

## **Poverty and Inequality Commission response to the Social Justice and Social Security Committee Short Inquiry on the Scottish Child Payment**

*May 2024*

The Poverty and Inequality Commission is an advisory non-departmental public body that provides advice and scrutiny to Scottish Ministers on reducing poverty and inequality in Scotland. We welcome the opportunity to contribute to the Committee's short inquiry on the Scottish Child Payment and our responses to the questions posed by the Committee are below.

### **1. What is the impact of the Scottish Child Payment on individual households? If you have any anonymised case studies, please include these in your answer**

The Commission is committed to amplifying the voices of experts by experience – people who have experience of poverty – and ensuring they are part of identifying issues, developing solutions and scrutinising progress. Since the Scottish Child Payment (SCP) first opened for applications in November 2020 and payments began in February 2021, the Commission has heard about the individual impact of the SCP on households in poverty through a range of work we have been involved in alongside experts by experience. Some of the main themes the Commission has heard are given below.

In common with the findings of the Scottish Government's own [2022 interim evaluation of the SCP](#) the strongest common theme the Commission has heard from individuals is that the SCP is, in general, spoken about positively and very highly valued by those who receive it.

In 2022 the Commission published its [advice to the Scottish Government](#) for its 2022 to 2026 Tackling Child Poverty Delivery Plan, which we developed along with our [Experts by Experience Panel](#) at the time (our Panel are a group of people from across Scotland with experience of poverty). While the Commission's commentary in our 2022 advice focussed mostly on the societal level impact of the SCP on child poverty in line with our statutory duties, this was also supported by positive views on the SCP from members of our Experts by Experience Panel who received it. It was clearly (even at the lower values of the payment that were the case at the time while our advice was being developed) highly valued direct financial support that supplemented the other incomes their households had.

It enabled their household to participate in a range of activities (including to provide for household essentials, or to pay for transport to access opportunities) that they felt they would otherwise be unable to do.

Reinforcing the themes from our 2022 child poverty advice, the Commission has consistently heard these positive themes repeated on other occasions when we have engaged with individuals and households with experience of poverty, including the following:

- In workshops with people who had experience of poverty, as part of our [2020-2021 child poverty scrutiny report](#), participants who had applied for or already started receiving the Scottish Child Payment (which had only just started to issue payments at the time we carried out this work), said it was easy to apply for, and appreciated the cash nature of the payment where they could decide how to spend it.
- Through work we did in partnership with the Children and Young People's Commissioner Scotland as part of our [2021-2022 child poverty scrutiny report](#), where young people viewed the SCP and its increase and expansion positively, with one participant (aged 15) saying:

"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."

- A former member of our Experts by Experience Panel [told the audience at the First Minister's](#) anti-poverty summit last year that the Scottish Child Payment was a powerful example of how Scotland has the power to design policy that makes a real difference to families in poverty.

More recently in March and April 2024, the Commission worked with seven partner organisations who work with or provide support to parents from the [six priority family types defined](#) by the Scottish Government. Seven organisations ran eight workshops on behalf of the Commission to hear from lone parents, parents with disabled children, minority ethnic parents, refugee and asylum seeking parents, young parents, and parents with babies under one year old, in order to hear their views about the actions of the Scottish Government to reduce child poverty.

Social security was one of the main topics of discussion at these workshops, and the SCP was the most well-known of the devolved social security payments, and, again, generally spoken about positively. A lone parent said:

"The Scottish Child Payment has helped so much. I have 3 children and felt like I was moving from one money crisis to the next. Now that I get a payment for my older son as well it's been a bit of a lifesaver. I still struggle don't get me wrong but if it wasn't there well I'd be in really bad debt."

Amongst some other workshops, particularly those with the parents of disabled children and minority ethnic parents (including refugees and asylum seekers) there was lower levels of apparent awareness of the SCP.

The Commission plans to publish a fuller report of these workshops before the Parliament's summer recess and we will be happy to share that with the Committee.

While most of the evidence the Commission has heard from households on low incomes about the SCP is positive, the Commission has, on occasion over the years, heard concerns from individuals over issues like waiting times, application processes, and other aspects of the benefit that arise from its design as a top-up to qualifying reserved benefits. Brief comment on some of these issues will be given in response to other questions in this Call for Views.

## **2. What is the impact of the Scottish Child Payment at societal level?**

Throughout its design, rollout, and expansion to its current offering, the Commission has consistently recognised the large impact the Scottish Child Payment can make at the societal level, principally in making a large contribution to reducing child poverty in Scotland.

The Commission offers commentary on the SCP in each of its scrutiny reports of the Scottish Government's progress in reducing child poverty. We have published these annually since 2020. In response to this question we give an overview of what the Commission considers the societal impacts of the SCP to be in relation to reducing child poverty, and explain why we believe these to be the case.

In our [scrutiny report last year](#) we said that “[t]he Scottish Child Payment is undoubtedly a game changer” and that “[t]he importance [in reducing child poverty] 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's view has consistently been that the Scottish Child Payment is the main contributor to progress in reducing child poverty at the national level. However, as the Scottish Government's most [recent poverty statistics](#) conclude that child poverty is “broadly stable” and the Commission's own comment on the release of these figures [highlight our concern](#) at an apparent lack of progress, it is worth reflecting on why this is the case, and how this is still consistent with the positive assessment the Commission has made of the SCP above.

The most recent (up to the 2022/23 year) child poverty statistics do not yet include a full year of the SCP increase in value to the £25 per week and rollout to under 16s. Having said that, it should include some of the rollout and previous increases in the SCP, so the

Commission would have hoped and expected to see this start to be reflected in the [official statutory measures](#) of child poverty. This does not yet appear to be the case, which is likely explained by two main factors: a narrower technical explanation relating to the precision with which poverty is measured at the national level; and a broader explanation that relates to the complexity of the many factors and drivers that influence poverty levels in Scotland.

For the narrow technical explanation: national level of measures in poverty are, as with all statistics of their type, subject to uncertainty and error in measurement from a range of sources. In the case of Scotland's national level poverty measures these sources of error are such that even moderate sized (e.g. several percentage point) year-to-year changes in national poverty rates that we might expect to result from a policy intervention like the SCP may not be apparent in the statistics.

For the – more important – broader explanation: it is clear from evidence on poverty published by the Scottish Government, independent research that has accumulated over decades, and material produced by the Committee itself as a result of its programme of work in this area, that many factors influence poverty (often split into three main drivers of earnings from employment, housing and other costs, and income from social security – though each of these has multiple sub-drivers). Some drivers act to push poverty rates upwards, some downwards, and they frequently interact with each other in complex ways. In the case of child poverty in Scotland, issues like the wider economic conditions in the UK, and reserved social security and labour market policy can be strong drivers. As a result, positive effects on poverty reduction arising from the SCP can be difficult to discern from a straightforward reading of headline national measures of poverty.

For these reasons, the Commission looks at other types of evidence to inform its conclusions on the societal level impact of the SCP. The first type is a mechanistic explanation based on the outturn of Social Security Scotland spend on the SCP. The second type is modelled estimations of the impact of the SCP that attempts to quantify its effects.

For the first type, from SCP launch up till end September 2023, [£458.5 million of total value](#) was issued. The SCP is a direct cash payment, based on known eligibility criteria (which are the receipt of a qualifying reserved low income benefit). As a result we can be confident that this substantial investment is going to lower income households with children, which in turn leads to the conclusion that it will raise the incomes of households at the lower end of the income distribution, acting to reduce poverty.

For the second type of evidence that builds on the point above, various organisations over recent years have attempted to quantify this effect through modelling, in order to better understand the societal impact of the SCP on poverty.

The list below is not exhaustive, and the Committee is likely to be aware of many (if not all) of these pieces of evidence. Key pieces of modelling evidence the Commission has used to form its conclusions on the SCP over recent years include:

- In the course of modelling various social security scenarios, [two pieces](#) of work by the Joseph Rowntree Foundation from 2021 estimated that the rollout of the SCP (as it was planned at the time) would reduce child poverty by several percentage points, with greater values of the SCP naturally showing greater reductions.
- Modelling analysis [from the Fraser of Allander Institute](#) in 2021 funded by the Commission showed how it was possible for increases in the SCP to reduce child poverty enough to meet the interim relative child poverty target. Importantly, it also indicated the scale of the effect of the SCP in comparison to other interventions – for example, that a £40 per week per eligible child level of the SCP would allow the 18% interim relative child poverty target to be met, but that the maximum impact of a policy of zero rent for families in poverty (could such a policy be designed) would be 2 percentage points. A subsequent [2022 publication from the Institute](#) further developed this work, examining various packages of policies that could meet the targets.
- [Scottish Parliament Information Centre](#) modelling, originally from 2021 but [also reported earlier this year](#), provides estimates of child poverty reduction resulting from various levels of the Scottish Child Payment, and suggests that the SCP (at current levels) could be expected to reduce relative child poverty by 5 percentage points in 2023-24.
- A series of modelling publications from the Scottish Government as part of its ‘Cumulative Impact Assessment’ of its tackling child poverty approach (with the most [recent published](#) earlier this year) that estimate the SCP alone (in the form and value it is currently delivered) is expected to reduce the relative child poverty rate by 6 percentage points by 2024-25.

These models were all published at different points in time, with differing assumptions and inputs (for example, different values of SCP), and so are not all directly comparable. There is unlikely to be a single precisely ‘correct’ answer to the question of how much the SCP at its current level will reduce child poverty, however viewed as a whole the existing evidence supports the view of the Commission that will have a substantial impact and is contributing strongly towards child poverty reduction.

Given the question posed, this response has focussed on the impact of the SCP alone. This does not mean that other interventions are unimportant or that the SCP can be relied on as the only policy to meet the Scottish Government’s child poverty reduction ambitions and Scotland’s statutory child poverty targets. This is an issue the Commission has stressed repeatedly in its recent scrutiny reports.

The Commission will provide its updated assessment of some of these issues in its 2023-2024 child poverty scrutiny that we expect to publish before the summer recess, and we would be pleased to share this work with the Committee on publication.

### **3. Is the process for applying for the Scottish Child Payment straightforward for families to navigate, and if not, what are the barriers you are aware of?**

Following from the Commission's response to the first question and our publications that we have cited in our response to it, we have heard through our engagement with people who are in receipt of the SCP that some groups can find application processes confusing or difficult, or face other barriers in applying. Some of the types of barriers the commission has heard relate to issues such as:

- Awareness and understanding of entitlement to the SCP, given the complexity of the benefits landscape in the UK.
- The availability of support to help make people aware of the SCP and support them to apply if they need it.
- Difficulties contacting the relevant agencies and issues around personal access or requirements to facilitate application (for example, difficulties in using the internet, or understanding the information the process presents applicants with).
- The time taken to process the client's SCP application.

However, it is important to be clear that these barriers are not universal. The Commission has also heard from clients of the SCP that they found the process smooth and straightforward and rated it highly, particularly in comparison to their experiences in applying for reserved benefits. Further, we would expect that we are more likely to hear about occasions where it has not gone right for applicants, rather than the cases where things have gone smoothly and unremarkably. This does not negate the fact it is important for the Scottish Government and its agencies to do their utmost to get it right for every applicant.

The qualitative evidence above also must be considered in light of positive [estimated uptake figures](#) for the SCP (for children aged under 6) provided by the Scottish Government, which show an increase from an estimated 87% in 2021-22 to 95% in 2022-23. Similarly, for the particular issue around processing times, there appears to have been a substantial spike in applications in November 2022 when the SCP was expanded to under 16s, resulting in delayed processing around that time. Since then, improvements appear to have been made and processing times for applications [have reduced substantially from their peak](#).

In the Commission's view, this suggests that the application process appears to be working well for many applicants overall, with the potential for continued tailoring and improvements for the remainder of applicants who continue to experience barriers.

#### **4. Is the Scottish Child Payment effective as a targeted intervention to reduce child poverty or could the money be better spent in other ways?**

The Scottish Child Payment is clearly effective as a targeted intervention to reduce child poverty, for the reasons given in response to previous questions. It forms a pivotal role as part of a programme of policies to reduce child poverty, by providing direct and targeted financial support to low income households. Given the range of policy options and powers currently available to the Scottish Government, the Commission believes that there is no current alternative policy to which the funding allocated to the SCP could be redirected to that would lead to the conclusion that it is being better spent there, rather than on the SCP.

The SCP is effective at reducing child poverty, and, due to its targeting, efficient. However this should not be taken to mean that: 1) there are no areas in which it can be improved; and 2) there are no downsides to relying on it even more heavily than is done at present as the primary lever the Scottish Government has to reduce child poverty and meet Scotland's statutory targets.

In relation to areas for improvement, the Commission has raised concerns in its scrutiny and advice to Scottish Ministers around the potential impact of the 'cliff edge' caused by the interaction between the SCP and the qualifying reserved benefits to which it is tied. Both the Commission and people with experience of poverty have noted that the lack of a tapering in the SCP and the resultant increasingly large (as the value of the SCP has increased) cliff edge that is created when qualifying benefits are withdrawn, could make it difficult for parents to take advantage of employment opportunities, to increase their hours, or to otherwise progress in work. This can have a particular impact on women who are more likely to be the lower earner in a household and already take more time out of the labour market to provide care. A former member of our Experts by Experience panel [told us](#) that they have been in the position of not being sure if they were better off working or not as a result of these effects, and another said they had to try to manage their income so that always had "at least £1 of universal credit" so as not to lose their SCP entitlement.

For these reasons the Commission was pleased to see the Social Security (Amendment) (Scotland) Bill being brought forward, and [in our comments to the Committee](#) provided earlier this year we have provided expanded comment on some of these issues, how they may be addressed by provisions of the Bill, and stated that we want to see the Scottish Government set out further thinking and analysis that indicate the timescales and conditions upon which it would seek to make use of these powers.

Relatedly, while modelling cited in our response to previous questions has shown that the interim child poverty targets could have conceivably been met by further increases to the Scottish Child Payment beyond current levels, at some point this will start to become less efficient, and without the redesign mentioned above, creates risks around the labour market

effects that are likely to be particularly damaging for women. The Commission does not believe we are currently at that point, however it would be prudent to plan for the future now.

In addition, while child poverty is a clear and agreed priority for the Scottish Government, the Parliament (as all parties supported the original targets) and also the Commission, it is important to look at poverty as a whole. Recent work from the Joseph Rowntree Foundation [on deep poverty in Scotland](#) highlights a worrying rise in the numbers and depth of people living in deep poverty. It is notable that single person households without children have made up a growing proportion of people in deep and very deep poverty. While there is clear national focus on reducing child poverty, an objective to which the SCP is particularly well suited, it is important we also consider the wider picture, who may stand to lose out as a result of the focus of attention and resources on child poverty, and to ensure we have understanding and agreement over what the right balance of targeted versus universal approaches is, given what we want to achieve.

## **5. How does the Scottish Child Payment compare with policies to reduce child poverty in other countries?**

As the Committee will be aware, the SCP is not available in other countries in the UK. Over time and particularly from next year (when the 2023/24 child poverty statistics become available), the Commission would expect to see the impact of the SCP in Scotland start to become apparent in diverging child poverty trends (as implied [by modelling published last year](#) by the Fraser of Allander Institute), though this is complicated by the issues raised in response to previous questions.

The Commission does not have detailed comment to make in relation to comparisons with other countries internationally, aside from observing that such comparisons are often difficult to make due to the differing levels of adequacy of mainstream social security support, the level of other benefits in kind offered by the state in question, and levels of taxation required to fund such activity. This implies caution in drawing strong conclusions in relation to other countries; if the SCP appears to be a largely unique policy answer, it is likely to be because it is well-suited to the particular devolved context in Scotland, and the policy problem it is trying to solve.

## **6. Any other comments?**

Our recent workshops with parents have included asylum seekers and parents with No Recourse to Public Funds. The issue of the benefits system being unfair and discriminatory towards some children in Scotland came up at a number of workshops. Children from



asylum-seeking families or those with No Recourse to Public Funds are not eligible for the Scottish Child Payment. Across a number of the workshops this was highlighted as discriminatory, treating some children living in Scotland, some of whom were born in Scotland, differently to others