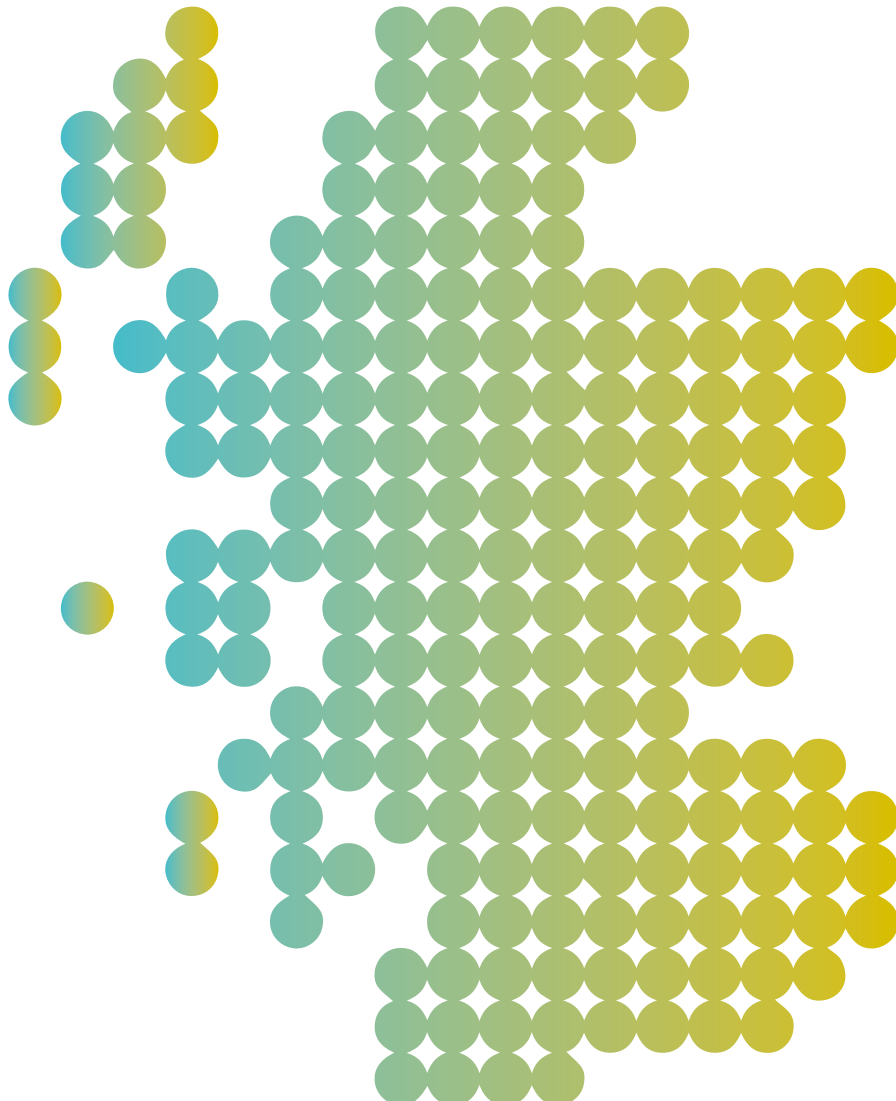




POVERTY AND
INEQUALITY
COMMISSION

Advice on the Scottish Government's Child Poverty Delivery Plan 2022-2026



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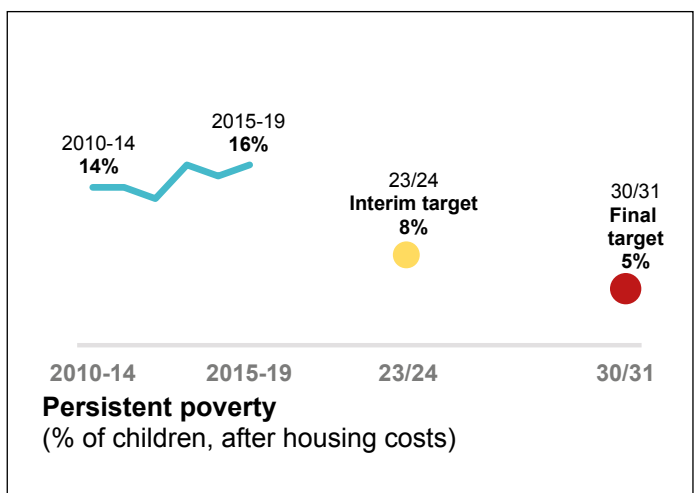
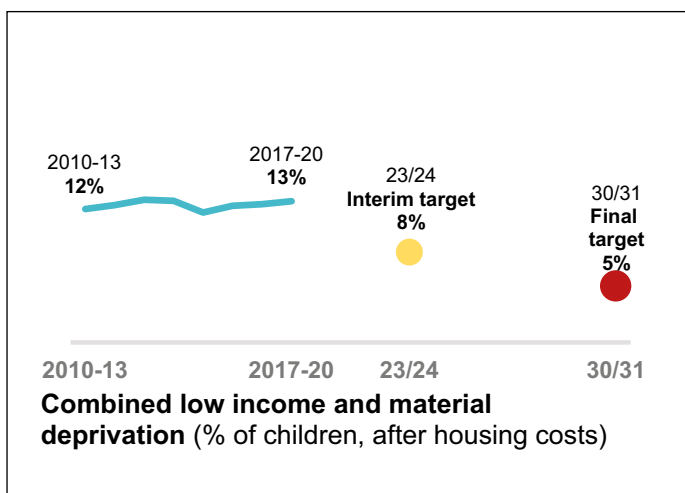
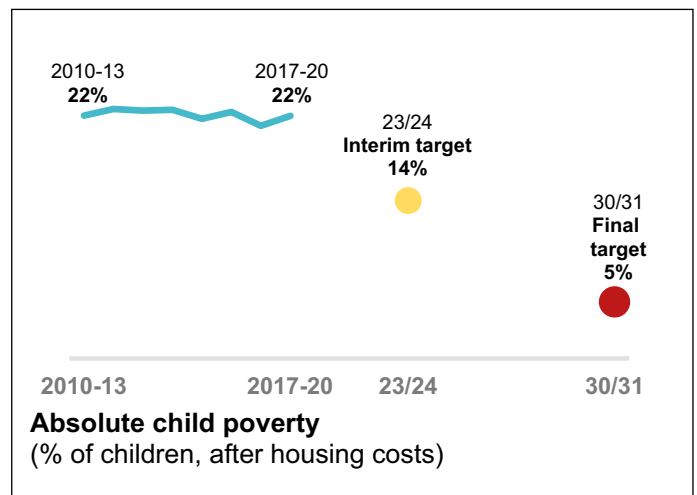
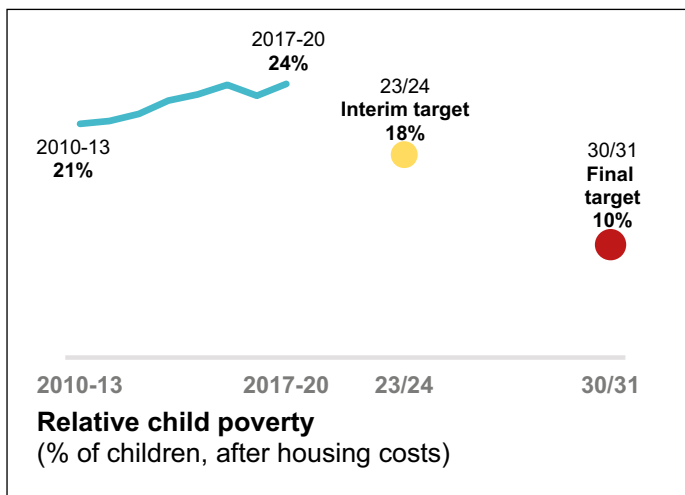
Executive Summary

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.

1. Introduction

This report sets out the Poverty and Inequality Commission's advice to the Scottish Government on how it should approach its next Child Poverty Delivery Plan and the actions that should be included in it.

1.1 The child poverty targets and Child Poverty Delivery Plans

In 2017 the Scottish Parliament unanimously passed the Child Poverty (Scotland) Act 2017 setting in law four targets relating to ending child poverty, which the Scottish Government is expected to ensure are met by 2030. The Act also set interim targets which are to be met in the financial year beginning 1 April 2023. These targets are for:

- **relative poverty** – this is less than 60% of average household income for the year taking account of the size and composition of the household
- **absolute poverty** – this is less than 60% of average household income for the financial year beginning 1 April 2010 (adjusted for inflation)
- **combined low income and material deprivation** – low income is defined as less than 70% of average household income for the year, while material deprivation is when families are unable to afford three or more items out of a list of basic necessities
- **persistent poverty** – where a child has lived in relative poverty for three out of the last four years

The targets are all measured after housing costs are deducted. The table below sets out the interim and final targets.

	2023 interim targets (less than)	2030 final targets (less than)
Relative poverty	18%	10%
Absolute poverty	14%	5%
Low income and material deprivation	8%	5%
Persistent poverty	8%	5%

Throughout this advice we mainly refer to the relative poverty measure, unless we specify another measure.

The Child Poverty Act requires the Scottish Government to produce three Delivery Plans over the period to March 2031 setting out:

- the measures that Scottish Ministers propose to take during the period of the plan for the purpose of meeting the child poverty targets
- an assessment of the contribution the proposed measures are expected to make to meeting the child poverty targets
- an explanation of how that assessment has been arrived at
- an assessment of the financial resources required to fund the proposed measures

The Act also sets out certain specific groups of children and certain issues that must be considered as part of the Delivery Plans. The Scottish Government published its first Delivery Plan in March 2018, covering the period 1 April 2018 to 31 March 2022. The next Delivery Plan must be published before April 2022 and will cover the period 1 April 2022 to 31 March 2026.

1.2 The role of the Poverty and Inequality Commission

The statutory Poverty and Inequality Commission was also established by the Child Poverty Act. The Act sets out a specific role for the Commission in relation to child poverty. In preparing a Delivery Plan, Scottish Ministers are required to:

- consult the Commission on the measures they propose to include in the Delivery Plan
- have regard to any recommendations made by the Commission
- set out in the Delivery Plan the changes, if any, they have made in the Delivery Plan as a result of any recommendations

This report sets out Commission's advice to Scottish Ministers on the next Delivery Plan.

1.3 The Commission's approach to developing its advice

The Commission has a role in scrutinising progress towards the child poverty targets each year and this advice builds on that scrutiny work and previous workshops with experts by experience. In order to develop its advice the Commission has held a number of expert discussions involving representatives from third sector and community organisations, think tanks, academics, experts by experience, and Scottish Government and local government officials. These discussions were extremely helpful in exploring the issues and developing the Commission's thinking and the Commission is very grateful to everyone who participated.

The Commission's overarching strategic priority is to amplify the voices of experts by experience, to make sure they are part of identifying issues, developing and designing solutions, and scrutinising progress. People with lived experience of poverty bring knowledge and ideas that are needed to successfully tackle poverty. Scotland needs their expertise at the centre of work to reduce poverty. As part of the Commission's commitment to deliver this priority in its work, it has set up a panel of Experts by Experience to work with the Commission in developing its advice, scrutiny and advocacy. The Panel is made up of 19 Experts by Experience from across Scotland, with a range of characteristics and experiences.

The Commission has worked with its new Experts by Experience Panel (henceforth the Panel) to develop this advice. The Panel met for the first time in August and the Child Poverty Delivery Plan has been its first piece of work. The Panel has explored the issues that families face and discussed potential solutions that Scottish Government could implement. The Panel and the Commission have then worked jointly to bring together their expertise and knowledge to develop the recommendations in this advice. We would like to thank the Panel for their valuable insights and contribution to developing this advice.

In the time available the Commission was not able to do any work with children and young people with experience of poverty as part of developing this advice and would encourage the Scottish Government to do so as part of developing the Delivery Plan.

1.4 Our advice

The Commission starts its advice by looking at where we are now in Scotland in relation to child poverty, and what progress needs to be made to meet the targets. It then sets out its advice on how the Scottish Government should approach the next Delivery Plan and the important principles that need to underpin the Delivery Plan. The following sections look at particular policy levers and actions in more detail.

As the Commission is advising the Scottish Government on developing its Delivery Plan, the advice necessarily focuses on the Scottish Government's role and what the Scottish Government should do. This does not mean that other partners do not play a critical role in working towards the child poverty targets. Many of the actions discussed in the advice are delivered by local authorities, other public sector bodies, and third sector partners. Employers can also play a crucial role in addressing child poverty. While the advice set out here is for Scottish Government, many of the messages in it, about looking at the needs of families as a whole, joining up across organisational and policy boundaries, monitoring and evaluating impact and working with experts by experience, are relevant to all partners.

2. Where is Scotland on its journey to meeting the child poverty targets?

Summary

Despite Scotland's commitment to tackling child poverty, child poverty levels are at best stagnating, and may be starting to rise. 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.

While there has been a demonstrable commitment to reduce child poverty, the action that has been taken by the Scottish Government is not on a scale or at a pace that is sufficient to meet the interim or final targets. The first 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.

The child poverty targets can be met but this will require the Scottish Government to use all the levers available to it. It will require Scottish Government to 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.

Given how close we are now to the interim targets, the Scottish Government will need to put in place action on social security that can deliver in the short term to meet the interim targets, alongside action on employment and housing that will deliver in the medium term to enable it to meet the 2030 targets.

The Commission recommends that:

- **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**
- **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**

2.1 Child poverty rates

The latest child poverty statistics show that for the last three years child poverty has remained broadly level, with a small amount of fluctuation, across the four child poverty measures. We are not yet seeing progress towards the child poverty targets. 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.¹

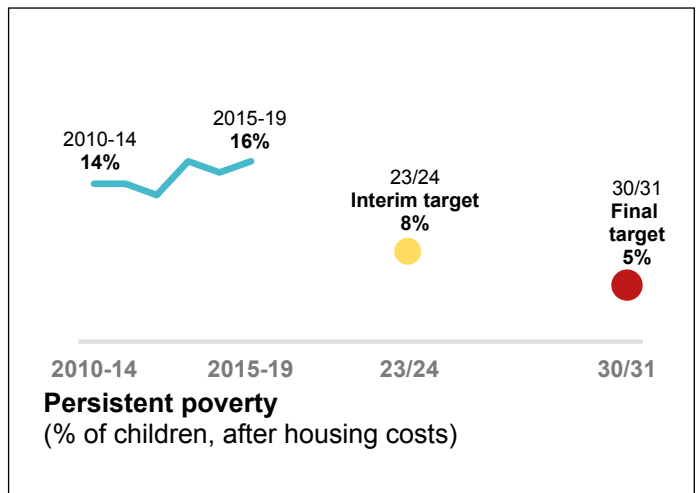
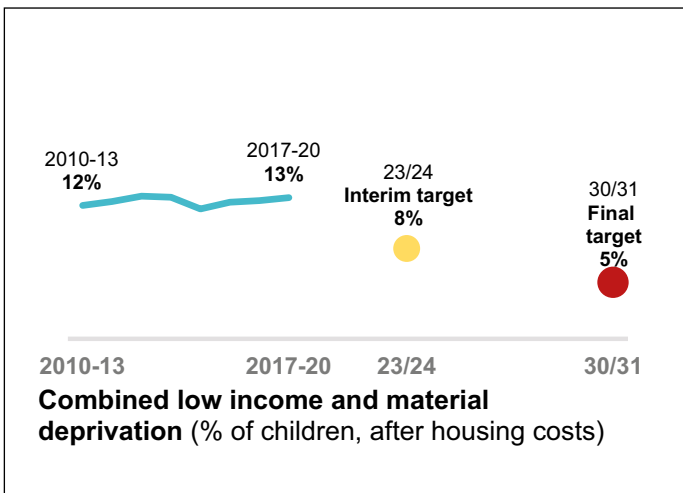
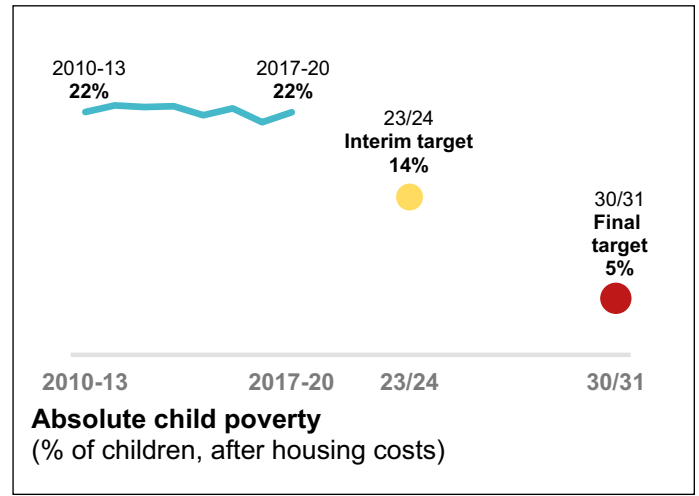
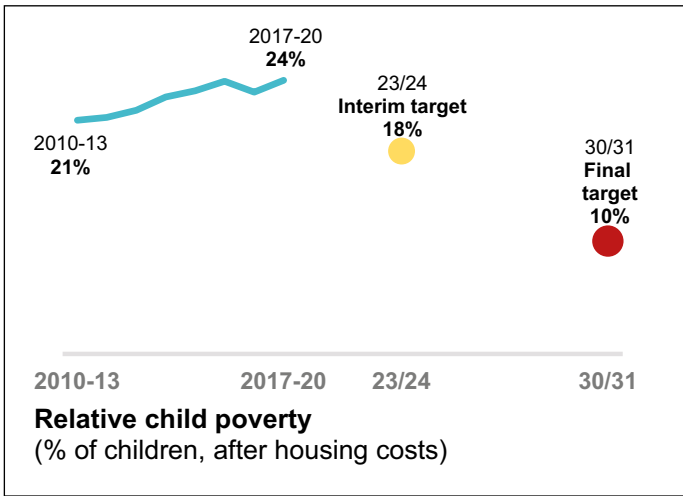
	Statistics for each year(s)			Target levels (to be less than)	
	2017/18	2018/19	2019/20	2023 (Interim)	2030 (Final)
Relative poverty (% of children, after housing costs)	24%	23%	26%	18%	10%
Absolute poverty (% of children, after housing costs)	22%	20%	23%	14%	5%
Combined low income & material deprivation (% of children, after housing costs)	14%	12%	12%	8%	5%
Persistent poverty (% of 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.

Looking at trends over time, using the three-year averages, demonstrates the significant gap between the current trajectory and the child poverty targets.

¹ Analysis of nine waves of [Growing Up in Scotland](#) data.

Progress is not sufficient to meet the targets, and for some measures the position is worsening²



² Data in graphs uses multi-year average figures to provide a better picture of trends.

It is also clear that children in some families remain at much higher risk of poverty.

	2017-20		
	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%
Youngest child in the household under 1	34%	30%	13%
Mother under 25 in household	–	–	–
Disabled household member(s)	29%	26%	20%
Minority ethnic household	38%	34%	17%
Lone parent in household	38%	35%	26%
3+ children in household	32%	29%	19%
In none of priority groups	10%	9%	2%

	Persistent poverty 2015-19
Interim target (2023)	8%
Final target (2030)	5%
All children	16%
Children under 5 in benefit unit	27%
Mother under 25 in benefit unit	–
Disabled adult in benefit unit	14%
Minority ethnic benefit unit	–
Lone parent in benefit unit	–
3+ children in benefit unit	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.

2.2 The impact of COVID-19 and wider factors

At the time of the Child Poverty Act no-one could have anticipated that, before the end of the period of the first Child Poverty Delivery Plan, Scotland would face a pandemic. The COVID-19 pandemic has impacted, and continues to impact on all aspects of life in Scotland, and many of those effects are particularly acute for those on low incomes. At present, the longer term impacts of the pandemic are unclear. Scotland has not seen the rise in unemployment that many feared, as the UK Government's Job Retention Scheme appears to have achieved its aim of protecting jobs, but at a UK level data shows employment gaps are either growing or remaining wide for disabled people and ethnic minorities, along with those aged over 50 and young people outside education.³

Children and families have been particularly impacted by the periods of lockdown when schools had to move to home learning. This created pressures for families trying to combine work and home learning, and especially for those who lacked devices or data to get online. Parents have told the Commission about home schooling being difficult, lack of resources, and support from schools being variable.⁴ The most recent data for Scotland shows a widening of the educational attainment gap compared to before the pandemic.⁵ 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 was a particular issue when families were at home all day.

Some households are likely to have been particularly impacted by the pandemic. We know that women were more likely to work in shut-down 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. 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.

In 2020-21 much of the Scottish Government's focus was on trying to prevent families on low incomes from being swept more deeply into poverty by the pandemic. The Commission has welcomed 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 first Child Poverty Delivery Plan.

What the pandemic has demonstrated, however, is that it is possible to take significant action to support families and to do so quickly. When there is a sense of urgency, resource is made available, and all partners work together, solutions can be found. We saw barriers to partnership working being broken down and organisations working with communities to provide support in places and ways where it was needed, rather than being constrained by existing ways of working. It is important to learn from this and apply the same sense of urgency and partnership to eradicating child poverty.

3 [Institute for Employment Studies - Labour Market Statistics - November 2021](#)

4 [Child-Poverty-Scrutiny-2021-Annex-Experts-by-experience-workshops.pdf \(povertyinequality.scot\)](#)

5 [Achievement of Curriculum for Excellence \(CfE\) Levels 2020-21 - gov.scot \(www.gov.scot\)](#)

There have also been concerns about the impact of Brexit on poverty and inequality. As Brexit happened at the same time as the pandemic, it is still very difficult to untangle the impacts of Brexit from those of the pandemic and other factors. What we do know is that we are seeing the cost of living rising at its fastest rate for ten years, driven particularly by high energy costs.⁶

2.3 UK Government policy decisions

UK Government policy decisions have an impact on poverty and inequality in Scotland. This is particularly the case for social security, as the vast majority of low income benefits are reserved. The benefit freeze, the benefit cap and the two-child limit have increased the number of children in poverty in Scotland and make it more difficult for the Scottish Government to meet the child poverty targets.

During the pandemic, the UK Government's Job Retention Scheme, and its decision to introduce a £20 uplift to Universal Credit, had a protective impact against poverty for Scottish families. The subsequent decision to remove the £20 Universal Credit uplift, however, will increase the number of children in poverty. Changes to the Universal Credit work allowances and taper rate and an increase in the minimum wage will help low income working families and have an impact on in-work poverty, but will not necessarily fully compensate those families for the decision to remove the £20 uplift. These changes will do nothing to help families who are not able to work.

Many of these UK Government decisions make it harder for the Scottish Government to meet the child poverty targets. If the UK Government had chosen to keep the £20 uplift this would have gone some way to enabling Scotland to meet the interim child poverty targets. Nevertheless it is worth stressing that benefit freeze, the benefit cap and the two-child limit were already in place or planned before the child poverty targets were set. The targets were set in the knowledge of these policies and with the intention that Scotland should reach the targets despite them.

2.4 The first Child Poverty Delivery Plan

In 2018 the Scottish Government published Every Child, Every Chance, the Tackling Child Poverty Delivery Plan, which set out how it was going to work towards meeting the child poverty targets over the following four years. The Delivery Plan demonstrated the Scottish Government's commitment to taking action to meet the child poverty targets. There were many good actions in that Delivery Plan, including investment in a parental employability programme and work on income maximisation. Importantly the Delivery Plan contained a commitment to develop an income supplement for low income families, which led to the introduction of the Scottish Child Payment. The Scottish Child Payment has rightly been described as a 'game changer' and has started to make a significant difference to families in Scotland.

6 [Gas prices and fuel poverty – SPICe Spotlight | Solas air SPICe \(spice-spotlight.scot\)](#)

One important element of the first Delivery Plan was the identification of six priority family groups, which together contain 90% of all children living in poverty in Scotland. The priority families are:

- lone parent families (the large majority of which are headed by women)
- families with a disabled adult or child
- larger families (with three or more children)
- minority ethnic families
- families with children under the age of 1
- families with mothers under the age of 25

The intention was to use this analysis to target action at those families who often face structural inequalities that lock them into poverty.

2.5 Is the action currently being taken sufficient to meet the child poverty targets?

The Delivery Plan demonstrated the Scottish Government's commitment to taking action to meet the child poverty targets. What the Delivery Plan lacked, however, was a clear sense of what impact many of those actions were expected to have, and how they could add up to progress towards the targets.

Since 2018, the Commission has welcomed many of the actions being taken by Scottish Government, but has consistently raised concerns about the gap between the scale of the actions being taken and the action that would be needed to meet the child poverty targets. In its first scrutiny report in 2019,⁷ the Commission said that:

"While the actions set out in the Delivery Plan are positive, the Commission is currently unconvinced that they will be delivered on a large enough scale to have a realistic chance of achieving the targets. The Commission considers that within existing budget resources it will be almost impossible for the Scottish Government to meet the targets. Meeting the targets will require significant reallocation of resource from other areas or the raising of additional revenue."⁸

In 2020 it concluded that:

"...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."⁹

In its most recent scrutiny of progress in 2021, the Commission said 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."¹⁰

7 The first scrutiny report was prepared by the previous non-statutory Poverty and Inequality Commission.

8 [Poverty and Inequality Commission scrutiny of the Tackling Child Poverty Delivery Plan progress report.pdf](#) ([povertyinequality.scot](#))

9 [Poverty and Inequality Commission Child Poverty Delivery Plan Scrutiny 2019-2020 Final report.pdf](#) ([povertyinequality.scot](#))

10 [Child poverty scrutiny report 2020-21 Report to Scottish Government 22 June 2021-003.pdf](#) ([povertyinequality.scot](#))

The Commission concluded that the targets can be met, but that:

“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.”

Modelling undertaken by Fraser of Allander Institute¹¹ and JRF¹² over the past year has made the scale of the gap much clearer. JRF has estimated that with the Scottish Child Payment at the current rate of £10 a week, the relative child poverty rate would be 24% in 2023/24, the same level as in 2017/2018 when the Child Poverty (Scotland) Act was passed, and six percentage points higher than the interim target.

IPPR Scotland has estimated that the Scottish Government's commitment to double the Scottish Child Payment to £20 should lift 20,000 children out of poverty in Scotland (approximately a two percentage point reduction).¹³ This will still leave the child poverty rate four percentage points higher than the target. The current actions being taken by Scottish Government will not close this gap.

The Scottish Government has said that tackling child poverty is a national mission. The modelling has demonstrated that child poverty targets can be met but that this will require the Scottish Government to use all the levers available to it. It will require very significant investment. It will also require Scottish Government to deliver action at much greater scale and pace.

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.

In 2020, the Commission said:

“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.”¹⁴

The Commission reiterated this point in its 2021 scrutiny report.

If it is to have a realistic chance of meeting the child poverty targets, 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.

11 [A preliminary investigation into modelling the impact of measures to reduce child poverty in Scotland | FAI](https://www.fraserofallander.org/) ([fraserofallander.org](https://www.fraserofallander.org/)).

12 [Laying the foundations for a Scotland without poverty | JRF](https://www.jrf.org.uk/)

13 [Securing a living income in Scotland \(ippr.org\)](https://www.ippr.org/)

14 [Poverty and Inequality Commission Child Poverty Delivery Plan Scrutiny 2019-2020 Final report.pdf](https://www.povertyinequality.scot/) ([povertyinequality.scot](https://www.povertyinequality.scot/))

It is not enough to say that an action is expected to contribute towards the targets; the Scottish Government must identify to what extent it expects an action to contribute. This will enable it to assess whether it considers its package of measures is likely to be sufficient to meet the targets, or whether more is needed. It also allows it to monitor whether an action is achieving what was expected, and whether it should be continued, stopped or expanded. The Commission recognises that it is not always easy to quantify what impact an action is expected to have, but the Scottish Government must use the evidence it has available to try to do this.

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.

2.6 The interim and final targets

The interim child poverty targets must be met in the 2023/24 financial year. Given how close we are now to the interim targets, the Scottish Government needs to put in place action that can deliver in the short term to meet the interim targets, alongside the action to deliver in the medium term to enable it to meet the 2030 targets.

The timescales mean that the Scottish Government is unlikely to be able to meet the interim targets without further investment in social security. Other action on employment and housing will take longer to impact, and so is less likely to contribute significantly to the interim targets. It is absolutely vital, however, that action on employment and housing is also put in place now if Scotland is to meet the final 2030 targets. If the Scottish Government delays in putting these actions into place then it will become almost impossible to meet the final targets by 2030.

3. How does the Scottish Government need to approach the next Child Poverty Delivery Plan?

Summary

The Commission recommends that in order 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 families at the centre and take an intersectional approach to understanding and meeting the needs of families
- 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

As the previous section has been clear, unless very significant further action is taken now, the Scottish Government is going to miss the interim and final child poverty targets by a long way, leaving children and families locked into poverty.

The targets can be met, but the Scottish Government must use all the levers available to it and deliver action at much greater pace and 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 break down barriers to take significant action to support families, and to do so quickly.

This section sets out the Commission's advice on how the Scottish Government should approach the next Delivery Plan, while subsequent sections look at particular policy areas in more detail.

3.1 Delivering at greater pace and scale

While there is no doubting the real commitment to tackle child poverty in Scotland, the action that has been taken so far has not been on the scale needed or delivered with enough urgency. This is now the final year of the first Delivery Plan, and less than two years away from the year in which the interim targets must be met, and we are still a long way from being able to meet them.

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.

3.2 Joining up policy action across government

It is important to be clear that no single action on its own is going to deliver the change needed to meet the child poverty targets. There is no silver bullet, no single solution to child poverty. The Scottish Government needs to use all the levers that are available to it.

The only way to meet the targets will be with a more joined-up approach across government to align policies to reduce child poverty. The last Delivery Plan had many good actions but one of the gaps was in understanding and evidencing how these actions could add up to more than the sum of their parts. Individual actions, while very important, are not enough on their own.

The next Child Poverty Delivery Plan cannot sit alone, and meeting the child poverty targets cannot be an add-on to other policies and funding decisions. 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, housing and the transition to net zero. Every public pound that is spent should have some means of measuring whether it will assist us to achieve the targets.

The child poverty targets need to have much greater weight across government and this will require stronger leadership and accountability across all parts of government, from both Ministers and officials.

Throughout this report we try to highlight some of the ways that activity can be joined up across policy areas to deliver wider benefits.

3.3 Taking a rights-based approach

Poverty is both a cause and a consequence of child rights violations. The UN Convention on the Rights of the Child (UNCRC) takes a holistic approach to ensure children have the right to live free from poverty. It sets out every child's right to an adequate standard of living (article 27), to benefit from social security (article 26), to the highest attainable standard of health (article 24), to education (article 28), and the right for disabled children to enjoy a full and decent life (article 23). Article 12 also sets out that every child has the right to express their views, feelings and wishes in all matters affecting them, and to have their views considered and taken seriously.

The next Child Poverty Delivery Plan should take a rights-based approach, using the PANEL principles (Participation, Accountability, Non-Discrimination, Empowerment and Legality) to break down what a human rights-based approach to meeting the child poverty targets looks like in practice.¹⁵ The UNCRC involves, not just ensuring children's rights, but also preventing and removing obstacles to ensuring those rights. A children's rights framework would support the Scottish Government to link and integrate policies that may not immediately seem relevant to child poverty.

A rights-based approach also supports the Scottish Government to take a wider view of child poverty than just meeting the child poverty targets. The child poverty targets are extremely important because they concentrate minds and resources. They provide a high level measure of child poverty that focuses on addressing low income. This requires government to take large-scale action, rather than working in the margins on small-scale projects. Nevertheless a focus solely on targets can risk narrowing our approach to child poverty. A narrow focus could lead to an approach to child poverty that excludes actions that would benefit families but wouldn't be measured as part of the targets. It could lead to an approach that focuses on what will lift those closest to the poverty line, rather than helping those in the deepest poverty; and that excludes some children, such as children from asylum-seeking families, entirely, as current restrictions prevent their families from accessing public funds or work. A rights-based approach helps us not to lose sight of these wider issues.

3.4 Looking at the needs of families as a whole and working with experts by experience

"There's this obsession with 'each agency has its own pot of money for a particular purpose' and, rather than looking at the family holistically, there are so many barriers and you have to meet very strict criteria to get this little pot of money and others to get another pot of money.

"It should be about focusing on what we want to achieve, be it moving somebody from poverty or increasing their life chances. It's about getting the money to the individual rather than having all these separate pots of money that people have to jump over all these hurdles to get." – Panel member

15 [shrc_panel_self-assessment_tool_vfinal.pdf \(scottishhumanrights.com\)](#)

Child poverty is created by structural and societal factors: the way our economy and housing system operate, the way we value different kinds of paid and unpaid activity, our approach to supporting those who cannot work, and the structural inequalities that exist within our society. It needs action on these big issues. But poverty is also experienced by individual families, with their own particular strengths and needs. Policy makers need to understand the experiences of families, and work with families to deliver solutions in ways that meet their needs.

Our Panel has highlighted the importance of looking at how to support families as a whole. Members of the Panel have said that we are not good at looking at the needs of a family as a whole, including those of the parents, and that there is a sense that each agency has its own pots of money for particular purposes, rather than looking at families holistically and what they need and want to achieve.

The next Delivery Plan must take this holistic approach and join up policies to support families. The knowledge and expertise of people with direct lived experience of poverty is crucial in developing solutions to poverty that work in practice. The Scottish Government should involve these experts by experience 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.

3.5 Structural inequalities, priority families, and intersectionality

Structural inequalities mean that some families are at much greater risk of poverty and face much greater barriers to moving out of poverty. In the first Delivery Plan the Scottish Government identified the six priority family groups that contain 90% of all children living in poverty in Scotland:

- lone parent families (the large majority of which are headed by women)
- families with a disabled adult or child
- larger families (with three or more children)
- minority ethnic families
- families with children under the age of 1
- families with mothers under the age of 25

These priority family groups reflect the structural inequalities faced by women, disabled people and people from minority ethnic groups, which include unpaid caring responsibilities, inaccessible employment and infrastructure, and discrimination.

Identifying the priority families was an important step in starting to think about how actions in the Delivery Plan could address these inequalities and support the specific needs of these families. At the moment though there is limited evidence that identifying the priority families has led to significant changes in how policies and actions are developed and delivered. The priority families must be at the centre of the next Delivery Plan, and it must demonstrate that policies and actions are being developed and delivered in a way that meets their needs.

In terms of understanding the experiences of the priority families, there is a particular issue with the lack of data about poverty for different minority ethnic communities. The Family Resources Survey provides the data that is used to measure poverty but the sample size for the survey is not large enough to break down the poverty data for different minority ethnic communities. The Scottish

Government has previously used ten years of data to produce ten-year-average poverty statistics¹⁶ for different minority ethnic groups. This has shown that the risk of poverty varies significantly for different minority ethnic groups, a fact that is obscured by the combined data. Better data is needed to understand experiences of poverty amongst different minority ethnic communities in Scotland.

The next Delivery Plan also needs to move beyond the priority groups and recognise that many families will experience a number of intersecting inequalities. They may be a lone parent family with a disabled adult or child, or a minority ethnic lone parent family, for example. There is no single experience within each of the priority family groups and the way that the structural inequalities these families face, intersect, will create distinct experiences of poverty. Again lack of data that can be broken down in this way is one of the barriers to an intersectional approach.

The Scottish Government needs to understand more about these experiences and how policy-making can respond to them. This will require improved data and evidence, work with experts by experience, and work with experts in structural inequalities.

3.6 Implementation and use of evidence

While the first Delivery Plan had a focus on new actions, the next Delivery Plan needs to have a strong focus on implementation. Over the next four years the Scottish Government needs to be able to identify what impact its actions are having on child poverty and scale up those that are working and change those that are not. It needs to involve families in designing and evaluating the impact of programmes and actions.

In its scrutiny of the current Delivery Plan, the Commission has repeatedly said that it has been difficult to judge whether the progress being made is sufficient to meet the targets. This is because, in most cases, there has not been enough evidence of how the actions in the Child Poverty Delivery Plan are expected to impact on the targets.

In the next Delivery Plan 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 the action is expected to be. If policy makers are not clear what they expect the impact of the action to be then it will be very difficult for them to judge whether it is being successful and should potentially be expanded further, or if it needs to be adapted to be more effective, or stopped.

There needs to be a commitment to collecting robust monitoring data and evidence about actions in the Delivery Plan, and about the impacts for the priority families in particular. That evidence must be used to continuously adapt and improve action. Longer term evaluation remains very important. If the targets are to be met, however, there also needs to be a culture of continuous learning and improvement, where evaluation and learning are integral to ongoing decision-making and delivery. This requires an open and honest approach, where it is accepted that not everything will work, but where data and evidence is used to understand progress and stop or change actions if necessary.

In areas where there is no existing evidence about what works, the Scottish Government should be prepared to test new ideas, collect robust monitoring data, learn from the results and expand or stop actions depending on what the data shows.

16 [Scottish Government - Tackling Child Poverty: First year progress report - Annex C](#)

Our Panel has emphasised the importance of understanding the impact of actions and investment and involving experts by experience in assessing this.

“A lot of money is going to the wrong things. We need people on the ground where money is being spent to say what impact it is having. Who is benefitting, who isn't and what they are doing about that.” – Panel member

3.7 Reducing the stigma around poverty

There continues to be stigma for families experiencing poverty. Parents may experience stigma in how they are treated by public services and in how poverty is discussed in the media. They might feel they will be judged by the communities that they live in. This can lead to families being reluctant to access services and social security that they are entitled to. Children may experience stigma at school if they are not able to afford the right uniform or equipment, or to participate in trips and activities.¹⁷ They may experience it with friends if they are not able to take part in the same activities or feel they cannot invite friends home.

Across all its work and all the actions in the Delivery Plan, the Scottish Government must look at how in can reduce the stigma around poverty and ensure that public services treat people with dignity and respect.

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

17 [Child-Poverty-CP-Report-2018.pdf](#) (childrensparliament.org.uk)

4. What do we mean by looking holistically at child poverty and joining up policies?

Summary

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. These levers interact with each other and with a range of other policies that also need to be addressed. 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 Commission recommends that:

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

“Lifting a family from poverty means we need to look at the bigger picture. Reducing child poverty also needs to look at the support which can be provided to the family as a whole, to improve life chances and reduce barriers.” – Panel member

In order to reduce child poverty the Scottish Government needs to increase incomes and reduce costs for families. There are three important levers for tackling child poverty: work and earnings, social security and housing costs. Action is needed on all these levers if the child poverty targets are to be met. But none of these levers sit in isolation, they interact with each other, and with a range of other policies such as transport, childcare, social care, education, economic development, skills, health, digital inclusion and the transition to net zero.

As we have said, there is no silver bullet. If eradicating child poverty is really a national mission then meeting the child poverty targets has to be at the core of design and delivery of a wide range of policies. This will require policymakers and Ministers to approach these policies differently, not treat child poverty as an add-on to existing policies, or try to fit existing actions into a child poverty narrative.

Diagram 1 shows the kind of policy areas that need to be contributing if the child poverty targets are to be met. Impact on child poverty should be a measure for all these policies, and policymakers should be asking themselves:

- what new actions could we take to contribute to meeting the child poverty target?
- how could existing policies and funding be adapted to maximise their impact on child poverty?
- what other policy areas do we need to work with to join things up for families?
- how will we measure our impact on child poverty?



Descriptor: This image shows policy areas that need to be contributing if the child poverty targets are to be met. The policy areas shown are: the Scottish Child Payment; other Scottish social security; social housing; childcare; employability support; creating good jobs; training and skills; private rented sector; income maximisation; transport; education; fuel costs; net zero; digital inclusion; social care; health.

“It’s very much like a hurdle race that you are running when you are poor and on benefits. And you manage to clear one hurdle, be it the transport to a job or the childcare, and then straight away there’s another hurdle in your way that’s even higher than the one you’ve just cleared. It’s that unrelenting difficulty of life.

“And people say ‘just get a job, you’ve got free childcare hours’, but they don’t meet your needs and you end up bending yourself out of shape to squeeze into a box that people say you can fit into. I just wish that we could marry things up and tie things together so it didn’t have to be so hard all the time.” – Panel member

We can see clearly why policies need to be joined up by looking at an example family. We can see the factors that lock the family into poverty and the policies that might help release them from the restrictions they face. The case study below is not an actual family, but a composite based on some of the things that families have told us.

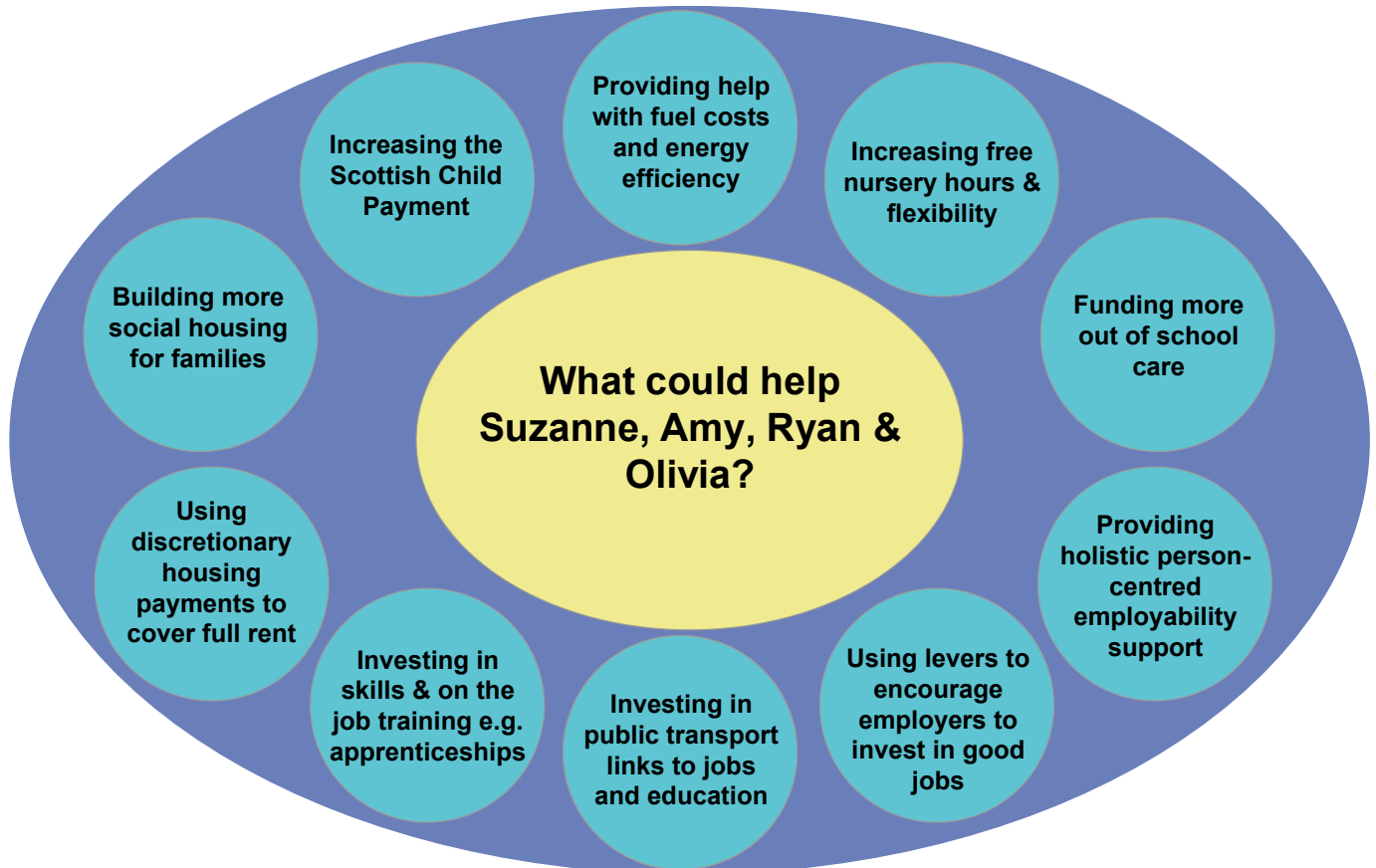
Suzanne is a lone parent to Amy, age 9; Ryan, age 6, and Olivia, age 3. Suzanne gets Universal Credit and is worried about how she is going to manage now the £20 uplift is taken away. The two-child limit means that Suzanne doesn't get any Universal Credit payment for Olivia, but does get the Best Start Grant and the Scottish Child Payment for her.

The family live in private rented housing and the full cost of the rent isn't covered by Universal Credit. Suzanne has applied for council and housing association housing, but the family isn't a priority because they are seen to be adequately housed. The flat they are living in is badly insulated and fuel bills are high.

Suzanne would like to get a paid job now that Olivia has started nursery, but the jobs she could apply for are low-paid and don't fit with nursery hours. There aren't many childminders nearby who provide wraparound care, and the afterschool club at Amy and Ryan's school is full. She doesn't know how she would afford childcare, especially in the school holidays. Suzanne has looked at doing a college course to get more qualifications so she can get a decently paid job, but she would need to get two buses to college and the buses are expensive and unreliable. She would also need to arrange extra childcare, which she can't afford.

4.1 What kind of policies could help Suzanne's family?

There are a range of policies shown in the diagram below that could help Suzanne and her family. It is important that these policies are joined up and that attention is paid to how they are implemented. Providing free out of school care could help Suzanne, for example, but only if there are enough places available for her children. Investing in skills and education could help Suzanne get a decently paid job, but only if there is reliable and affordable transport to get her to college.



Descriptor: This image shows the kind of policy actions that could help Suzanne and her family. These include action on the Scottish Child Payment, fuel costs and energy efficiency, childcare, employability support, transport, investment in good jobs, skills and training, and housing.

In the following sections we look at some of the specific policies that are needed to reach the targets. While thinking about individual policies it is important to keep a focus on how these interconnect with other policies.

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.

5. Social Security

Summary

Social security is one of the main levers that Scottish Government has to reduce child poverty. It is the lever that can make a difference most quickly and, because we are now close to the date of the interim child poverty targets, it will need to play a big role in meeting them. The Commission considers that the Scottish Government is likely to need to increase the Scottish Child Payment beyond £20 per week in order to meet the interim targets. This must be complemented by putting in place measures to drive change in the labour market and housing in the medium term in order to hit the 2030 targets.

The next child poverty delivery plan should also focus on making sure that families get the payments they are entitled to, and looking at the longer-term opportunities offered by Scottish social security.

The Commission recommends that:

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

5.1 The importance of social security to child poverty

Social security is one of the main levers that Scottish Government has to reduce child poverty. The Social Security (Scotland) Act 2018 affirms that social security is an investment in the people of Scotland, and that social security is a human right, and essential to the realisation of other human rights. While the majority of low income benefits are reserved, Scottish Government does have powers to top up and create new benefits.

In the last Delivery Plan the Scottish Government committed to introducing an income supplement for low income families, which became the Scottish Child Payment. When the commitment was made to introduce the Scottish Child Payment, it was expected that a payment of £10 per week, per eligible child, would reduce relative child poverty by three percentage points. The payment started in February 2021 for children under the age of 6 and should be rolled out to all eligible children under the age of 16 by the end of 2022. The Scottish Government is working with local authorities to make interim payments to older children who receive free school meals until full roll out of the payment.

The Scottish Government has committed to increase the Scottish Child Payment to £20 per week from April 2022. Modelling by IPPR Scotland suggests that an increase to £20 should reduce relative child poverty by an additional two percentage points.

Over the past four years the Scottish Government has also introduced or expanded a range of other payments to families on low incomes, including a new Best Start Grant and Best Start Foods, replacing and expanding on the previous UK Government programmes; increasing the School Clothing Grant; a Carer's Allowance Supplement; a Young Carer's Grant; Child Winter Heating Assistance for children in receipt of the highest rate of care component of Disability Living Allowance; and a new Job Grant. A payment to carers of more than one disabled child is planned. It has also made some additional payments to low income families during the pandemic.

The impact of these payments on child poverty rates is likely to be small because they either do not affect enough households with children (Carer's Allowance) or the additional payments are not large enough (Best Start Grant).¹⁸ This does not mean these payments have no impact on child poverty or that they are not important for families. In fact parents have said that payments such as the Best Start Grant, Best Start Foods and the School Uniform Grant made a real difference to them.¹⁹ What it does mean however is that these payments cannot be relied on to reach the targets.

It is impossible to look at the role of social security in tackling child poverty without acknowledging the impact of UK social security policy decisions. The vast majority of low income benefits are reserved, and the benefit freeze, the benefit cap and the two-child limit have increased the number of children in poverty in Scotland. The UK Government's decision to remove the £20 Universal Credit uplift will also increase the number of children in poverty. This all makes it harder for the Scottish Government to meet the child poverty targets, although it is worth stressing that these policies were already in place or planned before the child poverty targets were set.

The recent announcements on Universal Credit work allowances and the taper, are very welcome in supporting families in employment, but do nothing to help families who are unable to work due to disability, illness, or caring responsibilities, and still leave families worse off where someone is only able to work part-time.²⁰

5.2 What are the key issues for the next Child Poverty Delivery Plan in relation to social security?

5.2.1 Scottish Child Payment and other Scottish social security payments

The Scottish Government's introduction of the Scottish Child Payment was rightly described as a game changer, and its recent commitment to double the payment to £20 per week from April 2022 is a further very welcome step in reducing child poverty in Scotland.

Nevertheless, even with this increase in the Scottish Child Payment, the Scottish Government is not on track to meet the interim child poverty targets. Action on work and earnings and housing has an important role to play, but it will have an impact over a longer time period. If the interim child targets are to be met then social security will need to do most of the immediate heavy lifting. This will mean that the Scottish Government needs to either increase the Scottish Child Payment beyond £20 per week, or invest in top-ups to other Scottish social security benefits.

18 [Tackling child poverty delivery plan: forecasting child poverty in Scotland - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/tackling-child-poverty-delivery-plan-forecasting-child-poverty-in-scotland/pages/10-to-12.aspx)

19 [Child-Poverty-Scrutiny-2021-Annex-Experts-by-experience-workshops.pdf \(povertyinequality.scot\)](https://www.povertyinequality.scot/sites/default/files/2021-11/Child-Poverty-Scrutiny-2021-Annex-Experts-by-experience-workshops.pdf)

20 [Does the Budget deliver the Government's bold ambition to build a new economy? | JRF](https://www.jrf.org.uk/news/2021/09/does-the-budget-deliver-the-governments-bold-ambition-to-build-a-new-economy/)

Modelling shows that the interim child poverty targets could, in theory, be met through using Scottish social security powers alone. Modelling from Fraser of Allander Institute,²¹ and JRF²² suggests that increasing the Scottish Child Payment to £40 per week would deliver a six-percentage-point reduction in relative poverty, which would meet the interim relative poverty target of 18%. Estimates of what this would cost range from £530 million to £600 million a year.

JRF modelling has shown that action on employment and housing alongside a smaller increase in social security could meet the interim child poverty targets for a lower cost. For example, the interim targets could be met with a Scottish Child Payment of £25 a week, if that was alongside all working parents being paid at least the real Living Wage, Local Housing Allowance covering 100% of private rents, social rents being frozen, and the benefit cap being removed. It is estimated that this would cost the Scottish Government in the region of £240 million.

The modelling suggests that a £40 per week Scottish Child Payment would achieve the reduction in child poverty that is needed, but there may be other social security options to deliver the same reduction in child poverty, for example by using more targeted Scottish Child Payment increases or increasing other Scottish social security payments. It is possible that these options might deliver other benefits, such as having a bigger impact for those in deepest poverty, or meeting the targets at a lower cost. The Commission would encourage the Scottish Government to look at these options further.

One option is to use more targeted payments, for example targeting the priority families who are at higher risk of poverty. JRF has modelled an option where the Scottish Child Payment is increased to £30 per week for all eligible children, but then a supplement of £20 per week, per family, is introduced for families who are most at risk, such as lone-parent families, families where someone is disabled and families with a child under the age of one. This would reach the interim relative poverty target for a similar cost (or slightly lower) to the general £40 per week payment. IPPR Scotland has estimated²³ that a disability premium of £10 per week on the Scottish child payment for eligible families which include a disabled adult or child would cost £50 million in 2022/23 and lift approximately 10,000 children out of poverty, and an extra £10 per week premium for lone parents would cost approximately £60 million in and reduce child poverty by around 10,000 children.

Targeting additional payments to the types of families at highest risk of poverty could have benefits in helping to address inequalities experienced by these families, it could also benefit those in deepest poverty, even if it does not necessarily lift them above the poverty line. However, targeted payments would also be more complex and potentially costly to administer. The Scottish Government should look at whether more targeted payments could potentially benefit families in the deepest poverty, even if it does not necessarily lift them above the poverty line.

Other possibilities using Scottish social security that have not been modelled, but could potentially be explored as ways of targeting payments include:

- supplements to Children and Adult Disability Payments, based on parents in such families also being in receipt of Universal Credit

21 [A preliminary investigation into modelling the impact of measures to reduce child poverty in Scotland | FAI \(fraserofallander.org\)](https://www.fraserofallander.org/)

22 [Laying the foundations for a Scotland without poverty | JRF](https://www.jrf.org.uk/)

23 [Securing a living income in Scotland \(ippr.org\)](https://www.ippr.org/)

- a supplement to Scottish Child Payment for larger families to offset the impact of the two child rule
- targeting of Discretionary Housing Payments to lone parent families and larger families hit by the benefit cap and/or the two-child rule

In exploring options, the Scottish Government should also look to address the 'cliff edge' that is built into the Scottish Child Payment. Currently a small increase in income which results in a family coming off Universal Credit would lead to them losing their whole Scottish Child Payment. If this cliff edge is not addressed it could make it difficult for parents to take advantage of opportunities to increase their hours and progress in work.

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 the impact of cliff edges.

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 Commission would emphasise that any increases to the Scottish Child Payment must be complemented by putting in place measures to drive change in the labour market and housing in the medium term in order to hit the 2030 targets.

In addition to increasing the Scottish Child Payment, the Scottish Government should also look at the income threshold for free school meals. The Scottish Government has made a welcome commitment to expand free school meal provision to all primary school children by August 2022. Many children are already benefitting from this. The income threshold for free school meals for secondary age children and young people remains very low, however, and, for children of all ages, the national criteria for free school meal entitlement based on income is often the criteria for accessing other benefits such as the School Uniform Grant and the Scottish Child Payment bridging payments.

The Panel has stressed the importance of ensuring that children from low income families receive a free school meal and has highlighted that the national criteria for free school meals mean that many children from low income families are missing out on connected benefits such as the School Uniform Grant. The Panel has also said that now that there are universal free school meals for lower primary years, some parents are not aware that they need to make an application to receive connected benefits.

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.

5.2.2 Ensuring families get everything that they are entitled to

“What strikes me is how complicated it is to get help for very common problems. I wish what would happen is that people don't need to know about all of these different pots and rules, but that help was just available and it was the government's job to make sure people got what they are entitled to. Quite often what happens is that you are so tied up in your life and you're struggling that you don't have the energy to do more than you're already doing.” – Panel member

“We need a single-door approach for devolved benefits, where people can access all the benefits they are entitled to at once, rather than having to fill in multiple forms and go through multiple processes. If somebody is entitled to one benefit, there must be a way of passporting people on to the others they are entitled to.” – Panel member

Increasing benefit take-up could go some way towards helping meet the child poverty targets. JRF has estimated that increasing Universal Credit and Housing Benefit take-up to 100% would reduce the amount of Scottish Child Payment needed to meet the interim target to £35 per week.

Our Panel has told us that the social security system is really complicated for families to navigate. There are lots of different benefits and grants, with different criteria in order to qualify, and people have to make multiple applications. While the Scottish Government only has control over the processes and systems for Scottish benefits, what matters to families is to know everything that they are entitled to, and to make it easy to apply. Our Panel has said that people should only have to apply once to get everything they are entitled to.

Social Security Scotland has developed a single application form for Best Start Foods, Best Start Grant and the Scottish Child Payment, and is proactively writing to families to invite them to apply. This is something the Commission welcomes, and is a good example of how benefits can be made easier to access. The Commission also welcomes the significant investment that Social Security Scotland has made in working with experts by experience to design application processes for Scottish payments.

Nevertheless the system remains complex because of the interaction with UK benefits and there is a risk that introducing new payments, for the best of reasons, adds to that complexity. Our Panel highlighted that it does not always seem clear or fair why some people should be entitled to some benefits while others are not. The Scottish Government and Social Security Scotland should continue to look for ways to simplify the process of applying for benefits.

In the last Delivery Plan the Scottish Government's primary action on income maximisation was to invest in a new financial health check service, Money Talk Team, to help families maximise their incomes and reduce costs. The Commission has previously noted that it was not clear how decisions were reached about the relative funding amounts for 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. The Commission welcomes the Scottish Government's more recent decision to invest in access to money advice in GP surgeries, an approach that has been positively evaluated.

Our Panel has been clear that there is no single route to reach all families, and we are pleased to see that prioritising a person-centred approach is one of the principles underpinning the new Scottish Government Benefit Take-up Strategy.²⁴ The Scottish Government should work to better understand who existing income maximisation and take-up services and activities serve, and who they serve less well, in order to identify where alternative approaches are needed for particular groups.

The Panel has suggested that there needs to be a range of ways to support people to find out what they are entitled to and apply for it. These should be face-to-face, digital and by telephone, and include:

- o welfare rights advice in health and school settings
- o Citizens Advice services and Money Talk Team
- o local community services, including through faith communities
- o peer support
- o advisors who can visit people's homes
- o accessible online information
- o information in a range of languages
- o advertising

Everyone should be able to access money advice, but some people face particular barriers to accessing advice such as limited literacy or digital skills, additional support needs or language barriers. There can also be stigma about talking about money in some communities. There should be a focus on making sure that services are developed in partnership with experts by experience in order to meet these needs. Monitoring information should be collected to understand who is being reached and to enable services to adapt to have the biggest impact. It is encouraging to see the focus in the benefit take-up strategy on continuously learning and improving.

24 [Social Security \(Scotland\) Act 2018: benefit take-up strategy - October 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/social-security-scotland-act-2018/benefit-take-up-strategy-2021/pages/100/index.html)

In this advice we focus on actions that can prevent poverty and lift families out of poverty, but there will continue to be a need for financial support for families at crisis points. The Scottish Welfare Fund can provide vital cash support for families, but previous work by the Commission found that there was a lack of awareness of the Scottish Welfare Fund, among those who are in need of financial assistance but also among organisations and people who are in a position to advise those seeking financial assistance.²⁵ It also found barriers to applying including restricted routes for applying for to the Fund (in some local authorities applications had to be made online only, or by telephone only), difficulties speaking to an advisor, and the cost of telephone calls. The Commission welcomes the review of the Scottish Welfare Fund that is being undertaken. The review must lead to changes that raise awareness of the Fund, make it easier to apply for and deliver greater consistency across Scotland in how awards are made from the Fund.

We would note that asylum seekers and those with no recourse to public funds will not benefit from action on social security. Under the UNCRC all children have the right to an adequate standard of living and to social security, this is not qualified to exclude certain children. As this is a reserved matter the Scottish Government has limited options here but it should look at how it can make maximum use of the powers that it does have to support these children.

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 third sector 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.

25 [Scottish-Welfare-Fund-briefing-.pdf \(povertyinequality.scot\)](#)

5.2.3 Longer term social security opportunities

In the longer term, the Scottish Government has committed to working towards a Minimum Income Guarantee for Scotland. A Minimum Income Guarantee is a guarantee that no one will fall below a set income level that would allow them to live a dignified life. It can be delivered through employment, social security payments and also through other types of support or services to be provided or subsidised by the state, such as transport or childcare. The Scottish Government has established a Steering Group to define what a Minimum Income Guarantee could look like, and to identify and prioritise action for further development and testing during the course of this Parliament. The aim is to support the delivery of a Minimum Income Guarantee within current devolved powers.

The work on a Minimum Income Guarantee is still in its early stages and the Scottish Government should continue to make progress on this, focusing on actions that can be taken within existing powers. Action on child poverty should contribute towards delivering a Minimum Income Guarantee. The Scottish Government should make sure that both areas of work are aligned.

Current choices and actions in relation to social security are limited by the social security powers that have been devolved to Scotland, but also by dependence on the UK Department for Work and Pensions for the administrative data on which to base entitlement to Scottish benefits and top ups. This can act as a barrier to automating some benefits, because of issues with data sharing, and means that the benefits such as the Scottish Child Payment are dependent on UK decisions about Universal Credit thresholds and eligibility.

In the longer term, the Scottish Government should start to explore options for creating a system for Scotland to administer Scottish social security benefits independently of the UK benefits system. At the time the Scottish Child Payment was being developed the Scottish Government ruled out building its own means-tested benefit because it would add significant complexity in terms of continuous assessment of incomes and take longer to implement, at a time when Social Security Scotland was also responsible for the safe transfer of other devolved benefits. In the short term this was the right approach to take to get money to families as quickly as possible. In the longer term, it creates limitations. As work develops on a Minimum Income Guarantee for Scotland it makes sense to look at what a Scottish system could look like.

The planned introduction of Scottish Carer's Assistance creates further opportunities in the longer term. Many families experiencing poverty include a disabled adult or child, and in many cases family members will be providing unpaid care. The Social Renewal Advisory Board recommended that 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.²⁶ It said that 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

26 [If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2021/01/Social-Renewal-Advisory-Board-report-January-2021.pdf)

The Commission reiterates here the Social Renewal Advisory Board's recommendation. In addition, work on developing the Scottish Carer's Assistance should look at the earnings limit to ensure that it does not act to stop carers being able to work if they choose to. There is currently an earnings limit of £128 per week above which unpaid carers lose their carer's allowance (and potentially passported benefits). An unpaid carer working 16 hours at minimum wage would be over the earnings limit to qualify for carer's allowance. Improving support to carers could help the many children in poverty living in a household with a disabled adult or child.

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

6. 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%) of children in poverty live in a household where someone works.

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 Commission recommends that:

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

6.1 The importance of work and earnings to child poverty

Employment should be a route out of poverty but many people are unable to access employment and many of those in work are still in poverty. It is estimated that in 2017-20, 68% of children in relative poverty after housing costs were living in working households (160,000 children each year).

In order to enable parents to work and ensure that work lifts them out of poverty we will need 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

Some parents who are at highest risk of poverty face additional barriers to work, including discrimination and failure to make reasonable adjustments to meet their needs. In particular, there are large and persistent employment gaps for disabled people and those from minority ethnic groups. In 2020/21 the employment rate for disabled people in Scotland was 47.4% compared to 80.2% for non-disabled people.²⁷ The employment rate for the minority ethnic population aged 16 to 64 was estimated at 65.1% in 2020/21, significantly lower than the white population (73.2%). The minority ethnic employment gap was much higher for women (a gap of 13.2 percentage points) than men (2.2 percentage points).²⁸ Women, disabled people and people from minority ethnic groups are also on average likely to be paid less. The gender pay gap in Scotland in 2021 was 11.5%,²⁹ while the ethnicity pay gap in 2019 was 10.3%³⁰ and the disability pay gap in 2018 was 8.3%.³¹ It is important to understand these gaps and consider whether any actions proposed are likely to meet the needs of these parents.

It is important to acknowledge that not all parents will be able to work at any particular time. Some will not be able to work temporarily, for example because of caring responsibilities for very young children, while others may be permanently unable to work because of illness, disability or long-term caring responsibilities. There are also questions about how much it is appropriate to expect parents to work when they are caring for young children.

Too often we focus action on trying to get parents ready for work, rather than looking at what action is needed on creating and improving jobs, the infrastructure that is needed to support employment, and addressing the structural barriers that some groups face.

JRF³² and Fraser of Allander Institute³³ have modelled how changes in earnings from employment could help meet the child poverty targets. The modelling uses different models and different assumptions and should be seen as indicative rather than as setting out policy options. The modelling looks at the impact of work and earnings on the relative child poverty measure.

Starting with parents who are already in employment, the modelling finds that increasing wages to the real Living Wage provides one of the building blocks to reduce poverty via employment, but is not sufficient in itself. JRF estimates that if the rate of pay for parents currently in employment was increased to the real Living Wage, it would achieve a two-percentage-point reduction in child poverty.

27 [Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21 - gov.scot \(www.gov.scot\)](https://www.gov.scot)

28 *ibid*

29 [Gender pay gap - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

30 [Ethnicity pay gaps - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

31 [Disability pay gaps in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

32 [Laying the foundations for a Scotland without poverty | JRF](#)

33 [A preliminary investigation into modelling the impact of measures to reduce child poverty in Scotland | FAI \(fraserofallander.org\)](https://fraserofallander.org)

A bigger impact is seen when parents move into paid work, or increase their hours, to the level required by Universal Credit conditionality. JRF modelling estimated that this would reduce child poverty by around seven percentage points (releasing 60,000 children from poverty) and would increase the incomes of the vast majority of families affected.³⁴ The interim child poverty target would be met with a relative poverty rate for children in Scotland of around 17%. It would require approximately 200,000 families to either move into work (60,000) or increase their hours (140,000).

The Fraser of Allander Institute modelling took a slightly different approach and increased the number of hours worked by parents in poverty to 20 hours, at their existing rate of pay, for those working fewer than 20 hours. Parents in poverty not in work were moved into employment in minimum-wage jobs working 20 hours, irrespective of their health, disability, or the age of their child. This achieved a six-percentage-point reduction in child poverty to a rate of 19%, lifting 50,000 children out of poverty. The modelling found that it was not possible to meet the 2030/31 target of 10%, even after moving all parents in poverty to working 35 hours per week, at current wages or minimum wage. The reduction in poverty achieved by this was eight percentage points.

Combining the real Living Wage, moving parents into work, and increasing working hours gives the biggest impact on child poverty. JRF estimates that increasing parents working hours, or moving them into work, to the hours expected by UC work conditionality and increasing their hourly pay to the real Living Wage could achieve an eight percentage point reduction in child poverty. This still would not be sufficient to meet the final child poverty targets.

Since the JRF and Fraser of Allander Institute modelling was undertaken, the UK Government has announced that the minimum wage will rise next year to £9.50 hour, and that changes will be made to the Universal Credit taper rate so that families getting Universal Credit will be able to keep more of the money they earn. This will have an impact on in-work poverty but we do not know the extent of that impact.

The modelling emphasises the need to use a range of levers, and to support parents to progress into higher paid work, beyond the real Living Wage. This means that the Scottish Government needs to take action that will help create more jobs with good pay, drive up the number of real living wage employers and support more parents to move into work and to work more hours.

34 The modelling did not move anyone who was disabled and not currently in work into work, nor did it increase hours for disabled people who were in work. This was because the modelling could not identify the potential for individuals to work. In their report JRF recognise that many disabled people could work if efforts were made to break down barriers to employment for disabled people.

6.2 What are the key issues for the next Child Poverty Delivery Plan in relation to work and earnings?

6.2.1 Shaping the economy and improving existing jobs

In order to make the big changes in employment that are needed to reduce child poverty, more good jobs will be required. By good jobs we mean secure and meaningful work, with fair pay and conditions, adequate options around flexibility, and opportunities for progression.

Over the next ten years, global economic change, an ageing population, automation and digitalisation are likely to impact the quality of employment and access to 'good jobs'. The pandemic has accelerated existing trends, such as the rise in online shopping and digital services, and changed the way that people work, with increased homeworking appearing likely to be permanent.

Working Futures 2017-2027 projections³⁵ suggest a continued polarisation of jobs in Scotland, with growth in high- and low-pay occupations, but a 'hollowing out' of mid-pay and skill jobs, which can impact on opportunities for progression. Projections also indicate that Scotland will have a larger-than-average share of elementary occupations – the lowest-paid jobs – in 2027. This occupational polarisation is projected to be more pronounced for women, because of the large declines in admin and secretarial roles and increases in caring roles predicted. Paid caring roles are predominantly done by women and are often low-paid, insecure, and offer unpredictable hours. At the same time growth in part-time work in professional and higher-level managerial roles may offer more flexible working opportunities for women.

There are a relatively limited number of direct levers available to Scottish Government to improve pay and other aspects of fair work. Employment law is reserved and therefore the Scottish Government does not have the power to introduce some changes that might reduce child poverty, such as increasing the minimum wage, guaranteeing minimum hours, or improving rights to flexible working. These matters are reserved to the UK Government. The Scottish Government does, however, have a range of broader levers that it can use to support the creation of good jobs and encourage employers to improve existing jobs. These levers include its investment in business support, economic development, skills and transport, and its approach to business rates, inward investment and its infrastructure and industrial strategy.

It is important that the Scottish Government makes use of the levers that it does have and looks to develop evidence about what works. The research undertaken for the Commission has identified a need for further joint working within the Scottish government to develop an integrated approach to the creation of good jobs.³⁶ The Scottish Government should establish a cross-departmental approach to test and evaluate initiatives and policies aimed at promoting the creation of good jobs. We make some suggestions below of areas that the Scottish Government should focus on in its testing and evaluation.

35 [Good jobs in Scotland - Research for the Poverty & Inequality Commission](#)

36 *ibid*

Economic development and transformation

Economic development activity needs to take account of these future work trends and should have addressing child poverty as one of its measures of success. Investment needs to take account of where jobs are needed and who benefits from them. Looking at green jobs and a Just Transition, for example, it is likely that an approach that focuses just on reskilling those in the existing energy sector will reinforce existing inequalities and fail to achieve any benefits for children in poverty. Key economic development policy areas, such as work on manufacturing recovery³⁷ and on the digital economy,³⁸ need to look more explicitly at how they can contribute to meeting the child poverty targets through driving Fair Work, addressing occupational segregation, and creating new, targeted, opportunities for parents from priority families.

The National Strategy for Economic Transformation, which is due to be published shortly, must have reducing poverty, and child poverty in particular, as a core principle that runs through the entire strategy. The impact of the strategy on child poverty must be a measure of its success. The strategy must address the structural inequalities in our economy that lead to poverty. If it assumes that inequalities and poverty can be treated as an additional or side factor, it will fail to deliver the transformation needed to meet the child poverty targets.

One big area of investment is City Region and Growth Deals, where over £5 billion has been committed so far to supporting economic development in all parts of Scotland. This money comes from the UK and Scottish governments, councils and their partner organisations. The deals largely focus on infrastructure investment, and typically include investments in skills, research and development projects, regeneration, transport, and other infrastructure such as digital connectivity. An aim of the deals is to achieve inclusive growth.

Scotland's Centre for Regional Inclusive Growth has developed an inclusive growth outcomes framework,³⁹ and the Equalities and Human Rights Commission (EHRC) is working with deals to help them set equality outcomes. An Audit Scotland report⁴⁰ on the deals in 2020, however, found that, five years after signing the first deal, the Scottish Government had not set out how it will measure their long-term success, how it will know if deals are value for money, or how deals will contribute to the outcomes in the National Performance Framework. Audit Scotland notes that this may mean that some opportunities have been missed in relation to inclusive growth and equality outcomes.

One of the actions in the last Delivery Plan was to create a partnership between Scottish Government and Glasgow City Region on inclusive growth and child poverty. Any learning from that partnership should be shared. Impact on child poverty and on those groups at greatest risk of poverty should be a key measure of the success of the deals. While some opportunities may have been missed because of the stage at which the deals are at, each deal should now be considering how it can maximise the impact of its projects on child poverty and measure that impact. Lessons should be learned from this for future economic development work.

37 [Making Scotland's future - a recovery plan for manufacturing: June 2021 - final - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/making-scotland-s-future-a-recovery-plan-for-manufacturing-june-2021-final/pages/100.aspx)

38 [A changing nation: how Scotland will thrive in a digital world - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/a-changing-nation-how-scotland-will-thrive-in-a-digital-world/pages/100.aspx)

39 [Inclusive Growth Outcomes Framework - Scotland's Centre for Regional Inclusive Growth](https://www.inclusivegrowth.scot.nhs.uk/)

40 Audit Scotland (2020) [Scotland's City Region and Growth Deals.](https://www.audit-scotland.gov.uk/reports/2020/scotland-s-city-region-and-growth-deals/)

Procurement and funding

The Commission has previously recommended that the Scottish Government, local government and the wider public sector should commit to attaching 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. We welcome the Scottish Government's development of Fair Work First and the recent announcement that companies bidding for Scottish Government contracts must pay the real Living Wage. We are also encouraged that the Scottish Government has set the expectation that public bodies will adopt the Fair Work First criteria as employers, and apply it to grants, other funding and contracts being awarded from April 2021.

We continue to encourage the Scottish Government 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 delivers fair work that reduces child poverty. The next stage of this work is for the Scottish Government to monitor and evaluate the impact of Fair Work First.

Addressing occupational segregation and the gender and ethnicity pay gap

As a society we undervalue some kinds of work, particularly work done predominantly by women. Pay is low in occupations in the care, retail and service sectors.⁴¹ The pandemic has demonstrated the importance of many jobs that were not previously valued. We recognised that our society was reliant on key workers in low-paid occupations, such as carers, retail and delivery staff. It is important to take this opportunity to address how we value different kinds of jobs.

Occupational segregation leads to women and people from minority ethnic groups being clustered in low-pay occupations. Women are more likely to work in the care and service sectors, while the Coalition for Racial Equality and Rights has noted that there is a disproportionate concentration of people from minority ethnic groups within low-paid sectors in Scotland. There is a significant proportion of Asian people employed in the wholesale/retail and the hotel/restaurant sectors, for example.⁴²

The Scottish Government should continue the action it has set out in A Fairer Scotland for Women,⁴³ and ensure that its future programme of race equality work⁴⁴ includes action on low pay and occupational segregation. It should also look at where it has more direct opportunities to drive pay and conditions in low-pay sectors where there is occupational segregation. The Scottish Government is investing in childcare and social care in particular, and needs to look at how it can leverage more in terms of pay and conditions from this funding.

41 [Earnings in Scotland: 2020 | Scottish Parliament](#)

42 [New research from CRER: Ethnicity and Poverty in Scotland 2020](#)

43 [A fairer Scotland for women: gender pay gap action plan - gov.scot \(www.gov.scot\)](#)

44 [Race equality action plan: final report - gov.scot \(www.gov.scot\)](#)

The Fair Work Convention's inquiry into social care⁴⁵ concluded that low pay was a symptom of wider structural problems arising from the commissioning system for social care itself and made five recommendations to address this, including the establishment of a sector-level body to ensure that social care workers have effective voice in the design, development and delivery of social care services. The Independent Review of Adult Social Care in Scotland⁴⁶ recommended that the Convention's recommendations were incorporated in full and that the new body should also take the lead in creating national sector level collective bargaining of terms and conditions. Work on developing the new National Care Service for Scotland must deliver on these recommendations.

The pandemic means that significant amount of public funding has also gone to sectors such as retail and hospitality which would not traditionally receive public funding. As we have seen, these are sectors which tend to be the lowest paid and employ many women and people from minority ethnic groups. Again, the Scottish Government needs to look at what it can leverage from this funding in terms of fair work and pay.

Improving the evidence of what works in creating good jobs

Research for the Commission has identified a gap in evidence about what works in relation to policies that support the creation of good jobs, with a lack of impact evaluation for many initiatives. It is important that the Scottish Government looks to develop evidence about what works. This will require 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.

45 [Fair-Work-in-Scotland's-Social-Care-Sector-2019.pdf \(fairworkconvention.scot\)](#)

46 [Independent Review of Adult Care in Scotland \(www.gov.scot\)](#)

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 delivers 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.

6.2.2 Creating the conditions to enable parents to work

There is a range of infrastructure that needs to be in place to enable parents to work. Childcare and access to transport are absolutely key, but access to social care, healthcare and digital access are all part of the necessary infrastructure. This is why the Commission emphasises the need for a joined-up approach across policy areas.

Childcare

“Due to having my daughter, I had to leave my job as the hours weren't suited to me and I didn't have access to childcare for my daughter. Now she is at nursery, I cannot fit in even a part-time job in the hours she is at nursery as nothing has the flexible hours that I would need. I would like to be able to work but I cannot work enough hours so that I can afford my bills etc, and found I'm more likely to be able to afford to live just not working. Which is not how I want to be living but is essentially the only option.” – Panel member

Our Panel, and other parents who we have spoken to, have identified how important childcare is to enable them to work, but that the cost of childcare is often a barrier to work. Even where parents are entitled to the current 1,140 hours of free early learning and childcare, our Panel and other parents⁴⁷ have told us that childcare often is not available at times and in places that allow parents to work.

While one of the policy ambitions for the current early learning and childcare offer has been to increase flexibility for parents, an audit by the Scottish Childminding Association has found a significant gap between the Scottish Government's intent on flexibility and what is happening in practice at a local level.⁴⁸ There also needs to be a focus on provision for disabled children. Parents have told us that there is a lack of suitable childcare, and particularly out of school care, including holiday childcare, for disabled children. Services are not joined up so, for example, even if there is suitable after school provision, school transport for disabled children is timed so that they are unable to use the provision. Disabled children may also need care at older ages than children who are not disabled.

The National Advisory Council on Women and Girls has recommended that 50 hours per week of funded, good quality and flexible education and childcare should be provided for all children between 6 months and 5 years old⁴⁹ and the Social Renewal Advisory Board built on this to recommend that this offer should be integrated with a funded or subsidised out of school care entitlement for child up to 12 years old.⁵⁰ It also recommended that this should include provision that meets the needs of disabled children.

As a starting point, the Commission welcomes the Scottish Government's commitment to expand funded early learning and childcare to all 1 and 2 year olds, starting with children from low income households, during this parliament, and to build a system of 'wraparound' childcare, for school-aged children, which will be free to those on the lowest incomes. There is no time to waste in delivering this commitment; action needs to happen now and be of sufficient scale, rather than small pilots. We reiterate the Social Renewal Advisory Board's recommendation here and note that access to out of school care may need to extend to older disabled children in order to meet their needs.

Northern Ireland has recently introduced a non-repayable grant of up to £1,500, paid in advance to a registered childcare provider, to try to address the barrier to employment that is created by parents having to pay childcare costs upfront when they start work, before they can claim them back under Universal Credit. The Scottish Government should look at whether this could be introduced in Scotland. This could help bridge some of the gap until the further expansion of early learning and childcare and wraparound care is implemented.

47 [Child-Poverty-Scrutiny-2021-Annex-Experts-by-experience-workshops.pdf \(povertyinequality.scot\)](#)

48 [Scottish Childminding Association - Early Learning & Childcare Audit 2021](#)

49 [First Minister's National Advisory Council on Women and Girls - 2018 First Report and Recommendations](#)

50 [If not now, when? - Social Renewal Advisory Board report: January 2021](#)

Transport

“Living in a rural area, we can't access work easily. You can't get to workplaces on a single bus before 9am. You can't get to an affordable supermarket, so spend more... We are not alone where I live. This is a massive problem in Scotland outside the cities.”
– Panel member

“If it's just affordable but there is no bus, train, or you can't get on it because it's not accessible, then that doesn't make sense by itself. So, yes, it has to be affordable but it needs to tick those other boxes too.” – Panel member

The cost of transport and lack of availability and accessibility of suitable transport can act as a barrier to education, training and employment. Transport needs to be affordable, go to the places where people can access jobs and education, and be reliable, so that people can get to work or college on time. People in rural areas can face particular difficulties because services cost more, are not available or are very infrequent. Even in more urban areas, transport between low income neighbourhoods and employment opportunities may be poor.⁵¹ This is particularly the case for those doing shift work, where bus services may not be available in the evening or weekends. Women may face particular transport barriers, as their travel is more likely to involve 'trip-chains', where they need to combine nursery or school drop-offs with getting to work. Potential earnings often have to be weighed against the cost of travel when looking for work.

The Scottish Government is introducing free bus travel for young people under 22 from January 2022. We welcome this as it will reduce costs for families and increase opportunities for young people. Many members of our Panel felt that public transport should also be free for those on low incomes. Some thought it should be targeted at particular groups, such as those looking for work, in education or training, or asylum seekers, while others thought that it should be made free for everyone, which would remove any stigma for those on low incomes.

The Commission recommends that the Scottish Government should test ways of making travel 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. This could be linked to the Scottish Government's planned Fair Fares review. It should also look at extending concessionary travel to cover community transport. In testing ways to make travel more affordable the Scottish Government should look at the impact on availability of transport, and consider alternative ways to support disabled people and those in rural areas who might not benefit from concessionary travel. One way to cover some of the cost extending concessionary travel to those on low incomes would be to consider raising the qualifying age for concessionary travel (currently 60 years old) to retirement age.

51 [Tackling transport-related barriers to employment in low-income neighbourhoods](#)

The previous Poverty and Inequality Commission made a number of recommendations on transport that the Scottish Government should also revisit.⁵²

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.

6.2.3 Supporting parents to get, sustain, and progress in employment

Parents may need support to gain skills and work experience, and be supported with their personal circumstances, in order to move into employment, or to increase their hours, or progress to better paid work. Disabled parents, minority ethnic parents and parents with caring responsibilities can face additional barriers to employment. Some parents can face discrimination from employers and others in trying to get and sustain employment.

Parents, and particularly those facing additional barriers, need to be involved in designing solutions around work and earnings. Otherwise those actions may fail to meet their needs. A previous Commission discussion with minority ethnic women about employment,⁵³ for example, found that while the women considered that it was a good thing that the government recognised that people from minority ethnic groups often faced problems in securing employment, and that they wanted to address this, they did not think that the suggested actions in response were sufficient. They felt that they missed the point of the real issues around employment that people from minority ethnic groups faced, such as why they tended to be in lower-paid jobs. They thought a good place to start would be to seek to understand why people from minority ethnic groups do not have access to better jobs. The women also identified that a positive action for them would be better access to self-employment

52 [Poverty and Inequality Commission - Transport and Poverty in Scotland - June 2019](#)

53 [Report to the Social Renewal Advisory Board from the Addressing Low Income Policy Circle - 2021](#)

or business start-up advice. This was because migrants often find it difficult to find paid employment and therefore turn to self-employment. However, there was a lack of support or advice for them in this area.

Employability support

Employability support is covered by a mix of devolved and reserved powers. Powers to provide employment support for disabled people and those at risk of long-term unemployment have been transferred to Scotland. The Scottish Government's Fair Start Scotland service and the Parental Employability Support Fund potentially have a significant role in reducing child poverty through employment. However, while positive outcomes have been delivered for individual families, the scale is small when compared to the number of parents who need to move into work, or increase their hours, in order to meet the child poverty targets.

Fair Start Scotland is designed to support people in Scotland who face a range of challenges in securing and retaining work, including people with a disability or health condition, people with convictions, care-experienced young people, single parents, refugees, people from minority ethnic groups, and people who live in some of the most deprived areas in Scotland. Problems with data collection have made it difficult to assess the contribution of Fair Start Scotland in tackling child poverty. Initially Fair Start Scotland was not collecting data on whether participants were parents and for the first two years of the service there was no information about the impact for parents or the priority families, despite Fair Start Scotland being identified as an action in the Child Poverty Delivery Plan.

The first information about parents was available in 2021, with the last child poverty progress report noting that 4,973 parents had been supported in the three years since the Fair Start Scotland service launched, and 1,539 parents had moved into work. The most recent evaluation⁵⁴ of Fair Start Scotland included a telephone survey to identify whether participants were members of a priority family group. It found that around a fifth of participants (21% in Year 2 and 19% in Year 3) were members of a priority family group, most commonly having a disability or health condition, or being a lone parent.

Compared with the overall unemployed population in Scotland, a lower proportion of women and of people from ethnic minority groups have been part of the programme than would have been expected. Minority ethnic participants were less likely to find several types of support useful, compared to those that were not from minority ethnic groups, and somewhat less likely to rate the services as highly. Disabled people were more likely to participate in the programme than would have been expected, but were less likely to start and sustain work. Lone parents were less likely to start work.

54 [Fair Start Scotland: evaluation report 4 - year 3 overview - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fair-start-scotland-evaluation-report-4-year-3-overview/pages/10.aspx)

This evaluation helps identify where improvement is needed. The Scottish Government has said that as part of its continuous improvement activity, service providers are implementing action plans and the Scottish Government is introducing 'test and learn' pilots to improve engagement with underrepresented groups, including people with convictions, vulnerable women, minority ethnic groups and those with health conditions and disabilities who would benefit from specialist support.

The Scottish Government need to improve the data that is collected about the priority families and continue to use its data and evaluation to work with providers to adapt and improve Fair Start Scotland to meet the needs of the priority families. The Scottish Government and providers should work with experts by experience and expert organisations to understand what kinds of support will work best.

The **Parental Employability Support Fund** was established as part of the first Child Poverty Delivery Plan. It is being collaboratively managed by the Scottish Government and local government. An important aspect of the Parental Employability Support Fund is that, unlike most other employability work, it aims to address in-work poverty and around two thirds of the investment is targeted to support parents who are in work on low incomes to progress in employment, while the other third is targeted to support parents not yet in work. The fund includes targeted funding for disabled parents and young parents.

While the Parental Employability Support Fund was first announced in the first Child Poverty Delivery Plan in 2018, there is little to point to in terms of concrete progress. COVID-19 has clearly hit the implementation of this work, but there is also very little detail available of how the fund was expected to deliver pre-pandemic. There is no national data yet available on the types of support being provided, the number of parents being supported through the fund, or the outcomes of that support. Very few of the Local Child Poverty Action Plans provide any information about the Parental Employability Support Fund.

Despite the lack of evidence about how the Fund is being used and what outcomes it is achieving, the Commission is nevertheless recommending that the Scottish Government should increase its funding. This is because the number of parents that the Scottish Government has estimated will benefit from the Fund is low relative to the scale of change that is needed to meet the targets. Holistic family-centred employability support has to be one of the key strands of the next Delivery Plan and it must be delivered at greater scale if it is to have an impact. The current lack of evidence means that it is vital that Scottish Government and local authorities monitor the types of support being provided and the outcomes achieved, especially for the priority families. They must use this information to understand what is and is not working, and adapt the support offered to meet families' needs. Experts by experience must be involved in the ongoing development of the Parental Employability Support Fund.

The Commission is also recommending that the Scottish Government creates 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.

There are particular barriers for disabled parents in trying to get into employment and members of our Panel felt that employability programmes were not working for disabled people.

“Employability programmes for disabled people don’t actually lead to jobs. They’re not working. Government needs to really know what is going on and what impact these programmes are having to decide whether to carry on or stop them.” – Panel member

The data from Fair Start Scotland suggests that disabled people are engaging with employability support, but that outcomes are poorer than for other participants. Our Panel suggested that disabled people could end up ‘doing the rounds’ of these type of programmes without them leading to a job. They emphasised that employability programmes needed to be more person-centred and have stronger links with employers and real jobs at the end. They felt that larger, non-specialist organisations delivering employability support did not always have a good understanding of how to support disabled people, and that Disabled People’s Organisations, that are run by and for disabled people, were best placed to do this.

The Panel said that the Scottish Government needed to understand more about what was happening on these programmes and what impact they were having in order to decide what to fund.

The Panel suggested that the biggest barrier to employment for disabled people was employers.

“The main barrier facing disabled people who want to work is employers ... We need to create a space for people to work and contribute, and not judge them. So yes, we might be able to fix the benefits system, but we need employers to do some work too.” – Panel member

Encouraging employers to provide more opportunities for home working and flexible working was one area that the Panel identified would help disabled people and those with health conditions. It was felt that the pandemic has shown how much flexibility there is to allow people to work from home.

The biggest thing that the Panel thought would make a difference was changing employer attitudes. They suggested that it was employers, rather than disabled people, who needed to be retrained, to see disability in a different way. There are Disabled People’s Organisations that work with employers on ‘employerability’, and the Panel supported the idea that there should be more of this work. The Panel asked what incentives there were for employers to employ and support disabled people. Members of the Panel suggested that the Scottish Government should make employing disabled people and following best practice a condition of getting Scottish Government funding.

Both the Panel and the Commission want to highlight that none of these actions on employability will help children from asylum-seeking families, because asylum seekers do not have the right to work. Asylum seekers want to have the opportunity to work and to contribute to society.

“We feel isolated, no matter what they try to do because you are always the other person and you can’t work. And when you say ‘I am an asylum seeker’, there’s always this pity. Even when you say you have skills and can do things, people look down on you. Meanwhile I am giving my services and skills for free.” – Panel member

In line with recommendations from the Social Renewal Advisory Board, the Scottish Government should strengthen its ask of the UK Government to allow asylum seekers to work while they are awaiting a decision on their asylum claim and clarify whether asylum seekers and migrants with No Recourse to Public Funds can access employability support services.⁵⁵

Education and skills

“Before I got ill I was working in a financial company. The first training I was offered when I couldn't work was on how to make a budget and I looked at them and said, 'I could probably run that course.' Training needs to be something that fits people's needs, not just something that ticks a box.” – Panel member

Investment in education and skills, alongside employability support, can both prevent poverty and offer parents experiencing poverty a route into work or better paid work. Investment in school age education, along with investment in the Young Person's Guarantee, apprenticeships and colleges, can help prevent child poverty in the future, when those who benefit become parents.

A significant area of investment in preventing poverty has been the Scottish Government's investment in closing the poverty-related educational attainment gap. The Scottish Government invested £750 million over the course of the last parliamentary term to help close the poverty-related attainment gap and has committed to investing a further £1 billion in this parliamentary term. A report by Audit Scotland found that the attainment gap had narrowed slightly in recent years, and acknowledged that reducing the poverty-related attainment gap is a complex challenge and will take time. It said, however, that improvement needs to happen more quickly, and that given the level of resource being invested and the slow rate of improvement in attainment, the Scottish Government needed to be clearer about the anticipated pace of change, identify and measure against appropriate milestones, and consider the lessons about what works in determining how funding is directed. This is particularly important given the evidence that the attainment gap has widened again due to the pandemic. These messages, about being clearer about expected impact, monitoring and evaluating progress and using learning to direct future funding and policy, very much align with the Commission's advice on child poverty investment more broadly.

The Scottish Government is investing in a number of skills initiatives, including:

- the Young Person's Guarantee
- the National Transition Training Fund, which aims to help up to 10,000 people aged 25 and over, who have lost their jobs or who are at risk of redundancy as a result of COVID-19
- the Green Jobs Workforce Academy, which aims to support existing employees, and those who are facing redundancy, to undertake the necessary upskilling and reskilling they need to secure green job opportunities as they emerge

These initiatives will not necessarily benefit the majority of families experiencing child poverty. While there are some existing skills interventions that might benefit these families, such as Individual Training Accounts that offer £200 towards training for people on low incomes, it seems that more could be done to invest in skills for those parents at greatest risk of poverty.

55 [If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/SRAB-report-January-2021.pdf)

Research for the Commission⁵⁶ found that there has been a fall in employers providing development opportunities and training. It also cited the Scottish Government's Digital Economy Business Survey⁵⁷ which found that the Scottish workforce is less likely to have essential digital skills for work and just one in five (21%) of businesses stated that their existing staff were fully equipped in terms of skills to meet the business' digital technology needs. Despite this, nearly half of businesses said they were not taking action to develop their employees' digital skills and had no plans to do so.

Our Panel's view aligns with this evidence, as members of the Panel felt that employers were not willing to invest in workforce development and to take on people without experience and train them. They supported the idea of on-the-job training and development. Some of the things members of the Panel were interested in included:

- incentives for employers to invest in training and development
- more and better paid apprenticeships
- more investment in further education
- more practical placements as part of degrees and further education
- a focus on local job markets and pathways into work that aligned with local opportunities
- real-life careers advice in schools

Audit Scotland has published a Planning for Skills⁵⁸ audit which concludes that the Scottish Government needs to take urgent action and provide leadership to achieve the outcomes it wants for skills planning and provision. The audit highlights that current arrangements are not likely to realise the ambitions the Scottish Government has set for skills at the pace that is needed. The Scottish Government should build on the findings of this audit to consider what evidence there is about the impact of its skills investment and provision on child poverty, and what further investment may be needed, or how its investment might be targeted differently to increase its impact on child poverty. It should explore how employers can be incentivised to invest more in on-the-job training.

56 [Good jobs in Scotland - Research for the Poverty & Inequality Commission](#)

57 Scottish Government (2021) [Digital Economy Business Survey](#).

58 [Planning for Skills Audit - Audit Scotland - January 2022](#)

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.

7. Housing costs

Summary

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. Nevertheless, it is estimated that between 40,000 and 50,000 children in Scotland are locked into poverty by the cost of housing, as they are only in poverty after housing costs are taken into account. Action on housing costs could lift large numbers of children out of poverty, even if it cannot meet the child poverty targets on its own.

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 and further action needs to be taken to maximise the impact of housing policy on child poverty. The next Delivery Plan should also look at the full costs of living in a home, and particularly at fuel costs and the impact of decarbonisation on fuel costs.

The Commission recommends that:

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

7.1 The importance of housing costs to child poverty

Addressing housing costs, along with social security, and work and earnings, is one of the key levers for reducing child poverty. The child poverty targets measure poverty after housing costs⁵⁹ are taken into account, because housing is recognised as one of the most significant costs that families face. 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.⁶⁰ Nevertheless, nearly half (47%) of children living in the social rented sector are living in relative poverty, while four out of 10 (40%) of children living in the private rented sector are living in relative poverty.⁶¹ JRF estimates that between 40,000 and 50,000 children, in both the private and social rented sectors, live in poverty only after their housing costs are taken into account. The cost of housing is locking these children in poverty.⁶²

The impact of housing costs on families has to be seen in the context of policies on social security. Housing benefit, and the housing costs element in Universal Credit, play a role in helping to reduce child poverty by paying for some or all housing costs for families on a low income. However, Local Housing Allowance rates, which are used for the purpose of calculating housing benefit and the housing costs element in Universal Credit are set at the 30th percentile of market rents for an area. This is set by the UK Government. The rates were frozen from 2016 for four years, meaning that increasing numbers of families in the private rented sector have faced a gap between their actual rent costs and their housing benefit. In March 2020 the Local Housing Allowance was increased to once again match the 30th percentile, but was frozen again in March 2021.

59 Housing costs include rent/mortgage interest payments, water rates, structural insurance premiums and ground rent and service charges.

60 [Poverty in Scotland 2019 | JRF](#)

61 [Scottish Government - Poverty and Child poverty data download](#)

62 [Laying the foundations for a Scotland without poverty | JRF](#)

JRF has reported that on average Scottish social renters⁶³ saw their housing costs rise by 9% over the period 2012-15 to 2016-19. The impact of policies such as the benefits freeze, benefit cap and two-child limit, combined with this increase in housing costs resulted in an additional 40,000 more social renters in poverty by 2016-19 than there were five years previously. In comparison 50,000 fewer people in private renting households were in poverty by 2016-19 compared to five years previously, due to a combination of rising wages for those in employment, and rent increases only marginally higher than inflation. However, national figures for rent increases in the private sector obscure significant local variations with above-inflation increases in key high-pressure, high-cost areas in the Lothians, parts of Greater Glasgow, Fife and Forth Valley, and in family-sized accommodation of three or more bedrooms.⁶⁴

In addition to the difficulties that families can face with ongoing housing costs, the pandemic has led to increased concerns about the potential for significant rent arrears. At 31 March 2021, total arrears in the social rented sector stood at just over £160 million up by nearly 10% on the previous year.⁶⁵ The Scottish Housing Regulator's research with its Tenants' Panel (social rented sector tenants) found that 40% have experienced difficulties affording their rent and 64% were concerned about future affordability. Data on arrears is not available for the private rented sector, but Citizens Advice Scotland reports that requests for advice on private rented sector rent arrears have increased⁶⁶ and research by the UK Collaborative Centre for Housing Evidence⁶⁷ has estimated that around 25% of private rented sector tenants could have arrears amounting to a total value of current arrears in the Scottish private rented sector in the region of £126m.⁶⁸ Rent arrears can lead to big pressures on tenants' incomes, risk of eviction and difficulties in moving property in the future.

7.2 What are the key issues for the next Child Poverty Delivery Plan on housing?

The interaction between housing policy, housing costs, and child poverty is complex, particularly because of the interaction with benefits. In order to try understand what contribution action on housing costs could potentially make, Fraser of Allander Institute modelled a scenario where housing costs for families in poverty were reduced to zero.⁶⁹ They estimated that this would reduce child poverty by three percentage points by 2023/24 and cost in the region of an additional £300 million.⁷⁰

It is clear that action on housing costs could lift large numbers of children out of poverty, even if it cannot meet the child poverty targets on its own. It can also prevent more children from experiencing poverty. The importance of housing for families means that taking action on housing costs is the right thing to do. While modelling is helpful in giving us a better understanding of how housing policies could directly impact on the child poverty targets, it is important not to focus too narrowly on only the costs measured as part of the targets. The Child Poverty Delivery Plan should take account of the full range of costs involved in living in a home, including fuel costs and council tax. It is also vital to consider the interaction of housing policies with other policies, not just social security, but also policies such as employment, fuel poverty, decarbonisation and transport.

63 These are all households, not just households with children.

64 [Poverty in Scotland 2020 | JRF](#)

65 [Michael Cameron - TIS Rent Setting and Affordability event 8 September 2021 | Scottish Housing Regulator](#)

66 [Annual Housing Data Briefing | Citizens Advice Scotland \(cas.org.uk\)](#)

67 [20211028_CaCHE_ThePandemicRentArrearsCrisis_FINAL.pdf \(housingevidence.ac.uk\)](#)

68 This is likely to be an upper estimate, and possibly an overestimate, as experience of arrears was likely to influence landlords' participation in the research.

69 [Child-Poverty-Final.pdf \(fraserofallander.org\)](#)

70 Total cost is £600m taking account of existing UK Government housing benefit spend.

Understanding more about the 40-50,000 children that JRF has identified that live in poverty only after their housing costs are taken into account, could help us understand where taking action on housing costs, rather than just looking to raise income, could be effective. These children live in both the private and the social sectors, and many of these households contain someone who is working.⁷¹ Understanding more about this group of children, and especially how they relate to the priority families, could help us target action on housing more effectively. For example, disabled people may face higher costs for accessible housing, so it would be important to identify how many of these children are in household where someone is disabled.

In its advice on the first Child Poverty Delivery Plan, the previous Poverty and Inequality Commission noted that existing housing policy had not been designed in order to address child poverty, that there was scope for additional action on housing costs, and recommended that the Scottish Government and partners should undertake further work to explore this.

It still seems to be the case that addressing child poverty is not an integral part of designing housing policy. The Commission continues to welcome the Scottish Government's commitment to invest in affordable housing, and social housing in particular. Social housing can provide families with secure, affordable housing and help tackle poverty. However, investing in a certain number of affordable homes is not the same as designing policy to maximise its impact on child poverty. The Scottish Government must reframe housing policy issues through the lens of child poverty more strongly than it currently does.

There are broadly two approaches to directly reducing housing costs for families. The first approach is to increase incomes through social security in a way that is targeted at housing costs. The second is to actually reduce the costs themselves, for example by increasing the availability of social housing, or reducing or capping rents.

7.2.1 Social security and rent affordability

“A lot of people are in poverty because they're in the rented sector and are being asked to make up the difference in housing costs. I was £300 short a month and on a low income, that is a huge amount of income to make up every month.” – Panel member

JRF has modelled a situation that improved social security support for housing costs by:

- increasing local housing allowance (LHA) rates so that they cover rents in full in the private rented sector
- freezing social rents in cash terms between now and 2023
- removing the benefit cap

This combination of actions would lift 10,000 children out of poverty.⁷²

71 [Laying the foundations for a Scotland without poverty | JRF](#)

72 [Laying the foundations for a Scotland without poverty | JRF](#)

Policies on Local Housing Allowance rates and the benefit cap are reserved so this action can only be taken by the UK Government. In the absence of UK Government action, the Scottish Government could consider using alternative means to achieve the same result, for example through Discretionary Housing Payments. The Scottish Government already provides funding through Discretionary Housing Payments to fully mitigate the impact of the Bedroom Tax. The remaining Discretionary Housing Payments funding can be used for a variety of purposes, including to support families affected by the benefit cap or shortfalls in the Local Housing Allowance. The Scottish Government could consider using this route more consistently to address housing costs for those whose housing costs are impacted by UK benefit policies.

7.2.2 Reducing housing costs through more social housing

JRF modelled moving all parents in poverty currently in the private rented sector, into the social rented sector.⁷³ The modelling estimated that this could reduce child poverty by around two percentage points and release 20,000 children from poverty. It would require an increase in the supply of social housing, particularly in areas of high demand.

The Scottish Government had committed to building 50,000 affordable homes during the last parliament. Due to the impacts of the pandemic, completion of the homes was delayed, but between April 2016 and March 2021, 41,353 affordable homes were delivered, 28,154 of which were homes for social rent. In the latest Programme for Government, the Scottish Government committed to delivering 110,000 affordable homes by 2032, with at least 70% in the social rented sector.⁷⁴ The Commission welcomes this continued commitment to invest in social housing and the role that this can play in reducing poverty, alongside the wider benefits of security, stability and better-quality homes for families.

While the Commission values the Scottish Government's commitment to deliver affordable housing, it has consistently said that the Scottish Government needs to do more to understand who is benefitting from its housing investment and how it can maximise the impact of its investment on child poverty. Our Panel has questioned whether the housing being built is of the right type to meet families' needs and emphasised the need for larger housing, physically accessible housing and housing in the right locations for families.

“Things like ‘affordable housing’ sound wonderful, but if that only means two bedroom flats in blocks that aren't accessible, that are no good for larger families, that defeats the purpose in many ways.” – Panel member

In *Housing to 2040*,⁷⁵ the Scottish Government does not explicitly connect its affordable housing commitment to an analysis of housing need, and in particular does not look at what affordable housing may be needed to address child poverty.

Local Housing Strategies, and Housing Needs and Demands Analysis that provides the evidence that underpins them, are the starting point for identifying the types and tenures of housing that are needed in a local area. This is used by local authorities to prepare a Strategic Housing Investment Plan (SHIP). These SHIPs are used to inform Scottish Government investment decisions in the Affordable Housing Supply Programme.

73 [Laying the foundations for a Scotland without poverty | JRF](#)

74 [A Fairer, Greener Scotland: Programme for Government 2021-22 \(www.gov.scot\)](#)

75 [Housing to 2040 - gov.scot \(www.gov.scot\)](#)

If the Scottish Government's investment in affordable housing is to maximise its impact on child poverty, it is essential that the tools, guidance, strategies and plans that underpin decision-making consider child poverty. At present the methodology for analysing need does not take account of families in the private rented sector that are locked into poverty by unaffordable rents. For homeless households and projected new households, affordability is measured as a percentage of income, with no assessment as to whether the remaining income would leave them above or below the poverty line.

Our Panel and other families we have spoken to with lived experience of poverty have identified that there can be particular difficulties for families living in the private rented sector. These families are not a priority for social housing because they are not homeless, but may face unaffordable rent, and sometimes additional challenges around lack of security and unsuitable or poor quality housing.

"I am in private rent, which is extortionate but, because I've managed to afford it so far – even though I'm left with next to nothing at the end of the month – I don't really qualify for getting somewhere council. They're pretty reluctant to give me anything because I have managed for a few years." – Panel member

Many current Local Housing Strategies were prepared before the Child Poverty (Scotland) Act 2017 was passed, and therefore very few show any analysis relating to child poverty, and where there is analysis it tends to summarise child poverty statistics for the area rather than relate those to housing and housing need. The Commission would expect to see future strategies consider how local housing policies and investment can contribute towards reducing child poverty, and would expect Scottish Government tools, guidance and scrutiny to support this.

Despite funding from Scottish Government, new social housing is also funded by local authority and housing association borrowing. There is therefore a trade-off between keeping rents as affordable as possible versus using rent money to enable more homes to be built. The Scottish Government should look at the full range of ways that costs of building to social landlords could be reduced, including through the disposal of public land.

7.2.3 Capping or reducing social and private sector rents

In the Programme for Government the Scottish Government committed to publishing a new Draft Rented Sector Strategy before the end of 2021 and to consult on it in 2022. It said that the Strategy will aim to promote affordable tenancies and safeguard tenants from unfair rent increases, no matter their tenure, and include plans to enhance and increase tenants' rights. The strategy will also aim to ensure rents are affordable through an effective national system of rent controls, with an appropriate mechanism to allow local authorities to introduce local measures.⁷⁶ The Scottish Government and Scottish Green Party Draft Shared Policy Programme commits to consulting on the options, delivering legislation and implementing rent controls by the end of 2025.⁷⁷

For the social rented sector, the Housing (Scotland) Act 2001 allows social landlords to increase rent (giving tenants at least four weeks' notice), but requires them to consult with tenants about rent increases. In addition, when suggesting a rent increase, landlords should keep in mind what is affordable for their tenants. The Scottish Federation of Housing Associations (SFHA) provides guidance and an affordability analysis tool to help social landlords analyse the affordability of rents.

76 [A Fairer, Greener Scotland: Programme for Government 2021-22 \(www.gov.scot\)](https://www.gov.scot/publications/programme-for-government-2021-22/pages/100/index.aspx)

77 [Scottish Government and Scottish Green Party: draft shared policy programme - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/draft-shared-policy-programme/pages/100/index.aspx)

In the private rented sector, the Private Housing (Tenancies) (Scotland) Act 2016 included provisions to designate Rent Pressure Zones, where a cap is set on how much rents are allowed to increase for existing tenants with a private residential tenancy each year in that area. These provisions have never been used, in part because it is too difficult for local authorities to collect the evidence required for one.

While the Commission supports the intention to keep rents affordable, the failure of rent pressure zones shows that before introducing any new rent control measures the Scottish Government must be much clearer about how they can be implemented and what the implications will be. As a starting point improved data collection is needed on rent levels in the Private Rented Sector.

7.2.4 Fuel costs

The child poverty targets take account of rent costs but not fuel costs. Action on heating and electric costs will not contribute to meeting the targets⁷⁸ but these are costs that have a significant impact on families, and are causing real concerns at the moment because of rising costs and the collapse of energy companies. Citizens Advice Scotland has reported that advice given on gas and electricity fuel debts (as a proportion of all debt advice) increased 53% from February 2020 to September 2021.⁷⁹

Some of the parents that we talked to in our child poverty workshops identified rising energy bills as a particular problem.⁸⁰ Some participants said they had been helped by Cold Weather Payments, and some had got money/vouchers towards the cost of heating through schools or third sector organisations, but they felt the government could do more to help families with the costs of heating. Poor quality housing and insulation and ineffective heating were exacerbating high costs.

The Commission's Panel has highlighted that even the supports that are available for those struggling with fuel costs are inconsistent. The Warm Home Discount, for example, is only available to people who are with energy suppliers who are signed up to the scheme. This means it is not available to many with smaller suppliers, or to people who use oil heating in rural areas. The Panel has also given examples of people being told that they cannot get any help with fuel costs from the Scottish Welfare Fund because of the type of payment meter they have.

This rise in the cost of heating comes alongside the need to cut carbon emissions to meet the 2045 Net Zero target. While action on energy efficiency can cut fuel costs for low income households, the move to decarbonise heating will require more expensive low carbon heat technologies. This will increase costs further for low income households and lead to higher levels of fuel poverty unless action is taken to ensure that costs are linked to the ability to pay. The Scottish Government will need to address this challenge and align its work in order to ensure it can meet its Child Poverty, Fuel Poverty and Net Zero targets.

Scotland has statutory targets on fuel poverty set out in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, which require no more than 5% of households be in fuel poverty (and 1% in extreme fuel poverty) in each local authority in Scotland, and Scotland as a whole. A

78 Reduced fuel costs could potentially increase income for other items and therefore have an impact on the combined low income and material deprivation target.

79 [Data Dashboard September 21 \(cas.org.uk\)](https://cas.org.uk/data-dashboard-september21)

80 [Child-Poverty-Scrutiny-2021-Annex-Experts-by-experience-workshops.pdf \(povertyinequality.scot\)](https://www.povertyinequality.scot/child-poverty-scrutiny-2021-annex-experts-by-experience-workshops.pdf)

new Fuel Poverty Advisory Panel is being established to advise the Scottish Government and scrutinise progress in tackling the four drivers of fuel poverty:

- poor energy efficiency of the home
- low household income
- high fuel costs
- how energy is used in the home

The Scottish Government should work with the new Fuel Poverty Advisory Panel to identify the best ways of improving energy efficiency and providing additional support with energy costs to families on low incomes, particularly the priority families. This work should be linked to its work on Just Transition, to ensure that work on decarbonising homes does not lead to higher energy costs for those on low incomes.

This work on energy costs should include looking at the Social Renewal Advisory Board's proposal that the Scottish Government should adopt the principles of Universal Basic Services and should undertake pilots into specific actions, including providing some element of free (or close to free) heat and power each day/week for low income households.⁸¹ This could include consideration of strengthened social tariffs for heat and power, making use of fuel vouchers and existing benefits to target those in fuel poverty and reviewing existing support for heating bills (such as Winter Fuel Payments, Warm Home Discount, Winter Heating Assistance, Cold Spell Heating Assistance).

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.

81 [if not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2021/01/Social-Renewal-Advisory-Board-report-January-2021.pdf)

8. Conclusions and recommendations

The actions set out in the next Tackling Child Poverty Delivery Plan will be crucial in determining whether Scotland meets the interim and final child poverty targets. The child poverty targets can be met but that 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.

There is no single policy, or small number of actions, that on their own will eradicate child poverty. The Scottish Government must put tackling child poverty at the core of design and delivery of all its work. This requires stronger leadership and accountability. Impact on child poverty must be a measure of success across the whole range of government policies.

There are very significant costs attached to some of the recommendations that the Commission makes, but investment on this scale is needed in order to meet the child poverty targets. This will require some difficult decisions about where funding needs to be reallocated from other work to tackle child poverty. These decisions are difficult but necessary since tackling child poverty is a national mission, and every pound that is spent should have some means of measuring whether it contribute to achieving the targets. There will be a limit to how much funding can be reallocated, so meeting the targets may also require additional revenue to be raised through tax. The Scottish Government should be ready to explore this, if needed, to deliver on the Scottish Parliament's commitment to Scotland's children.

This advice makes recommendations about the approach that the Scottish Government should take to the next Delivery Plan, and about some of the actions that should be included in it. It is crucial that the Scottish Government is clear in the Delivery Plan about what impact it expects its actions to have on the targets and how it will measure this. The next Delivery Plan must have a strong focus on implementation and make better use of evidence in designing, monitoring and evaluating policies and actions.

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 upfront 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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