Child Poverty Delivery Plan progress 2021-2022

Scrutiny by the Poverty and Inequality Commission



Prepared for the Scottish Government May 2022

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1. Introduction

1.1 The Poverty and Inequality Commission's role

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

There is a statutory requirement for the Scottish Government to consult the Poverty and Inequality Commission when preparing its annual progress report.

Scottish Ministers must consult the Commission on:

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

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

The Scottish Government's next progress report will cover the period April 2021 – March 2022. The Commission has been asked to provide its views on the progress made.

1.2 The Commission's approach to scrutiny

The Commission spent much of 2021 focusing on child poverty and developing its advice to the Scottish Government on what was needed in the 2022-2026 Child Poverty Delivery Plan. In order to develop its advice the Commission worked with its Experts by Experience Panel (the Panel), reviewed evidence about progress towards the child poverty targets, and held expert discussions involving representatives from third sector and community organisations, think tanks, academics, experts by experience, and Scottish Government and local government officials. It published its advice to Scottish Government¹ in January 2022, and in March 2022 the Scottish Government published *Best Start, Bright Futures: tackling child poverty delivery plan* 2022 to 2026.²

This report draws on the work done by the Commission and Panel to prepare the advice on the 2022-2026 Child Poverty Delivery Plan. It also draws on work we did with children and young people, in partnership with the Children and Young People's

¹ <u>Advice-on-the-SGs-Child-Poverty-Delivery-Plan-2022-26_FULL-REPORT_Jan2022.pdf</u> (povertyinequality.scot)

² Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026 - gov.scot (www.gov.scot)

Commissioner Scotland (CYPCS) and Aberlour, to think about progress in reducing child poverty so far. In developing our advice on the Delivery Plan we realised that there was a gap in hearing from children and young people and were keen to ensure that their voices were reflected in our scrutiny of progress. We worked with CYPCS and Aberlour to design and deliver three workshops with eight children and young people aged between 12 and 17 years old. We are very grateful to the children and young people who took part and to CYPCS and Aberlour for their support. You can read a more detailed report of what they told us in Annex B.

In addition to looking at what progress has been made so far towards meeting the targets, the Commission and the Panel have also reviewed the actions set out in the 2022-2026 Delivery Plan, as part of considering whether the progress is sufficient to meet the targets and what further progress is needed. We have considered not just whether the action taken so far is sufficient to meet the targets, but also whether the proposed actions for the next four years are likely to be sufficient to meet the targets.

1.3 The wider context

In last year's scrutiny report we noted that progress in implementing the delivery plan had been overshadowed by the impacts of COVID-19. During 2021-2022 we have seen a shift from the more immediate response to COVID-19 to an increased focus on long-term recovery, and efforts have been refocused on implementing the child poverty commitments. Nevertheless, the pandemic has still had a significant impact on action to address child poverty, and the longer term impacts remain uncertain and that uncertainty is likely to be compounded by current economic trends and the cost of living crisis. The impact of the pandemic also means that we do not have the data we would expect to have to measure changes in child poverty, making it more challenging to draw conclusions about progress. We discuss this in more detail in the next section.

UK Government policy decisions, particularly those on social security, continue to have an impact on the Scottish Government's ability to meet the child poverty targets. The UK Government's decision to remove the £20 Universal Credit uplift that was introduced during the pandemic will increase the number of children in poverty. On the other hand, changes to the Universal Credit work allowances and taper rate and an increase in the minimum wage will help low income working families and have an impact on in-work poverty, although this will not necessarily fully compensate those families for the decision to remove the £20 uplift. These changes will do nothing to help families who are not able to work.

Since late 2021 we have seen an increasing cost of living crisis, with a fall in 'real' incomes due to inflation outstripping wage and social security rises. Rises in energy costs have been a major driver of inflation. The increase in the energy price cap means that households are seeing very significant rises in their energy bills, alongside rising food and transport costs.

2. What progress has been made in 2021-2022 towards meeting the child poverty targets?

Due to data quality issues resulting from the pandemic it is difficult to draw conclusions from the child poverty statistics about the progress that has been made towards meeting the child poverty targets in the most recent data. It seems likely that levels of child poverty may have reduced on some measures due to a fall in median income and temporary increases in social security. The temporary nature of these factors means that is unlikely to indicate longer term progress. What we can say is that, after delays caused by the pandemic, we have started to see progress being made again on delivering major commitments such as the Scottish Child Payment, funded early learning and childcare, affordable housing and employability support.

2.1 What do the child poverty statistics tell us?

The most recent Scottish and UK government statistics on poverty are the first to be published that include data from the pandemic period, but their methodological quality has been seriously negatively affected by COVID-19, limiting the conclusions that can be drawn.

Despite this, the Commission considers it to be likely that, when viewed as a whole and considered alongside the policy interventions deployed during this exceptional time, these data suggest some measures of poverty reduced during this first part of the pandemic – though the possibility that much of this change arises from data quality issues cannot be ruled out.

This year of poverty statistics will be an anomaly, both because of the issues around data collection, but also because of the unprecedented policy responses which included greater UK-wide benefit support to low income families that have now been withdrawn (for example, the £20 Universal Credit uplift).

The fall in some poverty measures is also likely to be related to a fall in the income of middle and higher income households during the pandemic, reinforcing the importance of considering progress on poverty against all four target measures, and also taking into account other forms of evidence.

The Scottish Government publishes annual statistics on poverty that are the recognised measures of judging progress towards the targets in the Child Poverty (Scotland) Act 2017. These are published the year after they are collected and therefore while this scrutiny report focuses on progress made during 2021-2022, the latest statistics available are for 2020-2021. This means that these statistics do not capture the impact of actions taken in 2021-2022. These poverty statistics are

normally designated as <u>National Statistics</u>, representing the highest statistical standards of trustworthiness and quality.

The impact of the COVID-19 pandemic on the quality of data obtained from the Family Resources Survey – the source for three of the four child poverty target measures – was substantial. A series of methodological changes to the Family Resources Survey resulting from the pandemic (detailed in full in a technical report produced by the UK Department for Work & Pensions)³ has introduced a range of systematic errors into the data, not all of which will have been able to be corrected for completely.

This greatly limits the conclusions that can be drawn from statistics from this survey that make use of the 20/21 data period. As a result, the poverty statistics for Scotland do not meet the standard required for National Statistics and, while publishing some data, the Scottish Government has warned that the 20/21 data is unreliable and advised that it should not be used. We describe some of the issues with the data, and how this has informed the Commission's conclusions, in Annex A.

Given these caveats, we must be extremely cautious about drawing any conclusions from the most recent data on relative poverty, absolute poverty, and low income and material deprivation. The final target, Persistent Poverty, is taken from a different data sources and time period and the most recent data was not affected by data quality issues with the FRS that affected the other three targets. We therefore include that data here.

While much of the data for both Scotland and the wider UK is heavily caveated and uncertain, there are trends towards a reduction in poverty for most measures, and an apparent reduction in the most reliable persistent poverty measure in the most recent Scottish data that includes data gathered over the pandemic period (up to December 2020).

	Statistics for each year(s)			Target levels (to be less than)	
	2014-18	2015-19	2016-20	2023 (Interim)	2030 (Final)
Persistent poverty (% children, after housing costs)	14%	15%	10%	8%	5%

While it is hard to say how much of these apparent reductions are genuine and how much may be due to systematic errors, it is worth considering what impact on poverty we would expect to see, based on what we currently understand about how the income distribution has changed over the pandemic period. The COVID-19 pandemic and mitigation measures introduced (e.g. lockdowns, furlough, and the Universal Credit uplift) are certain to have had an impact on poverty levels on Scotland during 2020/21, so the Commission expects some degree of genuine change in poverty as a result.

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³ Technical report: assessment of the impact of COVID-19 on the HBAI statistics for FYE2021 - GOV.UK (www.gov.uk)

IFS analysis⁴ of the UK level FRS data suggests a fall (during the 20/21 financial year) in the incomes of middle and high income households of the order of 1 to 2%, while low income households saw incomes rise due to the £20 UC uplift and other measures. From this we would expect poverty measures based on relative income differences to fall, which is what IFS find in their report.⁵

Analysis of UK data,⁶ which has been less seriously affected by the FRS data quality issues than Scotland due to its larger sample size and other factors, also found reductions in the same three measures of child poverty (relative poverty, absolute poverty, and combined low income and material deprivation), though these reductions are not statistically significant and are difficult to compare with previous years.

The Commission considers it is likely that the most recent data indicates some measures of poverty have reduced during the pandemic period, though the possibility that a substantial part of these reductions result from survey error and data quality issues cannot be ruled out. It is difficult to draw conclusions about what this means for the future trajectory of child poverty, however, because this period was an anomaly, both in terms of the disruption to data collection and in terms of the unprecedented interventions provided to mitigate the impact of the pandemic.

The Commission's scrutiny of the statistics from last year (i.e. prior to the issues of data quality affecting three or four of the child poverty measures this year) concluded that "[c]hild poverty levels are at best stagnating and may be starting to rise" and that the impact of the pandemic "will make reaching the child poverty targets even more challenging". ⁷

This was based on the observation that the trajectories for child poverty for most of the measures were not encouraging at the time. These conclusions are still likely to hold true. While it appears more likely than not that poverty fell on several measures in the most recent poverty statistics, some of the reasons why it fell are no longer present to the same extent. These include both positive measures that acted to increase incomes (such as UK wide benefit increases) and undesirable ones that reduced the gap between lowest income households and the average because average incomes fell due to the economic conditions at the time. This also serves as reinforcement to the message that it is important to look across all the targets, and consider them alongside other forms of evidence on poverty, in order to come to accurate conclusions on progress. As this period has shown, it is possible for the relative poverty measure to improve while at the same time conditions experienced by families on low incomes worsen.

⁴ Incomes for poorer families rose during the first year of the pandemic - Institute For Fiscal Studies - IFS

⁵ This is an early "third party" analysis of the FRS data, the Commission expects more organisations to explore what is possible with this data over the coming months and will revise its conclusions accordingly as necessary.

⁶ Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021 - GOV.UK (www.gov.uk)

⁷ Poverty and Inequality Commission Child Poverty Scrutiny Report 2020-21 – Report to Scottish Government - Poverty & Inequality Commission (povertyinequality.scot)

Finally, alongside the withdrawal of pandemic measures intended to support low income households, other subsequent changes to the UK benefits system and the current cost of living crisis make for a pessimistic outlook for the trajectory of poverty in Scotland, particularly for households not in work, or not able to work.⁸ The likely extent of this and the potential implications of it is examined in modelling studies discussed elsewhere in this report.

2.2 Progress on 2018-2022 Delivery Plan actions

The latest statistics are very limited in what they can tell us about progress, but, after the delays caused by COVID-19, we have seen some progress in 2021-2022 on delivering the actions set out in the 2018-2022 Delivery Plan. We highlight some of the main progress below.

The Scottish Child Payment was introduced in February 2021 and in our last scrutiny report we noted that by the end of February 2021 52,000 applications for the Scottish Child Payment had been approved. As of 31 December 2021, it was estimated that 104,000 children⁹ were in receipt of Scottish Child Payment, which will have had a positive impact for the families involved. The Scottish Government also worked with local authorities to provide four bridging payments in 2021-2022, worth a total of £520, to school age children receiving free school meals. The Scottish Government is still committed to rolling out the payment in full to eligible children under the age of 16 by the end of 2022. We would expect to see the impact of these actions reflected in future child poverty statistics.

Implementing Fair Work First has been one of the actions that the Scottish Government has committed to in order to increase income through work. The Scottish Government made welcome progress in implementing Fair Work First in 2021-2022, setting the expectation that from April 2021 public bodies would adopt the Fair Work First criteria as employers, and apply it to grants, other funding and contracts being awarded. In October 2021 it announced that all companies bidding for Scottish Government contracts would have to pay the real Living Wage.

Due to the pandemic the Scottish Government had suspended the statutory duty on local authorities to provide 1,140 hours of early learning and childcare, that was due to come into effect from August 2020. The duty was reinstated for August 2021. Statistics¹⁰ from the early learning and childcare census, which took place in September 2021, show that 97% of eligible three and four year olds were registered for funded early learning and childcare, and that 97% of those eligible have taken up the places. Some two year olds are also entitled to funded early learning and childcare and the Scottish Government estimates that about a quarter of two year olds meet the eligibility criteria. As of September 2021, 13% of two year olds were registered for funded early learning and childcare, an increase from 9% in 2020. While this is an improvement more needs to be done to increase uptake and we

⁸ Main out-of-work benefit sees its biggest drop in value in fifty years | JRF

⁹ https://www.socialsecurity.gov.scot/asset-storage/production/downloads/Scottish-Child-Payment-publication-March-2022.pdf

¹⁰ Chapter 5: Early Learning and Childcare - Summary Statistics For Schools In Scotland 2021 - gov.scot (www.gov.scot)

welcome the recent consultation with the UK Government on enabling data sharing between HMRC, DWP, the Scottish Government and Scottish local authorities in order to help identify and contact households that are eligible for funded early learning and childcare for 2 year olds in Scotland.

The Scottish Government had committed to providing free bus travel for young people under the age of 22, and the Young Persons' Free Bus Travel Scheme began on 31 January 2022. An estimated 930,000¹¹ children and young people should be able to benefit from the scheme, and the Improvement Service reported that by 30 March there had been over 300,000 applications received and that 226,000 cards are in the hands of young people.¹²

We noted last year that the Scottish Government had not been able to meet its target for delivering 50,000 affordable homes by April 2021 because of the impact of the pandemic. The Scottish Government has since made progress in delivering more affordable homes but as of December 2021 (the latest figures available) it still had not met the target, having delivered 47,404 affordable homes, over 32,000 of which were for social rent.¹³

In last year's report we also noted that employability programmes had been hit by COVID-19, with fewer participants and fewer available job opportunities. We have seen some progress made since then. In February 2022 the Scottish Government published its latest statistics on Scotland's devolved employability services, which included experimental statistics on support delivered under the No One Left Behind strategic approach, from April 2019 to September 2021. This release included data on people supported by the Parental Employability Support Fund (PESF) for the first time, along with data for the Young Person's Guarantee.

The Commission is pleased to see the first data published on parents supported by the PESF. The data shows that during the period April 2020 – September 2021, 2,160 parents started to receive support through PESF. The data also includes breakdowns by the priority family groups, which demonstrates that there are some differences between the parents being supported through PESF and people being supported through No One Left Behind overall. For example, 80% of parents supported were women, compared to 44% of those who started to receive support through No One Left Behind as a whole. A bigger proportion of parents were from minority ethnic groups than participants as a whole. Overall, around two thirds (63%) of parents supported were single parents.

While the Commission welcomes the progress that has been made, and recognises the impact that the pandemic has had, it would highlight that the progress is very limited given that the Parental Employment Support Fund was one of the prominent commitments of the 2018-2022 Delivery Plan. The Scottish Government is not yet

12 Almost 250k young people now getting free bus travel | Improvement Service

¹¹ Free bus travel for under-22s | Transport Scotland

¹³ https://www.gov.scot/publications/housing-statistics-for-scotland-new-house-building/

^{&#}x27;Affordable Housing Supply Programme Summary Tables – new style'

¹⁴ Supporting documents - Scotland's Devolved Employment Services: statistical summary - gov.scot (www.gov.scot)

able to publish data on progress or outcomes that parents have achieved as a result of support through PESF.

Another significant employability action that was set out in the 2018-2022 Delivery Plan was the introduction of Fair Start Scotland (FSS). FSS provides employment support for those furthest from the labour market and the Delivery Plan estimated that the service could positively impact around 7,000 children in poverty. It did not define what it meant by positively impact and initially there was no data available for the number of parents supported by FSS. Statistics¹⁵ for parents, covering the period April 2018 to March 2021, have now been published and showed that FSS had supported 4,973 parents between April 2018 and March 2021. Parents made up around 15% of the 32,504 people supported by FSS during this period. A little under a third of those parents went on to start work, a similar proportion to all people supported by FSS, with 1,539 parents starting work. This included 685 lone parents, 180 parents with 3 or more children, and 115 minority ethnic parents. For those parents who had started on FSS by December 2019 and therefore had the full time to achieve outcomes, 23% sustained employment for at least three months, the same proportion as for FSS participants overall.

The Scottish Government aims to half the disability employment gap – the difference in employment rates between the disabled employment rate and the non-disabled employment rate – from 37.4 percentage points in 2016 to 18.7 percentage points in 2038. The gap has fallen from 37.4 percentage points in 2016 to 32.6 percentage points in 2019. While this represents progress, it is not ambitious enough for the 80,000 children in poverty who live in a household where someone is disabled and more support is this area is needed.

The employability data demonstrates the need to increase pace and scale of implementation if action on employability is to make the needed contribution to meeting the child poverty targets.

2.3 New commitments made during 2021-2022

The Scottish Government also made some new commitments in 2021-2022 (ahead of the 2022-2026 Delivery Plan), that will be delivered in 2022-2023 or beyond. On social security, the headline commitment was in the Budget, when the Scottish Government committed to doubling the Scottish Child Payment to £20 per week from April 2022. This was a key announcement that will have a significant impact on child poverty.

The Scottish Government also committed to uprating a number of other social security benefits, including the Best Start Grant payments and Carers Allowance supplement by 6% from April 2022. This is significantly better than the 3.1% uprating of reserved benefits by the UK Government, but still falls short of the 10% inflation that the Bank of England has forecast¹⁸ that we are likely to see this year, and so is

¹⁵ Scotland's Devolved Employment Services: statistical summary - gov.scot (www.gov.scot)

¹⁶ <u>4. Measuring Progress - Fairer Scotland for disabled people - employment action plan: progress report - year 2 - gov.scot (www.gov.scot)</u>

¹⁷ Disabled people in the labour market in Scotland - gov.scot (www.gov.scot)

¹⁸ Monetary Policy Report - May 2022 | Bank of England

likely to result in a real terms cut to incomes. We note that it was not possible to extend the uplift of 6% to those in receipt of Disability Living Allowance and Personal Independence payment, prior to transition to Social Security Scotland, which in effect will see disabled people fall further behind with an uplift of 3.1% by DWP. In addition to these increases to social security benefits, the Scottish Government committed to begin work to develop a Minimum Income Guarantee and established a steering group to take forward this work.

As part of the 2021-2022 Programme for Government the Scottish Government committed to expanding free early learning and childcare to one and two year olds, starting in this Parliament with children from low-income households. At the same time it also announced its intent to create a system of "wrap around" school age childcare, offering pre- and post-school and holiday care, free to low income families. The Commission welcomes this further action on childcare and out of school care. It must be implemented with urgency and must continue to deliver quality childcare, as well as quantity, and include suitable childcare for disabled children.

Programme for Government also included a commitment to invest £500 million over the course of this Parliament in a Whole Family Wellbeing Fund, to enable the building of universal, holistic support services, to be available in communities across Scotland, giving families access to the help they need, where and when they need it. The Commission welcomes this commitment to holistic support for families. We note that only £50 million of the funding will be allocated in 2022-2023 and would again emphasise then need to implement this approach at pace if it is to have the desired impact towards meeting the child poverty targets.

On affordable housing, the Scottish Government set a new target to deliver 110,000 affordable homes by 2032, with at least 70% in the social rented sector. It also committed to consulting on options for an effective national system of rent controls, with an appropriate mechanism to allow local authorities to introduce local measures, and to delivering legislation and implementing rent controls by the end of 2025. The Commission welcomes the new affordable homes target but would repeat its messages about the need to focus on implementation and ensuring the right homes are being built in the right places to meet the needs of families on low incomes.

2.4 Children and Young People's views of actions in the 2018-2022 Delivery Plan

The children and young people who took part in our workshops were aware, unprompted, of some of the actions that were being taken to reduce child poverty. Actions they mentioned included things like the provision of free school meals, benefits for children and families in lower-income households, and the provision of free sanitary products. They also mentioned some local and school-led initiatives.

Scottish Child Payment

Most of the participants had not heard of the Scottish Child Payment, but there was some awareness of the payment. The Scottish Child Payment and the expansion of the payment by the end of 2022 were viewed positively by all participants, who

thought this action would make a big difference to children and young people in poverty.

That's very helpful. It's good because in the situation where people are struggling to get the bare minimum, that gives them the extra boost to get things they need.

- Participant, age 15

One young person raised a concern about whether enough families are aware of the Child Payment and how to apply for the benefit. It was noted that having to apply for the benefit in the first instance, rather than the benefit being paid to eligible families automatically, could represent a barrier. They highlighted digital exclusion as a potential barrier where applying online and a lack of affordable and/or available transport where applying in person.

If you have to apply for the benefit online, this is going to be a barrier for people because if you don't have money and are struggling to afford things, then you're not going to have a phone or iPad to be able to apply ... Making it automatic would be easier.

- Age 15

School-based support: Free school meals, school clothing grant & tackling the poverty-related attainment gap

All the children and young people who took part in the workshops were aware of the provision of free school meals and thought this action would have a positive impact on the lives of children and young people who are living in poverty.

Participants in all workshops highlighted the importance of children having enough food during the school day and felt that this was a significant issue for children and young people living in poverty. Most participants noted that they and/or their friends did not have enough or any food to eat during the school day.

Free school meals I think it's really good, because when I was a kid I didn't have much to eat.

- Participant, age 16

While most participants thought that free school meals are a positive measure, they highlighted several problems with how the scheme is operating in practice. An issue raised in two of the workshops was that they felt the quality of school meals has decreased, as have the portion sizes.

They used to have such good stuff. They used to have huge portions and they're like half the size now.

- Participant, age 12

Many of the participants argued that free school meals must be good quality and that the portions sizes should meet the needs of children and young people.

Participants in two of the workshops noted that stigma was a barrier to accessing children and young people taking up free school meals. Three participants noted that many children and young people who need free school meals in their schools do not get them, but they were not sure why this was. Participants generally felt that the method of delivering free school meals by automatic transfer to school cards was a good policy, since it is anonymous and therefore reduces any stigma.

It's usually obvious who's getting the free school meals but now all the money is put on a card, so that's better.

- Participant, age 17

Some participants were aware of School Clothing Grants, though most were not. All participants thought that the grants were necessary and would help children and young people in poverty.

There's this shop that sells the proper uniforms. It's expensive. You pay £20 for a tie with a logo and £50 for a blazer with the school logo. That's a lot of money.

- Participant, age 17

Participants explained how not having a uniform, or the right uniform, can negatively impact children and young people in their schools. They felt the grant could address some of these issues.

One young person described how their school disciplined children and young people who failed to adhere to the school dress code (for example, by having no school tie), without taking into consideration whether poverty was an underlying cause. They described how this was often addressed by teachers in front of the class, which created embarrassment for the child or young person.

None of the participants were aware of things their schools were doing specifically to address the attainment gap, but young people in one workshop noted some actions their schools were taking which they felt could help. These included giving out iPads and free Wi-Fi during the pandemic and providing free counselling and mental health support.

Free bus transport for under 22s

All participants were aware of the recent introduction of free bus travel for under 22s, and all considered it to be an important step for children and young people who are living in poverty. One young person thought that the policy had the potential to lift families out of poverty, as the cost of bus travel was 'one less thing to think about'. However, almost all participants felt that the policy should be extended to cover trains and trams. This is particularly the case for children and young people who live further away from school.

Some people need to get a bus, then a train, then a bus to school. It should be free transport in general.

While the children and young people welcomed the policy, participants in all three workshops noted that there had been significant problems regarding how the scheme was rolled out. Some of the young people described the process of applying for the Young Scot Card to enable free bus travel as a 'nightmare', 'horrible' and a 'big hassle'. A number of participants described their applications being rejected for various reasons. Six of the eight participants had not yet been able to access their entitlement.

A lot of people are struggling to get the card. When my friend heard about it he said, 'Free bus travel? There must be a catch.' Then I told him you needed to have a passport or ID to apply and he said, 'Right, so that's the catch.'

- Participant, age 16

The participants recommended that the process be simplified.

Building affordable housing

The children and young people who participated in the workshops were not aware of the Scottish Government's policy to build affordable homes, though many raised housing as a critical issue for children and young people living in poverty. Some participants described good housing as 'a basic need' and 'a basic right'.

One young person raised a question about the geographical spread of the new homes, and whether they were being built in the right places. They also wanted to know more about the standards to which new houses were being built. Another young person felt it was important for the new homes to be suitable for the number of occupants intended to live in them. They considered that homes should be built close to transport links, public services (e.g. libraries), and amenities, and not in remote areas. They also felt that homes should be built in or near communities to allow children and young people to socialise more easily. The important of having good quality homes was also emphasised.

After school and holiday childcare

Two participants thought that this was a very important action and felt that both afterschool and holiday childcare would be beneficial for parents and carers who wanted to work or study.

I think that's good because it helps parents out in the holidays. When the summer holidays hit, there's nowhere to put their kids so they can make money.

- Participant, age 16

One key benefit for these participants was that children would be looked after and have fun after school and during the holidays. They highlighted that, for some children in poverty, they might not have money to enjoy themselves during the holidays. For other children who experience abuse or neglect at home, being at home all summer could negatively impact their mental health. Childcare in the

holidays, they felt, could provide a space for children and young people to enjoy themselves and to get some space from their home environment.

I think it would make it a lot easier and more fun for children. Summer is supposed to be something special you can do nice things. They would probably be a lot happier.

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

While the progress made during 2021-2022 was very unlikely to be sufficient to meet the child poverty targets, commitments made during the year and in the 2022-2026 Delivery Plan now make it more likely that the Scottish Government will meet the 2023-2024 interim relative child poverty target. Increasing of the Scottish Child Payment to £25 per week is likely to have the biggest impact.

The Scottish Government is less likely to meet the absolute poverty interim target and it is unclear whether it will meet the other interim targets. There is also a risk that meeting the targets does not mean an improved quality of life for families because of the rising cost of living.

More transformational change to address the drivers of poverty will be needed if the Scottish Government is to meet the 2030 targets. The Scottish Government cannot wait until the next Delivery Plan in order to identify what more is needed, as by then it will be too late to implement the kinds of the transformative policies that will be required in order to meet the final targets.

3.1 **Direction of travel**

In its 2020-2021 scrutiny report, the Commission said that:

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

As has already been described, the most recent poverty statistics do not materially alter this judgement. Any genuine reduction in child poverty seen in the most recent data is likely to have been in large part result of the economic conditions and policy responses from the initial phase of the pandemic, many of which are no longer present.

While there was some welcome progress during the year on implementing some of the actions in the Delivery Plan, the biggest progress made last year was the Scottish Government's commitment to double the Scottish Child Payment to £20 per week from April 2022. This was a significant commitment and warmly welcomed by the Commission. Nevertheless, modelling carried out by Fraser of Allander Institute, 19 JRF20 and IPPR Scotland21 and SPICe22 all suggested that doubling the

¹⁹ A preliminary investigation into modelling the impact of measures to reduce child poverty in Scotland | FAI (fraserofallander.org)

²⁰ Laying the foundations for a Scotland without poverty | JRF

²¹ Securing a living income in Scotland (ippr.org)

²² Scottish Child Payment: where next? – SPICe Spotlight | Solas air SPICe (spice-spotlight.scot)

payment would still not be sufficient to meet the interim child poverty targets in 2023-2024.

3.2 The impact of actions in the 2022-2026 Delivery Plan on meeting the interim targets

In thinking about whether the progress being made is sufficient to meet the child poverty targets, the Commission and the Panel have also reviewed the new actions announced as part of the 2022-2026 Delivery Plan.

The Commission welcomes the fact that the new Delivery Plan shows a much greater recognition than previously of the scale of action that is required to meet the interim targets. In particular, we are seeing significantly higher levels of investment in employability and a further increase of the Scottish Child Payment to £25 per week by the end of 2022. We also see recognition of the range of levers that will be required, including continued action in areas such as childcare and fair work.

The Commission recommended that the Scottish Government should ensure that addressing child poverty is at the core of the design and delivery of policies across government and that there should be more joining up across policy areas. We see some signs of this, for example, in the work on the Whole Family Wellbeing Funding, the commitment to make child poverty a central pillar of the new Lifetime Skills Offer, and the commitment to test solutions that contribute to the net zero and child poverty targets through the Just Transition Fund. The Commission's Experts by Experience Panel particularly welcomes the focus, throughout the plan, on the provision of holistic support for families.

In relation to increasing income from employment, the Commission and the Panel welcome the increased investment in a holistic approach to delivering employability support, and to creating supported employment opportunities. The introduction of a Parental Transition Fund, to tackle the financial barriers parents face in entering the labour market, could help address some of the barriers we have identified, and we welcome the establishment of a lived experience panel to inform the development of the employability activity.

The Commission also welcomes the continued focus on Fair Work First and considers that there are some hopeful signs in the Delivery Plan that the need for further economic transformation is being recognised. There are commitments to deliver national pay and sectoral bargaining as part of the development of the National Care Service, to explore sectoral bargaining in early learning and childcare, and to take specific action to improve pay and conditions in low paid sectors.

On social security, the further increase to the Scottish Child Payment, the commitment to mitigate the benefit cap as fully as possible, and the commitment to work towards automation of devolved benefits where possible, could have an important impact. The Scottish Government has published an analysis of the expected impact of the increased Scottish Child Payment.²³ The Panel feel that the Scottish Child Payment will make a massive difference to the lives of many children

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²³ Scottish Child Payment - estimating the effect on child poverty - gov.scot (www.gov.scot)

and families across Scotland. In terms of housing, we welcome the commitment to ensure that larger family homes are delivered where they are required.

The Commission was pleased to see the Scottish Government publish its Cumulative Impact Assessment²⁴ alongside its Delivery Plan. It is 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. As with all modelling, the Scottish Government cumulative impact assessment is subject to substantial uncertainty but it suggests that the interim relative poverty target will be met with the package of measures set out in the Delivery Plan, although the absolute poverty target may not be.²⁵

The Scottish Government's modelling comes to a different conclusion to previous modelling about whether the Scottish Government will meet the interim relative poverty target. This is because the modelling is not directly comparable to the previous analyses for a number of reasons, particularly because it takes account of reserved and devolved policy changes that had not been introduced at the time of the previous modelling, and of expected changes in the wider economy.

The Scottish Government's modelling has been able to take account of changes to reserved taxes and benefits, such as the change to the work allowances and taper for Universal Credit. It also takes account of increased inflation forecasts due to the ongoing cost of living crisis. The modelling incorporates the new policies set out in the Delivery Plan, such as the further increase to the Scottish Child Payment, and a wider range of policies than are usually included in microsimulation models.

This modelling therefore suggests that the interim relative poverty target can be met, although the absolute poverty targets will not be. There still remains a lot of uncertainty as any modelling work relies on a range of assumptions and is sensitive to factors that cannot be modelled precisely. There is also a strong risk that, even if the interim relative poverty target can be met, the rapidly rising cost of living will make it much harder to meet the absolute poverty and low income and material deprivation targets.

3.3 Meeting the 2030 targets

The Scottish Government's cumulative impact assessment does not project as far as the 2030/31, but acknowledges that meeting the 2030 targets will require an unprecedented reduction in child poverty of a further eight percentage points, which is unlikely to occur without considerable changes to the drivers of poverty. It also suggests that the cumulative impact of measures contained within the plan will have less of an effect on poverty rates by 2025/26, as the child poverty rate remains at 17% in both 25/26 and the interim target year of 23/24.

The 2022-2026 Delivery Plan says that the actions it contains sets the Scottish Government on a clear path to deliver the final targets in 2030. While the

²⁵ The 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.

²⁴ <u>Tackling child poverty delivery plan 2022-2026 - annex 4: cumulative impact assessment - gov.scot (www.gov.scot)</u>

Commission recognises that there are indeed some significant commitments in the Delivery Plan, it is clear that far more will be needed if the Scottish Government is to meet the 2030 targets. The Scottish Government cannot wait until the next Delivery Plan in order to identify what more is needed. By then it will be too late to implement the kinds of the transformative policies that will be needed in order to meet the final targets. We set out what more will be needed in the final section of this report.

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

The commitments made over the last year and the new actions set out in the 2022-2026 Delivery Plan are likely to go some way to meeting the interim child poverty targets, if they are implemented effectively and at pace. The Scottish Government must now focus on implementation. They will not, however, be sufficient to meet the 2030 targets and the Scottish Government must start developing further action now, on shaping the economy, housing and transport in particular, in order to be on track to meet the 2030 targets.

4.1 Implementation and delivering at pace

There is a lot to welcome in the new Delivery Plan. As we have noted, the 2022-2026 Delivery Plan shows a much greater recognition than previously of the scale of action that is required to meet the interim targets. The Scottish Government now needs to deliver the actions in the Delivery Plan at pace.

There needs to be a strong focus on implementation over the period of the next Delivery Plan. There were some actions in the last Delivery Plan, such as the Parental Employability Fund, that never had the opportunity to deliver their potential because of the slow pace of implementation. Clearly COVID-19 had a significant impact on implementation of policies and actions over the last two years, and it is possible that we would have seen much greater impact if the pandemic had not happened. Nevertheless, it makes it even more important that actions are implemented at pace now and that Scottish Government focuses strongly on what is needed for implementation.

We highlight just a few of the actions here where there needs to be an immediate focus on implementation. The significantly increased investment in employability means that development and scaling up of holistic support must happen immediately, if the investment is to be effective. There are big commitments about childcare for one and two year olds, and out of school care, and these must be developed rapidly if they are to have the desired impact. The new local Pathfinders could offer wider learning on how to take a joined-up, person-centred approach, but that will only happen if arrangements are in place and operating quickly.

A focus on implementation requires good engagement with those planning, delivering and receiving services. It also needs good use of evidence in real time to understand what is and is not working, to identify barriers and to adapt and improve. One example of a policy which may not yet be achieving its intended impact because of issues with implementation is that of free bus travel for children and young people. As we have highlighted above, some of the young people we spoke to told us that they had not got their free bus pass because they had found the application process so difficult. Anecdotally the Commission has heard similar concerns about the application process from parents. It is particularly concerning that the children and young people from low income households who would benefit the most from free bus travel are likely to be the ones who struggle most to access it.

4.2 Putting tackling child poverty at the centre of all Scottish Government policy

In order to meet the child poverty targets, the Scottish Government will need to ensure that addressing child poverty is at the core of the design and delivery of policies across government.

The Scottish Government has started this process by making child poverty one of the three priorities for the Resource Spending Review and this must be followed through to ensure that identifying how policies can address child poverty is not a tick box exercise. Meeting the child poverty targets cannot be an add-on to other policies and funding decisions. It must be the priority issue that drives decision-making on every single policy matter. If child poverty does not receive that level of priority and attention then the targets are unlikely to be met.

4.3 Linking actions to targets and better use of evidence

The cumulative impact assessment models a package of policies which understandably focuses primarily on social security payments to households and other actions, such as free school meals, where the value can be straightforwardly quantified. We welcome the fact that the modelling goes beyond social security and that the package also includes an estimate of the impact that increased employability funding and investment in the Social Innovation Partnership could have on the child poverty targets.

Nevertheless, many of the policies in the Delivery Plan still do not include estimates of the number or type of households in poverty who are expected to benefit, which will make it difficult to assess their impact. There are still many actions that are being defined by the amount of funding being made available, rather than what they are intended to achieve. We recognise that with many of these policies it is much more difficult to make these estimates, but further work is required on this. If policy makers are not clear what they expect the impact of the action to be then it will be very difficult for them to judge whether it is being successful and should potentially be expanded further, or if it needs to be adapted to be more effective, or stopped.

There needs to be a commitment to collecting robust monitoring data and evidence about actions in the Delivery Plan, and about the impacts for the priority families in particular. There needs to be a culture of continuous learning and improvement, where evidence is used to adapt and improve action, and evaluation and learning are integral to ongoing decision-making and delivery. This requires an open and honest approach, where it is accepted that not everything will work and that is seen not as failure, but as a valuable learning.

We would also note that the cumulative impact assessment work will be of most use if this exercise is more than a one off analysis published alongside the Plan. As changes of consequence to the modelling occur (e.g. inflation changes, reserved policy decisions, data becoming available that permits the inclusion of policies that

are currently not within the model's scope), the work should be periodically reviewed and published openly and transparently.

4.4 Involving experts by experience in the design, delivery and evaluation of actions

The knowledge and expertise of people with direct lived experience of poverty will be crucial in making sure that the actions set out in the Delivery Plan will work in practice. Their involvement can help ensure that policies and actions are better designed and respond to the reality of people's lives.

We welcome the Scottish Government's commitment to establish a lived experience panel to inform the development of the employability activity. We would also look for experts by experience, particularly those from the priority family groups, to be more widely involved in the implementation and evaluation of the actions in the Delivery Plan. This should include children and young people, who will have a unique experience of how some of these actions are being implemented. Our Panel has previously emphasised the importance of involving experts by experience in assessing the impact of actions and investment

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

4.5 Taking action now to meet the 2030 targets

As noted previously, even taking account of the actions set out in the new Delivery Plan, very substantial further action will be required if the 2030 targets are to be met. This action needs to be developed now, it cannot wait until the publication of the final Delivery Plan. The Commission identified a number of areas in its child poverty advice where action would be required in order to meet 2030 targets.

Shaping the economy and improving existing jobs

Action to support parents into work will have a limited impact on child poverty if those jobs are poorly paid, inflexible or do not offer enough hours. In order to make the big changes in employment that are needed to reduce child poverty, Scotland needs to address the structural inequalities within its economy and create more good jobs. By good jobs we mean secure and meaningful work, with fair pay and conditions, adequate options around flexibility, and opportunities for progression. While we very much welcome the progress the Scottish Government has made in implementing Fair Work First, Scottish Government needs to do more to use the levers it has to create and encourage more good jobs in Scotland.

The 2022-2026 Delivery Plan acknowledges the need to transform the economy and sets out some actions, but more will be needed. The Scottish Government has 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. Impact on child poverty should be a measure of success for the Scottish Government's 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. The Scottish Government should continue to work with all parts of the public sector to ensure that the large amounts of money the Scottish Government and other public sector organisations, such as local authorities, the NHS and the enterprise agencies, spend on procurement and investment delivers fair work that reduces child poverty. It should monitor and assess the impact of Fair Work First.

There is a gap in evidence about what works in relation to policies that support the creation of good jobs, with a lack of impact evaluation for many initiatives. It is important that the Scottish Government looks to develop evidence about what works. This will require rapid testing and evaluation of initiatives and policies aimed at promoting the creation of good jobs. Rapid, agile approaches to evaluation will be key to inform policy-making in this area in a timely and effective way.

Affordable Housing

In our advice to Scottish Government we had recommended that impact on child poverty should be made a measure of the success of housing policies, and that in developing its investment plans it should look at the affordability of the private rented sector for families and the impact on child poverty if families were able to move to more affordable housing in the social rented sector. We recommended that Scottish Government tools, guidance and scrutiny should support future local housing strategies to consider how local housing policies and investment could contribute towards reducing child poverty. While the Delivery Plan contains the welcome commitment to ensure that larger family homes are delivered where they are required, and proposed action on the private rented sector, this needs to go further to make addressing child poverty integral to the Affordable Housing Programme and housing policy more broadly. This also needs to include affordable accessible housing.

Transport

The 2022-2026 Delivery Plan acknowledges that access to public transport is critical in terms of shaping families' experience of poverty and supporting them to move out of poverty. Despite this, there is limited action on transport in the Delivery Plan, with the emphasis being on the outcome of the Fair Fares Review.

The Commission recommends that the Scottish Government should test ways of making travel more available, affordable and accessible for low income families. It should pilot a range of ways of making travel more affordable, such as radically widening access to concessionary travel to include those in education or training, those looking for work, low income workers, asylum seekers etc. It should also look at extending concessionary travel to cover community transport and travel by rail now that ScotRail has returned to public ownership. The young people who took part in our workshops suggested free transport for children and young people should be extended to other forms of transport including train and subway and that the application process should be simplified.

Issues about availability, reliability and frequency of buses came up in discussions with both our Panel and with the young people in our workshops. In relation to free bus travel one of the young people said:

It's very helpful, very very helpful for children in poverty. Even though they have given out the bus passes, even though they're are free, the buses don't always show up. Or they send a single decker bus on a school route and hardly anyone can get on.

- Participant, age 15

In testing ways to make travel more affordable the Scottish Government should look at the impact on availability of transport, and consider alternative ways to support disabled people and those in rural areas who might not benefit from concessionary travel.

4.6 The Impact of the cost of living crisis

The cost of living crisis is clearly going to impact on families' experiences of poverty over the coming year and beyond. Both our panel and the young people who took part in our workshops highlighted the impact of increased cost of living on children, young people and families living in poverty. Some participants emphasised the need to review actions and to increase benefits in line with cost of living increases. It is possible that the impact on the relative poverty and persistent poverty targets may be limited if median income does not rise, as these targets do not take account of costs such as fuel, food and transport. It is likely however that the impact of the cost of living crisis will make the absolute poverty and low income and material deprivation targets more difficult to achieve. Again, this emphasises the importance of using multiple measures of poverty – hitting a relative poverty target while material deprivation and absolute poverty are going up is not success. Alongside measuring progress towards meeting the targets it will be vital to listen to families, and to the organisations that support them, to understand the impact that the cost of living crisis is having and identify what further action is needed to mitigate those impacts.

The Scottish Government must to all it can to mitigate the impact of the cost of living crisis, but we recognise that many of the levers to address it lie with the UK Government. The Scottish Government should continue to make representations to the UK Government to take urgent action to address the cost of living crisis, including for urgent, progressive revenue-raising measures in order to fund greatly enhanced social protection measures.

Recommendations

The Scottish Government must:

 Focus on implementing at pace and scale over the period of the Delivery Plan, demonstrating this focus by ensuring detailed delivery plans and timetables are in place, published, and robustly scrutinised both inside and outside government.

- 2. Put in place a system to ensure that policies across government contribute towards reducing child poverty in a meaningful way and that this contribution can be clearly demonstrated to the Commission and others.
- 3. Commit to publishing robust monitoring data and evidence about actions in the Delivery Plan, and about the impacts for the priority families in particular, and demonstrate a culture of continuous learning and improvement where evidence is used to adapt and improve action.
- 4. Publish details of how experts by experience have contributed to the design, delivery and evaluation of actions in the Delivery Plan.
- 5. Engage closely with the Commission from now onwards to develop further action now to meet the 2030 targets, focusing particularly on shaping the economy, housing and transport.
- 6. Take specific and urgent action to mitigate the cost of living crisis.
- 7. Ensure that its assessment of what further action is needed to mitigate the impact of the crisis is informed by data and analysis for all four child poverty target measures and other relevant indicators that are sensitive to the impact of the crisis, and commit to publishing these assessments.
- 8. Advocate at UK level for urgent, progressive revenue-raising measures in order to fund greatly enhanced social protection measures in response to the cost of living crisis.

Annex A: Child Poverty Statistics

This Annex provides a more detailed explanation of technical issues relating to the production of child poverty statistics, which include data for the 20/21 financial year. These data were seriously impacted by the COVID-19 pandemic and this annex describes how these issues influenced the Commission's assessment provided in our main report.

Disruption to the data series that relate to several targets

The Scottish Government publishes annual statistics on poverty that are the recognised measures of judging progress towards the targets in the Child Poverty (Scotland) Act 2017. These are normally designated as National Statistics, representing the highest statistical standards of trustworthiness and quality.

For three out of four child poverty target measures, the most recent year of data in this series would have included data for the 20/21 financial year (with the exception of the persistent poverty statistics which use the 2016-20 period). The impact of the COVID-19 pandemic on the quality of data obtained from the Family Resources Survey – the source for three of the four child poverty target measures – was substantial. The change in the number and type of people the survey spoke to greatly limits the conclusions that can be drawn from statistics that make use of the 20/21 data period.

Changes in the estimates of poverty in Scotland from year-to-year are a result of several factors:

- **1. Genuine changes in poverty –** that result from an actual change in family income or circumstances.
- Random error that result from the fact surveys measuring poverty do not speak to everybody in Scotland, only a sample of them. This can be readily quantified and assessed and is routinely published alongside poverty statistics.
- 3. Systematic errors that result from factors like the type of people surveys gather data from and the way in which data is gathered from them (for example telephone versus in-persons surveys, or under- or over-representation of certain demographics). These can bias estimates of poverty upwards or downwards depending on the factor in question, and are often difficult to recognise, quantify adequately, or compensate for.

The COVID-19 pandemic and mitigation measures introduced (e.g. lockdowns, furlough and the Universal Credit uplift) are certain to have had an impact on poverty levels on Scotland during 2020/21 so the Commission expects some degree of genuine change in poverty as a result.

However, a series of methodological changes to the Family Resources Survey resulting from the pandemic (detailed in full in a technical report produced by the UK

Department for Work & Pensions)²⁶ has introduced a range of systematic errors into the data, not all of which will have been able to be corrected for completely. These include:

- A change in the interviewing mode from in-person to telephone that could have changed the type of responses participants in the survey gave.
- Changes in the methods used to obtain participants and elicit responses from participants as the survey progressed that changed the type of people included in the sample in ways not possible to compensate for.
- Changes in people's behaviours that resulted from the pandemic but were unrelated to income.²⁷

These effects can be more pronounced when considering analysing the results of smaller demographic or geographic groups. For these reasons, a more limited range of poverty statistics meeting the National Statistics standard were published at the UK level by the Department for Work and Pensions, ²⁸ while the Scottish Government ²⁹ and Welsh Government ³⁰ produced statistical reports with heavy caveats that were not published as National Statistics. For Scotland and Wales the most recent year of data which includes the 20/21 COVID-19 disruption to the Family Resources Survey note the caveat that "the most recent estimate is unreliable – do not use".

A central concern in the production of this year's FRS for Scotland are changes in the composition of the sample. This is set out in some detail at the UK level in the DWP technical report ²⁶. The survey sample achieved in 20/21 differed in several ways from previous years due to methodological changes and the context of the pandemic.

Of most consequence is likely to be a substantial underrepresentation of recipients of Universal Credit in the survey sample. The degree of undercounting of UC recipients directly influences poverty rates. At the UK level, there was substantial undercounting in the first half of the survey year, but this was mostly made up in the second half of the survey year, bringing the final total close to levels seen in the previous (pre-pandemic) FRS survey. However, while this pattern for the second half of the year was true at the UK level and for England and Wales separately, it was not the case in Scotland where the "knock to nudge" initiative was not introduced. As a result Scottish Government analysts have assessed that only half of the expected working-age UC recipients were captured in the Scottish sample of the FRS.

²⁶ <u>Technical report: assessment of the impact of COVID-19 on the HBAI statistics for FYE2021 - GOV.UK (www.gov.uk)</u>

²⁷ E.g. Some questions asked as part of the "material deprivation" component of surveys measuring poverty would have been affected by legal restrictions – for example, it was not possible for people to have participated in certain social opportunities or services in lockdown regardless of income.

²⁸ Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021 - GOV.UK (www.gov.uk)

²⁹ Poverty and Income Inequality in Scotland 2018-21 - analytical report (data.gov.scot)

³⁰ Measures of poverty: April 2020 to March 2021 | GOV.WALES

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³¹ See section 4 of <u>Impact of COVID-19 on ONS social survey data collection - Office for National Statistics</u> for a description of how knock to nudge can influence survey responses.

The DWP assessment of the impact of this difference to UC recipients on child poverty statistics at the UK level for the year as a whole is that the results are reliable, but there is greater uncertainty over the degree of change. For Scotland, they do not consider the estimate of child poverty rates to be representative or reliable, for the reasons above.

What can be concluded about progress towards child poverty considering data limitations in the most recent data?

The table below summarises the most recent trends in the statistics, including the most recent unreliable estimates which include the 20/21 survey year for the three targets based on the Family Resources Survey (FRS).

		s for the las	Target levels (to be less than)		
	2016-19	2017-20	2018-21* UNRELIABLE	2023 (Interim)	2030 (Final)
Relative poverty (% of children, after housing costs)	23%	24%	21%	18%	10%
Absolute poverty (% of children, after housing costs)	21%	21%	18%	14%	5%
Combined low income & material deprivation (% of children, after housing costs)	12%	13%	9%	8%	5%

^{*} These figures for 2018-21 are not Official Statistics and the Scottish Government considered these estimates to be unreliable. Previous Commission scrutiny of child poverty statistics has used the single financial year figures, as these are the official measures to use progress towards the targets. While these single year estimates are available for the most recent year, 32 here we have used the three year averages which smooth year-to-year differences in order not to exaggerate the difference of the drop between 20/21 and other years, as this will be even more skewed by methodological data quality issues described above.

In addition to the data quality issues described above, each figure in the table above will also be affected by random error. This can be quantified and it means that while the best estimate for relative child poverty after housing costs in 2018-21 was 21%, a range of values from 16% to 25% are plausible.³³ The degree of additional error as a result of data quality issues like the UC undercount for Scotland is not possible to quantify, though it is likely to be substantial.

Considering the results in the table above suggests that while there is some indication all three measures fell in the most recent 3 year rolling average period, random error and, more consequentially, unquantified error due to data quality issues in the survey means this is very uncertain. In addition, the combined low income and material deprivation measure is affected by a further issue. As part of the gathering of data on material deprivation, survey respondents are asked about their participation in a range of social opportunities and services that would not have possible during COVID-19 restrictions. This adds a further layer of error to this measure, meaning it is not possible to compare directly to previous years.

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³² https://data.gov.scot/poverty/2022/download.html

³³ Measurement uncertainty (data.gov.scot)

The final target, Persistent Poverty, is taken from a different data sources and time period and the most recent data was not affected by data quality issues with the FRS that affected the other three targets.

	Statistics for each year(s)			Target levels (to be less than)	
	2014-18	2015-19	2016-20	2023 (Interim)	2030 (Final)
Persistent poverty (% children, after housing costs)	14%	15%	10%	8%	5%

These data suggest a sizable drop in persistent poverty in the most recent four year period of data to 2016-20 (the final wave of this survey ended in December 2020 so includes a period of time in 2020 that would have been impacted by the pandemic). The Scottish Government note that they are "unable to calculate sampling uncertainties"³⁴ for Persistent Poverty (i.e. they are unable to estimate how much the values in the table above are affected by random error), but as the change in the most recent wave is substantial, this suggests a genuine fall in this measure of poverty.

Given the issues with the 20/21 FRS data seriously affecting three of the four targets, it is also worth considering the information provided at the UK level as some pandemic impacts that will affect poverty estimates in Scotland were UK wide (e.g. furlough, the £20 Universal Credit uplift), and the UK level data – which retains its National Statistics status in the most recent year – was less seriously affected by the FRS data quality issues.

In the most recent financial year 20/21 the UK analysis found reductions in the same three measures of child poverty (relative poverty, absolute poverty, and combined low income and material deprivation). Relative child poverty in the UK (after housing costs) fell by 4 percentage points from 31% to 27% between 19/20 and 20/21,³⁵ though it should be noted that the reductions in relative child poverty at the UK level (as with the UK absolute and combined low income measure) were not statistically significant, meaning we cannot with confidence rule out seeing these differences as a result of random chance.

The data in the same period for Wales³⁶ – which includes the same warnings over reliability as the Scottish data – shows a different pattern with measures of poverty either staying similar to previous years or possibly rising, albeit with high uncertainty due to random error and the already described issues with the FRS in that year.

Finally, it is worth considering what impact on poverty we would expect to see, based on what we currently understand about how the income distribution has changed

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³⁴ Persistent Poverty in Scotland 2010-2020 (data.gov.scot)

³⁵ Households below average income: an analysis of the income distribution FYE 1995 to FYE 2021 - GOV.UK (www.gov.uk)

³⁶ Measures of poverty: April 2020 to March 2021 | GOV.WALES

over the pandemic period. IFS analysis³⁷ of the same UK level FRS data suggests a fall (during the 20/21 financial year) in the incomes of middle and high incomes of the order of 1 to 2%, while low income households saw incomes rise due to the £20 UC uplift and other measures. From this we would expect poverty measures based on relative income differences to fall, which is what IFS find in their report.³⁸

So looking across the latest data on poverty as is currently available to the Commission, we see that – while much of the data, and particularly so for Scotland – is heavily caveated and uncertain, there are trends towards a reduction in poverty for most measures, and an apparent reduction in persistent poverty in the most recent Scottish data that includes data gathered over the pandemic period. There is also a strong prior reason to expect reductions, given what we know about how the income distribution is likely to have changed. For these reasons the Commission considers it is likely that the most recent data suggests several measures of poverty have reduced during the pandemic period, though the possibility that a substantial part of these reductions result from survey error and data quality issues cannot be ruled out.

Poverty rates among priority groups

The FRS data quality issues are expected to have an even greater impact for subgroups of households in Scotland, hence are even less reliable than the whole of Scotland estimates. Despite this, they continue to show the trends seen in previous years: that many priority group households continue to experience higher poverty rates and are similar in overall pattern to those described in the Commission's scrutiny report from last year. ⁷ Reliable estimates for poverty among priority groups is available up to the 2017-20 period.³⁹

³⁷ Incomes for poorer families rose during the first year of the pandemic - Institute For Fiscal Studies - IFS

³⁸ This is an early "third party" analysis of the FRS data, the Commission expects more organisations to explore what is possible with this data over the coming months and will revise its conclusions accordingly as necessary.

³⁹ Poverty and Income Inequality in Scotland 2017-20 (data.gov.scot)

Annex B: Children and Young People's views of Scottish Government actions to reduce child poverty

1. Background

In developing our advice on the Scottish Government's Tackling Child Poverty Delivery Plan we realised that there was a gap in hearing from children and young people, and were keen to ensure that their voices were reflected in our scrutiny of progress. We worked with the office of the Children and Young People's Commissioner Scotland (CYPCS) and Aberlour to involve children and young people in our scrutiny, listening to their views on child poverty, the actions being taken to reduce child poverty and what more needs to be done to tackle child poverty.

In April and May 2022 we worked with CYPCS and Aberlour to design and deliver three workshops with 8 children and young people aged between 12 and 17. We are very grateful to the children and young people who took part in the workshops and to CYPCS and Aberlour for their support with the workshops.

The Poverty and Inequality Commission's 2020-23 Strategic Plan sets out the vision and priorities that guide the Commission's work. The central priority that will drive the Commission's work is to "amplify the voices of experts by experience to make sure they are part of identifying issues, developing and designing solutions, and scrutinising progress." We were, therefore, particularly keen to hear directly form children and young people with experience of poverty.

The workshops were delivered with <u>Young Advisers</u> from CYPCS and children and young people who are supported by Aberlour. Discussions in the workshops were focussed on key questions suggested by the Commission and we also provided optional supporting resources and information for participants.

The workshops were led by staff from CYPCS and Aberlour in partnership with staff from the Commission secretariat. Staff from the Commission secretariat observed and took a record of the discussions.

Key objectives of the session were to:

- 1. Increase understanding of the Poverty and Inequality Commission and its role in scrutiny.
- 2. Promote opportunities for children and young people to express their views on progress being made by the government.

The rest of this Annex provides a summary of the main themes and key points that arose during the three workshops.

The Commission would like to express its thanks once again to the children and young people for their time, and for sharing their experiences and insights with us.

2. Findings from workshop discussions

2.1 What does child poverty mean to you?

Children and young people in all three workshops were asked what poverty means to them. A theme running through all the answers was that poverty is an important issue for children and young people in Scotland and that it is about equality and fairness.

When I think of poverty, I think of inequality...it's not fair and it's not right - Participant, age 16

To some participants poverty meant not having your basic needs met and not having your rights upheld. For others it was about not being able to have things or do the things that make life enjoyable.

It's not having physically nothing, but it's not having enough money to get more expensive things, the things that people should have to enjoy themselves. People in poverty can just get the bare minimum.

- Participant, age 12

Many participants felt that, where a child or young person's peers and neighbours were living in poverty too, they may not realise that they are living in poverty.

Children might realise something is different for them but, in some places, the whole community, the whole neighbourhood is in the same boat.

- Participant, age 16

They thought poverty was something that affected some areas more than others but said that people in poverty could live in 'richer' areas and that people who were not in poverty could also be living in 'poorer' areas.

Even in areas where people are living in poverty, there will be people with more. Compared to other people living in that area, their life is good. Like I have a PS5, good clothes and things like that, but you get people in the area who have two outfits that they keep wearing every week and people in terrible conditions.

- Participant, age 15

For some of the children and young people, poverty was visible in the differences between the housing, parks and streets in different areas. They felt like they would be judged for where they live by people who living in 'richer' areas.

I see poverty quite a bit actually, just there's a lot of people where I live. You get places like [Place A], and then you get places like [Place B] and there's a big difference. For example, if you're walking through [Place B] and then going into [Place A], it feels like a totally different area, like a completely different country.

People living in areas with more money might think we don't have a good quality of life but, really, it's not like that.

- Participant, age 12

2.2 Knowledge of actions being taken to reduce child poverty

When asked, unprompted, what actions they knew of that were being taken to reduce child poverty in Scotland, participants mentioned included things like the provision of free school meals, benefits for children and families in lower-income households and the provision of free sanitary products. They also mentioned local actions such as food banks, clothing banks, youth clubs, and school-led initiatives (e.g. 'Bring a tin' day).

Knowledge of specific Scottish Government actions

2.2.1 Scottish Child Payment

Most of the participants had not heard of the Scottish Child Payment but there was some awareness of the payment, with one young person recalling that the payment will be increased to £25 by the end of 2022.

The Scottish Child Payment and the expansion of the payment by the end of 2022 were viewed positively by all participants, who thought both would make a big difference to children and young people in poverty.

That's very helpful. It's good because in the situation where people are struggling to get the bare minimum, that gives them the extra boost to get things they need.

- Participant, age 15

One young person raised a concern about whether enough families are aware of the Child Payment and how to apply for the benefit. They noted that having to apply for the benefit in the first instance, rather than the benefit being paid to eligible families automatically, could represent a barrier. They highlighted digital exclusion as a potential barrier if applying online, and a lack of affordable and/or available transport if applying in person.

If you have to apply for the benefit online, this is going to be a barrier for people because if you don't have money and are struggling to afford things, then you're not going to have a phone or iPad to be able to apply ... Making it automatic would be easier.

- Age 15

In one group, all participants felt that this and other benefits would need to be increased to support people with increases in the cost of living.

It's like a fiver for bread and milk now. A fiver. It's not good. It's not right. The benefits people get are not nearly enough to keep people going. It's honestly just not enough. They need to have enough so they can get the basics and still have money to enjoy themselves.

- Participant, age 12

Amounts of benefits, they haven't really changed in years and obviously the amount it takes to buy the simple stuff that you need, has gone up. It needs to change to accommodate the prices of things now.

- Participant, age 15

2.2.2 Free school meals

All participants were aware of the provision of free school meals and thought this action would have a positive impact on the lives of children and young people who are living in poverty.

Participants in all workshops highlighted the importance of children having enough food during the school day and felt that this was a significant issue for children and young people living in poverty. Most participants noted that they and / or their friends did not have any or enough food to eat during the school day.

Free school meals I think it's really good, because when I was a kid I didn't have much to eat.

- Participant, age 16

While most participants thought that free school meals are a positive measure, they highlighted several problems with how the scheme is operating in practice.

I think [free school meals] are great. But when you think about it, it's only one meal in the day. Some schools do a breakfast club, and this is good, but loads of schools don't do this. If you're not in school then you don't have access to [free school meals]. A lot of people, due to poverty, might drop out of school early, so you lose the opportunity to get a free meal. More could also be done to ensure that people are getting at least 2 meals a day, with 3 obviously being ideal.

- Participant, age 16

An issue raised in two of the workshops was that the quality of school meals has worsened and the portion sizes have decreased. One participant felt that this means many children who get free meals in school are disadvantaged if they can only access free school meals in the school.

The standard of the food has dropped significantly from when I started primary to when I finished secondary... Now we've learned we should just go out for lunch. It's cheaper, you get better quality of food and you get more food.

- Participant, age 17

They used to have such good stuff. They used to have huge portions and they're like half the size now.

Many of the participants argued that free school meals must be good quality and that the portions sizes should meet the needs of children and young people.

Participants in two of the workshops noted that stigma was a barrier to accessing free school meals. Three participants noted that many children and young people who need free school meals in their schools do not get them, but they were not sure why this was.

Participants generally felt that the method of delivering free school meals by automatic transfer to school cards was a good policy, since it is anonymous and therefore reduces any stigma.

In my friend group, I'd say about half of them can't eat food when we go out, so you see people buying food for their friends. They come to lunch with me even though they're not getting anything. We go to Greggs and, because I've got like £3 or £3.50 to spend, I'll get two Yum Yums and a sausage roll and I'll give them the Yum Yums, just because they don't get any food anyway.

- Participant, age 15

It's usually obvious who's getting the free school meals but now all the money is put on a card, so that's better.

- Participant, age 17

Two participants spoke about children who are given money from their parents for lunch but who don't spend it because they want to give the money back to their parents

I know a good few people who don't actually get lunch because they feel like they're using the money their parents could be using for something better [...] They feel responsible.

- Participant, age 15

Aye, so they can give that food money back to their parents. I don't think that's right.

- Participant, age 13

2.2.3 School clothing grants

Some participants were aware of School Clothing Grants, though most were not. All participants thought that the grants were necessary and would help children and young people in poverty.

There's this shop that sells the proper uniforms. It's expensive. You pay £20 for a tie with a logo and £50 for a blazer with the school logo. That's a lot of money.

Participants explained how not having a uniform, or the right uniform, can negatively impact children and young people in their schools. They felt the grant could address some of these issues.

One young person described how their school disciplined children and young people who failed to adhere to the school dress code (for example, by having no school tie), without taking into consideration whether poverty was an underlying cause. If this was repeated, then the child or young person would be referred to Extended Pupil Support (an alternative to exclusion). They described how failures to adhere to school uniform policy were often addressed by teachers in front of the class, which created embarrassment for the child or young person.

Many of the children and young people highlighted the social impact of not having a uniform or not having the right uniform. One young person highlighted that school uniform is not required in their school and that those who wear school uniforms are in a minority. However, the lack of school uniform did lead to problems with children and young people trying to 'one up' each other, creating competition as to who is wearing the 'fanciest' watch, clothes, shoes etc... This leads to visible inequality and increases the cost of the school day and the pressure which children and young people and their families feel.

Many of the children and young people felt having a school uniform was important to address this visible inequality.

It think that's great. I know when I was younger, school clothes were very expensive. Children get made fun of because they can't afford to wear what everyone else wears.

- Participant, age 16

If they didn't get the grant they could be slandered in school for not wearing the right clothes. School uniforms are a good thing because you won't get slandered in school if you're poor.

- Participant, age 17

2.2.4 Free bus transport for under 22s

All participants were aware of this action and all considered it to be an important step for children and young people who are living in poverty.

The free bus pass is a really good thing, especially now during the exam period when we have study leave and don't need to come in for the full day, just for the subjects that we need. For those of us who don't walk to school or get picked up/dropped off, it means that we don't have to spend like 90p on a single, or buy a day ticket, or keep paying for tickets when we're only going into school for one or two periods a day. It saves you that money and the stress of not wanting to take the opportunity given to you by the school because you are trying to save on your funds. It's going to be helpful for a lot of people.

One young adviser thought that the policy had the potential to lift families out of poverty, as the cost of bus travel was 'one less thing to think about'. However, almost all participants felt that the policy should be extended to cover trains and trams. This is particularly the case for children and young people who live further away from school.

Some people need to get a bus, then a train, then a bus to school. It should be free transport in general.

- Participant, age 12

One adviser, who lives in a rural community, agreed that expanding the scheme to include trains would be a positive step. The adviser noted that train travel would make it more convenient for travelling longer distances, therefore opening up the opportunities in big cities like Glasgow and Edinburgh.

Participants in all three workshops noted that there had been significant problems regarding how the scheme was rolled out. Most thought that free bus travel is a great idea but that it doesn't always work in practice. While several weeks have passed since the policy was introduced, six of the eight participants had not been able to access their cards.

Some of the young people described the process of applying for the Young Scot Card to enable free bus travel as a 'nightmare', 'horrible' and a 'big hassle'. They described being initially rejected for a card because of a failure in the facial verification software. Another young person didn't know why their application was rejected. The advisers recommended that the process be simplified. One young person also noted that the digital nature of the application process is likely to exclude some children and young people.

A lot of people are struggling to get the card. When my friend heard about it he said, 'Free bus travel? There must be a catch.' Then I told him you needed to have a passport or ID to apply and he said, 'Right, so that's the catch.'

- Participant, age 16

We only got it because we did it online before everyone else, we were quick off the mark.

- Participant, age 12

Most participants highlighted the lack of availability, unreliability, and infrequency of buses in their communities. One young person who lives in a rural community noted that the buses do not run on Sundays where they live, which is impractical for many children and young people.

It's very helpful, very very helpful for children in poverty. Even though they have given out the bus passes, even though they're free, the buses don't always show up. Or they send a single decker bus on a school route and hardly anyone can get on.

2.2.5 Building affordable housing

Participants were not aware of the Scottish Government's policy to build affordable homes, though many raised housing as a critical issue for children and young people living in poverty. Some participants described good housing as 'a basic need' and 'a basic right'.

In one workshop, participants were clear about the distinct differences in housing type quality between areas. They felt that the housing where they lived, and the amenities surrounding it, were not well maintained and that people in poverty were forced to live in poorer quality housing that was not suitable or adequate.

I moved from a flat to a house and the standard of living just went up extremely because, in the flat there was mould and damp on the walls. It was terrible living conditions. Anything you bought, like materials, after a while the damp would just sit into it and you'd have to get rid of it, because it was unbearable.

- Participant, age 17

The new houses look absolutely amazing and you look behind them and it's all housing that's old and falling apart and looks terrible and run down.

- Participant, age 15

One young person raised a question about the geographical spread of the new homes, and whether they were being built in the right places. They also wanted to know more about the standards which new houses were being built to. In particular they recalled an incident where inaccessible council houses were built by a housing association, meaning that modifications had to be made which made the housing unsuitable for some children.

Another young person felt it was important for the new homes to be suitable for the number of occupants intended to live in them. They considered that homes should be built close to transport links, public services (e.g. libraries), and amenities, and not in remote areas. They also felt that homes should be built in or near communities to allow children and young people to socialise more easily. When asked what the impact would be on children and young people living in poverty if they were not living in adequate housing on young person said

Depending on the quality of the house, then this could put their health and wellbeing at risk. But even things like the heating or electricity not working, that can have a destructive effect on people's day to day lives. An easy example is going to sleep: if you don't get enough sleep then you can't carry out your day-to-day life, whether it be work or school or anything. This can be affected by not going home to a warm house. I think this will become more of a problem because of the rising price of gas and oil...Its horrible to live in a cold home.

One young person felt that there needed to be investment in safer and more affordable homeless accommodation as well as council houses. This young person also felt that young people should have additional support with paying rent, as some people's housing situations mean they have to or want to move out at 16 or 18.

2.2.6 After school and holiday childcare

Two participants thought that this was a very important action and felt that both afterschool and holiday childcare would be beneficial for parents and carers who wanted to work or study.

I think that's good because it helps parents out in the holidays. When the summer holidays hit, there's nowhere to put their kids so they can make money.

- Participant, age 16

One key benefit for these participants was that children would be looked after and have fun after school and during the holidays. They highlighted that, for some children in poverty, they might not have money to enjoy themselves during the holidays. For other children who experience abuse or neglect at home, being at home all summer could negatively impact their mental health. Childcare in the holidays, they felt, could provide a space for children and young people to enjoy themselves and to get some space from their home environment.

I think it would make it a lot easier and more fun for children. Summer is supposed to be something special when you can do nice things. They would probably be a lot happier.

- Participant, age 13

For some children in poverty, their summer holidays are not the best, abuse-wise. If they're getting treated horribly all summer, they're going to struggle to get the energy to go back to school after.

- Participant, age 16

2.2.7 Tackling the poverty-related attainment gap

None of the participants were aware of things their schools were doing to address the attainment gap.

Children and young people in one workshop noted some activities that their schools were taking which they felt might help to address the gap. These included:

- Providing iPads during the COVID-19 lockdown
- Providing free wifi during the COVID-19 lockdown
- Providing free counselling and mental health support
- Running a Pupil Parliament, allowing pupils to be involved in improving their school
- Providing careers advice

2.3 Some other key points from the discussions

2.3.1 Cash-first approach

Participants were asked what they thought about the 'cash first' approach to supporting children and families in poverty. All participants agreed that cash, without restrictions was something that would help reduce child poverty.

If they need money, they should be getting money.

- Participant, age 13

Cash means you are able to buy your own stuff, what you need. Say the kids have dietary requirements, getting your own money is going to suit your family better.

- Participant, age 16

Speaking about the Scottish Child Payment, three young people, one from each workshop, felt that there should be some way of making sure that the payment is spent on things that would benefit the children and young people in a household. They thought that this might not always happen and that it is important that the money has an impact on the lives of children and young people.

One young person felt that a balanced approach was required, as simply offering cash might be overwhelming for some people, particularly when prioritising essentials. Another young person felt that there are pros and cons to offering cash but felt that restrictions on what cash could be used for reduced choice.

Say you just give someone £300 to use for a month, I think this could be stressful for some people because you'll need to figure out what you want to prioritise. On the other hand, if you say this is all we're giving you, and there's no leeway then you wouldn't have much option... so I think a good mix between a little bit of money which they can put to their own things and also a guided approach would be good.

- Participant, age 15

2.3.2 Universal or targeted support

Participants generally felt that universal policies to tackle child poverty (for example, free bus travel for under 22s) helped to reduce stigma associated with poverty. However, most participants felt that targeted measures had the benefit of getting extra help to those that require it the most.

When discussing Child Benefit, all three participants in one of the workshops said that it should be more targeted towards families on lower incomes.

2.4 What more could be done reduce child poverty in Scotland?

2.4.1 Improve free travel for under 22s

Although all participants thought free bus travel was a great idea in principle, they thought it could help more children and young people living in poverty if:

- Free transport was extended to other forms of transport including train and subway.
- The application process was simplified.
- There was increased focus on improving the availability, accessibility and reliability of transport.

2.4.2 Increase income for families through benefits and wages

Most participants thought that parents and carers needed increased income through benefits and wages.

Families need more money, so I'd say increasing wages is the most important thing.

- Participant, age 15

2.4.3 Increase income for young people through benefits and wages

Older participants spoke more about the need to increase income for young people themselves through increasing benefits and wages. One participant felt strongly that the rights of young people who work needed to be improved. They were not initially aware that SG does not have powers around employment law.

One young person felt Education Maintenance Allowance (EMA) should be increased to meet increases in costs of living.

When I ask people who are like ten years older than me they say EMA was the same amount. It hasn't changed. It needs to be increased with costs.

- Participant, age 17

2.4.4 Review actions in light of increases in the cost of living

Most participants highlighted the impact of increased costs of living on children and young people living in poverty. Some participants emphasised the need to review actions and to increase benefits in line with cost of living increases.