely to be sufficient to meet the child poverty targets.

2. Progress towards the child poverty targets

Child poverty levels are at best stagnating, and may be starting to rise. We have not yet seen the full impact of the pandemic on poverty and inequality, and it is clear that families on low incomes are likely to have been hit the hardest. This will make reaching the child poverty targets even more challenging.

The Scottish Government's first Tackling Child Poverty Delivery Plan was published in March 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 2021 relate to the period 2019-2020, apart from the persistent poverty statistics which are multi-year statistics for the period 2015-2019. This is the second year of statistics relating to the period after the Delivery Plan was published. In the table below we compare latest statistics with those from last year and from 2017-18, which cover the year before the Delivery Plan was published.

| | Statistics for each year(s) | | | Target levels (to be less than) | |
|--|-----------------------------|---------|---------|------------------------------------|-----------------|
| | 2017/18 | 2018/19 | 2019/20 | 2023 (Interim) | 2030 (Final) |
| Relative poverty (% of children, after housing costs) | 24% | 23% | 26% | 18% | 10% |
| Absolute poverty (% of children, after housing costs) | 22% | 20% | 23% | 14% | 5% |
| Combined low income & material deprivation (% of children, after housing costs) | 14% | 12% | 12% | 8% | 5% |
| Persistent poverty (% children, after housing costs) | 16% | 15% | 16% | 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 are better for identifying trends over time. The persistent poverty statistics cover a different time period, with the most recent ones based on 2015-19 data.

It is important to remember that, for any period in the table above which deals with single year estimates, there will be a substantial amount of uncertainty around the best estimate for a given measure of poverty in any single year. For example, as the best estimate of relative child poverty in 2019/20 is 26%, this uncertainty means that we should think about a range between as low as 19% and as high as 33% as plausible values for relative poverty that year. Because of this it is important to

consider the single year estimates alongside the three year trends, also published by the Scottish Government¹, which are more precise.

For all four measures of poverty, neither the single year estimates nor the three year trends provide any reassurance that Scotland was, as of 2019/20, on a trajectory towards the interim or final targets. For some measures the statistics suggest deterioration, with poverty rising.

- For **relative poverty**, the current trajectory is an apparent gradual rise, **taking Scotland further away from the interim and final targets** even before any impact of COVID-19 which is not yet reflected in these figures;
- For **absolute poverty** and **combined low income and material deprivation**, the recent trend is stagnant, **sitting at levels substantially above the interim and final targets with little indication of improvement**. Combined low income and material deprivation is closer to its respective targets than absolute poverty, but by virtue of starting closer rather than improving faster;
- **Persistent poverty** has seen small movements up and down over the last few years, suggesting that **the current trend is either stagnating or rising away from the targets**.

This assessment is similar in many respects to that given by Scottish Government analysts in their official statistical publication on poverty and income inequality. The fact that little progress was being made in these key measures pre-COVID-19, and that the weight of evidence suggests the pandemic is likely to contribute to increasing poverty, rather than the opposite, causes the Commission concern.

The Scottish Government also publishes statistics for the priority families identified in the Delivery Plan, which show how, similar to previous years that children in these priority groups continue to be at increased risk of poverty – especially for single parent households and minority ethnic households.

The tables below show there are, for understandable technical reasons, gaps in existing data for some priority groups. However, in order to better understand not only the extent of poverty among these groups *but also for combinations of these characteristics* – for example, poverty among ethnic minority households with 3 or more children – there must be a continuous drive to increase the range and depth of equality characteristic reporting beyond its current limits².

¹ Both single year and 3-year trend data are available from <https://data.gov.scot/poverty/cpupdate.html>

² A more detailed discussion of the importance of taking an intersectional approach to poverty is provided in our report: [Intersectionality: Revealing the realities of poverty and inequality in Scotland - Poverty & Inequality Commission \(povertyinequality.scot\)](#)

| | 2017-2020 | | |
|--|------------------|------------------|--|
| | Relative poverty | Absolute poverty | Combined low income & material deprivation |
| Interim target (2023) | 18% | 14% | 8% |
| Final target (2030) | 10% | 5% | 5% |
| All children | 24% | 22% | 13% |
| <i>Youngest child in the household under 1</i> | 34% | 30% | 13% |
| <i>Mother under 25 in household</i> | .. | .. | .. |
| <i>Disabled household member(s)</i> | 29% | 26% | 20% |
| <i>Minority ethnic household</i> | 38% | 34% | 17% |
| <i>Lone parent in household</i> | 38% | 35% | 26% |
| <i>3+ children in household</i> | 32% | 29% | 19% |
| In none of priority groups | 10% | 9% | 2% |

| | Persistent poverty 2015-2019 |
|---|------------------------------|
| Interim target (2023) | 8% |
| Final target (2030) | 5% |
| All children | 16% |
| <i>Children under 5 in benefit unit</i> | 27% |
| <i>Mother under 25 in benefit unit</i> | .. |
| <i>Disabled adult in benefit unit</i> | 14% |
| <i>Minority ethnic benefit unit</i> | .. |
| <i>Lone parent in benefit unit</i> | .. |
| <i>3+ children in benefit unit</i> | 33% |
| In none of priority groups | .. |

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 (benefit units, not households) 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.

3. The Impact of COVID-19 on child poverty

It is likely to be some time before we see the full impacts of COVID-19 on child poverty, but we expect that the pandemic will mean that even greater action must be taken in order to meet the child poverty targets. The response to the pandemic has shown that it is possible to take significant action to support families and to do so quickly – including action that was previously considered too difficult.

3.1 The impact of COVID-19 on the economy and employment

It is likely to be some time before we see the full impacts of COVID-19 on child poverty, but we expect that the pandemic will mean that even greater action must be taken in order to meet the child poverty targets. We know that the economic impacts of the COVID-19 pandemic have not been felt equally and that those families already on low incomes were likely to be hit hardest. The retail, hospitality and leisure sectors where businesses have been closed during lockdowns are, on average, some of the lowest paid sectors, tend to have less job security, with more zero hours contracts and agency work, and workers in these sectors are more likely to experience in-work poverty. Analysis by the Institute for Employment Studies found that low paid employees have been significantly more likely to have had their hours reduced, to have been furloughed or to have lost their jobs than those not on low pay.³ While the Job Retention Scheme will have provided a lifeline for many in these sectors who might otherwise have been made redundant, those who were already on low wages are likely to have struggled to manage on 80% of their pay, although Universal Credit may have made up some of the difference for people on the lowest incomes.

Unemployment in Scotland has increased over the last year, and, with 21% of the Scottish workforce still furloughed⁴, has the potential to increase even further when the Job Retention Scheme comes to an end. We have seen the number of people on Universal Credit increase very substantially, particularly at the start of the pandemic, increasing from 260,000 people in February 2020 to 490,000 in February 2021.⁵

While official statistics do not show a significant increase in household debt as a whole as a result of the pandemic so far, lower income households do appear to have experienced an increase in debt levels. There is evidence to suggest that renters, people from minority ethnic groups, parents and carers, disabled people, and young people are disproportionately likely to have increased their debt since the beginning of the pandemic.⁶ The type of debt includes rent and council tax arrears;

³ [The impacts of Covid-19 on the low paid.pdf \(employment-studies.co.uk\)](#)

⁴ [Latest data on the Scottish economy – Update 19th April 2021 | Fraser of Allander Institute](#)

⁵ [PowerPoint Presentation \(www.gov.scot\)](#)

⁶ [Coronavirus: Impact on household savings and debt - House of Commons Library \(parliament.uk\)](#)

falling behind on energy, water and phone/broadband bills; increased credit card debt; and borrowing from family and friends.

3.2 The impact on children and the priority families

Children and families have been particularly impacted over the last year because schools have had to move to home learning for considerable periods of time. This has created pressures for families trying to combine work and home learning, and particular problems for families who lack devices or data to get online. Parents in our workshops talked about home schooling being difficult, lack of resources, and support from schools being variable. This risks widening the educational attainment gap. Unsuitable housing made the lockdowns particularly hard for families, especially where families were overcrowded, living in damp conditions, lacked outside space, or felt the area in which they lived was unsafe. The cost of heating and electricity came up repeatedly.

The priority households are likely to have been particularly impacted by the pandemic. We know that women were more likely to work in shutdown sectors and to have taken on more of the burden of home schooling and additional caring responsibilities. Single parents, predominantly women, have been particularly hard hit where they needed to combine home-schooling and work. Although fluctuating employment data makes it hard to judge yet what impact this is having on women's employment, women are more likely to have been furloughed and it will only be over the coming months that we see the full impact on women's employment.⁷

Disabled people and families with a disabled member have faced a range of issues including reductions in available care, potentially increased costs for things like PPE, and in some cases the need to shield. All these factors may have increased their financial insecurity. Many unpaid carers have had to increase the amount of care they provide as self-directed support and social care packages have been withdrawn or reduced, and day centres have been closed or care reduced and this is likely to have impacted on their ability to stay in paid employment. Data from the Annual Population Survey shows that the disability employment gap increased in 2020 and the employment rate for the disabled working age population has fallen by more than that of the non-disabled population.⁸ People from minority ethnic communities are more likely to work in shutdown sectors, such as hospitality, although the latest employment data is not showing a fall in employment, possibly due to the Job Retention Scheme.⁹ Young people have been hardest hit by rising unemployment, with a 6% fall in employment during 2020 and a 5.2% rise in unemployment¹⁰, which could lead to particular difficulties for young parents. Many families will fall into more than one of the priority family groups, meaning that they will have faced challenges for a combination of reasons.

⁷ <https://www.closesthegap.org.uk/content/resources/One-Year-On---How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf>

⁸ [Labour+Market+Monthly+Briefing+--+March+2021+--+final.pdf \(www.gov.scot\)](#)

⁹ *ibid*

¹⁰ *ibid*

3.3 Mitigating the impacts of COVID-19

There have been a range of measures put in place by the UK and Scottish governments to attempt to mitigate the economic impacts of COVID-19. Probably the most significant has been the Job Retention Scheme, which has kept people in employment. The UK Government's decision to increase Universal Credit standard allowances and the basic element of Working Tax Credits by around £20 per week, and increase Universal Credit payments to self-employed workers with low earnings by suspending the so-called Minimum Income Floor, has also helped to strengthen the safety net for families during the pandemic.

The Scottish Government has provided extra money to families on low incomes in a range of ways. This includes funding to provide alternatives to free school meals while schools were closed, including during school holidays, with a focus on a cash first approach; two COVID Hardship Payments (Winter and Spring), with a commitment to two further payments this year; increased funding for the Scottish Welfare Fund and Discretionary Housing Payments; a one-off Coronavirus Carer's Allowance Supplement payment; and a Self-Isolation Support Grant, which was extended to include parents on low incomes whose children have to self-isolate. In addition the Scottish Government has provided funding to third sector organisations to provide additional support and grants to families on low incomes, has provided devices and connectivity to families, and has provided funding to tackle food insecurity and to support activities during school holidays.

In our workshops with parents, parents were aware of, and had benefited from, some of the action that had been taken to mitigate the impacts of COVID-19. In particular, parents appreciated the cash replacements for free school meals and the COVID Hardship payments and felt these had made a difference. A number of parents also mentioned receiving help and support from charities, including food vouchers and energy vouchers. One parent spoke about the COVID self-isolation payment and thought it was good as it had been changed to help parents and carers whose children had to self-isolate.

Parents also identified where there were gaps or difficulties with provision. In two of the workshops parents raised the issue of there not being an equivalent to the Free School Meal payment for younger, nursery age children who were no longer getting fed at nursery, and one parent described it as an issue of equity. One parent who had received a food box due to shielding said that the food was not suitable for the diet of people from minority ethnic groups. While some parents had received support from charities it was clear that other parents who might have benefited were not aware that this kind of help was available.

3.4 The impact of COVID-19 on meeting the child poverty targets

While we expect the pandemic to increase the number of children in poverty due to the impact on the economy and employment, it is likely to take some time before we see the full effects. The first child poverty data relating to the last year will be available in March 2022, but some of these welcome measures to mitigate the impact on families may reduce the immediate impact and the Resolution Foundation

has actually estimated that relative child poverty in Scotland has likely fallen in 2020-2021 as a result.¹¹

However, most of these measures are not intended to be permanent and the Scottish Government has estimated that if the UK Government removes the £20 Universal Credit allowance and reinstates the Minimum Income Floor it will push 20,000 more children into poverty, increasing the child poverty rate by 2 percentage points. One participant in our workshops reflected that they were worried that people would get used to budgeting with the extra £20, and that when it is taken away it could drive people into even more poverty.

The full impact of the pandemic is likely to be seen in the longer term when these measures are removed, unless further action is taken. The Resolution Foundation has attempted to forecast changes in poverty based on a series of assumptions regarding how the pandemic has affected different types of households estimates and estimates that, assuming that the £20 Universal Credit allowance is removed, the relative child poverty rate will be around 29% in 2023-2024.

The Scottish Government should continue to make the case to the UK Government to make the uplift to Universal Credit permanent in order to prevent a rise in child poverty rates. At the same time it should also press the UK Government on the issue of increasing support under Universal Credit for single parents under 25, who currently get less financial support than parents over 25. The Scottish Government should make the case for single parents under 25 to receive the same rate of Universal Credit standard allowance as older parents, in the same way that they received the same rate under the legacy system.

Recommendation: The Scottish Government should continue to make the case to the UK Government to make the uplift to Universal Credit permanent and to extend this to relevant legacy benefits, and should make the case for single parents under 25 to receive the same rate of Universal Credit standard allowance as older parents.

3.5 Learning from the response to COVID-19

The response to the pandemic has shown that it is possible to take significant action to support families and to do so quickly. It is important that the learning from this is not lost. For example, the previous Poverty and Inequality Commission had recommended to the Scottish Government that it should introduce an additional cash benefit during school holiday periods in recognition of the additional costs that families incur and that this should be set at a level that at least matches the equivalent costs of school meals. At the time the Scottish Government said that *'introducing a cash benefit for eligible families in the school holidays would not be a quick or simple process, would require both consultation and legislation and could potentially delay our progress on delivering the income supplement' [Scottish Child Payment]*.

¹¹ <https://www.resolutionfoundation.org/app/uploads/2021/01/Living-standards-outlook-2021.pdf>

In fact, during the pandemic the Scottish Government has provided funding for free school meal payments during the school holidays and 30 out of 32 local authorities have taken a cash first approach. Two COVID Hardship Payments have also been made via local authorities at Christmas and Easter. This shows that when there is a sense of urgency, and all partners work together, solutions can be found. There needs to be the same sense of urgency and partnership applied to eradicating child poverty.

The Commission also recognises the challenges the pandemic has caused for local authorities, public health and community groups across Scotland, and how those challenges will impact on progress towards reducing child poverty. We have been encouraged to see the new and existing partnerships that have worked hard to support people in Scotland during this crisis and the leadership shown at all levels to keep our communities safe. Much of the good work done in the last year by local authorities and others was the result of an immediate increase in resource, clearly demonstrating the willingness and cross-sector ability to act swiftly when need was greatest.

Recommendation: The Scottish Government needs to apply the same sense of urgency, pace, and commitment to investment and partnership, to eradicating child poverty, that it has shown in responding to COVID-19.

Recommendation: The Scottish Government should commit to making holiday payments, equivalent to free school meals, on a permanent basis.

4. What progress has been made during the reporting year towards meeting the child poverty targets?

Over the last year much of the focus has been on mitigating the impact of the pandemic for those on low incomes and the Commission welcomes the action that the Scottish Government has taken to do this. Overall, however, the pandemic has led to delays in delivery of many of the actions set out in the Tackling Child Poverty Delivery Plan.

4.1 Delays in implementing DeliveryPlan actions

COVID-19 has led to significant delays during the reporting year in the implementation of some of the key actions in the Child Poverty Delivery Plan. The statutory requirement to provide 1,140 hours of funded early learning and childcare was put back by a year for a range of reasons including restricted capacity, delayed capital works and delayed training for additional staff. The Scottish Government did not meet its target for delivering 50,000 affordable homes by April 2021 because of the impact of lockdown. The first payments of the Scottish Child Payment were delayed from December 2020 to February 2021.

Employability programmes have been hit by COVID-19, through fewer participants and fewer available job opportunities. There was a need to adapt to remote delivery and home schooling has had an impact on the ability of parents to participate. Fair Start Scotland has noted that the quality of data about participants has been poorer since it has been collected online or by phone as fewer people are choosing to disclose information on protected characteristics. This means it will be harder to identify whether the priority families are being supported.

4.2 Progress on DeliveryPlan actions

Despite the delays there has continued to be some progress. By the end of February 2021 52,000 applications for the Scottish Child Payment had been approved. The new Job Start Payment was introduced in August 2020, this is available to people aged between 16 and 24 who have been out of paid work and receiving a low income benefit for six months prior to finding employment, and pays £400 to people with children. The Child Winter Heating Assistance payment, which is a £200 payment to help families of a child on the highest rate care component of Disability Living Allowance, was introduced in November 2020.

While the statutory entitlement to 1,140 hours of early learning and childcare will not be introduced until August 2021, 65% of children accessing funded early learning and childcare are now accessing 1,140 hours. In terms of new actions, the Connecting Scotland programme, that was set up to provide devices and connectivity to households at risk of COVID, has moved on to support low income families with children with devices and connectivity.

4.3 Parents' awareness and views of the Delivery Plan actions

We talked to parents about what actions they were aware of from the Delivery Plan and what impact they had. There were fairly high levels of awareness of Scottish social security payments such as the Best Start Grant, Best Start Foods and the Scottish Child Payment, although some parents were not clear about exactly what payments they received or were entitled to. Parents receiving them were positive about these payments which were generally seen as fairly straightforward to apply for. The School Clothing Grant was also positively commented on, although some parents felt it was not sufficient for secondary school age young people. Some parents thought the school clothing grant should be available to nursery children as some also wear a nursery uniform and while the Best Start Grant helps the year they start nursery, they do not receive anything in the second year.

There was also a high level of awareness of funded early learning and childcare. Those who could benefit appreciated it, and one parent said that they were only able to start work because they accessed funded hours and saved money, but while in principle parents were supportive, they raised a range of issues that made it difficult for them to fully benefit in practice. These included funded hours not being flexible enough, particularly for those working non-standard hours, and the lack of funded hours for children under the age of two, which made it difficult for parents to return to work.

One parent with a disabled child raised the issue that for some children with additional needs and health conditions it can be difficult to find early learning and childcare settings where the staff are trained to meet their needs, and it may be more appropriate to provide care at home. However, the funded hours cannot be used in a child's own home, even if early learning and childcare is being provided in the home by a trained child carer who is following the early years curriculum.

Parents were less aware of other actions from the Delivery Plan, such as employability support, affordable housing, holiday clubs (food and activities), and other actions to maximise income and support families.

Recommendation: The Scottish Government should develop an integrated childcare offer from 0-12 years, which includes 50 hours per week of funded early learning and childcare for children between the age of 6 months and 5 years, and a funded or subsidised out of school care entitlement. This should include provision that meets the needs of disabled children. In the short term more action should be taken to ensure that the existing funded hours can be flexible to meeting parents needs and to change rules that prevent the funding from being used for early learning and childcare in a disabled child's home.

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

Based on current progress, the Scottish Government will miss the child poverty targets by a long way. The action being taken by the Scottish Government is not on a scale that is sufficient to meet the interim or final targets. The progress being made would not have been sufficient to meet the targets even leaving aside the impact of the pandemic.

5.1 The direction of travel

The latest available child poverty data (2019-2020) demonstrates little progress towards meeting the child poverty targets. The impact of COVID-19 on delivery of the Delivery Plan actions means that it is unlikely any significant progress has been made during the reporting year, although some of the actions taken by the Scottish Government and UK Government will have mitigated the impact and may have prevented families falling into poverty or falling further into poverty. All the modelling we have looked at suggests that relative child poverty in 2023-24 will be no lower than it was before the first Tackling Child Poverty Plan was published, and is likely to be considerably higher. As discussed above, modelling by the Resolution Foundation, which has attempted to forecast changes in poverty based on a series of assumptions regarding how the pandemic has affected different types of households, estimates that child poverty in Scotland has likely fallen in 2020-21 because of these mitigating actions, but that this fall will only be temporary, and that the rate could reach 29% in 2023-24.¹² This is despite the roll-out of the Scottish Child Payment.

5.2 Evidence about how the actions will impact on the targets

Last year the Commission said that it was difficult to judge whether the progress being made was sufficient to meet the targets because, in most cases, there was not enough evidence of how the actions in the Child Poverty Delivery Plan were expected to impact on the targets. We said there was not enough focus on the outcomes of actions and, for most of the actions, not enough evidence that they would help deliver against the targets. There was also 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.

We consider that it is still the case that for most of the actions there is not enough evidence about their expected contributions towards the child poverty targets and we would reiterate our recommendation from last year on this point. The interim targets must be met in just under three years and it is urgent that the Scottish Government focuses on understanding the impact of the actions that it is taking and identifying what further action is needed to achieve the targets. The Commission is therefore

¹² <https://www.resolutionfoundation.org/app/uploads/2021/01/Living-standards-outlook-2021.pdf>

reiterating its recommendation from last year about linking actions to targets. The Commission is aware that the Scottish Government is undertaking modelling work to look at the cumulative impact of its actions on the child poverty targets and looks forward to seeing this and to seeing how Scottish Government will use this to drive further action.

Recommendation: 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.

5.3 What is the scale of progress needed to reach the targets?

This year, in order to consider whether sufficient progress is being made to meet the targets, the Commission has focused on the scale of progress that will be required to meet the targets. We have not tried to consider the specific impacts of COVID-19 on progress, but focused on whether progress would have been sufficient even without the pandemic. In the absence of evidence about how the actions in the Delivery Plan are expected to deliver on the targets, the Commission has used modelling and analysis carried out by Fraser of Allander Institute and Joseph Rowntree Foundation (JRF) to consider to what extent the actions currently being taken by the Scottish Government are of sufficient scale and impact to meet the targets.

The Fraser of Allander Institute modelling, funded by the Commission, models what it would take to meet the relative child poverty interim and final targets using three levers: increasing social security further via the Scottish Child Payment, reducing housing costs by subsidising rents, and boosting earnings by making it easier for parents to work and increase hours through active labour market programmes. While in reality a combination of different policies and actions will be required to meet the targets, for the purposes of this initial modelling, the levers are modelled in isolation from each other in order to look at what their potential contributions are.

Modelling from JRF looks at whether the Scottish Government is likely to meet the interim targets with the current Scottish Child Payment, and then further modelling looks at the potential impacts of action through changes in work, social security or housing. It models a number of scenarios using a combination of policies across each of the areas to meet the relative child poverty interim target, as well as looking at the work, social security and housing levers alone.¹³

All the modelling shows that the interim child poverty target can be met and that meeting the 2030 target will require a combination of policies. What it also does is emphasise the scale of action required and make clear that current action will not be sufficient to deliver the targets. While the introduction of the Scottish Child Payment is very welcome and will make a contribution towards the targets, at its current level it will not be sufficient to meet the targets. JRF estimates that with the Scottish Child

¹³ [Laying the foundations for a Scotland without poverty | JRF](#) and [Turning the tide on child poverty in Scotland | JRF](#)

Payment at the current rate, the relative child poverty rate will be 24% in 2023-24 (22% if the UK Government was to keep the Universal Credit uplift in place).¹⁴ Both JRF and Fraser of Allander Institute suggest that the Scottish Child Payment would need to increase to £40 per week in order to meet the interim relative poverty target on its own.

The Fraser of Allander Institute modelling found that if all parents in poverty worked 20 hours¹⁵ a week at their existing, or minimum, wage the interim target could be met. This would require approximately 210,000 parents to move into work (96,000) or increase their hours (115,000). JRF looked at increasing parents' working hours (or moving them into work) to the hours expected by Universal Credit work conditionality and found this would meet the interim target and require around 200,000 parents to move into work (60,000) or increase their hours (140,000). While these are hypothetical, rather than deliverable, scenarios, this modelling shines a light on the scale of action that is required to increase income from employment. While a range of actions can contribute to supporting parents into employment, particularly the funded 1,140 hours of early learning and childcare, we can see that there needs to be investment on a much greater scale, and at greater pace, to create that kind of shift in parental employment. This includes ensuring that the infrastructure, such as childcare and transport, is in place to enable parents to work and that good employment support and training is provided to help them into work.

If we focus particularly on employability support we can see the gap between the action being taken and the scale of action needed. The Parental Employment Support Fund is not of sufficient scale to start to deliver anything close to the shift in parental employment that is needed and Fair Start Scotland is not reaching priority families in the numbers required. In 2020 the Scottish Government estimated that 11,500 children could benefit from the Parental Employment Support Fund by 2022, and between its start in April 2018 and December 2020 29,000 participants engaged with Fair Start Scotland, of whom 9,000 moved into employment. A previous evaluation survey suggested 21% of FSS participants were parents within a priority family group.

Recommendation: The Scottish Government should provide a significant increase in funding for the Parental Employment Support Fund and an equivalent to the 'Youth Guarantee', offering a guarantee of work, funded training or education, for parents from priority families engaging with programmes supported by the Fund, if they have not got a job after engaging with the programme for an agreed period.

JRF also looked at increasing hourly pay to the real Living Wage and found that without any changes to employment this would lift 20,000 children out of poverty and clearly would have a greater impact if more parents moved into employment or increased their hours. Given the Delivery Plan commitment was to lift 25,000 more

¹⁴ Both JRF and Fraser of Allander use official forecasts about the economy from the Office for Budget Responsibility in their modelling, which do not produce large changes in the expected baseline poverty statistics in 2023/24, unlike the Resolution Foundation modelling.

¹⁵ The modelling does not set any limits on who is moved into work or has their hours increased and therefore does not take account of the fact that some parents will be unable to work, due to health conditions, for example.

people onto the Living Wage over three years, there is again a gap in what needs to be achieved to make a significant impact on the targets. While the Scottish Government does not have any powers to increase the minimum wage, it does need to make more use of existing levers such as applying Fair Work criteria to public sector procurement. It should also continue to emphasise that child poverty is whole society issue and that employers have a responsibility to contribute to reducing child poverty through providing Fair Work and a Living Wage.

Recommendation: The Scottish Government, and the wider public sector, should attach Fair Work criteria to all grants, contracts and funding as standard, and continue to champion good jobs in the recovery.

The modelling found that action to reduce housing costs had a smaller impact, although it will still make a contribution to reducing child poverty. For example, moving all parents into the social rented sector would lift 20,000 children out of poverty. The Scottish Government therefore needs to be clear about what contribution its action on housing and housing costs can make towards the targets. This can include investment in affordable housing, and action to keep rents affordable in the social and private rented sectors.

It is not the intention to meet the targets through any one lever alone, but this modelling highlights the scale of action that is required and the importance of being clear about what contribution each action is expected to make towards the targets. It is increasingly clear that while increasing incomes from employment must be at the core of action to meet the targets, there has not been enough progress made so far for the interim targets to be met without further investment in social security. Increasing the Scottish Child Payment will be necessary in order to meet the interim targets.

5.4 The Commission's view on progress

While previously the Commission has said that it was difficult to judge whether the progress being made is sufficient to meet the child poverty targets, the modelling demonstrates the gap between the action being taken and the scale of action that is required. The Commission's view is that it is now clear that the progress that is being made is not sufficient to meet the child poverty targets and that substantial further action is required.

6. What further progress does the Commission consider is required to meet the child poverty targets?

The targets can be met, but the Scottish Government must deliver action at a much greater scale and pace, and with significantly higher levels of investment, if it is to meet them. It must act now. The response to the pandemic has shown that when there is a sense of urgency and all partners work together it is possible to take significant action to support families and to do so quickly. Action can be taken that was previously seen as too difficult. This same sense of urgency and partnership needs to be applied to eradicating child poverty.

6.1 Increasing the scale and pace of action

The Scottish Government needs to take substantial further action in order to reach the child poverty targets. The response to the pandemic has highlighted what can be done when there is a real sense of urgency and people work in partnership. Barriers can be broken down and things that were previously considered too difficult can be done. The same level of urgency, partnership and problem-solving is needed to meet the child poverty targets. Action must be delivered at a much greater scale and pace, and this will require significantly higher levels of investment. Evidence must be used to understand the impact of actions, and the Scottish Government must be willing to invest more in things that have the greatest impact and stop things that have little impact.

Recommendation: The Scottish Government must deliver action at a much greater scale and pace, and with significantly higher levels of investment, in order to meet the child poverty targets. This requires it to use all the levers available to it, including further action on social security, employment and housing.

Increasing the Scottish Child Payment will be necessary to meet the interim targets and the Commission welcomes the fact that all the main political parties have committed to increase the Scottish Child Payment to £20 per week. IPPR Scotland estimates that doubling the Scottish Child Payment to £20 in 2022-23 would lift 20,000 children out of poverty in Scotland (approximately a two percentage point reduction).¹⁶ The Scottish Government must use its modelling work to look at the impact that £20 per week will have and make a realistic assessment of what further action is needed to meet the gap.

Recommendation: The Scottish Government should increase the Scottish Child Payment to £20 per week this year.

¹⁶ <https://www.ippr.org/files/2021-03/securing-a-living-income-in-scotland-march21.pdf>

Recommendation: The Scottish Government should look at what impact a £20 per week Scottish Child Payment will have and make a realistic assessment of what further action is needed in order to reach the interim child poverty targets, including whether further increases to the Scottish Child Payment will be needed.

One point to note is that families are entitled to the Scottish Child Payment if they are in receipt of Universal Credit or equivalent legacy benefits. The payment currently has a 'cliff edge', where a small increase in income, which means families are no longer entitled to Universal Credit, leads them to lose the whole of their Scottish Child Payment. This will have an increasing impact for families as the level of the Scottish Child Payment increases and the Scottish Government should look now at the potential impacts of this and what could be done to mitigate it.

We asked parents what more action they thought was needed to reduce child poverty. Some of the areas for action that were identified included:

- Free bus fares/ action on the cost and availability of transport
- Flexible childcare and a wrap-around approach, including offering childcare for out of work or looking for work families in particular
- Removing the earnings limit for Carers Allowance
- Action on poor quality housing and heating costs
- Making sure when new housing is built local services are also in place
- Support to translate skills into employability

Many of these chime with proposals from the Social Renewal Advisory Board, which the Commission contributed to. These proposals would contribute to reducing child poverty. In particular the Commission would highlight the Social Renewal Advisory Board's proposals to:

- Provide an integrated childcare offer from 0-12 years, which includes 50 hours per week of funded early learning and childcare for children between the age of 6 months and 5 years, and a funded or subsidised out of school care entitlement. This should include provision that meets the needs of disabled children.
- Provide a significant increase in funding for the Parental Employment Support Fund and an equivalent to the 'Youth Guarantee', offering a guarantee of work, funded training or education, for parents from priority families engaging with programmes supported by the Fund, if they have not got a job after engaging with the programme for an agreed period.
- Deliver a minimum income guarantee for unpaid carers and provide support equivalent to the living wage for carers caring for 20 or more hours per week.
- Use the public sector's wage-setting, procurement and commissioning powers to drive up pay rates and terms and conditions in the care and childcare sectors.
- Require the Scottish Government, and the wider public sector, to attach Fair Work criteria to all grants, contracts and funding as standard, unless it can be specifically demonstrated that there is a reason not to do so.

- Consider how tax powers can be used to incentivise action on fair work by increasing costs to employers who do not offer fair work. The Scottish Government should model different options for doing this to identify the most effective lever (e.g. local payroll tax, business rates supplement etc.)
- Undertake pilots into specific actions that could deliver reductions in energy, travel, housing, childcare and digital costs, working with regulators and providers where possible, including extension to travel discounts and free public transport provision.
- Address gaps in financial housing support and act to have enough homes that are secure, warm, accessible, affordable, and not overcrowded, in places people want to live.

Some of these actions might not have an impact on the interim targets as they will take longer to achieve, but must start now if they are to contribute to the final targets. Even where the full action might take longer, the Scottish Government should look at what can be delivered in the interim. For example, this could include further action to encourage take-up of existing benefits, continuing to provide funding for free school meal provision beyond the current commitment for 2021-2022, an increase in Carers Allowance Supplement and further action to increase the flexibility of existing funded hours of early learning and childcare.

Recommendation: The Scottish Government should take action to implement recommendations from the Social Renewal Advisory Board, and particularly those set out above, in order to reduce child poverty. Where action will take some time to be implemented, the Scottish Government should look at what can be delivered in the interim.

6.2 Improving Implementation

Parents also talked about some of the issues that they faced in accessing services and support, and how they could be delivered more effectively. In particular they raised the need to:

- Address the ‘postcode lottery’ in access to support
- Improve awareness of what families are entitled to
- Avoid creating an overcomplicated system of different benefits for different age groups
- Reality-check proposals against people’s real lives

Addressing the ‘postcode lottery’ in access to support

Lots of parents referred to the idea of a ‘postcode lottery’, relating to where services were available geographically, or the fact that support depended on which organisations a parent was connected with. It was clear that parents particularly valued support from organisations that they trusted and they felt knew them. Participants in one workshop felt the government should work better with charities, including to assess the needs of families and provide funding they needed. In delivering the actions in the Delivery Plan, the Scottish Government needs to think about how to build on these local connections and trust, but also ensure anyone who

needs support is able to access it and is not disadvantaged because it is not available in their area or because they are not connected to the right networks.

Improving awareness of what families are entitled to

Parents discussed how they became aware of what benefits and other support to which they were entitled. In all the workshops parents said that they found it difficult to identify what they were entitled to because of lack of information about what was available, and the complexity of eligibility. Parents gave examples of missing out on benefits because they were not aware of them. These difficulties were exacerbated where parents faced language barriers and where parents had learning disabilities.

Participants suggested that when a new scheme or benefit is brought in, the information should be pushed out through job centres, GPs, schools etc. to raise awareness of it. In the workshop for black and minority ethnic women the participants said that they did not know what to ask for as they did not know what was out there. They wanted information easily available within their community.

Avoiding creating an overcomplicated system of different benefits for different age groups

Parents highlighted the complexities and inconsistencies of different entitlements in relation to the age of children. The need to apply for Best Start Grant at particular ages, the stopping of Best Start Foods at the age of three, and the fact that nursery children were not entitled to the free school meal funding during lockdown, were some of the issues that were raised. One workshop suggested that payments should be more universal rather than based on needing to constantly reapply to different schemes and pots of money around age. The Scottish Child Payment could offer an opportunity to simplify this.

Reality-checking proposals against people's real lives

Parents highlighted that actions that sounded good sometimes did not work well together and did not achieve what was intended when they came into contact with the reality of people's lives. One of the most commonly raised issues was parents wanting to work but the early learning and childcare offer lacking the flexibility they needed. In the workshop with parents of disabled children participants did not recognise themselves or their lives in official descriptions and plans of support. It was suggested that the Scottish Government should create family case studies and use these to reality-check support schemes against different scenarios to see if they work before putting money into funds or support schemes.

Lessons for implementation from the response to the pandemic

It will also be important to look at the support provided during the pandemic, and how it was provided, and see what can be learnt for future implementation. Receiving the COVID Hardship Payments straight into bank accounts, without any application process, for example, was particularly appreciated by parents, and using existing routes allowed the payments to be paid quickly.

Recommendation: The Scottish Government should involve people with lived experience of poverty in developing solutions and actions and shaping delivery. This will help ensure that policies and actions are better designed and respond to the reality of people's lives.

Summary of recommendations

Recommendation: The Scottish Government must deliver action at a much greater scale and pace, and with significantly higher levels of investment, in order to meet the child poverty targets. This requires it to use all the levers available to it, including further action on social security, employment and housing.

Recommendation: The Scottish Government should continue to make the case to the UK Government to make the uplift to Universal Credit permanent and to extend this to relevant legacy benefits, and should make the case for single parents under 25 to receive the same rate of Universal Credit standard allowance as older parents.

Recommendation: The Scottish Government needs to apply the same sense of urgency, pace, and commitment to investment and partnership, to eradicating child poverty, that it has shown in responding to COVID-19.

Recommendation: The Scottish Government should commit to making holiday payments, equivalent to free school meals, on a permanent basis.

Recommendation: The Scottish Government should develop an integrated childcare offer from 0-12 years, which includes 50 hours per week of funded early learning and childcare for children between the age of 6 months and 5 years, and a funded or subsidised out of school care entitlement. This should include provision that meets the needs of disabled children. In the short term more action should be taken to ensure that the existing funded hours can be flexible to meeting parents needs and to change rules that prevent the funding from being used for early learning and childcare in a disabled child's home.

Recommendation: 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: The Scottish Government should provide a significant increase in funding for the Parental Employment Support Fund and an equivalent to the 'Youth Guarantee', offering a guarantee of work, funded training or education, for parents from priority families engaging with programmes supported by the Fund, if they have not got a job after engaging with the programme for an agreed period.

Recommendation: The Scottish Government, and the wider public sector, should attach Fair Work criteria to all grants, contracts and funding as standard, and continue to champion good jobs in the recovery.

Recommendation: The Scottish Government should increase the Scottish Child Payment to £20 per week this year.

Recommendation: The Scottish Government should look at what impact a £20 per week Scottish Child Payment will have and make a realistic assessment of what further action is needed in order to reach the interim child poverty targets, including whether further increases to the Scottish Child Payment will be needed.

Recommendation: The Scottish Government should take action to implement recommendations from the Social Renewal Advisory Board, and particularly those set out above, in order to reduce child poverty. Where action will take some time to be implemented, the Scottish Government should look at what can be delivered in the interim.

Recommendation: The Scottish Government should involve people with lived experience of poverty in developing solutions and actions and shaping delivery. This will help ensure that policies and actions are better designed and respond to the reality of people's lives.