



**POVERTY AND
INEQUALITY
COMMISSION**

Child Poverty Delivery Plan progress 2022-2023

Scrutiny by the Poverty and Inequality Commission

Prepared for the Scottish Government, May 2023



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1 Introduction

1.1 The Poverty and Inequality Commission's role

The Poverty and Inequality Commission provides advice to Scottish Ministers on poverty and inequality in Scotland. It also monitors progress in reducing poverty and inequality and promotes the reduction of poverty and inequality in Scotland.

The Commission has particular responsibilities in relation to child poverty and there is a statutory requirement, under the Child Poverty (Scotland) Act 2017, for the Scottish Government to consult the Poverty and Inequality Commission when preparing its annual child poverty progress report.

Scottish Ministers must consult the Commission on:

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

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

The Scottish Government's next progress report will cover the period April 2022 – March 2023. The Commission has been asked to provide its views on the progress made.

1.2 The Commission's approach to scrutiny

In March 2022 the Scottish Government published [Best Start, Bright Futures](#), its second child poverty delivery plan, covering the period April 2022 – March 2026. In its [2021-2022 scrutiny report](#), the Commission said that the Scottish Government must focus on implementing the commitments in Best Start, Bright Futures at pace and scale, while also developing the transformative policies needed to meet the 2030 targets.

In scrutinising progress over the past year, the Commission was keen to look in detail at what progress had been made in implementing some of the major commitments in [Best Start, Bright Futures](#), that might be expected to have the biggest impact on the child poverty targets. It selected the following commitments to focus on:

- Parental Employability
- Parental Transition Fund
- Affordable Housing Supply Programme
- Early Learning and Childcare
- School Age Childcare
- Pathfinders
- Social Innovation Partnership

The Commission has worked with members of its [Experts by Experience Panel](#) to undertake its scrutiny role. Commissioners and members of the Panel met with Scottish Government policy officials and analysts leading on these commitments to discuss progress and the Scottish Government provided written updates on the commitments.

The Commission also wanted to explore how data, monitoring and evaluation was being used to understand the implementation and impact of Best Start, Bright Futures and progress towards meeting the targets. Commissioners and Panel members met with analysts to discuss this and received a written update.

In addition, the Commission also wanted to understand the latest progress with some other significant commitments and received written updates from Scottish Government on the following commitments:

- Scottish Child Payment
- Whole Family Wellbeing Fund
- Free School Meals

The Commission also worked with the Improvement Service to hear from local authority child poverty leads through a meeting and a short survey.

1.3 The wider context

Progress in tackling child poverty in 2022-23 needs to be seen against the backdrop of the cost of living crisis and the budgetary challenges being experienced by the Scottish Government. In last year's report the Commission noted that we were seeing an increasing cost of living crisis with a fall in real incomes due to inflation outstripping wage and social security rises. Energy, food and transport costs were rising. This came on top of the ongoing impacts of the COVID-19 pandemic and Brexit. In 2022-23 the cost of living crisis has intensified and the Scottish Government has spent significant time and resources on trying to mitigate the impact of the crisis.

The Scottish Government budget for 2022-23 has faced pressures due to inflation, the cost of public sector pay increases, and unanticipated costs, such as mitigating the cost of living and supporting Ukrainian displaced people. In the summer the Scottish Government announced that it would conduct an Emergency Budget Review to balance finances and provide further support with the cost of living crisis. An initial prioritisation exercise in September 2022 made £560 million spending reductions against the published Budget, including a reduction of £53 million in spending on employability compared to the planned allocation. The full Emergency Budget Review was published in November and set out an additional £615 million of savings.

During the year the Scottish Government provided a range of cost of living support, including:

- uprating eight Scottish benefits by 6%
- doubling the value of the Scottish Child Bridging Payment in December 2022 to £260 per eligible child
- doubling the Fuel Insecurity Fund to £20 million
- establishing a new £1.4 million Island Cost Crisis Emergency Fund
- providing additional funding for cash-first responses to food insecurity
- putting in place a rent freeze and moratorium on evictions
- giving local authorities more flexibility to take account of energy bills in relation to Discretionary Housing Payments.

While the budgetary pressures in 2022-23 were exacerbated by high inflation and unanticipated costs, even without these additional costs the Scottish Government was already in a position where it had identified a £3.5 billion gap between its total spending aspirations and its likely budget by 2026/27.¹ Budgetary pressures continue to pose a threat to the Scottish Government's action to meet the child poverty targets.

¹ <https://www.gov.scot/publications/investing-scotlands-future-resource-spending-review-framework/pages/4/>

2 What progress has been made in 2022-2023 towards meeting the child poverty targets?

The most recent official statistic measures of child poverty do not show evidence of progress in reducing poverty at the scale that is required to meet the targets.

The increase in the Scottish Child Payment to £25 per week and its roll out to eligible under-16s during 2022-23 undoubtedly represents significant progress in tackling child poverty. It will make a real difference to the lives of children and families across Scotland.

Less progress has been made on some of the other key actions in Best Start, Bright Futures and the Commission is concerned that there does not seem to be the necessary clarity or sense of urgency about delivery of these actions. Funding to expand parental employability support was cut mid-year, the pace of action on funded childcare for one and two year olds and on school age childcare is slow, limited progress has been made in putting child poverty at the heart of the Affordable Housing Supply Programme, and there does not seem to be a clear path to scaling up from smaller scale local tests of person-centred approaches and systems change that Scottish Government is funding.

2.1 What do the child poverty statistics tell us?

[Annual statistics on child poverty](#), that are the official measures of progress against the four statutory child poverty targets, are published by the Scottish Government in March each year. The latest statistics published in March 2023 relate to data gathered during the 2021/22 financial year (with the exception of the Persistent Poverty target for which the latest data relates to the 2017-2021 period). This means that they do not capture the impact of action taken during 2022-2023, principally the increase of the Scottish Child Payment to £25 per week and its expansion to eligible under-16s.

These are the first official statistics on child poverty in Scotland since the COVID-19 pandemic due to disruption it caused (the last official statistics covered the 2019/20 financial year).² The most recent data are designated as National Statistics, a marking that indicates compliance with a rigorous code of practice in their production and data quality. However, as with many other surveys, the data sources that underpin the child poverty target statistics have experienced challenges in terms of declining response rates in recent years, and other impacts of the pandemic. This in turn causes difficulty in making assessments of progress towards the statutory targets.

The table below gives the single-year estimates for the four child poverty measures since 2017/18 (the year before the Scottish Government's first Tackling Child Poverty Delivery Plan was published).

	Statistics for each year(s)					Target levels (to be less than)	
	2017/18	2018/19	2019/20	2020/21	2021/22	2023 (Interim)	2030 (Final)
Relative poverty (% of children, after housing costs)	24%	23%	26%	-	23%	18%	10%
Absolute poverty (% of children, after housing costs)	22%	20%	23%	-	19%	14%	5%
Combined low income & material deprivation (% of children, after housing costs)	14%	12%	12%	-	9%	8%	5%
	2013-17	2014-18	2015-19	2016-20	2017-21		
Persistent poverty (% children, after housing costs)	16%	16%	19%	16%	18%	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 persistent poverty statistics cover a different time period, with the most recent ones based on 2017-21 data. No data is available for three of the targets during the 2020/21 year due to data quality issues resulting from the pandemic.

²For a more detailed discussion of how child poverty statistics were disrupted during the pandemic, see Annex A of the [Commission's Child Poverty Delivery Plan progress scrutiny 2021-22](#)

The Commission has noted in previous scrutiny reports that, as with all sample-based statistics, the child poverty statistics are subject to measurement uncertainty resulting from random error, and also systematic error resulting from changes in survey methodology and other factors. These are particularly acute in statistics from during and after the pandemic period, including the most recent child poverty estimates, despite efforts that have been made by the Scottish Government to boost the Scottish survey sample for the Family Resources Survey in recent years.

The Commission welcomes the Scottish Government's improvements to its analysis and reporting in its [2023 child poverty statistical update](#) that more clearly quantifies and displays uncertainty. This shows that the range of uncertainty around the single year child poverty estimates is particularly large in 2021/22, being around 10 percentage points either side of the best estimate. This means that while the best estimate of relative child poverty in 2021/22 was 23% we cannot confidently rule out it being as low as 13% or as high as 32%. This increased uncertainty in the official measures of child poverty, as set out in legislation, appear likely to continue into future years including potentially into the interim target year of 2023/24.

In addition to this, there are further issues with the combined low income and material deprivation measure as, due to restrictions in place during the COVID-19 pandemic, some of the necessities covered under the material deprivation item were not available to families during the pandemic period (e.g. participation in school trips, having friends round to share a meal). This means that the most recent 2021/22 data for the combined low income and material deprivation indicator is not comparable with pre-pandemic trends.

The combined effect of these issues is to make the interpretation of the relatively small changes that would be expected in any individual year-to-year period very difficult in the context of high uncertainty and a lack of comparability across years for some measures.

While two of the measures (relative and absolute poverty) have moved closer to the interim targets in the most recent data, these changes are relatively small and could be explained by chance movements in the data resulting from statistical noise rather than genuine change. The persistent poverty figures have been substantially revised since the [previous official statistic publication](#) and now suggest a trend away from the target. The combined low income and material deprivation indicator has moved closer to the interim target but this is likely to be in part an artifact of the methodological issues affecting this item during the pandemic period, so is not informative as to progress.

The [multi-year average child poverty statistics](#) for the relative and absolute poverty measures smooth out some of the statistical noise present in the single-year figures. They show an overall trajectory that indicates they are either not moving towards the targets, or moving towards them to such a limited extent that little confidence can be taken from them in regards to progress.

Looking at the multi-year trends and potentially also drawing on evidence from other sources can assist in attempting to triangulate a position and work around the uncertainty present in the single-year figures.

However, the fact remains that it is difficult in these circumstances to say much about progress looking at the single-year official statistics alone. Ultimately, these are the target measures set in legislation and will be the main source for the Scottish Government, Parliament and the Commission to look to in order to determine whether the targets have been met. Given this, the Scottish Government should use the time it has between now and the final targets in 2030 to scope out and identify cost-effective options to mitigate these issues.

The Scottish Government's Tackling Child Poverty Delivery Plans set out six priority family types. These are families at persistently higher risk of poverty – around 90% of all children in poverty in Scotland live within these families.

The tables below show the most recent data available for the six priority family groups. As with previous years there are data gaps for some groups where there are an insufficient number of households in each group to produce reliable statistics. In the most recent data, there is a further priority group (youngest child in the household under 1) where no statistics are published. For priority groups where data is published, the pattern of responses are largely similar to previous years. All priority groups continue to show increased risks of poverty, with minority ethnic and lone parent households at particularly higher risks for relative and absolute poverty.

The Commission has noted in previous scrutiny reports and in other publications that, while gaps in existing data for some priority groups are understandable for methodological reasons, there should be a continuous drive to increase the range and depth of reporting, including for combinations of characteristics. Challenges resulting from lower survey response rates and other factors mean this direction of travel will face additional headwinds. The Commission welcomes the recognition of intersectionality in the Scottish Government's recently published [Equality Evidence Strategy 2023-25](#). However, it is important that the operationalisation and prioritisation of elements in this strategy recognises that there continue to be quantitative data gaps for the priority groups on the target measures, that this position is worsening, and that this makes timely determination of the national-level impact of policies intended to reduce child poverty in individual priority groups difficult.

	2019-2022		
	Relative poverty	Absolute poverty	Combined low income & material deprivation
Interim target (2023)	18%	14%	8%
Final target (2030)	10%	5%	5%
All children	24%	21%	11%
Youngest child in the household under 1	-	-	-
Mother under 25 in household	-	-	-
Disabled household member(s)	28%	24%	18%
Minority ethnic household	39%	34%	16%
Lone parent in household	38%	36%	23%
3+ children in household	34%	32%	18%

	Persistent poverty 2017-2021
Interim target (2023)	8%
Final target (2030)	5%
All children	18%
Youngest child in family under 5	22%
Mother under 25	-
Disabled adult(s) in family	28%
Minority ethnic family	-
Single parent family	-
3+ children in the family	-

Note: In order to give the sample sizes needed for these groups the statistics use three and four year averages of the data. As the persistent poverty data comes from a different survey the definitions for the priority groups and the years covered are slightly different.

2.2 Progress on delivery of actions in Best Start, Bright Futures

This section summarises the progress that has been made in 2022-23 in delivering the actions set out in Best Start, Bright Futures. More detailed comments on progress with the key actions can be found in the annex to this report.

The most significant progress that was made in implementing actions in the Delivery Plan in 2022-23 was with the **Scottish Child Payment**. In March 2022 the Scottish Child Payment was £10 per week for eligible children under the age of six, but by March 2023 it was £25 per week and eligibility had been extended to eligible children under 16. While some delays have been experienced in processing new payments, this will make a very important difference to the lives of children and families in Scotland and will have a significant impact on progress towards the child poverty targets. The importance of delivering the Scottish Child Payment and getting cash directly to families cannot be overstated and the Scottish Government and Social Security Scotland should be congratulated for this.

Less progress has been made on some of the other key actions in Best Start, Bright Futures and the Commission is concerned that there does not seem to be the necessary clarity or sense of urgency about delivery of these actions. The Scottish Government had announced that it would make a big increase in investment in **employability support**, making up to £81 million available in 2022-23. This was intended to support a new offer to parents, providing support tailored to their needs through a dedicated keyworker – including support to access childcare and transport – and access to skills and training. But, in September 2022, because of the need to make budget savings, the Scottish Government said that it was cutting its planned employability funding for 2022-23 by £53m. While existing funding for employability services was protected, the Scottish Government has not been able to fund the new commitments in the Delivery Plan.

The in-year cut to employability funding in 2022-23 was a blow to the delivery of a significant element of the Delivery Plan's strand to raise income from employment. This means a year's delay in the investment that had been announced, with likely impacts on progress towards meeting the child poverty targets. Five years after the original commitment to a parental employability programme there is still not enough clarity about how to effectively target and deliver employment support that meets the needs of parents at the scale that is needed across Scotland.

In Best Start, Bright Futures, the Scottish Government also said that it would set up a new **Parental Transition Fund** to help parents with some of the financial barriers to moving into work – such as paying upfront for childcare, transport and clothing. The plan was to invest up to £15 million in 2022-23. Unfortunately delivery challenges meant that the Fund could not be implemented. The Commission recognises that the Scottish Government was committed to the policy intention behind the Parental Transition Fund and has put in a lot of work to try to make this happen but has faced major challenges in relation to reserved benefit and tax rules. This does, however, highlight the need for the Scottish Government to think more about delivery challenges in advance of announcing new commitments.

The duty to provide **1,140 hours of early learning and childcare** for three and four year olds and eligible two year olds came into effect in August 2021. The Commission is pleased to see very high take-up of the 1,140 hours for three and four year olds, and that Scottish Government is continuing to consider issues of flexibility, quality and funding in how it is delivered. Estimated take-up for two year olds is lower and the Scottish Government has worked with the UK Government to make new regulations so that data can be shared between HMRC, DWP, the Scottish Government and Scottish local authorities to help local authorities identify and contact households that have a 2 year old eligible for early learning and childcare. The Commission welcomes this important work which provides a good basis for understanding and improving take up.

Best Start, Bright Futures said that the Scottish Government would also develop funded offers for **early learning and childcare for children aged one and two**, starting with low-income households within this Parliament (by May 2026). The Scottish Government describes the current phase of this work as a research, insights and engagement phase that involves mapping current provision and building the evidence base. While it is clear that a thoughtful consideration is being given to the issues around expansion, it is the Commission's view that the Scottish Government is not yet making the progress that will be needed to deliver this commitment, probably due in large part to a lack of committed funding.

In Best Start, Bright Futures, the Scottish Government said that it would build a system of **school age childcare**, offering care before and after school, and during the holidays, by the end of this Parliament. It said that those on the lowest incomes would pay nothing. Over the last year the Scottish Government has established a Public Panel of parents, carers and childcare providers to explore the design of a new system of school age childcare and has worked with children to develop a children's charter for school age childcare. It has also invested £1 million in four early adopter communities.

The Commission welcomes the significant involvement of children and families in the development of school age childcare policy. The approach taken is one that other areas of Scottish Government can learn from. However, the pace of action on school age childcare has been slow. The original commitment to develop a new strategic framework for after school and holiday childcare was made in 2018, and the commitment to build a system of wraparound childcare, with those on the lowest incomes paying nothing, was made in 2021. It is now 2023 and Scottish Government has not defined who will be eligible for free childcare and there does not appear to be a clear path as to how access to school age childcare can be delivered at scale. There also does not seem to be sufficient focus on a plan for children with disabilities and additional support needs.

The availability of affordable housing directly impacts on the Scottish Government's ability to meet its child poverty targets as child poverty is measured after housing costs. Best Start, Bright Futures says that over the next four years, the Scottish Government will continue to invest in its **Affordable Housing Supply Programme**. It aims to deliver 110,000 more affordable energy efficient homes by 2032, including 70% available for social rent, and 10% in remote, rural and island communities. Although figures are not available up to the end of the financial year, up to the end December 2022 the Affordable Housing Supply Programme had delivered 7,493 homes towards its 110,000 target, of which 6,172 (82%) are homes for social rent.³ The available figures suggest that there has been a fall in the number of approvals and starts for affordable homes, which will impact on the number of homes delivered in future years.

The Commission has raised concerns in the past that the Scottish Government has not done enough to maximise the impact of its affordable housing investment on child poverty. Best Start, Bright Futures did consider one aspect of this, saying that the Scottish Government would strengthen housing planning processes to strengthen the focus on housing needs by size and location to ensure that larger family homes are delivered where they are required. In 2022 the Scottish Government revised its [Strategic Housing Investment Plan guidance](#) to reference this Best Start, Bright Futures commitment. However, the guidance is fairly broad and the need to look at this is not referenced in other guidance on Housing Needs and Demand Assessment and Local Housing Strategies. While this is a first step, it is likely that the revised Strategic Housing Investment Plan guidance will have limited impact if child poverty is not considered at all stages.

Best Start, Bright Futures sets out a number of areas of Scottish Government funding that are broadly about working at local level to test person-centred approaches and systems change that will contribute to tackling child poverty. These include the **Pathfinders, Social Innovation Partnership** and **Whole Family Wellbeing Fund**. These projects involve investment from Scottish Government to try to transform ways of working in order to provide better support for families. Further details of what they involve can be found in the annex. Action has been happening on all of these over the last year and it seems that they are individually delivering some positive outcomes for families. However, there does not appear to be a strategic view of how these projects fit together or what success looks like, making it difficult to judge the progress that is being made. They seem to be driven by available funding and individual priorities, rather than designed to operate coherently together and maximise learning. The Pathfinders and Social Innovation Partnership both describe aims of scaling up, but it is not clear what is meant by this or what impact this will have on progress towards reaching the child poverty targets for the six priority family groups.

³ [Housing statistics quarterly update: new housebuilding and affordable housing supply - gov.scot \(www.gov.scot\)](#)

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

Based on the available data and modelling, the Commission considers that it is unlikely that the Scottish Government will meet the interim targets in 2023-24. Nevertheless, the Commission does expect there to be a substantial reduction in child poverty due to the Scottish Child Payment and the importance of this to children and families should not be under-estimated.

The Commission's view is that there is a very high likelihood that the Scottish Government will miss the 2030 child poverty targets, unless it substantially increases the pace and scale of delivery. Despite already being five years into the 12 year delivery period, there seems to be a lack of urgency in delivering the actions that have been committed to. Some important actions were set out in Best Start, Bright Futures, including investment in employability support, and childcare in particular, but the rate of progress in delivering these is slow. The funding being allocated to actions to tackle child poverty, excluding the Scottish Child Payment, does not seem to match the ambitions set out in Best Start, Bright Futures. Further transformative action, beyond the existing commitments, will also be needed, but the Commission has not seen any real evidence of substantive thinking about what more action can be taken in order to meet the 2030 targets.

Is the Scottish Government likely to meet the interim targets?

At the time of writing this report in May 2023 the data has already started to be collected that will be used to determine whether the Scottish Government has met its interim child poverty targets. The reality is that, while further action taken over the coming year will have some influence, the action taken up until this point will mostly determine whether the interim targets are met.

The child poverty statistics are published the year after they are collected, so the most recent data available is for 2021-22. As discussed in the previous section, interpretation of progress in child poverty statistics is made difficult by a range of methodological issues, including the substantially lower sample size achieved in the underlying survey data sources in the most recent year of data. The 2021-22 statistics do capture the introduction of the £10 per week Scottish Child Payment for under 6s, but the full impact of the increase to £25 per week, and the roll out to under-16s, will not start to be seen until the 2023-24 data is available.

Overall, the most recent statistics do not provide the evidence of progress the Commission would want to see to reassure it that the Scottish Government is on course to meet the interim targets. Given the progress so far in implementing the first Delivery Plan and the first year of Best Start, Bright Futures it is clear that further decreases in child poverty will mainly be driven by the Scottish Child Payment. Modelling by the Fraser of Allander Institute has suggested that the Scottish Child Payment will drive around 60% of the expected reduction in child poverty by 2023-24. The key question is whether the increase and expansion of the payment will be sufficient to reach the interim targets.

When the Scottish Government published Best Start, Bright Futures, it published a cumulative impact assessment alongside the plan. This was very useful in indicating how much we can expect to see child poverty change as a result of the combined impact of a range of policies included in the delivery plan. It suggested that the interim relative poverty target could be met with the package of measures set out in the Delivery Plan, although the absolute poverty target was unlikely to be met.⁴ As with all modelling, the Scottish Government's cumulative impact assessment is based on a range of assumptions and subject to substantial uncertainty. Subsequently, JRF and Save the Children published a report containing modelling by Fraser of Allander Institute looking at the impact of the policies set out in Best Start, Bright Futures on the relative child poverty target. It concluded that the impact would be slightly less than predicted by Scottish Government and projected that relative child poverty would be 19% in 2023-24, rather than the 17% projected by Scottish Government.⁵

⁴The modelling does not look at whether the persistent poverty or the low income and material deprivation targets can be met, because these are more difficult to model.

⁵<https://www.jrf.org.uk/report/delivering-families>

One additional factor to note is that delays in implementation of policies are already likely to be having an impact on meeting the interim targets. The Scottish Government's cumulative impact assessment included modelling the extension of universal eligibility for Free School Meals to all primary school students for 2023/24. This extension has been delayed and it is not clear when it will be rolled out. While the overall impact of this on meeting the targets will be modest, it will play a small role in further reducing the chances of meeting the interim targets.

Given the changes in the wider economic environment and delivery challenges the assumptions in the Scottish Government's modelling may no longer hold true and Scottish Ministers should not be reassured that the relative child poverty interim target will be met.

The Scottish Child Payment is undoubtedly a game changer, but unless it has an impact that exceeds expectations and outweighs the negative impact expected from the wider economic environment, progress at the pace to date will likely result in the interim targets being missed. Taking into account the latest statistics and the available modelling, the Commission's view is that it is increasingly unlikely that the Scottish Government will meet the interim targets for 2023-24. Nevertheless, the Commission does expect there to be a substantial reduction in child poverty due to the Scottish Child Payment and the importance of this to children and families should not be under-estimated.

However close to the interim targets the Scottish Government gets, it will be important to look at which families are being lifted out of poverty and which ones are not. We know that the priority families are a much higher risk of poverty, with minority ethnic and lone parent households at particularly higher risks for relative and absolute poverty. It is important to understand whether all groups are benefiting from action or whether more targeted action is needed for some of the priority family groups. The Scottish Government should look at ways to increase its understanding of intersectionality and poverty, particularly to understand how families belonging to more than one of the priority groups may experience greater risk of, or greater depth of, poverty and additional barriers to benefiting from the action being taken.

It will also be important to look at what impact there has been on deep poverty to ensure that action is not primarily benefiting those closest to the poverty line. Recent analysis by JRF has shown that the number of people in Scotland living in very deep poverty (households below 40% of the median income line) has risen over the last 20 years. While the analysis does not look specifically at families or the priority family groups, it shows that while there has been a decrease in the proportion of people in very deep poverty in a couple household with children, very deep poverty has increased for single parents compared to in 1994-97. The analysis also found that very deep poverty was associated with having someone in the household who was disabled and that one third of all people from a minority ethnic background are trapped in deep or very deep poverty.⁶

There are also children who do not benefit at all from many of the actions that are being taken. Children from asylum-seeking families and families with No Recourse to Public Funds do not receive the Scottish Child Payment. These will be families in the deepest poverty and the Scottish Government should do all that it is able to within its powers to support these families and reduce the impact of poverty on these children.

Progress towards the 2030 child poverty targets

It is now the start of the 2023-24 year, and we are nearly halfway through the delivery period for meeting the 2030 child poverty targets. Progress so far towards meeting the interim targets is being driven primarily by a single policy, the Scottish Child Payment, that directly increases family incomes through social security. This cannot be the case for meeting the 2030 targets. The 2030 targets can only be met through delivering a range of actions that work together to transform our economy and deliver fair work, create the conditions to support parents who are able to work, provide adequate social security for those who are not able to work and reduce housing costs. Looking at the actions and policies set out in Best Start, Bright Futures, and the progress that has been made so far in delivering them, the Commission does not think that Scottish Government is close to being on track to deliver the kind of transformation that will be needed.

Despite already being five years into the 12 year delivery period, there seems to be a lack of urgency in delivering the actions that have already been committed to. The Commission is concerned at the slow pace of delivery. Some important actions were set out in Best Start, Bright Futures, including the investment in employability support, and childcare in particular, but progress has been slow. Plans to

⁶ Deepening poverty in Scotland – no one left behind? | JRF

expand parental employability support are now a year behind what was intended due to the cuts in planned funding. Only limited funding has been allocated for childcare expansion in 2023-24. The roll out of universal free school meals for children in P6 and P7 has been delayed.

This lack of urgency is likely to be driven in part, although not entirely, by budget constraints. The funding being allocated to actions to tackle child poverty, excluding the Scottish Child Payment, does not seem to match the ambitions set out in Best Start, Bright Futures. The difficult financial position means that relatively limited amounts of funding are being allocated for actions and therefore there is a focus on research, engagement and piloting, rather than delivering at scale. While these can all offer value, it means that the actions are unlikely to deliver fast enough to allow the Scottish Government to meet its child poverty targets. There needs to be clarity about whether sufficient funding is going to be available to deliver major policies such as childcare expansion.

Beyond funding challenges though, the Scottish Government still is not being explicit about what it is trying to achieve with many of its actions. In the case of funded childcare for one and two year olds and school age childcare, the Scottish Government is still working to define who should be eligible. This suggests that it is not entirely clear about what its policy intention is behind the actions announced. For a number of actions, the Scottish Government has talked about scaling up, but it is not clear to the Commission exactly what it intends to scale up and what success would look like.

The Scottish Government is working in a difficult context where the legacy of the pandemic, rising inflation and the need to mitigate the impact of the cost of living all have an impact. There are a range of external factors impacting on delivery of some key actions that the Scottish Government needs to take into account and look to mitigate. Delivery of the Affordable Housing Supply Programme, for example, is being impacted by high inflation, the consequences of Brexit on the availability and costs of labour and materials, along with the impact of the war in Ukraine on availability and costs of materials and increased energy costs. The increased costs of materials, impact on supplies and shortages in the workforce have slowed the rate of approvals and site starts. Falling numbers of childminders could have a significant impact, not just on the delivery of the Scottish Government's further childcare commitments, but also on current availability of childcare, which could make it more difficult for parents to move into or sustain work.

The Commission understands that the Scottish Government does not currently have plans to formally revisit and republish its modelling in light of both delivery challenges, and the substantially different economic context. All modelling involves assumptions and a slightly different set of assumptions may produce different results. The Commission would like the Scottish Government to set an example of openness and transparency in furthering the evidence available on child poverty by committing to regularly and transparently publish its modelling work on this issue, open to scrutiny of the Commission and others.

Looking beyond existing commitments, in last year's report the Commission said that, despite significant commitments in the Delivery Plan, it was clear that far more would be needed if the Scottish Government was to meet the 2030 targets, and that the Scottish Government could not wait until the next Delivery Plan in order to identify what further action was needed. The Commission identified a number of areas where action would be required, including on shaping the economy and improving existing jobs, affordable housing and transport. The Commission has not seen any real evidence of substantive thinking about what more will be needed in these areas in order to meet the 2030 targets.

The Commission's view is that unless there is a substantial increase in the pace and scale of delivery of the current commitments, and unless the Scottish Government starts work immediately to develop further transformative action, then the Scottish Government will not meet the 2030 child poverty targets.

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

The Scottish Child Payment is driving most of the progress towards the interim targets, but there will not be any single policy that can deliver the further reduction needed to meet the 2030 targets. The 2030 targets can only be met through delivering a range of actions that work together to transform our economy and deliver fair work, create the conditions to support parents who are able to work, provide adequate social security for those who are not able to work and reduce housing costs. We are now another year closer to 2030 and without urgent action now the Scottish Government will run out of time to meet the targets.

The Scottish Government must focus on delivering with urgency and at scale and commit to the funding required to deliver the action needed. It should revisit the National Strategy for Economic Transformation to ensure that it delivers the transformative change needed to tackle child poverty, and join up work across Scottish Government to maximise the impact of its policies and funding.

Most of the recommendations in this section of the report are not new, but they are now even more urgent. The Commission made similar recommendations in its report last year, and in previous years. We are now another year closer to 2030 and the Scottish Government is at risk of running out of time to take the action that is needed to meet the targets.

Recommendation 1: The Scottish Government must focus on delivery, and delivering with urgency and at scale.

Best Start, Bright Futures contained important action that could contribute towards meeting the child poverty targets, including a significant increase in investment in parental employability support, and commitments to develop funded offers for early learning and childcare for children aged one and two, and a system of school age childcare. But the past year has seen delays and a lack of urgency in working towards delivering these. Urgency is needed not just because of the timescales for the targets, but because children and families need this support now.

On some of its commitments there is a risk that Scottish Government is not moving beyond research, engagement and small-scale project funding. This will not be sufficient. The Scottish Government talked in Best Start, Bright Futures about ‘scaling up’. It needs to be clear what scaling up means in the context of different actions, how it will be delivered and the contribution it will make in progressing towards the child poverty targets.

Recommendation 2: The Scottish Government must commit to funding the actions required to meet the child poverty targets.

The funding being allocated to actions to tackle child poverty, excluding that for the Scottish Child Payment, does not seem to match the ambitions set out in Best Start, Bright Futures. This is likely to be one reason for the lack of pace of delivery. The Commission recognises the difficult financial situation and budgetary pressures, but there needs to be clarity about whether sufficient funding is going to be available to deliver the actions set out in the delivery plan to the necessary timescales. If the Scottish Government is committed to its national mission to tackle child poverty then it must ensure that funding is available to deliver the actions needed to meet the child poverty targets. This will require reprioritisation of spend across Scottish Government and for Scottish Government to make full use of its devolved tax powers to raise additional revenue to tackle poverty and inequality. The Commission will make specific recommendations on this later this year when its [working group on tax](#) concludes.

Recommendation 3: The Scottish Government must be clearer about what it aims to achieve with its actions and how it will know if it is being successful.

The Commission welcomed the effort in Best Start, Bright Futures to be more explicit about the impact of policies and actions on child poverty. Nevertheless, in last year's report it warned that many policies did not include estimates of the types and numbers of households that were expected to benefit and that there were still many policies which seemed to be being defined by the amount of money available rather than what they intended to achieve.

With this delivery plan we are seeing a lot more commitment to evaluation and starting to see improved data collection. This is all to be welcomed and it is clear that a lot of effort is being put into this. However, it appears to the Commission that the Scottish Government has still not clearly defined what it expects some of the actions to achieve. Even where data and evaluation is available for an action or policy, if Scottish Government is not clear what it expects the impact of the action to be then it will be very difficult for it 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 if it is unachievable or ineffective and should be stopped.

Recommendation 4: The Scottish Government should revisit the National Strategy for Economic Transformation to ensure that addressing poverty is a core strand that runs through every aspect of the strategy.

Best Start, Bright Futures acknowledges the need to transform Scotland's economy if the 2030 child poverty targets are to be met. There are some aspects of the [delivery plans](#) for the [National Strategy for Economic Transformation](#) that do have the potential to contribute to tackling poverty, such as the application of fair work conditionality to public sector grants, work to develop sectoral Fair Work Agreements, employability investment and work on Community Wealth Building. However, a much greater transformation of the economy will be needed to tackle child poverty. The Scottish Government must maximise its use of a range of levers including 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 must use its investment in childcare and social care to raise wages and deliver fair work.

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.

Recommendation 5: The Scottish Government must maximise the impact of all its spending by actively pursuing opportunities to join up policies across government.

The Scottish Government is not yet taking advantage of some of the opportunities to join up policies to maximise their impact on reducing child poverty. Examples include the need for careful consideration of how policies on skills, apprenticeships and parental employability can be aligned with investment in affordable housing, childcare expansion and the transition to net zero in order to create more opportunities for parents.

The Scottish Government should also look at where it has multiple projects and funding streams that are testing overlapping ideas around person-centred, relational support to families. It should develop a strategic view about how these different actions and funding streams fit together to ensure that they complement each other, and learning can be aggregated across them.

The Scottish Government's Child Poverty Programme Board has membership from twelve directorates across Scottish Government and should be well placed to consider how best integration across policy areas can be developed and maintained.

Recommendation 6: The Scottish Government must improve the way it embeds previous learning and existing knowledge into its policy processes.

The Scottish Government sometimes seems to reinvent and need to re-learn things because of lack of awareness of previous work and learning. There are examples, such as in some of the Pathfinder work, where it has seemed to start from scratch in testing ideas, rather than building on existing evidence and learning, particularly from community development work and the experience of the third sector. It should look at how it can embed previous learning, current good practice, and evidence into its policy processes.

Recommendation 7: The Scottish Government must continue to improve the transparency of its reporting on funding allocations.

While some improvements have been made in recent years in the transparency of information available, the actual level of financial resources going towards delivery of the child poverty commitments is often hard to determine or compare accurately with previous years. In the Budget documents it is sometimes difficult to reconcile the funding amounts set out in the text with the underlying budget tables. When funding is announced for particular commitments it is often unclear what is new money, and what is previously announced spend.

The Scottish Government should continue to improve transparency about funding in both major publications such as the annual Budget and in ad-hoc Ministerial announcements and statements.

Recommendation 8: The Scottish Government must continue to improve the quality and utility of its analytical outputs in relation to child poverty

Improvements have been made over time in the range of data and analysis the Scottish Government publishes to support progress towards the targets. This aids the Commission, the Scottish Parliament, stakeholder groups and the wider public to understand why policy decisions on poverty are made, and the effect of those decisions.

As the statistical measures for the interim and final targets are set in legislation, the high level of uncertainty within these data that is anticipated to continue from now into future years is likely to make assessing whether the targets have been met difficult. The Scottish Government should scope out and identify cost-effective options to address this, well in advance of the final 2030 targets, to mitigate this issue as much as possible. When making decisions about resource prioritisation in relation to gathering equality data, it should recognise that there are worsening data gaps for the six child poverty priority groups on the target measures, and look for ways to address this.

The Scottish Government's Cumulative Impact Assessment modelling was helpful, taken alongside other evidence, in determining the degree of change required to meet the targets. The Commission is disappointed that the Scottish Government has no plans to publicly revisit this exercise despite the economic and policy environment having changed substantially. The Scottish Government should reconsider its position on this, and use the opportunity to set an example in being open and responsive in revising modelling in light of changing circumstances and data.

Annex: Progress with key actions in Best Start, Bright Futures

This annex sets out in more detail the progress that has been made on the key actions that the Commission and Panel members considered as part of their scrutiny.

1. Scottish Child Payment

The most significant progress that has been made in implementing actions in the Delivery Plan in 2022-23 was with the Scottish Child Payment. In March 2022 the Scottish Child Payment was £10 per week for eligible children under the age of six, by March 2023 it was £25 per week and eligibility had been extended to eligible children under 16.

Applications for children over the age of six were opened on 14 November 2022. Over 90,000 new applications⁷ were received by Social Security Scotland in November and December 2022 and over 60,000 applications were processed during this period. By 31 December 2022 the estimated number of children receiving the Scottish Child Payment had increased to 184,000 children, compared to 104,000 as of 31 December 2021.⁸ This number will increase as all applications are processed.

The impact of the Scottish Child Payment on children and families should not be underestimated, but its impact on the child poverty targets is still to be fully seen. The most recently published statistics are the first where the Scottish Child Payment is likely to have had some impact, as the £10 payment for under 6s was available throughout the 2021-2022 financial year. At the moment it is hard to identify what impact it has had, particularly given the other things that will have had an impact during the same year, including the removal of the £20 Universal Credit uplift half way through the financial year, and changes to the Universal Credit work allowances and taper rate which came into effect in December 2021.

There are potential risks to relying heavily on a top-up benefit to meet the interim targets. At £25 per week per child, the Scottish Child Payment now has a significant cliff edge, where a small increase in income could result in a family coming off Universal Credit and losing all entitlement to the Scottish Child Payment. This could discourage families from increasing their hours or moving to better paid jobs, if they are going to end up financially worse off. Scottish Government analysts are monitoring Universal Credit award data, Employment Status by Universal Credit conditionality regime, and a range of other labour market and benefit data to assess the extent to which the Scottish Child Payment has any impact on labour market participation. To date they have not identified any evidence of a negative impact on labour market participation.

The Commission is pleased to see that Scottish Government is considering this issue. As part of its consultation *Scotland's Social Security System: Enhanced Administration and Compensation Recovery* which closed in October 2022 the Scottish Government asked consultees about their views on whether it would be useful to be able to make changes to the Scottish Child Payment that were not limited by the current approach that relies on 'top-up' powers. Almost all respondents agreed that this would be useful for a range of reasons, including make recipients less vulnerable to future changes to eligibility criteria for qualifying reserved benefits.⁹ Changing Scottish Child Payment to a standalone rather than top-up benefit would also create an opportunity for the Scottish Government to address the cliff edge. The Scottish Government is currently considering the consultation responses.

Social Security Scotland has previously published equality and diversity analysis looking at the characteristics of those applying for and receiving the benefits that it provides. It does not appear to have published this since May 2021. It is important that it continues to analyse and publish this data in order to identify whether there look to be differences in take up between the priority family types and whether different approaches need to be taken to raise awareness of entitlement and to support people to apply.

⁷ These did not include applications to add children over six onto existing Scottish Child Payment awards for younger children.

⁸ [Scottish Child Payment: high level statistics to 31 December 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-child-payment-high-level-statistics-to-31-december-2022/pages/1-to-31-december-2022.aspx)

⁹ [Social security system - enhanced administration and compensation recovery: consultation analysis - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-child-payment-high-level-statistics-to-31-december-2022/pages/1-to-31-december-2022.aspx)

2. Parental Employability

In *Best Start, Bright Futures* the Scottish Government said that it would make a big increase in investment in employability support, making up to £81 million available in 2022-23. This was intended to support a new offer to parents, providing support tailored to their needs through a dedicated keyworker – including support to access childcare and transport – and access to skills and training. The Scottish Government also said that in 2022 it would use this funding to work with the third and public sectors to create supported opportunities for around 600 parents and provide bespoke support to access its skills offer, benefiting 2,500 parents. This parental employability funding was to be part of the No One Left Behind employability approach, delivered in partnership with local government.

In September 2022, however, because of the need to make budget savings, the Scottish Government said that it was cutting its planned employability funding for 2022-23 by £53m. While existing funding for employability services was protected, the Scottish Government has not been able to fund the new commitments in the Delivery Plan. The Scottish Government also had plans to set up a lived experience panel to support the employability work, but this has been postponed due to the delay in expanding services.

The Commission is concerned about the lack of progress over the last year and that five years after the original commitment to a parental employability programme there is still not enough clarity about how to effectively target and deliver employment support that meets the needs of parents at the scale that is needed across Scotland. There has been a lack of urgency about the delivery of this commitment.

One area where some progress has been made is in developing the [shared measurement framework](#) to improve data about the who is being supported and outcomes being achieved. Since November 2022 the Scottish Government has been publishing outcomes for parents engaged in No One Left Behind support. The Commission has also heard some positive messages from some local authorities who feel that the funding and structure around employability funding is creating opportunities for progress.

Data is only available for the period April 2020 – September 2022 about parents accessing employability support under No One Left Behind. Of those starting to receive support during this period 5,944 (22%) were parents. Of these parents 1,304 people (22%) started employment, 400 people (7%) were supported to enter further or higher education or training, and 41 people started volunteering. Other positive results included 749 people (13%) gaining a qualification and 102 people (2%) starting work experience opportunities.¹⁰

In terms of the characteristics of parents accessing employability support, particularly in relation to the priority families, 74% were female, 16% from a minority ethnic group, and 13% were disabled. Sixty-two per cent of parents were lone parents, 12% were mothers under 25, and 24% had three or more children. The proportion of parents with a disabled child in the family was 11%, and 12% of parents had a youngest child under the age of 12 months.¹¹ The outcome data is not currently broken down by these characteristics so we do not know how the outcomes may vary for different groups of parents. We also do not have adequate comparator data about the number of parents in these groups who would like to work, which would allow us to consider whether employability support was reaching all the priority family types, or intersectional data to allow us to understand whether there were particular barriers for some parents such minority ethnic women or disabled people from minority ethnic groups.

In addition to the parental employability funding within No One Left Behind, the Scottish Government also funds Fair Start Scotland, an employability support service which aims to reach out to those farther from the labour market, including those with protected characteristics, such as disabled people and minority ethnic people, as well as other groups like lone parents and those living with the highest levels of deprivation. Over the period April 2018 to December 2022 Fair Start Scotland worked with 11,247 parents (10,393 for the first time). Of those parents, 38% were disabled, 45% were lone parents, 4% were mothers under 25, 18% had three or more children, 25% had a youngest child under the age of 12 months and 10% were from a minority ethnic group.¹²

¹⁰ [Scotland's Devolved Employment Services - 22 February 2023 statistical summary \(www.gov.scot\)](#)

¹¹ *ibid*

¹² *ibid*

Outcome data shows that 38% of parents started a job, which is a similar proportion to all people accessing the service (37%). Similar proportions in both groups had sustained a job at three, six and twelve months.

The economic evaluation for Fair Start Scotland found that while it aimed to reach those who were furthest from the labour market, in the end it worked with fewer people who faced the biggest barriers to work than had been expected.

The proportion of disabled parents (32%), lone parents (32%) and mothers under 25 (34%) starting a job was lower than all parents, while proportions of minority ethnic parents (38%), parents with three or more children (38%) and parents with a child aged under 12 months (37%) were similar to all parents. A lower proportion of disabled parents, lone parents and mothers under 25 sustained a job at three, six and twelve months.

One issue is that the Scottish Government is reluctant to set clear expectations about the outcomes of its parental employability funding, beyond a stretch aim of supporting up to 12,000 parents to access and sustain employment over the lifetime of *Best Start, Bright Futures*. This is for understandable reasons, as it is concerned that setting targets could create perverse incentives to move people into any work, rather than focusing on supporting people into sustainable, fair work. However, this lack of clear expectations means that it is difficult to make judgements about how effectively funding is being used. The Commission does not know whether the outcomes set out above represent the outcomes that the Scottish Government would expect from its funding. The Scottish Government should be clearer about expected outcomes and how it is judging whether its employability programmes are reaching the priority families.

The in-year cut to employability funding in 2022-23 was a blow to the delivery of a significant element of the Delivery Plan's strand to raise income from employment. This means a year's delay in the investment that had been announced, with likely impacts on progress towards meeting the child poverty targets. Beyond the delay in investment, the Commission is concerned that the fact that funding could be cut part way through the year suggests there was not a clear plan as to how to make best use of the additional investment.

3. Parental Transition Fund

In *Best Start, Bright Futures*, the Scottish Government also said that it would set up a new Parental Transition Fund to help parents with some of the financial barriers to moving into work – such as paying upfront for childcare, transport and clothing. The plan was to invest up to £15 million in 2022-23. Unfortunately delivery challenges meant that the Fund could not be implemented.

The Scottish Government undertook initial engagement with stakeholders, and up-front childcare costs were highlighted as a primary barrier for parents, along with a range of other issues. It identified challenges around the interaction with reserved benefit and tax rules, particularly in relation to paying upfront childcare costs, and has engaged with DWP and HMRC on these issues.

At the time that the Commission was carrying out its scrutiny of progress it had not been possible for the Scottish Government to resolve the issues around the interaction with reserved benefit and tax rules and identify a mechanism for delivering a Parental Transition Fund. In the light of the UK Government's recent commitment to pay childcare costs upfront for parents claiming Universal Credit, the Scottish Government should now focus on alternative ways it might use the £5 million allocated for 2023-2024 to support parents with the transition to employment.

The Commission recognises that Scottish Government was committed to the policy intention behind the Parental Transition Fund and has put in a lot of work to try to make this happen, but has faced major challenges in relation to reserved benefit and tax rules. This does, however, highlight the need for Scottish Government to think more about delivery challenges in advance of announcing new commitments.

4. Childcare

Access to affordable, flexible childcare is a vital lever in supporting parents to be able to move into education and training. There are commitments relating to both early learning and childcare and school age childcare in *Best Start, Bright Futures*. It has been positive for the Commission to see that the Scottish Government divisions responsible for these two policy areas are clearly working collaboratively and learning from each other in order to try to develop a joined-up system of childcare. A joint [strategic early learning and school age childcare plan](#) for 2022-2026 was published in October 2022. The plan sets out the Scottish Government's intention to develop the evidence base and test options, but it does not have a clear route map to delivering the commitments.

The duty to provide **1,140 hours of early learning and childcare** for three and four year olds and eligible two year olds came into effect in August 2021. Take up is very high for three and four year olds, with Scottish Government estimating that, in 2022, 99% of three and four year olds were registered for early learning and childcare.¹³

The Scottish Government estimates that a quarter of two year-olds are eligible for funded early learning and childcare. In 2022 14% of two year olds were registered for early learning and childcare so it appears that take up is much lower for two year olds. This could be because their parents do not want to use childcare, or it could be because they do not know they are entitled. Data is not available about those two year olds who are registered so we do not know whether children from some priority family types are more likely to be missing out on their entitlement. The Scottish Government has worked with the UK Government to make new regulations so that data can be shared between HMRC, DWP, the Scottish Government and Scottish local authorities to help local authorities identify and contact households that have a two year old eligible for early learning and childcare. The Commission welcomes this important work which provides a good basis for understanding and improving take up.

There continues to be a need to focus on making sure that the existing 1,140 offer is flexible, high quality and sustainable and it is positive that the Scottish Government seems to be well aware of these issues and taking action to monitor and promote this. Anecdotally one of the issues that we have heard from parents is that the 1140 hours is not flexible enough to meet their needs. [A survey of parents](#) that was published by Scottish Government in December 2022 seems to show a more positive view about this, but the methodology used means that it may be less representative of families who do not use childcare and of some parents such as parents from minority ethnic groups and parents of children with additional support needs. The Scottish Government needs to continue to hear from parents about whether the childcare on offer is sufficiently flexible to support parents to access and sustain employment and training.

There are particular concerns about the impact of the funded hours on the sustainability and availability of private, voluntary and independent nurseries, and of childminders. These concerns include that the money received per child by private, voluntary and independent nurseries is not enough to meet costs and that differences in pay mean that they risk losing staff to local authority nurseries. There has been a fall in the number of childminders since funded hours were introduced, with Care Inspectorate data¹⁴ showing a 9% reduction in the number of childminders between 2020 and 2021. In part this may be because parents are using funded places at nurseries rather than using childminders, along with childminder concerns about levels of paperwork and bureaucracy.

It is vital that the availability and sustainability of services is addressed so that the existing funding hours can be provided, but also to provide a sustainable basis for delivering Scottish Government's further commitments to expand funded hours to one and two year olds and to deliver school age childcare. The Scottish Government is undertaking a number of useful pieces of work, including piloting support to childminders in remote and rural areas, piloting support to childminders to reduce administrative burdens, development of a workforce strategy, and undertaking work on the rates paid to providers. The reduction in numbers of childminders is a significant risk to delivery of both the free hours for one and two years old and the school age childcare policy and the Commission hopes the workforce strategy will address this. There also needs to be further work on making sure appropriate childcare is available for disabled children as this continues to be an issue highlighted by families with disabled children.

Beyond the existing 1,140 hours, *Best Start, Bright Futures* said that the Scottish Government would develop funded offers for **early learning and childcare for children aged one and two**, starting with low-income households within this Parliament (by May 2026). It is the Commission's view that the Scottish Government does not appear to be committed to delivering this action with enough

¹³ [Schools in Scotland 2022: summary statistics - gov.scot \(www.gov.scot\)](#)

¹⁴ [Early Learning and Childcare Statistics 2021 Final 14092022.pdf \(careinspectorate.com\)](#)

urgency. The Scottish Government describes the current phase of this work as a research, insights and engagement phase that involves mapping current provision and building the evidence base. This will be followed by collaborative work with families to understand what they want and need from an offer for younger children, particularly those in the most disadvantaged communities. Later work is expected to start to develop, trial and evaluate models of provision. Only £176,000 has been allocated for this work in 2023-24, including improvement work to support uptake of the existing two year old offer. There does not appear to be any significant funding earmarked for delivery during the current spending review period.

In *Best Start, Bright Futures*, the Scottish Government said that it would build a system of **school age childcare**, offering care before and after school, and during the holidays, by the end of this Parliament. It said that those on the lowest incomes would pay nothing. This commitment followed on from the commitment in the first Child Poverty Delivery Plan (2018-2022) to develop a new strategic framework for afterschool and holiday childcare by the end of that Parliament (May 2021). The Scottish Government invested considerable time and energy during the period of the first Delivery Plan working with children and young people, parents and carers, and those delivering school age childcare services to understand and start to design what was needed. It also set up a £3m Access to Childcare Fund to test new models of school age childcare that would be more accessible, flexible and affordable for low-income families. These projects had a particular focus on demonstrating impacts for families from the six priority family groups.

Over the last year the Scottish Government has established a Public Panel of parents, carers and childcare providers to explore the design of a new system of school age childcare and has worked with children to develop a children's charter for school age childcare. It has also invested £1 million in four early adopter communities. Over 2023-2024 it plans to invest £15 million in community tests of change, through the early adopter communities and through £2 million funding to support local football clubs to provide after-school and holiday football clubs in order to understand how organised activities for children will form part of the future system of school age childcare.

The Commission welcomes the significant involvement of families in the development of school age childcare policy, and it is good to see children taking the lead in development of a children's charter. The approach taken is one that other areas of Scottish Government can learn from. However, it is now time to see a focus on delivery. The pace of action on school age childcare has been slow. The original commitment to develop a new strategic framework for after school and holiday childcare was made in 2018, and the commitment to build a system of wraparound childcare, with those on the lowest incomes paying nothing, was made in 2021. There have been a number of tests of change through the Access to Childcare Fund and now through early adopter communities. But who will be eligible for free childcare still has not been defined and there does not appear to be a clear path as to how access to school age childcare can be delivered at scale.

Joint work is starting to be undertaken with the early learning and childcare division in Scottish Government to define eligibility criteria for school age childcare and the free childcare for one and two year olds. It is good that this work is being done jointly but the Commission would have expected work to have started on this some time ago.

The Commission welcomes the joined-up approach being taken by early learning and childcare and school age childcare. There are further opportunities to maximise the impact of childcare investment by strengthening links to other policies. The National Strategy for Economic Transformation should look at the opportunity created by investment in childcare to drive wider sector benefits in terms of fair work and improved pay. Links should be strengthened between Scottish Government employability and skills investment and delivery of childcare policy to ensure that parents are able to benefit from new opportunities that are created by the expansion of the childcare workforce.

5. Affordable Housing Supply Programme

Action across housing policy as a whole is needed in order to ensure that families have suitable housing that is affordable and good quality. For this scrutiny report the Commission has focused on the Affordable Housing Supply Programme, but this must be seen in the context of wider action that is needed on affordable rents, availability of suitable housing, and action to improve quality and address fuel poverty.

The availability of affordable housing directly impacts on the Scottish Government's ability to meet its child poverty targets as child poverty is measured after housing costs. *Best Start, Bright Futures* says that over the next four years, the Scottish Government will continue to invest in its Affordable Housing Supply Programme. It aims to deliver 110,000 more affordable energy efficient homes by 2032, including 70% available for social rent, and 10% in remote, rural and island communities.

The Delivery Plan also says that the Scottish Government will strengthen housing planning processes to strengthen the focus on housing needs by size and location to ensure that larger family homes are delivered where they are required, including through the targeted purchase of appropriate 'off the shelf' properties.

Up to the end December 2022 the Affordable Housing Supply Programme has delivered 7,493 homes towards its target, of which 6,172 (82%) are homes for social rent.¹⁵ The available figures suggest that there has been a fall in the number of approvals and starts for affordable homes, which will impact on the number of homes delivered in future years. In 2022 the Scottish Government also revised its [Strategic Housing Investment Plan guidance](#) to reference the *Best Start, Bright Futures* commitments in relation to larger family homes. Alongside this Scottish Government has also taken action to introduce additional quality measures in affordable homes being delivered and introduced Fair Work requirements within its grant conditions.

Conditions of grant require that wherever possible new build homes are delivered to Housing for Varying Needs standards – this means that they are accessible and adaptable. In 2021-22, 98% of new build homes delivered by housing associations and councils, where information was returned on Housing for Varying Needs, met the relevant design criteria. While that is positive, the Housing for Varying Needs standard does not necessarily provide sufficient space for all disabled people, particularly wheelchair users. A review of the Housing for Varying Needs design guide is currently underway, and the Commission hopes this is considered as part of the review.

There appears to have been a substantial reduction in the budget for the Affordable Housing Supply Programme between 2022-23 and 2023-24. The 2023-24 budget for the Programme is £752 million and this will be supplemented by a £15 million contribution from the Heat in Buildings Fund and donations from the Scottish Government's demand-led Charitable Bond Programme that will be directed towards investment in more social rented homes.¹⁶ The comparable figure for 2022-23 budget was just over £923 million. Scottish Government has noted that the 2023-24 budget of £752 million represents a net decrease of £36.87 million or 4.7% on the previous published Capital Spending Review figure for 2023-24, and that a reduction for 2023-24 on the 2022-23 budget figure was always profiled in the published five year capital spending review.

In order to get the most out of available funding the Scottish Government should continue to work with local housing and planning authorities to maximise developer contributions for affordable housing. It should also look at whether there are further opportunities through grant conditions, and through aligning with skills and employability policies, to create more training and employment opportunities.

Since 2019 the Commission has been calling on the Scottish Government to do more to maximise the impact of its housing investment on child poverty. It has been frustrated by the lack of progress. Tackling child poverty has not been a core aim of the programme and the extent to which child poverty is taken into account appears to be down to individual local authorities. It is not clear that the Scottish Government has provided any effective guidance or challenge to local authorities to ensure that they are acting on issues such as availability of family housing for larger families and thinking about housing need due to affordability for families in the private rented sector and how that links to meeting the child poverty targets.

While the Commission acknowledges that [Local Housing Strategy](#) and Strategic Housing Investment Plan guidance has been updated to include reference to child poverty, the references in the Local

¹⁵ [Housing statistics quarterly update: new housebuilding and affordable housing supply - gov.scot \(www.gov.scot\)](#)

¹⁶ [Supporting documents - Scottish Budget: 2023-24 - gov.scot \(www.gov.scot\)](#)

Housing Strategy guidance are minimal and the revised Strategic Housing Investment Plan guidance references the *Best Start, Bright Futures* commitments in relation to larger family homes in a fairly broad way. Currently the [Housing Need and Demand Assessment Guidance](#) that informs Local Housing Strategies and Strategic Housing Investment Plans does not consider the need for affordable housing to address child poverty. It is likely the revised Strategic Housing Investment Plan guidance will have limited impact if child poverty is not considered at all stages.

There needs to be more detailed and joined up guidance for local authorities on how investment in affordable housing can be used to address child poverty, with a consistent approach running through the guidance for Housing Need and Demand Assessment, Local Housing Strategies and Strategic Housing Investments Plans. In its update to the Commission the Scottish Government has said that it plans to introduce a requirement for local authorities to prepare an additional Specialist Provision template looking at child poverty in unaffordable accommodation as part of their Housing Need and Demand Assessment. This should be a real step forward in ensuring that addressing child poverty informs the development of Local Housing Strategies and Strategic Housing Investment Plans. The guidance for both should also be updated to ensure consistency. Unfortunately the Housing Need and Demand Assessment guidance is not due to be updated until 2024 and will then take some time to filter through into local authority Strategic Housing Investment Plans. Given the Scottish Government has been clear that tackling child poverty is a national mission, and by 2024 we will be halfway through the period to the 2030 child poverty targets, the Commission would encourage the Scottish Government to develop this additional template and update associated guidance sooner.

6. Testing person-centred, relational approaches and systems change – Pathfinders, Social Innovation Partnership and Whole Family Wellbeing Fund

Best Start, Bright Futures sets out a number of areas of Scottish Government funding that are broadly about working at local level to test person-centred approaches and systems change that will contribute to tackling child poverty. These include the Pathfinders, Social Innovation Partnership and Whole Family Wellbeing Fund.

In *Best Start, Bright Futures* the Scottish Government said that it would identify a small number of **Pathfinder** areas to work on a new phased approach to whole system, person-centred support, spending £5 million to support this work. It said it would underpin these pathfinder projects with evidence and learning to inform and improve its delivery approach, with the ambition to deliver at scale over the life of *Best Start, Bright Futures*. Over the past year the Pathfinders have appeared to occupy a fairly central place in Scottish Government’s policy narrative on tackling child poverty.

The Pathfinders are happening in two local areas: Glasgow and Dundee. In Glasgow the pathfinder is led by Glasgow City Council, the Scottish Government, COSLA and the Improvement Service and is focused on system change, as well as helping people to navigate the system. It has identified organisational culture, data sharing and flexibility of funding as some of the main barriers to system change. The pathfinder is testing a ‘No Wrong Door’ model so that wherever a person presents themselves to the system, they are provided with holistic support. This could be through the Glasgow Helps phoneline, early learning establishments, job centres, council locations, or through a healthcare worker.

Since May 2022, the Glasgow pathfinder has supported 1,010 citizens¹⁷ through ongoing full holistic case management support. Self-rated concern ‘scores’ on the issues that matter most to citizens have, on average, reduced by 29%, however it is not possible to say to what extent this is as a result of the intervention offered.

The Dundee pathfinder is led by Dundee City Council, Scottish Government, DWP and Social Security Scotland and is now focused on a small area of Dundee, Linlathen, and looking at how partners can do things differently and listen to families and individuals to understand gaps in service. It offers intensive keyworker support. At the point that information was provided to the Commission in March 2023, seventy-five families have engaged with support and there have been over 360 visits to the local drop-in centre. The ongoing support for families that have engaged in the pathfinder has resulted in over £100k in financial gains and 21 people gaining employment, receiving job offers or seeking to start a business or enter further education. Additionally, 37 people have engaged with parental employment support after long periods of economic inactivity and 48 people have received Better Off Calculations. Links have also been made with school age childcare policy, with Linlathen being one of the early adopter communities for school age childcare tests of change.

¹⁷ Glasgow uses the word citizens in its broader definition – an inhabitant of a city or town. This definition includes anyone who lives in Glasgow, regardless of nationality, immigration status and place of birth.

An evaluability study of both Pathfinders is currently being carried out to enable Scottish Government to understand how it might best monitor and assess the economic and social impact of the pathfinder approaches.

It is clear that there are positive things happening for individuals and families in both Pathfinders. The Commission welcomes the focus on a person-centred approach and building trusted relationships in Dundee, and the no wrong door approach in Glasgow. However, the Commission has found it difficult to get a clear idea of what the Pathfinders are aiming to achieve. The Pathfinders need to have greater clarity about this and about how they will know if they are successful. There are also risks that the Pathfinders are starting too much from scratch and it is important that they build on existing evidence from community development, and the experience of the third sector, about what works in working with families.

While *Best Start, Bright Futures* refers to an ambition to deliver at scale, the Commission has not seen much evidence that serious consideration has been given to what scaling up means and how scaling up could happen if the Pathfinders prove successful. There is a risk that too much weight could be put on what the Pathfinders can deliver in terms of their contribution towards meeting the child poverty targets. While the approaches being taken in Glasgow and Dundee could deliver positive outcomes for the families involved and offer interesting learning, unless there are plans in place to measure impact and scale quickly they are unlikely to have a significant impact on progress towards the targets. The Commission would also question the lack of a rural pathfinder, as the learning from two urban areas may have little relevance to rural settings where the context of access to services and support is very different.

There are potential tensions between the Pathfinders' aims to 'hide the wires' through breaking down barriers between services and data sharing, and the rights of people to have a clear understanding and choice about which organisations they are engaging with and who will have access to their data. The Pathfinders should work with people who are engaging with them to explore this issue and how best to ensure informed consent.

The Scottish Government invested approximately £11 million between 2016 and 2022 in its **Social Innovation Partnership (SIP)**, working with social entrepreneurs focussed on tackling poverty and inequality in a values-based, relational way. The Hunter Foundation is also a partner in the SIP. The SIP funded 13 projects across Scotland doing a range of work including engaging people with theatre and creative activities, supporting people towards employment, helping people with benefit and housing issues, providing mentoring and providing flexible childcare. The projects aim to develop people's capabilities – their power, autonomy and agency – and use a relational approach, creating closer and more equal relationships between those providing and accessing support.

Best Start, Bright Futures said that in 2022-23 the Scottish Government would scale the SIP approach through its Flourishing Lives Model that brings together its wellbeing and capabilities approach to deliver holistic and person-centred support pathways out of poverty. It planned to invest £9.75m, alongside funding from the Hunter Foundation, in a range of actions including working with 300 people to further test and scale the Flourishing Lives Model of providing adaptable, relational and person-centred support. *Best Start, Bright Futures* said that Scottish Government would scale this approach in future years, aiming to extend support to up to 3,000 people by 2026, drawing on the assets of local authority partners, communities and social impact organisations.

In 2022-23 the Scottish Government estimates that SIP delivery partners reached between 2,500 and 3,000 people, with the nature of the support offered varying from simply giving someone a place where they can come to meet new people through to deeper support that addresses a range of issues. An evaluation of the SIP was completed in March 2023, although the findings are not yet available.

The Scottish Government has identified the next step as work to embed the model within public sector settings to support wider public service reform. The SIP has partnered with Clackmannanshire Council to do this through a Family Wellbeing Partnership.

The Scottish Government invested approximately £3.695m to support the SIP in 2022/23. The majority of the funding was used to support SIP partners and the Clackmannanshire Family Wellbeing Partnership.

The Scottish Government plans to scale up its approach by continuing to work with SIP partners with the potential to scale, continuing to develop place-based partnerships with local authorities

to test and embed the SIP's learning on wellbeing and capabilities to support public service reform, and through disseminating learning on the wellbeing and capabilities approach and the flourishing lives model.

From the Commission's perspective, developing relational approaches and building capabilities is positive, and the SIP projects undoubtedly have positive outcomes for individuals, but without clear criteria for selection and clear intended outcomes there is a risk this approach simply becomes a route for funding projects that the Scottish Government likes. There is a lack of data about the impact of the funding so far. The Commission has not seen the forthcoming evaluation report so more data may be contained in that, although the Scottish Government has acknowledged that, given the different approaches and contexts of delivery partners, there are challenges in finding a suitable approach to data collection.

It is not clear to the Commission from its discussions that the Scottish Government has a clear vision of what scaling the flourishing lives model will mean in practice and how it will know if it is being successful. This clarity is crucial if it is to be able to move beyond being the sum of its parts and contribute towards meeting the child poverty targets.

The **Whole Family Wellbeing Funding** is a planned £500 million investment over the life of this Parliament (2022 to 2026) to:

- support the whole system transformational change required to reduce the need for crisis intervention
- shift investment towards prevention and early intervention.

The funding has been developed as a transition funding, to provide additional capacity for the development and transformation of holistic family support delivery at local level, which would then be integrated into the 'business as usual' planning and investment when the funding comes to an end at the end of 2025-26. The Scottish Government's ambition is that by 2030 at least 5% of all community-based health and social care spend will be on preventative whole family support measures.

The funding is part of the Scottish Government's work to Keep the Promise, but it is also expected to contribute to tackling child poverty and *Best Start, Bright Futures* set out that it will help transform services so that families can access preventative, holistic support which is wrapped around their needs, and provided when they need it and for as long as they need it. A budget of £50 million of Whole Family Wellbeing Funding was allocated for 2022-23. The funding was to be repurposed from across Scottish Government portfolios, not drawn from a reduction or cut to existing grants or funding streams.

In 2022-23, £32m was distributed across all Children's Services Planning Partnerships. The purpose of this funding was to build local service capacity for transformation and to support the scaling up of existing transformational practice of holistic whole family support in local areas. This funding is being provided on a recurring, multi-year basis to 2025-26.

In addition, a dedicated, multi-disciplinary national support team for transformation has been created and collaborative partnerships established with three Children's Services Planning Partnerships. A Learning into Action network has been established. Seven Scottish Government-led projects have also started work covering a variety of transformational support, such as: delivering a residential recovery service; tackling child poverty; targeted therapeutic support; bespoke support services working with young people at risk of criminal exploitation.

An independent evaluation of year one of the Whole Family Wellbeing Funding has been commissioned, along with a further evaluation focusing on the collaborative partnerships to investigate how transformation happens and how transformational capacity is built.

Looking across these different projects there does not appear to be a strategic view of how these projects fit together or what success looks like. Officials leading on these do speak to each other and try to share learning, but the projects seem to be driven by available funding and separate priorities, rather than designed to operate coherently together and maximise learning. The Commission considers that a more strategic approach needs to be taken to these different funding streams and areas of work that are testing overlapping ideas around systems change to deliver person-centred relational support to families. This should ensure that they complement each other and learning can be aggregated across them.



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