

## **Social Security (Amendment) (Scotland) Bill consultation response from the Poverty and Inequality Commission to the Scottish Parliament Social Justice and Social Security Committee**

*January 2024*

The Poverty and Inequality Commission welcomes the opportunity to contribute to the Committee's scrutiny of the Social Security (Amendment) (Scotland) Bill. The Commission's response will focus on areas of the Bill of most relevant to our statutory duties on child poverty advice and scrutiny, and so we focus on Part 1 of the Bill, with some wider comments at the end of our response that apply across other Parts.

### **Commission comment on Part 1 of the Bill: Types of Social Security Assistance**

The Commission welcomes the Scottish Government's objectives in bringing forward the proposals in this Part of the Bill, which contain regulation-making powers that could be used by Scottish Ministers to create new forms of stand-alone social security assistance, including the category of 'childhood assistance'.

The Child Poverty (Scotland) Act 2017 requires the Scottish Government to consult the Commission when preparing its annual child poverty report on: our assessment of progress made during the year towards Scotland's statutory child poverty targets; whether it appears to the Commission that progress is sufficient to meet the targets; and what further progress the Commission considers is required to meet the targets.

In our most recent Child Poverty Delivery Plan 2022-23 scrutiny report [1] the Commission noted that "[the] most significant progress that was made in implementing actions in the [Scottish Government's] Delivery Plan in 2022-23 was with the Scottish Child Payment" and that "[the] importance of delivering the Scottish Child Payment and getting cash directly to families cannot be overstated and the Scottish Government and Social Security Scotland should be congratulated for this." The Commission expects the Scottish Child Payment rollout and expansion to £25 per week per eligible child to make a substantial contribution to reducing child poverty.

The Scottish Child Payment (SCP) is currently designed as a top-up payment to qualifying reserved benefits. It was designed this way as it was considered to be the most expedient way to deliver the payment. However, the Commission has noted on multiple occasions in recent years [1][2] that the heavy reliance on a single top-up payment to meet the targets carries a range of potential risks. These include the consequences of increasingly large 'cliff

edge' effects as the value of the SCP has continued to increase, where small increases in household income can result in the withdrawal of the qualifying reserved benefit, and also consequently the SCP. The Commission has noted that this could discourage households from increasing hours or moving to better paid jobs if they are likely to end up worse off from doing so. It also carries risks around the UK Government changing the eligibility criteria of the qualifying reserved benefits for which it has responsibility, resulting in a change in the eligibility and coverage of the SCP, and potentially an impact on progress in reducing child poverty.

For these reasons, the Commission is very pleased to see Part 1 of the Bill bring forward proposals that would allow Scottish Ministers to create new forms of social security assistance, including childhood assistance (which would allow the Scottish Government to change the legislative footing upon which the SCP is based in the future) and care experience assistance (to enact the Scottish Government's planned Care Leaver Payment).

There are some further steps the Commission would be keen to see the Scottish Government take on this issue that we would like to highlight to the Committee. The Commission considers it would be helpful if the Scottish Government could set out further thinking and analysis that indicate the timescales or conditions upon which it would seek to make use of the powers given by Part 1 of the Bill, particularly in relation to childhood assistance and the SCP. The Commission has previously reported [1] that "Scottish Government analysts are monitoring Universal Credit award data, Employment Status by Universal Credit conditionality regime, and a range of other labour market and benefit data to assess the extent to which the Scottish Child Payment has any impact on labour market participation." To date the Scottish Government has told the Commission that they have not identified negative impacts on labour market participation. However, the Commission believes it would be very helpful for scrutiny bodies such as the Commission, the Committee and wider Parliament, for a fuller analysis to be published in order for scrutiny bodies to come to an evidenced view about the priority that should be placed on making use of the powers that would be given through Part 1 of the Bill.

Potential labour market effects of the SCP will vary by its relative value (which has increased several times and will again when it is updated by inflation in April), changing economy and labour market conditions, and reserved benefit policy. Given its central role in contributing towards meeting the child poverty targets, the Commission considers it important that analysis of the potential labour market impacts of the SCP is published routinely, in order to understand how best to maximise its impact, including deciding on whether and when to change its legislative footing.

## **Comment on other aspects of the Bill**

While the Commission is not commenting specifically on other element of the Bill, it would highlight the importance of ensuring that all aspects of the Bill align with the Scottish social security principles [3] that are set out in the Social Security (Scotland) Act 2018.

The Commission considers Social Security Scotland's Charter to be an important and distinctive feature of the design and administration of a dignified Social Security approach in Scotland. We welcome the effort that Social Security Scotland puts in to gathering and publishing evidence on whether the commitments made in charter are being met [4]. Primary legislation such as the Bill, alongside other regulations, continue to modify the legislative framework underpinning social security in Scotland. Hence it is important that all change is scrutinised through the lens of the Scottish social security principles and the Charter and that the Scottish Government and Social Security Scotland are challenged to hold themselves to a continuing high standard in this area.

This applies to all change, including some of the other Parts of the current Bill that might be seen to be more technical and administrative in nature. Visible effort must be made to design and scrutinise policy with the principles and Charter in mind, in order to maintain and further build trust in devolved social security.

[1] <https://povertyinequality.scot/publication/scrutiny-report-2022-23/> prepared for the Scottish Government in May 2023.

[2] <https://povertyinequality.scot/publication/advice-on-the-scottish-governments-child-poverty-delivery-plan-2022-2026/> January 2022

[3] <https://www.legislation.gov.uk/asp/2018/9/section/1>

[4] <https://www.socialsecurity.gov.scot/about/our-charter>