

Local Government and Regeneration Committee
Scrutiny of Scottish Government's Draft Budget 2014/15

SUBMISSION FROM CHILD POVERTY ACTION GROUP IN SCOTLAND

Overview

1. The 14/15 Budget comes at a critical time for child poverty in Scotland. One in five (200,000) of Scotland's children are officially recognised as living in povertyⁱ, a level significantly higher than in other European countries.ⁱⁱ Independent modelling by the Institute for Fiscal studies (IFS) also forecasts massive increases in child poverty with an estimated 65,000 more children living in poverty in Scotland by 2020ⁱⁱⁱ, primarily as a result of current UK government tax and benefit policy.

2. While CPAG in Scotland acknowledges the massive economic challenges facing Scotland, we urge the Scottish Government to see the 14/15 Budget as an opportunity to invest in policies which will have a long-lasting impact on levels of child poverty across Scotland. The Scottish Government must take decisive action to increase access to childcare, reduce household costs and facilitate access to employment opportunities across Scotland.

3. CPAG acknowledges that the Draft Budget 14/15 presented by the Scottish Government includes many welcome steps which will help to mitigate the impact of welfare reforms and tackle child poverty in Scotland. Additional investment in the Scottish Welfare Fund and the Council Tax Reduction Scheme will help to mitigate some of the worst effects of wider welfare reform. Furthermore, the investment of £190 million to extend the provision of free childcare which will help many parents return to paid employment while improving access to early learning opportunities.

4. Despite this, CPAG in Scotland believe there is a need for more commitment to the kind transformative policies and investment required to make a long lasting impact on the structural causes of child poverty across Scotland. Immediate policy and spending commitments which could have a huge impact on levels of child poverty and reduce spending in the longer term include:

- **A renewed commitment to the provision of free school meals for *all* children in Primary 1-3.** We believe the recent UK government announcement in this area provides an excellent opportunity for the Scottish Government to fulfil its commitment in this area, ensuring all local authorities provide a healthy lunch to infants in the first three years of school.
- **Increased investment in flexible, affordable childcare and early learning** to ensure adequate availability across all local authority areas. We urge the Scottish Government to set out its long term vision and a timetable for delivering a universal and comprehensive system of early learning and childcare, including out of school care.
- **Further investment in advice, information and training for frontline agencies.** This will help to maximize the incomes of the families dealing with the consequences of welfare reform. Ever increasing conditionality and harsher sanctions are likely to result in more complexity and dispute, creating new demand for advice services.

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- **The promotion of and investment in more equal pay distribution**, specifically building on the concept of a Scottish Living Wage and increasing rates of pay at the bottom of the public sector pay spectrum.
- **A commitment to maximise funds available for Discretionary Housing Payment in 2014/15 as well as 2013/14**. Reduced rental income, an increase in debt and arrears and increased demand for homelessness services are all highly likely putting additional pressure on local authority resources.

5. As well as contributing to the achievement of priorities agreed between local and national government, these policies would contribute hugely to the outcomes identified in the Scottish Government's Child Poverty Strategy, including increasing the number of parents in good quality employment, improving outcomes in the early years and reducing health inequalities. The policies would also reinstate progress towards achievement of the Scottish Government's Solidarity Target to increase the proportion of income earned by the three lowest income deciles by 2017. Worryingly, since 2004 the proportion of income received by this group has actually *decreased*^{iv}, suggesting that the distribution of income is becoming more unequal.

6. CPAG in Scotland also believe the 2014/15 Budget reflects a need for the Scottish Government to demonstrate more clearly how resource allocation will contribute to, or indeed undermine, the creation of the conditions for a Scotland free of child poverty. To date it has been difficult to see evidence of systematic proofing of budget decisions across government for their impact on poverty and inequality. For this reason, we would like this and future budgets to include a statement explaining how spending plans will help contribute to the outcomes highlighted in the Scottish Government's Child Poverty Strategy.

7. There is also an urgent need for local authorities to employ indicators which will accurately show progress in relation to the outcomes identified in the Scottish Government's Child Poverty Strategy and Solidarity Target, including availability of child care, parental employment and the educational attainment gap.

Question 1: Over the period of the 2011 Spending Review, to what extent have the resources provided to local government been sufficient to deliver on the joint priorities agreed between COSLA and the Scottish Government, and to deliver local government's statutory duties?

8. CPAG in Scotland are concerned that many of the joint priorities agreed by local and national government have not been translated into action on the ground, particularly for families living in poverty.

9. It has been a matter of real concern and disappointment that, to date, the roll out of free school meals to all pupils in P1 to P3, as announced by the Scottish Government in 2010, has not yet been fully implemented. Since 2007, the Scottish Government have made important progress in increasing the number of children, particularly in primary schools, who receive a healthy school lunch by extending entitlement to those in very low income working families and by enabling local authorities to provide free school meals to all P1 to P3 pupils with a policy objective of moving toward universal free school meals for all in P1 to P3^v. Following this investment, the proportion of school aged children

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registered for a free school lunch increased from 15.2% in 2009 to 19.7% in 2011. 2012 and 2013, however, saw a slight reduction to 19.6% '*due to a reduction in the number of local authorities with free school meal initiatives*'^{vi}. We would urge the Scottish Government and local authorities to confirm their commitment to this policy and make the resources available for its implementation.

10. Furthermore, in relation to the agreed Solidarity Target no progress appears to have been made in reducing income inequality. The proportion of income received by the bottom three deciles has actually *decreased* slightly from 14.4% in 2004/5 to 14% in 2011/12^{vii}.

11. The lack of local indicators relating to poverty reduction (and more specifically child poverty), mean it is difficult to state with any confidence whether failure to realise these shared commitments has been the result of insufficient funds being made available to local authorities or of a failure to prioritise spending to tackle the root causes of child poverty at local level. Indeed, although almost one half of Single Outcome Agreements (SOA) include a *general* local poverty outcome no respondents reported that their authority had specified a local *child* poverty target^{viii}. Without such targets it is difficult to discern the extent to which local authority policy and spending decisions have prioritised poverty reduction and tackling income inequality.

12. For this reason, CPAG in Scotland believes local authorities need to develop indicators to monitor trends in access to childcare, parental employment rates, the education attainment gap, benefit take-up/income maximization and household costs subject to Scottish Government policy interventions (such as the cost of school meals and energy bills).

Question 2: What has been local government's contribution to the delivery of the Scottish Government's Purpose, and its 16 National Outcomes, and how is this captured and measured?

13. As noted above, local government's contribution to the National Outcomes relevant to child poverty is difficult to quantify as a result of the failure to systematically capture and measure the relevant information. However, there are several of the National Outcomes where there appears to be inadequate and/or inconsistent progress across local authorities:

- **“Our children have the best start in life and are ready to succeed.”**

13. Research shows that, across Scotland, children's health and educational outcomes are still strongly linked to deprivation^{ix}. For this reason, we would urge the Scottish Government to use the 2014/15 budget to ensure children from poorer families are given better opportunity to thrive at school and to enjoy the opportunities experienced by their more affluent classmates. We would urge the Scottish Government and local authorities by removing cost barriers to educational attainment by:

- Providing a free school meal for *all* children in Primary 1-3. Access to a free hot school meal has repeatedly been shown to decrease attainment gaps and increased levels of nutrition, health, concentration and wellbeing^x. This is likely to become increasingly important as families feel the effects of welfare reform.

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Research conducted in England and Wales by CPAG in partnership with the National Union of Teachers (NUT) found that 85% of teachers had seen an increase in the number of children coming to school hungry in the last two years. A further 88% had seen an increase in children unable to concentrate in class^{xi}.

- Minimising the impact of charges for school related activities such as school trips by identifying, developing and promoting good practice;
- Providing school clothing grants that reflect the real cost of school clothing with consistent minimum entitlement criteria across Scotland
- **“We realise our full economic potential with more and better employment opportunities for our people.”**

14. While unemployment has shown signs of decline across Scotland^{xii}, there is considerable variation in employment rates across Scotland's local authorities. In 2012, employment rates varied from 59.7% in Glasgow City to 81.3% in the Orkney Islands, compared to a national average of 70.6%^{xiii}. Access to employment also varies according to gender and household type, with women and single parent families less likely to be in full time, well paid employment^{xiv}.

15. In order to address this it is vital that local authorities ensure there is adequate, high quality childcare and early learning available. Provision of quality early years services will not only facilitate access to employment, but also improve outcomes and educational attainment for children, particularly those from deprived backgrounds^{xv}.

16. Currently, only one fifth of Scottish local authorities report having enough childcare for working parents. Furthermore, only 1 in 10 have enough childcare for parents who work outside normal working hours^{xvi}. As well as there being a huge variation in availability, the cost of childcare also varies greatly from one local authority to the next, with the average cost for 25 hours care for a child under two 80 per cent more costly in the most expensive local authority than it is in the cheapest.^{xvii}

17. CPAG welcomes the Scottish Government's decision to invest £190 million in increased access to free childcare and early learning across Scotland. However, we believe there is a need for more investment in flexible, affordable childcare and early learning to ensure availability across all local authority areas. We urge the Scottish Government to set out its long term vision and a timetable for delivering a universal and comprehensive system of early learning and childcare, including out of school care, that improves outcomes for both children and families.

18. Finally, while childcare plays a huge part in enabling parents to find employment, work in itself is not a guaranteed route out of poverty. Indeed, half of children in poverty in Scotland live in families where at least one adult is in work^{xviii}. Given that low pay is a key factor, we therefore strongly encourage local authorities to ensure all those contracted by local authorities (as well as those directly employed by them) receive a Living Wage. This will require substantial investment and careful planning to ensure that the knock on impact of higher employment costs is not to reduce access to social care and child care services, both of which employ a high proportion of low paid (largely female) workers^{xix}.

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- ***“We have tackled the significant inequalities in Scottish society.”***

19. There is therefore a need to take targeted steps to ensure those likely to be disproportionately affected by welfare reform, including one parent households and families with young children, are able to access the information, advice and support they require. We welcome the funds made available to provide information and advice but would urge the Scottish Government to consider increasing investment in this area in order to ensure all those in need of welfare rights, budgeting and/or money advice are able to access it. Recent research highlights a large amount of local variation in access to money and welfare advice services^{xx}.

20. There is also a belief amongst service providers that demand is likely to increase dramatically over the next few years. The extension of conditionality inherent in Universal Credit and the harsher sanctions regime present new areas of complexity and potential dispute. Investment in this area is likely to lead to long term savings for local authorities as families are able to avoid eviction, financial sanctions and other measures likely to result in a need for expensive, crisis level intervention at a later date.

Question 3. What are the key challenges and pressures that local authorities face over the period of the new spending review, and what planning has been undertaken?

21. Key challenges faced by local authorities over the period of the new spending review include:

- **Housing Benefit changes:** Housing providers and local authorities are facing well documented challenges as a result of the Bedroom tax and direct payment of housing benefit. Reduced rental income, an increase in debt and arrears and increased pressure on homelessness services are all highly likely. For this reason we would urge the Scottish Government to commit to increasing the funds available for the Discretionary Housing Payment in 2014/15 as well as 2013/14.
- **General pressure on household incomes:** Reduced entitlement to welfare benefits, limits on benefit uprating and the increased cost of living are all likely to lead to increased pressure on household budgets. This in turn is likely to undermine the ability of many children to fully participate at school as parents struggle with costs of school clothing and school meals.

Question 4: What further measures are required during the period of the new Spending Review to ensure the delivery of the equalities agenda and support the development of the most vulnerable sections of society?

22. As noted above CPAG in Scotland main priorities for spending in relation to the 14/15 Budget include:

- **A renewed commitment to the provision of free school meals for *all* children in Primary 1-3.** We believe the recent UK government announcement in this area provides an excellent opportunity for the Scottish Government to fulfil its commitment in this area, ensuring all local authorities provide a healthy lunch to

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infants in P1-P3.

- **Increased investment in flexible, affordable childcare and early learning** to ensure adequate availability across all local authority areas. We urge the Scottish Government to set out its long term vision and a timetable for delivering a universal and comprehensive system of early learning and childcare, including out of school care.
- **Further investment in advice, information and training for frontline agencies.** This will help to maximize the incomes of the families dealing with the consequences of welfare reform. Ever increasing conditionality and harsher sanctions are likely to result in more complexity and dispute, creating new demand for advice services.
- **The development of indicators** which will accurately show progress in relation to the Scottish Government's Child Poverty Strategy and Solidarity Target, including availability of child care, parental employment and the educational attainment gap.
- **Promoting more equal pay distribution** – specifically building on the concept of a Scottish Living Wage and increasing rates of pay at the bottom of the public sector pay spectrum.

ⁱ Latest 2011/12 figures from Table A1 www.scotland.gov.uk/Publications/2013/06/2493/0

ⁱⁱ International comparisons are for 2008 on an before housing costs basis under which 21% of Scotland's children live in poverty see Chapter 5 *Poverty in Scotland 2011* Figures 5.4, p70 and 5.6, p74 (CPAG, 2011)

ⁱⁱⁱ <http://www.ifs.org.uk/comms/r78.pdf>. Figures for Scotland can be found on p41 table B.2 Column 1. The proportion of children living in relative child poverty (after housing costs (AHC) are deducted) is forecast to increase from 21.4% in 2011 to 28.4% in 2020 – around 65 000 additional children pushed into poverty by 2020.

^{iv} Scottish Government, Scotland performs

<http://www.scotland.gov.uk/About/Performance/scotPerforms/purposes/solidarity>

^v For details see see para 3.4 <http://www.scotland.gov.uk/Publications/2012/06/4917/8#s343>

^{vi} Table 9 and Note 5.2 <http://www.scotland.gov.uk/Publications/2012/06/4917/6>

^{vii} <http://www.scotland.gov.uk/Publications/2013/06/2493/downloads> p16/17

^{viii} Local Action to Tackle Child Poverty, Save the Children, 2012

<http://www.savethechildren.org.uk/sites/default/files/images/Local-action-tackle-poverty-Scotland.pdf>

^{ix} Poverty, educational attainment and achievement in Scotland: a critical review of the literature, July 2012

http://dera.ioe.ac.uk/15894/1/Poverty_educational_attainment_and_achievement.pdf

^x Prof. Derek Colquhoun, Hull Uni, http://observer.guardian.co.uk/uk_news/story/0,,1995361,00.html

<http://www.ifs.org.uk/publications/6278>

^{xi} Survey of 1,478 teachers conducted by CPAG and that National Union of Teachers, September 2013

^{xii} 'Number of Scots in Work Hits 4 Year High' BBC Scotland, August 17th, 2013 <http://www.bbc.co.uk/news/uk-scotland-scotland-business-23694473>

<http://www.scotland.gov.uk/Publications/2013/05/6728>

(May 2013) based on Jan-Dec 2012 APS data

^{xiv} <http://www.scotland.gov.uk/Publications/2013/08/6973/5> based on 2012 Scottish Household Survey Report

^{xv} http://www.nao.org.uk/wp-content/uploads/2004/02/268_literaturereview.pdf Review of the impact of early years

provision on young children

^{xvi} http://www.childreninScotland.org.uk/docs/Scottish_Childcare_Lottery.pdf The Scottish Childcare Lottery;

Childcare Trust and Children in Scotland, 2012

^{xvii} <http://www.familyandparenting.org/news/Press-releases/2013+Press+Releases/Scottish+Childcare+Costs+Survey>

Scottish Childcare Cost Survey 2013

^{xviii} Annual Report on Scottish Government Child Poverty Strategy 2013

<http://www.scotland.gov.uk/Publications/2013/09/2212/3>

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^{xix} Women in Scotland's Economy Research Centre (WISE) Report January 2013

<http://www.gcu.ac.uk/media/gcalwebv2/theuniversity/centresprojects/wise/WiSE%20Briefing%20Paper%20No%20%20final.pdf>

^{xx} For Example, Money Advice Scotland January 2013

<http://www.moneyadvicescotland.org.uk/sites/default/files/IS%20-%20Money%20Advice%20Research%20Report.pdf>