



**POVERTY** AND  
**INEQUALITY**  
COMMISSION

# Advice on the Scottish Government's Child Poverty Delivery Plan 2022-2026: Executive Summary



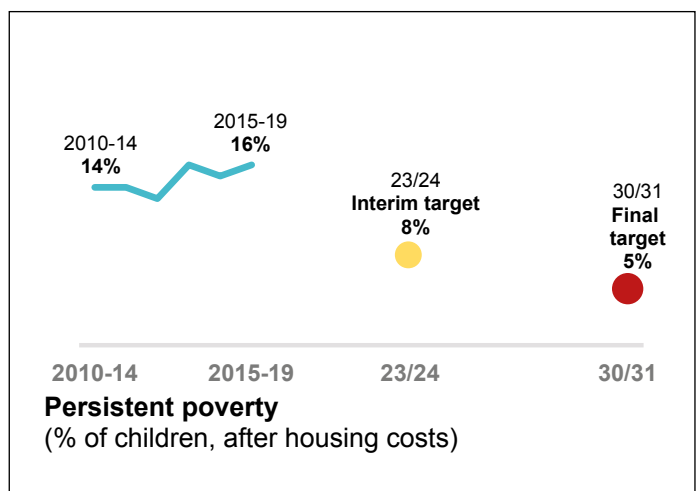
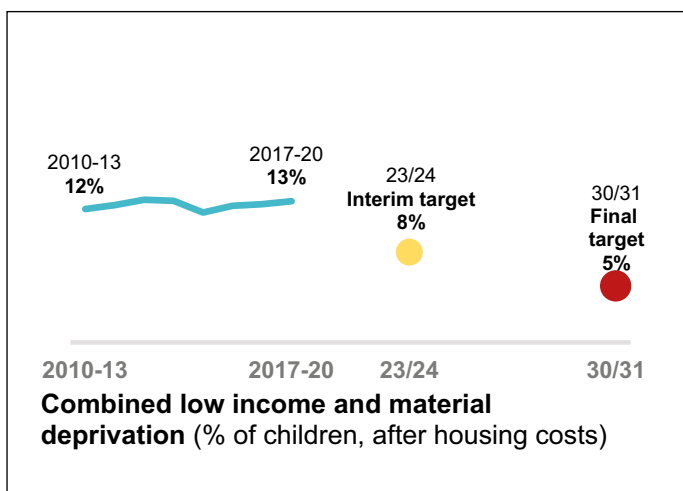
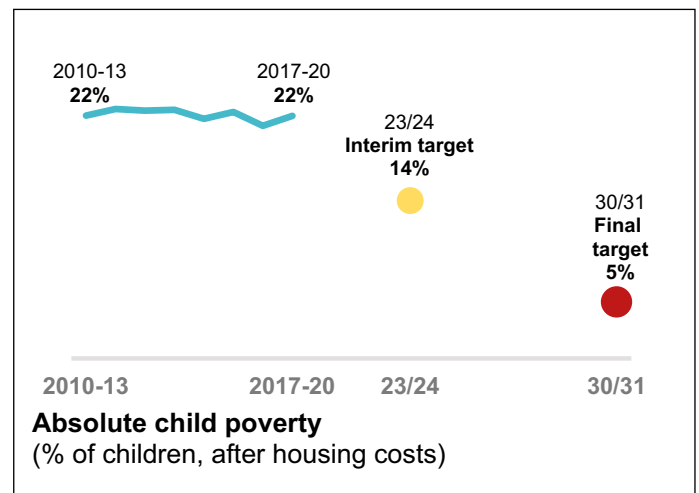
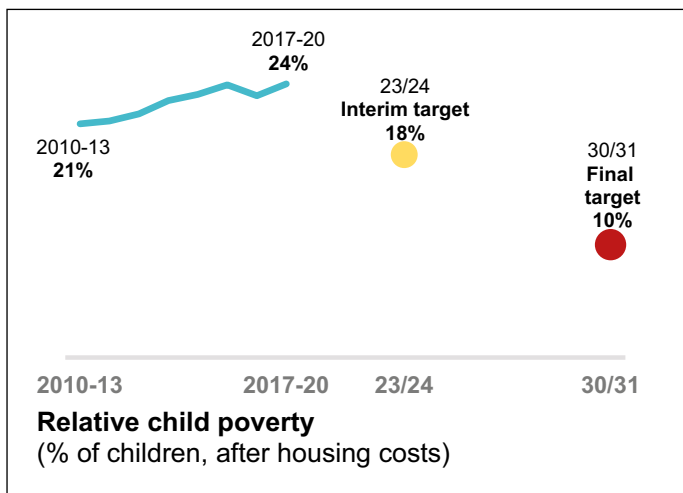
## Executive Summary

### What progress is Scotland making towards meeting the child poverty targets?

According to the most recent data, around a quarter of children in Scotland are living in relative poverty. But even this underestimates experiences of poverty in childhood. When looking over time, over half (53%) of children were in poverty at least once over a 12 year period. Child poverty is not just a problem for some households; it is a problem for a big proportion of our children, and for all of society to address.

Since the Child Poverty (Scotland) Act 2017 established the child poverty targets for Scotland, child poverty levels have been at best stagnating, and may be starting to rise. The relative child poverty rate will need to reduce by at least six percentage points by 2023-24 in order to meet the interim targets.

### Progress is not sufficient to meet the targets, and for some measures the position is worsening



We have not yet seen the full impact of the COVID-19 pandemic on poverty and inequality, and it is clear that families on low incomes are likely to have been hit the hardest. The cost of living is rising. This will all make reaching the child poverty targets even more challenging.

Despite a demonstrable commitment to reduce child poverty, the action that has been taken by the Scottish Government so far is not on a scale or at a pace that is sufficient to meet the interim or final child poverty targets. The first Tackling Child Poverty Delivery Plan lacked a clear sense of what impact many of the actions it contained were expected to have, and how they could add up to progress towards the targets.

## **What do we need to see in the next Child Poverty Delivery Plan?**

The child poverty targets can be met, but this will require the Scottish Government to use all the levers available to it, and deliver action at much greater scale and pace, with significant investment. The Scottish Government must be much clearer in the next Delivery Plan about what impact it expects its actions to have on the targets and how it will measure this.

There is no single policy on its own that will eradicate child poverty. Increasing income from work and social security and reducing housing costs are the main levers for reducing child poverty, but none of them sit in isolation. Tackling child poverty has to be at the core of design and delivery of a wide range of policies including economic development, employability, skills, education, transport, childcare, social security, housing and the transition to net zero. This requires stronger leadership and accountability. Impact on child poverty must be a measure of success across the whole range of government policies.

The next Delivery Plan must join up action across policy areas and look at the needs of families as a whole. Thinking about families' experiences, and the range of strengths they bring and barriers that they face, can help policymakers to understand where policies need to join up. The Scottish Government has identified six priority family types that are at higher risk of poverty; they must be at the centre of the Delivery Plan. It must also take an intersectional approach to understanding and supporting families.

There will need to be a stronger focus on implementation in the next Delivery Plan and there must be better use of evidence in designing, monitoring, and evaluating, policies and actions. Experts by experience must be involved in all stages of design, implementation and evaluation.

## **What policy actions are needed?**

Increasing income from work and social security, and reducing housing costs, are the primary levers for reducing child poverty. Social security is the lever that can make a difference to child poverty most quickly, and, given how close we are now to the interim targets, the Scottish Government will need to put in place further action on social security that can deliver in the short term to meet the interim targets. At the same time, further action needs to be taken on employment and housing that will deliver in the medium term to enable it to meet the 2030 targets. This action must happen now.

## Social security

Given the short time left to meet the interim targets, the Commission considers that further social security increases will be necessary to be assured of meeting them. Modelling has shown that increasing the Scottish Child Payment to around £40 per week would allow the interim targets to be met through social security alone. Alternatives would include using targeted Scottish Child Payment increases for priority families.

There are clearly downsides to relying heavily on social security to meet the interim targets. While social security can make a difference to child poverty most quickly, large increases in social security come with large costs. They also bring risks to manage, such as increasing 'cliff edges' for devolved benefits like the Scottish Child Payment, where a small increase in income which results in a family coming off Universal Credit would lead to them losing their whole Scottish Child Payment.

Nevertheless, the Commission considers that we are now beyond the point where other measures can be expected to significantly close the gap in time to meet the interim targets. In the absence of compelling evidence that action in areas other than social security will enable the interim targets to be met, the Scottish Government will need to increase social security payments further and set out plans to manage the risks. If the Scottish Government puts forward an alternative path to meeting the interim targets, that does not make significant use of social security increases, it must demonstrate convincingly how these measures will hit the targets.

The next Delivery Plan must also focus on making sure that families get the payments they are entitled to, and take action on the longer term opportunities offered by Scottish social security, including work on implementing a Minimum Income Guarantee.

## Work and earnings

Employment should be a route out of poverty but many people face barriers to getting jobs and many of those in work are still in poverty. Nearly seven out of ten (68%) children in poverty live in a household where someone works.

In the next Delivery Plan the Scottish Government needs to take action in four areas:

- shaping the economy to create opportunities and good jobs
- improving the quality and pay of existing jobs – including hours and flexibility
- creating the conditions to enable parents to work – ensuring the infrastructure is in place to enable people to take up jobs
- supporting parents to get and sustain suitable employment, or to work more hours

The Scottish Government should use the levers it has to create and encourage more good jobs in Scotland. By good jobs we mean secure and meaningful work, with fair pay and conditions, adequate options around flexibility, and opportunities for progression. Over the period of the next Delivery Plan, the Scottish Government should test and evaluate initiatives and policies aimed at promoting the creation of good jobs. It should continue to work with the wider public sector to deliver Fair Work First and monitor and evaluate the impact of it. It should also use the direct levers available to it to drive up pay rates and terms and conditions in the care and childcare sectors.

Childcare and transport infrastructure are crucial to enable parents to work. The next Delivery Plan should commit to further investment in both childcare and in transport in order to reduce costs for families and create the conditions needed for parents to be able to work. The Scottish Government should also invest in employability and skills, to ensure parents can move into work and get on at work. It should work with employers to address the barriers to work faced by some parents, particularly disabled parents.

## Housing

The relative affordability of housing in Scotland is the main reason for the lower child poverty rates in Scotland relative to the rest of the UK. The Scottish Government's investment in affordable housing is very welcome, and brings wider benefits of security, stability and better quality homes for families.

It still seems to be the case, however, that addressing child poverty is not an integral part of designing housing policy. In *Housing to 2040*, the Scottish Government does not look explicitly at what affordable housing may be needed to address child poverty. In the next Delivery Plan, further action needs to be taken to maximise the impact of housing policy on child poverty. Impact on child poverty must be a measure of success of housing policies. The next Delivery Plan should also look at the full costs of living in a home, and particularly at fuel costs.

## Recommendations

### Approach to the Delivery Plan

#### Recommendation 1

**In order to meet the child poverty targets, the Scottish Government must use all the levers available to it and deliver action at a much greater pace and scale, and with significantly higher levels of investment.**

#### Recommendation 2

**The Scottish Government must ensure that actions are more clearly linked to targets and that it is clear, before funding is committed, what the impact of an action is expected to be on child poverty targets.**

#### Recommendation 3

**To meet the child poverty targets the next Delivery Plan must:**

- deliver at greater pace and scale
- join up policy actions across government
- take a rights-based approach
- look at the needs of families as a whole
- work with experts by experience to understand what families need and to design, monitor and evaluate policies and actions
- address the structural inequalities that underpin poverty
- put the priority groups at the centre and take an intersectional approach to understanding and meeting the needs of families, including improving data
- make better use of evidence in designing, monitoring and evaluating policies and actions
- have a greater focus on implementation – evidence how policies and actions are working for families
- deliver its actions in a way that reduces the stigma around poverty

#### Recommendation 4

**Addressing child poverty must be at the core of the design and delivery of policies across government. This requires stronger leadership and accountability.**

## Social security

### Recommendation 5

**The Scottish Government is likely to need to increase the Scottish Child Payment beyond £20 per week in order to meet the interim child poverty targets.** It should consider whether it can have a bigger impact on the levels of and depth of poverty by increasing the payment for all eligible children, or using targeted increases for priority families. If it puts forward an alternative path to meeting the interim targets that does not make significant use of social security increases, it must demonstrate how the measures will hit the target.

5.1 In addition, the Scottish Government should raise the income threshold for the national entitlement criteria for free school meals, so that more children benefit from free school meals, and also receive benefits that are based on free school meal entitlement, such as school clothing grant and the Scottish Child Payment bridging payments.

### Recommendation 6

**The Scottish Government and Social Security Scotland should make sure that families get all the social security benefits they are entitled to.**

6.1 The Scottish Government and Social Security Scotland should continue to identify opportunities to combine applications for Scottish benefits and make sure that people only need to apply once to get everything they are entitled to.

6.2 The Scottish Government should make sure families can get information about all the benefits that they are entitled to, both devolved and reserved, at places where they already go and from people that they trust. The Scottish Government should invest in a range of communications, services and actions, including:

- welfare rights advice in health and school settings, such as Healthier Wealthier Children and Maximise!
- local community services and organisations, including through faith communities
- peer support
- Citizens Advice services and Money Talk Team
- advisors who can visit people's homes
- accessible online information
- information in a range of formats and languages
- a benefit take-up campaign, covering both Scottish and UK benefits

The Scottish Government should monitor and evaluate the impact of its investment to understand the most effective routes to reach families.

## Recommendation 7

**The Scottish Government should use the design and implementation of a Minimum Income Guarantee to help deliver on the 2030 child poverty targets, and take action to maximise the longer-term opportunities offered by Scottish devolved social security.**

7.1 The Scottish Government should explore options for collecting data to allow Social Security Scotland to administer Scottish social security benefits, including standalone low income benefits, independently of the UK benefits system. This would support the development of a Minimum Income Guarantee and create new opportunities for Scottish benefits, such as the Scottish Child Payment, which would no longer be constrained by UK Government decisions about Universal Credit thresholds. It would open up new possibilities for automating Scottish benefits.

7.2 As part of developing a Minimum Income Guarantee, the Scottish Government should commit to providing unpaid carers with a higher level of income that better reflects the value of the care they provide. The Scottish Government should carry out modelling work to look at how best to:

- provide support equivalent to the Living Wage to working-age carers caring 20+ hours a week
- deliver a Minimum Income Guarantee for unpaid carers and ensure they are passported to other relevant benefits and services
- ensure carers are not prevented from accessing education, training and employability programmes because they are providing care
- ensure the earnings limit does not act to stop carers being able to work if they choose to



## Work and earnings

### Recommendation 8

**The Scottish Government should use the levers it has to create and encourage more good jobs in Scotland. By good jobs we mean secure and meaningful work, with fair pay and conditions, adequate options around flexibility, and opportunities for progression.**

8.1 The Scottish Government should make impact on child poverty a measure of success for its National Strategy for Economic Transformation, and for all its economic development activity, so that decision makers have to actively consider and address child poverty in their plans and delivery.

8.2 The Scottish Government should continue to work with all parts of the public sector to ensure that the large amounts of money the Scottish Government and other public sector organisations, such as local authorities, the NHS and the enterprise agencies, spend on procurement and investment, deliver fair work that reduces child poverty. It should monitor and evaluate the impact of Fair Work First.

8.3 The public sector's wage-setting, procurement and commissioning powers should be used to drive up pay rates and terms and conditions in the care and childcare sectors. The National Care Service should deliver on the recommendation on Fair Work made by the Fair Work Convention.

8.4 The Scottish Government should invest in rapid testing and evaluation of initiatives and policies aimed at promoting the creation of good jobs. Rapid, agile approaches to evaluation will be key to inform policy-making in this area in a timely and effective way.

## Recommendation 9

### **The Scottish Government should invest in childcare and transport infrastructure in order to reduce costs for families and enable parents to work.**

9.1 The Scottish Government should build on the existing offer to provide 50 hours per week of funded, good-quality and flexible education and childcare for all children between six months and five years old to enable parents, in particular women, to work full-time if they choose or need to. This should be integrated with a funded or subsidised out of school care entitlement to develop an integrated childcare offer from 0 to 12 years. An integrated childcare offer should include provision that meets the needs of disabled children, and extend to older disabled children where needed.

9.2 Following the lead of Northern Ireland, the Scottish Government should introduce a non-repayable childcare grant for parents who have to pay childcare costs up-front under Universal Credit or legacy benefits.

9.3 The Scottish Government should explore ways of making transport more available, affordable and accessible for low income families. It should pilot a range of ways of making travel more affordable, such as radically widening access to concessionary travel to include those in education or training, those looking for work, low income workers, asylum seekers etc. It should also look at extending concessionary travel to cover community transport.

## Recommendation 10

### **The Scottish Government should invest in employability and skills, and work with employers to address the barriers to work faced by some parents, particularly disabled parents.**

10.1 The Scottish Government should provide a significant increase in funding for the Parental Employability 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. The Scottish Government should involve experts by experience in the ongoing development of the Parental Employability Support Fund. It should monitor the types of support being provided and the outcomes achieved, especially for the priority families, and use this information to understand what is and is not working, and adapt the support offered to meet families' needs.

10.2 The Scottish Government's commitment to halve the disability employment gap by 2038 is not ambitious enough for the 80,000 children in poverty who live in a household where someone is disabled. The Scottish Government should fund Disabled People's Organisations to work with employers to reduce the disability employment gap by addressing barriers and developing employers' knowledge and skills to recruit and support disabled employees.

10.3 The Scottish Government should build on the findings of Audit Scotland's Planning for Skills audit to identify what evidence there is about the impact of its skills funding and provision on child poverty, and what further investment, or re-targeting of investment, may be needed. It should explore how employers can be incentivised to invest more in on-the-job training.

## Housing

### Recommendation 11

#### **The Scottish Government must make impact on child poverty a measure of the success of its housing policies.**

11.1 The Scottish Government should look at how it can maximise the impact of its affordable housing supply programme on child poverty. In developing its investment plans it should look at the affordability of the private rented sector for families, and the impact on child poverty if families were able to move to more affordable housing in the social rented sector. It should consider whether the types of housing being built are suitable for families.

11.2 Future local housing strategies should consider how local housing policies and investment can contribute towards reducing child poverty, and Scottish Government tools, guidance and scrutiny should support this.

11.3 The Scottish Government should improve data collection about private rent levels and use all the available evidence to develop future policy on rent controls.

11.4 The Scottish Government should work with its new Fuel Poverty Advisory Panel to identify the best ways of improving energy efficiency, reducing the financial impact of decarbonisation on low income households, and providing additional support with energy costs to families on low incomes, particularly the priority families.



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