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Dear Auditor General,

In my letter of 22 September, I indicated I would write to you with a more detailed response to the recommendations in the joint Audit Scotland and Accounts Commission report on tackling child poverty which I am pleased to do.

As you know, tackling child poverty is a National Mission for this government and we remain committed to doing our best, within the scope of our powers and limited financial resources, to break the cycle of child poverty in Scotland. This is particularly critical given the devastating and far reaching impacts of the ongoing cost of living crisis for families, coupled with the wider impacts of economic upheaval on businesses, public services and the third sector.

Whilst this makes meeting our child poverty targets even more challenging, we remain firmly committed to delivering them in partnership with Local Government, Health Boards, the third sector, business and those with lived experience of poverty. *Best Start, Bright Futures* is a plan for Scotland and sets out wide ranging and ambitious action to drive forward progress and provide the holistic and targeted support needed to break the cycle of poverty in Scotland.

Once again, I welcome the focus you have given to this important issue.

Yours sincerely,

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Further information

Detail of the action the Scottish Government is taking in relation to Audit Scotland's recommendations is set out below. Whilst recommendation 6 is directed to local authorities and national groups they participate in, the Scottish Government works closely to support this work and is often engaged as a key partner, therefore detail of the action we are taking to support our partners is included for awareness.

1. The Scottish Government should increase the focus on policies aimed at preventing children from experiencing poverty.

SG Response:

Best Start, Bright Futures sets out actions to tackle and reduce child poverty in Scotland, focussing on working with partners to provide the integrated and holistic support parents need to enter quality employment, improve their wider wellbeing and engage with the drivers of poverty reduction. This includes investing in employment support services, further developing and increasing access to childcare and a focus on delivering a truly “no-wrong door” approach to public services. The cumulative impact of these actions is intended to break the cycle of poverty and enhance the life-long outcomes of children and young people.

We know from families that a focus on immediate action is needed, particularly given the significant impacts that the cost crisis has on people already in poverty. Without access to essentials, including a sufficient income to meet their basic needs and a warm home, the barriers that families face in engaging with the wider drivers of poverty reduction may be insurmountable – leading more families into crisis and destitution. This is why a balanced approach is needed, including providing immediate support through social security to help those who are struggling to make ends meet. Investment through social security, including the Scottish Child Payment, is critical to reducing the impact of poverty and enabling families to live with dignity and to meet their basic needs.

We also know that whilst employment can provide a route out of poverty for many families there are a number of reasons why this is not the case for everyone. This is why *Best Start, Bright Futures* sets out wider action including delivering more affordable homes to reduce housing costs, working with housing associations to break the cycle of homelessness, investing in energy efficiency measures to reduce household expenditure, delivering income maximisation services to help increase incomes and reduce household costs, providing holistic family support through Whole Family Wellbeing Funding, tackling the poverty-related educational attainment gap, supporting action on fair work and implementing commitments in the Keeping the Promise Implementation Plan.

Through the balance of immediate action to reduce the impacts of poverty on children and families today and our focus on providing better services for those currently experiencing poverty, we will provide a stronger platform for tackling the root causes of poverty, rebuilding economic security for families and sustaining improvement in lives and outcomes.

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2. The Scottish Government should consider how best to involve children and families with lived experience of poverty in providing strategic oversight of how it is tackling child poverty.

SG Response:

Our approach to tackling child poverty is embedded in the Scottish Approach to Service Design, which in 2019 set out the vision that the people of Scotland are supported and empowered to actively participate in the definition, design and delivery of their public services (from policy making to live service improvement).

There is a wealth of activity already being undertaken, developed during the life of *Every Child, Every Chance* (2018-22), to embed lived experience in policy development and evaluation. Examples include:

- Social Security Experience Panels established which help to inform key decisions in the design of social security in Scotland;
- providing funding for the Poverty Alliance to deliver Get Heard Scotland, and;
- support for the Poverty and Inequality Commission experts by experience panel.

Through these and other similar approaches we are able to ensure that services are able to be effectively influenced by the people who are accessing them and those with lived experience of poverty are able to inform wider policy choices.

Best Start, Bright Futures reinforces the importance of policies being informed by people with lived experience, with the Plan informed by partners across Scotland, including parents with experience of living on low incomes and children and young people themselves. The Plan demonstrates how we will build upon the steps taken to date to further strengthen and embed lived experience in policy design and evaluation, for example through our commitment to develop a lived experience panel and to build on good practice such as a peer ambassador approach as part of our enhanced employability offer for parents.

We work closely with partners who directly engage with service users and represent the views of families and children living in poverty. This includes for example the Joseph Rowntree Foundation and One Parent Families Scotland, both of which have published recent reports highlighting the views and experiences of parents and low income families based on engagement with thousands of people across Scotland.

These partners are directly involved in the Scottish Government's oversight arrangements through the Tackling Child Poverty Programme Board, this is a key element of Scottish Government's overarching *Best Start, Bright Futures* programme which has been put in place to oversee progress on the delivery of the Plan as well as its impact on outcomes.

We do however recognise that there is always more that we can do and will give careful consideration to how we can continue to strengthen existing approaches across the life of the Plan to ensure our strategic oversight is continually informed by those we are seeking to support.

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3. The Scottish Government should work with local government, the third sector and other partners, and children and families with lived experience of poverty to quickly set out how the actions in the second delivery plan will be delivered, monitored and their impact evaluated.

SG Response:

We are working closely with partners to implement the wide ranging action set out within *Best Start, Bright Futures*, and have for example provided further information since publication on how we will take forward key actions including delivering initial investment of [Whole Family Wellbeing Funding](#) and working to [expand childcare services](#).

We will set out an update on progress delivered during 2022-23 within the annual progress report due to be published by the end of June 2023. This will focus on both implementation of actions committed, including key developments in relation to evaluation, and on the impact of actions toward the targets set. It is not practical to set out more detail in relation to implementation, monitoring and evaluation of all the actions in the Plan prior to this stage, due to the wealth of action being driven forward with partners across-government.

[Annex 2](#) of the Tackling Child Poverty Delivery Plan sets out high-level detail of our approach to evaluating action to tackle child poverty which builds on the evaluation strategy underpinning *Every Child, Every Chance*. The policies in *Best Start, Bright Futures* that are anticipated to have the greatest impact on the child poverty targets have been identified and will be monitored more closely on an ongoing basis through:

- a newly-established evaluation network with analytical leads of key evaluations;
- development of an evaluation framework that will aid policy areas to embed impact on child poverty as part of their own evaluations. It will be intended as a guide providing examples and ways of ensuring that policy evaluations can include impact of policies on child poverty;
- identifying a range of additional indicators to measure a) progress on policy process and b) impact on targets, and;
- implementing a robust process of internal Scottish Government performance reporting which will seek information on impact, performance against outcomes and progress on evaluation. This will include qualitative and experiential information to give us insight where we do not have access to regular or meaningful quantitative data.

The formal oversight arrangements now in place through the *Best Start, Bright Futures* programme will enable us to understand how actions are being taken forward and progressing, as well as monitored and evaluated on a regular basis and will inform each annual progress report.

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4. The Scottish Government should consider how to develop its understanding of the reach of universal spending and the extent to which low-income households are benefiting. This would help better understand the impact of this spending on reducing child poverty, and any changes needed.

SG Response:

The reach and effectiveness of universal policies in tackling child poverty is considered through policy evaluations. Our approach to evaluating the overall impact of *Best Start, Bright Futures*, and more broadly to the outcome of our Resource Spending Review, have been informed by these policy evaluations.

For example, the Scottish Study of ELC (SSELC) is assessing the extent to which the expansion from 600 to 1140 hours of funded ELC for all children aged 3 to 5 and eligible 2-year-olds improves outcomes for children and parents, particularly those who are at risk of disadvantage. In particular the study looks at whether the three objectives of the ELC programme have been achieved:

1. Children's development improves and the poverty-related attainment gap narrows
2. Parents' opportunities to take up work, study or training increase
3. Family wellbeing improves

The three phases of baseline data collection for the SSELC have been completed and the [Phase 3 report](#) was published in December 2020.

We will continue to work across government to ensure that investments are effectively delivering against our priorities and will seek to enhance evaluation and data gather – where it is possible and proportionate to do so – in order to better understand the impact of this spending on tackling child poverty.

Ahead of publishing the progress report for 2022-23, by the end of June 2023, we will look at how we may strengthen the methodology underpinning our estimates on spend which benefits children in poverty.

5. The Scottish Government should set out options and progress actions to meet the final targets well in advance of the next delivery plan in 2026.

SG Response:

Best Start, Bright Futures sets out wide ranging action which looks to transform outcomes for children and families and to empower partners across Scotland to deliver on our national mission to tackle child poverty.

The Scottish Government will work closely with partners over the coming years to identify and refine options and action, drawing on what we learn through our place-based transformation interventions; policy evaluations and ongoing measurement of impacts on outcomes. Scottish Ministers will also consult with the statutory Poverty and Inequality Commission in development of the third Tackling Child Poverty Delivery Plan, and on an annual basis in relation to the implementation of *Best Start, Bright Futures* and progress toward the targets set in statute by the Child Poverty (Scotland) Act 2017. Annual progress

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reports will be laid before the Scottish Parliament and published, enabling continuing scrutiny of progress toward the targets.

As *Every Child, Every Chance* provided the basis of the further actions set out in *Best Start, Bright Futures*, the final third Tackling Child Poverty Delivery Plan in 2026 will be informed by the implementation of *Best Start, Bright Futures* and by the wider circumstances at that time. We must of course recognise that the environment in which we deliver *Best Start, Bright Futures* will change in ways that we cannot predict – for example, since the publication of the Plan, significant economic upheaval and the impact of the cost of living crisis on the most vulnerable in our society has required considerable additional action to be taken, impacted on the Scottish Government’s budget and made robust forward planning even more challenging.

6. Councils and national groups they participate in should consider how best to share information about what councils are doing to tackle child poverty and its impact. This would support learning and improvement. They should also ensure this is supported by robust data and evaluation.

SG Response:

The Scottish Government continues to work closely with national partners to support local partners to identify, evaluate and share practice in tackling child poverty.

Since 2018 the Scottish Government has funded the Improvement Service to provide support to local partners through a national child poverty coordinator. The coordinator has established a peer support network for local child poverty leads, enabling the identification and sharing of practice and challenges, alongside facilitating wider awareness raising – including amongst elected officials. In addition the Scottish Government has continued to fund the Scottish Poverty and Inequality Research Unit (SPIRU) to provide additional analytical support and advice to local partners across this time.

The Local Child Poverty Co-ordination Group (‘national partners group’), consisting of the Improvement Service, COSLA, Scottish Government, SPIRU, CPAG, the Poverty Alliance and Public Health Scotland, works together to support councils and health boards in fulfilling their statutory reporting duty and continually improving their approach to tackling child poverty. The group is currently developing and testing a more joined up approach to delivering this support and ensuring local child poverty leads are aware of the package of improvement tools and resources available. As part of this support, Local Child Poverty Action Reports are shared for peer review and feedback, and examples of what does and does not work in tackling child poverty are shared. For year four LCPARs the Scottish Government will provide additional analytical support to produce a thematic analysis and share key learning more widely.

Investment in this national support is further enhanced the work of wider partners. SPIRU for example has been awarded funds from the Ayr Financial Fairness Trust to compile and curate a Directory of Practice in Tackling Child Poverty Locally. Work on the project started in September this year, with the first outputs expected to be available at a launch in April 2023. Through this project SPIRU will develop an online resource to share peer-

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reviewed examples of effective and interesting practice among the national anti-poverty community.

Local authorities, and wider organisations operating locally, are key partners in the delivery of Scottish Government policies and investment – with specific consideration given to data and evaluation. For example, our No One Left Behind (NOLB) approach is delivered in partnership with local authorities through Local Employability Partnerships – bringing together local authorities, third sector and other partners to provide local employment support. In April, we published the first iteration of the [Shared Measurement Framework](#) which establishes a shared understanding of how we measure the impact of employability services for the people and areas they aim to support. National level statistics are published quarterly in relation to NOLB, with the latest data available on the [Scottish Government website](#). We have also embarked on a multi-year evaluation of No One Left Behind, with the first year already underway and focussing on implementation of No One Left Behind and Young Person’s Guarantee. The focus on parental employment support has increased significantly since the publication of Best Start, Bright Futures, and will influence our thinking for future years’ evaluation activity.

7. The Scottish Government and councils should consistently use the suite of child poverty indicators to reflect the impact of cost of living increases on low-income families.

SG Response:

Cost of living is one of the three main drivers for child poverty alongside income from work and earnings and income from social security and benefits in-kind. These three drivers are monitored via the Child Poverty Measurement Framework (CPMF). Many indicators in this framework specifically monitor progress amongst low income households. The statutory child poverty target measures reflect increasing cost of living. In addition, cost of living is tracked explicitly as one of the 81 [National Indicators](#) included within the National Performance Framework.

The updated CPMF – set out at [Annex 3](#) of Best Start, Bright Futures – includes a number of indicators which are relevant to cost of living. These include:

- **Fuel affordability** – median ratio of fuel running costs to net household income (after housing costs) for low income households;
- **Fuel poverty** – percentage of low income households with children in fuel poverty or extreme fuel poverty;
- **Food affordability** – percentage of income spent on food and non-alcoholic drinks by low income households with children and
- **Food security** – percentage of children in low income households in low or very low food security households.

Wider indicators, including in relation to transport, childcare and housing costs and unmanageable debt will also help to capture impacts of the cost of living crisis. As part of the annual progress report, detailed analysis is undertaken for a specific priority family type covering all three drivers of poverty, including cost of living. The next progress report will provide focus analysis on families with three or more children and cost of living will be one of the three drivers explored.

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The set of target measures and the CPMF indicators were selected as the most robust measures available to monitor low income as well as cost of living and living standards of children in Scotland.

8. The Scottish Government and councils should consider how to improve national and local data to ensure that it fully captures and measures the characteristics and complexity of children living in poverty and the impact of actions on outcomes for children across different demographic groups.

SG Response:

We have been working with national partners to help local partners make best use of the substantial amount of data and research currently available to assess levels of poverty in their area and inform action to tackle this.

For example, the Department for Work and Pensions publish a children in low income families measure based on administrative data for very small areas, which allows highly granular analysis. The Scottish Household Survey covers a range of relevant topics and provides local authority breakdowns, including a low income indicator.

The Scottish Government have developed a [child poverty dashboard](#) which provides data and guidance to help local areas to assess which drivers are more relevant to their local area, as well as information on groups who may be more at risk of experiencing child poverty. In addition many local partners such as local authorities and health boards have a range of administrative and local data that can give them a very good sense of levels, types and location of poverty in their area, for example free school meals eligibility, council tax reduction etc. We are actively supporting this, with examples of local approaches found in [Glasgow](#) or [Inverclyde](#).

The Scottish Government launched the [Equality Data Improvement Programme](#) (EDIP) in April 2021 to strengthen Scotland's equality evidence base. The EDIP is aligned with the Scottish Government's wider Mainstreaming Equality and Human Rights Strategy currently under development, and aims to make intersectional equality data more wide-ranging and robust, enabling policy makers to develop sound, inclusive policy. Through the EDIP, we have undertaken a range of actions to improve good practice in the collection, analysis and use of equality data across the public sector, including hosting workshops and commissioning [case studies](#) to share examples of equality data collection across the public sector.

To improve understanding of intersectionality, the Scottish Government published an [evidence review](#) and [accompanying summary](#) in March 2022 which focused on what the concept of intersectionality means and how it can be applied to public sector analysis and policymaking. The review also showcased examples of how organisations have collected data on intersectional discrimination and inequality, including research carried out by the Poverty & Inequality Commission that took an intersectional approach to understand the lived experience of poverty.

The indicators in the child poverty measurement framework help us to understand how child poverty rates are being driven across the Scottish population. This means we can

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gather an overall picture of how we are making progress towards improving the key drivers of poverty. However, recognising that we know certain groups of the population are at higher risk of child poverty we have committed to carrying out an assessment of the measurement framework data and indicators to understand how possible and accurate it is to provide regular measurement framework updates across all priority family types. If data is available and suitable for this purpose it would assist in better understanding how specific priority group families are experiencing the drivers of poverty. This understanding would highlight trends and variations in progress for specific groups.

It is worth noting, however, that an initial assessment of the data showed that there may be some key challenges with this approach. For example, constraints on sample size may mean it is difficult to identify substantive trends in data for smaller areas or groups. Additionally, not every dataset used to track the indicators collects information on priority family types (although where possible indicators have been designed to use datasets which do collect this). The review will take account of these limitations as well as opportunities to improve reporting and will investigate the most appropriate options for providing more regular analysis on the experiences of priority family groups available through the measurement framework.

In order to complement this quantitative data collection, we produce annual focus reports on a priority family type. We have already published in-depth reviews of the evidence about five of our priority family types. These reports, as well as the evidence review published alongside the second Delivery Plan, draw on intersectional data wherever possible, considering, for example, child poverty among households with a young mother, minority ethnic and female disabled parents and minority ethnic mothers. Existing data is complemented with primary qualitative research which helps us dig deeper into the nuances of personal experiences and challenges.

Over the life of *Best Start, Bright Futures* we will continue to work closely with partners to strengthen the availability, quality and use of evidence to inform and support implementation of action to tackle and reduce child poverty in Scotland.

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