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The Scottish Parliament
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22 January 2024

Dear Convener,

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE REPORT: 'ADDRESSING CHILD POVERTY THROUGH PARENTAL EMPLOYMENT'

I enclose with this letter the Scottish Government's response to comments and recommendations made in the Social Justice and Social Security Committee's report on Addressing Child Poverty Through Parental Employment.

I would like to thank the Committee members for this report and all those who supported this inquiry, including by responding to the call for views, supporting visits and giving evidence.

The Scottish Government remains unequivocal in its commitment to meet its statutory child poverty targets and recognises the importance of increasing family incomes from work and earnings as key component of achieving a balanced and sustainable approach to breaking the cycle of child poverty in Scotland. As the Committee has highlighted within its report, a holistic approach is needed to address child poverty. There is no single policy in isolation that will make the change needed, and wide-ranging action is required across government and with partners across Scotland. Therefore, this response details policy interests across Ministerial portfolios, including those relating to childcare, skills, the economy, and transport.

As I reflected when giving evidence to the Committee in September, the Scottish Government also recognise that a sustainable exit from poverty will never be just about securing and retaining a job, and that is why we are taking much wider action to tackle poverty. This includes through continued investment to deliver more affordable homes, investment to expand access to Free School Meals and tackle the poverty related attainment gap, and by continuing to invest in the likes of our Scottish Child Payment, which will increase in line with inflation to £26.70 per eligible child, per week, from April 2024.

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The UK Government's Autumn Statement was the worst-case scenario for Scotland following a decade of austerity, a hard Brexit and disastrous economic mismanagement at Westminster. Our Barnett funding – which is driven by UK spending choices – has fallen by 1.2% in real terms since the 2022-23 budget was presented. And our capital spending power is due to contract by almost 10% in real terms over 5 years.

Despite the most challenging financial situation since devolution, the Scottish Budget 2024-25 directs our resources to those in greatest need and supports continued progress on child poverty. This includes committing £6.3 billion in social security benefits and payments, just over £1 billion more than in 2023-24 and £1.1 billion more than the funding we are forecast to receive from the UK Government through the Social Security Block Grant Adjustments, committing over £370 million to support concessionary bus travel, and committing to investing up to £90 million in devolved employability services - with a commitment to future multi-year funding to provide much needed certainty to the sector and for the people accessing our services.

Through the Ministerial Oversight Group established in 2023, focusing on the delivery of Best Start, Bright Futures across government, I am working closely together with Ministerial colleagues to strengthen our approach and maximise our collective impact on child poverty. This builds upon the Child Poverty Programme Board established to oversee implementation of Best Start, Bright Futures, and will help to ensure that strategies and action, across key portfolios, are delivered effectively together as we progress toward the final targets set for 2030.

As a Government, we will continue to do everything within the scope of our powers and budget to meet our statutory child poverty targets and will be relentless in that focus. However, it is only with the full economic and fiscal powers of an independent nation that Ministers can use all levers other governments have to tackle inequalities.

The annex attached to this letter provides a detailed response to the Committee's recommendations.

Please do not hesitate to get in touch if you require any further information.

Yours sincerely,

SHIRLEY-ANNE SOMERVILLE

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Annex – Responses to individual Committee comments and recommendations.

To note, the numbers below relate to the specific paragraph reference given, and are organised by thematic area, set out in the Committee’s report.

Cross-cutting nature of action on child poverty and governance challenges

Leadership on cross-cutting issues and policy areas

46. The Committee welcomes the Scottish Government's commitment to improved collaboration and accountability across ministerial portfolios and in partnership with local partners to deliver plans at the pace and scale required. The Committee asks that the annual and quarterly progress reports produced by the Tackling Child Poverty Programme Board are shared with the Committee, to assist with its ongoing scrutiny of the effectiveness of cross-portfolio cooperation on tackling child poverty.

SG response: The Scottish Government is required under the Child Poverty Scotland (Act) 2017 to produce an annual progress report which describes the measures taken by Scottish Ministers in accordance with that delivery plan over that reporting year. This must be laid before the Scottish Parliament, and each report is accompanied by wider analysis and evidence on progress toward the targets and in the drivers of poverty reduction. The [first annual progress report](#) for Best Start, Bright Futures was laid in the Scottish Parliament on 29 June 2023. It can be found on the [Scottish Government website](#) along with reports on Every Child, Every Chance, the first delivery plan covering 2018-2022.

Quarterly performance updates have been introduced as part of new internal governance arrangements, established in March 2022, by the Scottish Government following the publication of Best Start, Bright Futures. Those arrangements have been designed to support ongoing operational oversight of delivery of a number of key commitments to aid Ministerial and official-level scrutiny of performance on a “real-time” basis by the cross-portfolio Ministerial Oversight Group and the Tackling Child Poverty Programme Board. The Programme Board is chaired by a Scottish Government Non-Executive Director and includes external leaders, delivery partners and champions of change.

The Committee will appreciate that by their very nature these updates represent “snapshots” of performance on a number of commitments at any given period over the course of a year and performance can and does fluctuate on a regular basis. The Committee will also appreciate that Best Start, Bright Futures is a four year delivery plan and therefore annual progress reports, which are wider in scope and underpinned by a range of analysis in relation to progress toward the targets, represent the most effective way of supporting external scrutiny by providing an annual overarching assessment of performance over the period. The Poverty & Inequality Commission also provides Ministers with advice on progress on the delivery of each Plan, which is published on their [website](#).

Going forward, we will ensure that the Committee is provided with a copy of the annual Scottish Government progress report laid before the Scottish Parliament directly to the Committee.

Infrastructure, adequate and affordable services for low-income parents

Provision of childcare

70. The Committee recommends that the Scottish Government sets out a strategy to retain staff and address the issue of competition between sectors. As part of this, it should consider Audit Scotland's recommendations around data on the movement of staff across sectors and workforce planning and monitoring to make the childcare sector sustainable.

SG response: Following Audit Scotland's recommendations, we will work with local government and our partners in the sector to develop long-term workforce plans that both address existing workforce issues and support our plans for expansion. We will set out more detail on this later in 2024. As a critical step towards addressing the recruitment and retention issues facing the sector the draft Scottish Budget 2024-25 includes funding to provide local authorities with an additional £16 million in year to deliver our Programme for Government commitment to increase pay to £12 per hour for staff in the PVI sector who are delivering funded ELC from April 2024. Further information can be found in the response to paragraph 202 below.

With regards to Audit Scotland's recommendation on information regarding the movement of staff across the sector, the Scottish Social Services Council (SSSC) published new data on 27 June 2023. This showed that there is not a straightforward pattern of day care of children staff moving from the private and third sectors to public sector providers. The majority of people (59%) leaving private sector roles in 2021-22 moved to another role in the private sector not to another role in the public sector. Further detail is available on the SSSC website.

For School Age Childcare, we are working with partners and professionals to address the needs of the workforce now and in the coming years. This includes consideration of regulation, qualifications and professional development which support the workforce to thrive and provide the best possible care.

71. The Committee recognises the importance of working with partners and testing workable approaches. However, the parents we met through this inquiry found childcare to be one of their main barriers to employment. We therefore ask the Scottish Government to reassess the scope to accelerate and scale up its work in this area. The Committee notes that the exact timing, hours of provision, eligibility and income thresholds have yet to be announced. As such, the Committee asks the Scottish Government to provide it with these details and the timescales it is working towards within the next 6 months or to advise why this is not possible.

SG response: Supporting families through provision of high quality, affordable and accessible childcare is critical to our national missions - it supports employment and the economy, and secure and sustainable employment helps lift families out of poverty. That is why the Scottish Government announced an ambitious childcare package in the 2023-24 Programme for Government.

The 2024-25 Budget is the most difficult since devolution as a result of decades of austerity and choices made by the UK Government. This government has prioritised protecting public services, and we are continuing to invest almost £1 billion a year in high quality funded ELC – the most generous childcare offer in the UK today. We are also committed to expanding funded childcare to help tackle child poverty, and we are going as far and as fast as budgets allow.

We are building a year-round system of school age childcare, targeted at low-income families. We are already delivering innovative school age childcare services to around 1,000 families most at risk of living in poverty through our Early Adopter Community work in four areas - Glasgow, Dundee, Clackmannanshire and Inverclyde - and through our Access to Childcare Fund projects. We are also delivering after school and holiday clubs to around 2,700 children and families on low incomes through our partnership with the Scottish Football Association

In 2024-25 we will build on this work, delivering to more families within the existing early adopter communities, and expanding to new communities in Shetland and Fife. Eligibility for funded childcare within the early adopter communities is focused around the six priority family groups identified in Best Start Bright Futures, with communities testing different approaches. Local authorities have just submitted their first draft of plans for the next financial year 2024-25. We will work closely with them to finalise plans by end March 2024.

We know that an effective childcare system will look different in different communities across Scotland, and we are therefore committed to taking a place based and people-centred approach to designing and building local systems of childcare. This means that those who use and deliver childcare services are empowered to participate in the design and delivery of them. To do this, we are working collaboratively with families, childcare providers and the wider public sector to build a childcare system that fits their needs. Our work on school age childcare to date has been built on this approach. It is why we cannot, at this stage, set out the exact detail of what eligibility criteria or income thresholds will look like for the new offers or how the system will operate. In line with the Scottish Approach to Service Design, we must understand what works for families, before implementing it fully, and the in-depth work in communities within the six early adopter areas will rightly inform this. This work takes a collaborative approach across multiple policy areas both at local and national levels, including tackling poverty, employability support and family wellbeing to ensure that public services are more people-centred and place-based, aligning with our public service reform agenda.

In the coming year we will also take forward the next stages of the work required to develop an expanded national offer for more families with two-year-olds, focusing on those who will benefit most. We will engage in detail with our partners across the childcare sector, drawing on the findings from our early insights work undertaken in the last year to understand the evidence and what is best for younger children. This will include piloting new approaches via funding from the Whole Family Wellbeing Fund and learning lessons from the 1,140 expansion. We will also continue to work with local authorities to support up-take of the existing two year old offer.

In terms of the legislative framework, we expect that local authorities will use the principles and criteria of the guidance on [Funding Follows the Child and the National Standard](#) as a guide to shape local funded ELC offers that are flexible and accessible. In addition, the Children and Young People (Scotland) Act 2014 (Section 50) requires local authorities to consult with families in their area about how they should make ELC available. We do not expect every setting to offer every possible pattern of provision that parents and carers request; the key is that through consultation, local demand shapes the nature and type of provision available.

Education and training provision

84. The Committee recognises the progress made in widening access to further and higher education in relation to school leavers. Nevertheless, the Committee recommends more could be done for adult returners and parents. The Scottish Government should evaluate successful initiatives, scale up work and ensure there is national provision for adults seeking to return to education. In doing this work, the Committee recommends the Scottish Government provides part-time courses with flexibility built in, for example by taking account of factors such as school term dates.

SG response: The Scottish Government is committed to community based adult learning as part of wider Community Learning and Development (CLD), as delivered by local authorities, which can often be the first step for many into further education and learning. This is why the Independent Review of CLD announced on 5 December 2023 will identify strengths in our current approach to CLD, including to community based adult learning, and highlight where improvements may be necessary.

We also remain committed to supporting adult learners and are pleased to offer student loan support to students up to the age of 61 regardless of their previous study history. Students are also able to access tuition fee support, bursary and living cost grants regardless of their age providing that they have not already received financial support for a full-time degree or equivalent level course.

In relation to widening access, the Scottish Government continues to consider where the use of SIMD as the sole indicator of coming from a disadvantaged background is appropriate, and whether there are additional measures that would widen the scope for entry to university, including for adult learners.

While the issue of adult returning learners has been raised previously, there is currently no reliable measure or indicator that has been identified that would express a direct link to deprivation as defined by the original Commission on Widening Access, and so we need to carefully consider what might be possible in this space, as well as the potential impact on widening access more generally.

Course content and structures are a matter for colleges which operate independently of the Scottish Government and for universities as autonomous bodies.

85. The Committee recommends that the Scottish Government works with education providers to explore and evaluate successful initiatives, particularly those focused on enabling access to low-income parents, with a view to promote and support these as good practice within the education sector. The Committee also recommends that case studies of flexible and holistic delivery are included as part of its further and higher education strategies and its approach to funding streams to ensure that support for parents to access education and lifelong learning is incorporated from the outset.

SG response: CLD provides vital support in reaching and engaging a wider range of people, including low-income parents, to increase their skills for learning, life, and work. In recognition of this and in reference to the response to recommendations made in paragraph 84 of the report, the Independent Review of CLD is the latest step in a journey towards ensuring effective provision for learners most in need of support to achieve positive outcomes for transition to further or higher education or work.

Widening access programmes such as SWAPWest and SWAPEast are funded through the Scottish Funding Council (SFC). They work in partnership with colleges and universities to deliver access programmes for adult learners. They have a high take up rate from learners who are parents, and very high success rates in terms of students entering and completing studies at college and university levels.

Public transport provision

96. The Committee encourages the Scottish Government to consider how public transport services can be designed and better supported to provide affordable, frequent and direct services that support the type of trips more regularly made by parents, and young people, e.g. orbital trips between suburbs without the need to travel via a city centre, or trip changing – i.e. trips that call at multiple stops such as childcare, work and shops. The Committee also draws the attention of the Scottish Government to paragraph 139 of this report which highlights transport challenges specifically faced by parents in island and rural communities.

SG response: The Scottish Government is committed, in partnership with operators and local authorities, to looking at ways of ensuring that everyone has accessible public transport regardless of where they live. The bus provisions in the Transport (Scotland) Act 2019 empower local authorities with the flexible tools they need to respond to their own transport challenges, and we encourage all local transport authorities to consider the full range of tools available to them.

The development of the next generation contract for public transport journey planning services is now underway, with the aim to improve data regarding fares, real time transit location and accessible information for passengers planning their travel via Traveline Scotland and other journey planners.

In terms of our capital investment, the second Strategic Transport Projects Review (STPR2) recommends new or enlarged mass transit networks in our three largest cities (Glasgow, Edinburgh and Aberdeen) which will improve access to those areas currently under-served by other public transport modes.

Affordability of transport

108. The Committee recommends that the Scottish Government undertakes a data-based analysis of the groups who need travel concessions the most. Analysis could link eligibility criteria for other things relevant to low-income families such as funded childcare, so as to best target concessionary travel offers to the groups most in need of extra support.

SG response: The Scottish Government's Fair Fares Review, which has been undertaken to consider options to address issues relating to the cost and availability of public transport services, has now reported its findings, recommendations, and actions internally. These are being carefully considered alongside finalising the publication and communication plans to provide maximum coverage and impact on transport services with the intention to publish early this year.

The Review will establish a framework which will be built upon as we progress with wider work to deliver on our vision for the Future of Public Transport. The Review will also highlight the challenges facing public transport and present options on the short, medium, and long-term actions that are available to reform our current transport offering to deliver more effectively.

Public transport has a crucial role to play in achieving our government's priorities on equality, opportunity, and community. The Review presents an opportunity to address how we deliver on these objectives and improve Scotland's public transport system, delivering in a fairer and simpler way.

In addition, Scotland has employability services in place across all 32 local authority areas, with specific funding targeted at parents. Local authorities will use available funding to tackle barriers for parents (including transport costs if that is a challenge for an individual accessing support), but that support will be for people accessing employability services, rather than a wider concession for low income parents or other groups.

109. The Committee understands that universal free travel may not be possible for all groups. We therefore recommend that the Scottish Government uses modelling to develop a holistic and integrated system of discounted travel offers for low-income working-age people, providing a boost for some families and enabling them to access a wider range of employment opportunities by being able to travel further more cost effectively.

SG response: Please see response to paragraph 108.

110. Finally, the Committee recommends that the Scottish Government enters into constructive discussions with operators and local authorities nationwide to explore how concession schemes and discounted travel offers could be expanded to best serve the needs of low-income parents and what revenue can be made available to achieve this.

SG response: Please see response to paragraph 108.

Infrastructure, need for diverse service provision to meet specific needs

Provision of childcare in remote and rural areas

139. To facilitate employment for parents experiencing multiple inequalities, the Committee recommends that the Scottish Government undertakes a detailed assessment of the current childcare workforce availability across the sector. This should include skills for children with additional support needs, and the levels of provision required to allow children from different cultural backgrounds to access the services, as well as the provision needed in remote and rural areas for parents to start or return to work. The Committee also recommends that the Scottish Government engages with relevant organisations to review examples of good practice to inform its expansion plans.

SG response: As outlined in the response to paragraph 70, we will work with local government and our partners in the sector to develop long-term workforce plans that both address existing workforce issues and support our plans for expansion.

As further noted in the response to paragraph 71, under the Children and Young People (Scotland) Act 2014, local authorities are required to consult every two years with families in their area about how they should make funded ELC available. Under the Additional Support for Learning Act 2004, education authorities are responsible for identifying and meeting the additional support needs of children in ELC settings. In line with the [National Standard](#), we expect local authorities and settings to work together to support children with Additional Support Needs (ASN) and different cultural backgrounds to access their funded ELC hours.

Supporting children with ASN has now been introduced as a standalone unit within the Scottish Qualifications Authority's Next Generation Higher National Childhood Practice award pilot which is currently underway. Supporting children with ASN is also included in the pedagogy unit. In addition, longer-term work led by the Scottish Social Services Council (SSSC) to review the National Occupation Standards (underpinning the registerable qualifications for ELC practitioners), will scope existing ASN learning content to identify any gaps and inform change in this area.

Since 2020, we have funded a suite of continuous professional learning (CPL) modules, available free of charge, for ELC practitioners including 'Building confidence in identifying and responding to ASN' and 'Supporting the development and progression of children's early language and literacy'.

We are working with the Improvement Service to develop a suite of case studies that will highlight how the expansion of funded ELC is supporting children with ASN to access high quality funded ELC.

We recognise the specific challenges for remote and rural communities, and that the provision of childcare is a key factor to support more people to enter and sustain training, employment and starting a business. We will continue to identify, develop and enable place-based solutions to navigate both these challenges and to take advantage of local assets. We are committed to working collaboratively

with communities and organisations based in these communities, such as Care and Learning Alliance (CALA) and Highlands and Islands Enterprise (HIE), to develop innovative approaches. The Shetland early adopter work should also provide a helpful basis for learning and innovation in a remote and rural context.

We know how important childminders are, particularly in rural areas, and the Scottish Government has been working to increase the number of childminders operating across Scotland. This includes our continued support of the innovative childminder recruitment pilots, led by the Scottish Childminding Association, which are underway in rural and urban communities across Scotland.

Public transport outside urban centres, travel corridors and in remote areas

140. The Committee recommends that the Scottish Government reviews its strategy for transport in rural areas and considers the need of working parents and low-income families to have access to a combination of modes of transport to access work, education and childcare. This should be informed by the review of how existing and planned Demand Responsive Transport (DRT) can be used to support low-income families as part of Best Start Bright Future, as detailed in the 2023 progress report.

SG response: The First Minister's Policy Prospectus committed the Scottish Government to publish a Rural Delivery Plan by the end of this parliament. The Rural Delivery Plan will cover a range of priority areas, including transport, setting out how all parts of the Scottish Government are delivering for Scotland's rural and island communities. It is an opportunity to set out the actions that government is and will be taking which impact rural, island and rural coastal communities, placing a new focus on rural delivery with the intention of identifying gaps in investment and reprioritising resources to address these gaps if needs be.

A Ministerial Working Group, chaired by Deputy First Minister and Cabinet Secretary for Rural Affairs, Land Reform and Islands, was established in June 2023 to oversee the development of the Plan, which will to ensure that Government delivers in a cohesive way, making best use of our collective resources to deliver sustainable outcomes for rural, islands and rural coastal communities.

The Scottish Government continues to deliver the vision and priorities of the National Transport Strategy and a number of actions relevant to affordability and accessibility are highlighted in [our third annual Delivery Plan](#), published on 8 December 2023, including concessionary travel, Fair Fares Review, Accessible Travel Framework Delivery Plan and community bus services.

We recognise the part that DRT can play in reducing isolation and increasing social inclusion and equality for all, especially those unable to access local services and facilities where they live due to mobility, accessibility or low incomes. Acknowledging the importance of DRT as a transport solution, STPR2 has recommended investment in DRT and Mobility as a Service (MaaS) as means to provide improved public transport connectivity. Recommendations from the currently underway Transport Scotland review of DRT and Digital DRT services in Scotland, will help to inform future investment requirements.

Employability programmes and services

159. The Committee asks the Scottish Government for more detail on how this scaling up will be achieved, particularly after Fair Start Scotland ends in April 2024. Furthermore, the Committee seeks more clarity from the Scottish Government on the levels of funding focused specifically on parents' employability.

SG response: From the 1st of April 2024, employability funding will be delivered wholly through the No One Left Behind approach, with Fair Start Scotland closing to new referrals. The No One Left Behind approach has been delivering services since April 2019, and recognises the strength of local partnerships in delivering wrap around support tailored to individuals.

A key aspect of No One Left Behind has been to balance local flexibility with national coherence, which is achieved primarily through funding parameters, as well as collectively agreed expectations of services through our Employability Service Standards and Customer Charter, and common data definitions established through the Shared Measurement Framework.

Parental employability services are in place across all 32 Local Authorities and have been delivered through a local model since it became a specific funded priority in April 2020. This is an established service, with Local Employability Partnerships making tangible progress and innovative activity being seen across Scotland.

Since parental employability support became a funded priority for devolved services in April 2020, we have seen the number of parents accessing support rise from 967 in 2020/21 to 4,480 in 2022/23, which is the last full financial year for which we have data. We will continue to publish data in relation to parental employability support on a quarterly basis.

In terms of achieving the scaling up of support, we intend to learn from, and build on the activity so far, supporting wider implementation of approaches that are delivering positive outcomes for parents. For example:

- embedding peer support approaches, recognising the positive impacts this can have on confidence of parents accessing support.
- working to utilise existing service touch points more effectively, with the aim of increasing signposting and referrals to employability where this would benefit parents engaged with other public services.

The draft budget commits up to £90 million for employability in 2024/25. We will commit to publishing a breakdown of employability funding per Local Authority for the coming financial year once budget processes have concluded, with specific detail of investment targeted towards parental employability included.

Financial support, student parents

Financial pressures of summer breaks

163. The Committee recommends that, as a follow-up from its summer support for students review, the Scottish Government develops concrete solutions around childcare costs to support student parents manage their finances and caring responsibilities over the summer months, so they do not have to suspend or give up their courses.

SG response: The Scottish Government recognises the need to deliver a long-term sustainable solution for supporting students over the summer months. That is why from the 2024/25 academic year, eligible undergraduate students will now have the option to spread receipt of their student support payments across the whole year, including the summer months.

Students with parenting responsibilities who are studying an eligible course of further education or higher education are also able to apply directly to their college or university for help with registered childcare costs.

Part-time grant thresholds

168. The Committee agrees with James Withers recommendation to review the provision of funding for students wishing to undertake part-time studying and urges the Scottish Government to undertake this review as soon as possible.

SG response: The Scottish Government accepts the need for action in this area.

As a first step the Scottish Government has outlined in the 2023 Programme for Government commitments to undertake a review of student support for part-time learners to improve the parity of support on offer, especially for those who are returning to learning and may have other caring or work-related responsibilities.

Improving financial support and guidance from education Institutions

173. The Committee recommends that the Scottish Government engages with the Welsh Government and Welsh education and student union partners to understand how learning from the Diamond Review could be applied in Scotland to support and guide student parents and incentivise part-time study as a positive option for them.

SG response: The Scottish Government has regular engagement with the Devolved Administrations in education and skills policy. Officials will continue to engage to understand any lessons to be learned that can inform our own thinking.

Financial support, social security rules

183. The Committee notes the Scottish Government's discussions with the UK Government on special support for students and looks forward to seeing the Scottish Government's plan for addressing this situation. Notwithstanding these discussions, the Committee asks the Scottish Government to consider introducing funding options that will ensure that low-income and part-time students always have adequate funding to support them without the need to access the benefits system.

SG response: On Tuesday 12 December 2023, the Scottish Government announced the introduction of a £2,400 Special Support Loan for students studying an undergraduate and postgraduate course of higher education. This new loan will ensure that students in higher education who remain entitled to welfare benefits whilst they study can access this additional support without any further reduction in their benefit entitlement.

As part of the Programme for Government 2023, the Scottish Government has committed to reviewing part-time study and improving the parity of living cost support on offer for students studying part-time.

184. One of the aims of the Social Security Amendment (Scotland) Bill, introduced on 31 October 2023, is to create a framework that would allow the Scottish Child Payment to become a stand-alone benefit. The Committee recommends that the Scottish Government makes use of this framework to extend eligibility to the Scottish Child Payment to low-income student parents whose student funding means they are ineligible for benefits such as Universal Credit.

SG response: The Scottish Government note the recommendation and are in the early stages of considering how the childhood assistance powers delivered in the Social Security Amendment (Scotland) Bill should be used.

We would highlight that delivering this recommendation would require significant rework of the existing systems Social Security Scotland use to manage claims, which would carry significant risk and financial implications not accounted for at this stage.

From the 2024/25 academic year, financial support for higher education undergraduate students will increase by £2,400. This increase will bring support for Care Experienced students, Estranged students and those from the lowest income households in line with the Living Wage – from £9,000 up to £11,400.

A similar increase will be applied to the postgraduate support package bringing support for full-time postgraduate students up to £13,900 from £11,500.

This increase in support will be introduced as a special support loan for costs associated with travel, study and childcare costs. It will also ensure that students in higher education who remain entitled to welfare benefits whilst they study can access this additional support without any further reduction in their benefit entitlement.

Students who are lone parents may also be eligible for the Lone Parents' Grant, administered by the Student Awards Agency Scotland (SAAS) which is a means tested non-repayable grant up to £1,305 per year.

Universal Credit, which is the responsibility of the UK Government, is failing the people it is designed to support and driving more people into poverty. The Scottish Government believes that the levels of UC have been too low for too long and calls on the UK Government to introduce an Essentials Guarantee as soon as possible, ensuring that social security benefits adequately cover the cost of essentials like fuel and food and better protect our most vulnerable people.

Universal Credit provides a low level of support, the five-week wait imposes destitution, the conditionality and sanctions system are threatening, adjustable payment levels make it difficult to budget, and the taper rate is seen as a penalty for working. It is a complex system overall, and deductions mean families aren't getting the amount they should be.

National policy priorities

Working towards a Fair Work Nation - Fair pay for childcare workers

202. The Committee asks the Scottish Government what discussions it has had with the sector on what this increase in minimum pay means for providers' overall wage bills, for recruitment into the sector, for paying managers higher salaries than the minimum pay to retain them in the sector and for organisations that rely on grant funding to pay staff wages.

SG response: The payment of the real Living Wage to staff delivering funded hours has been a key ambition throughout the ELC expansion. It forms one of the 10 National Standard criteria that funded providers are expected to meet. Throughout the expansion Scottish Ministers and officials have engaged regularly with sector representatives and providers to understand and address any issues involved in implementing this commitment. This includes engagement through the Childcare Sector Working Group, which includes sector representative organisations, and meets regularly throughout the year.

In July 2023 we published an update to our [Financial Sustainability Health Check](#) which set out the latest evidence on the impacts of the costs crisis, workforce pressures and the lasting impacts of the pandemic. The Health Check was informed by detailed surveys of providers across the public, private, third and childminding sectors and analysis of Care Inspectorate data.

It found a decline in provider confidence in their own financial sustainability due to a range of factors. The expected increase in the real Living Wage from April 2023 was highlighted as a future cost pressure causing concern for some providers. The challenges involved in meeting the increased costs of the real Living Wage were also highlighted in the Scottish Government and COSLA joint [ELC: Review of Sustainable Rates](#), which was published on 20 December 2023. This evidence-based review included engagement with funded providers in the private, third and childminding sectors.

The Scottish Government recognises that this has been a challenging period for the childcare sector, and the Sustainable Rates Review is clear that there is more to do to ensure that rates are set sustainably for all funded providers.

In response, and working closely with COSLA, the draft Scottish Budget 2024-25 includes funding to provide local authorities with an additional £16 million in year to deliver our Programme for Government commitment to increase pay to £12 per hour for staff in the PVI sector who are delivering funded ELC from April 2024.

Around 13,000 practitioners and support workers who are working in private and third sector 'day care of children' settings deliver funded ELC could benefit from the pay increase. It is estimated that the increase to £12 per hour, from the current real Living Wage of £10.90 per hour, could result in an increase of around £2,000 in the gross annual salary of a full-time childcare worker who is working a 35 hour week.

We are committed to working with our partners in the sector to support the implementation of the £12 per hour commitment and in taking forward the actions in the Sustainable Rates Review and we will set out further details in early 2024.

Reform of the post-school education sector

206. The Committee recommends that the Scottish Government recognises low-income parents' specific needs, financial constraints, and responsibilities as part its programme of reform of the education sector and associated public funding systems. It should do this by including them as a category when analysing learners' needs and in determining funding, specifically childcare costs, as this is a significant expense for low-income parents.

SG response: Widening access will continue to be a priority as we develop a new learner funding model and we will carefully consider this recommendation in that context. As a first step the Scottish Government is committed to bringing learner support funding together.

Work-based pathways and just transition opportunities

213. The Committee asks the Scottish Government to keep the Committee updated on the Government's response to the James Withers review of the skill landscape and, in particular, how this response will contribute to reducing in-work poverty and help towards reaching the Government's parental employment ambitions as set out in the Best Start, Bright Futures delivery plan.

SG response: The Scottish Government is happy to keep the Committee updated.

The Committee will be aware that the Minister for Higher Education, Further Education and Veterans made a statement to Parliament on 5 December, on post school reform, that set out our intentions including that Government will take the lead on national skills planning and will strengthen regional approaches.

The statement also set out our intention that:

- There will be simpler, more impactful funding for learners and providers.
- There will be changes to apprenticeships to better reflect economic and learner needs, with Scottish Government leading policy development.
- There will be improvements in the quality and clarity of our careers offer; and
- There will be a clear role for employers throughout.

We recognise how this work can support the wider ambitions the Committee sets out and will work across government on its implementation.

Inter-sector collaboration to progress national priorities

Returning to higher education

221. The Committee agrees with recommendation 1 of the Withers report stating that the Scottish Government should take a leadership role in postschool learning policy with clear expectations and remits and stronger oversight of delivery and performance. This oversight should ensure that low-income parents are considered in post-school policies and in collaborative work with education providers and other key organisations.

SG response: As per the response to paragraph 213, the Scottish Government recently updated Parliament on our plans for post school reform. In implementing the programme for reform the Scottish Government will continue to take a leadership role in managing the entirety of the system. Revised governance arrangements have been put in place to support the continued alignment across the span of education reform. In taking forward implementation we will engage with a wide variety of users to ensure that policy objectives are informed by those involved in and who use the system.

Involving employers in employability programmes

228. The Committee welcomes the Scottish Government's New Deal for Business and asks the Scottish Government to set out how that work reflects the Scottish Government's priority of tackling child poverty.

SG response: The New Deal for Business Group was established to consider how we deliver a high-quality functioning relationship between government and business, recognising that this is key to ensuring we have an economy that is fair, green, and growing.

Through its [recommendations](#) and [implementation plan](#), the Group has developed a framework to allow businesses and government to work better together and to help create a mutually beneficial environment that supports a Wellbeing Economy. A genuine Wellbeing Economy will reduce poverty and support high quality public services.

In line with actions in the implementation plan, early engagement work has been completed between business and government on labour market participation, with an initial focus on health and work services, and flexible working. Keeping people healthy in work and increasing the uptake of flexible working are crucial elements to support parents to stay in work, or return to work, whilst managing health conditions and/or childcare responsibilities.

The New Deal for Business Group implementation plan is just the start of a process to ensure we create the conditions together to support business, which in turn will drive the economic growth that feeds into strong and sustainable finances to tackle poverty and support our public services and communities.

The Scottish Government has committed to take responsibility for skills planning at the national level and strengthen regional skills planning, working collaboratively with employers, learning providers and others to tackle skills gaps and continue to adapt the education and skills system so that it is more agile and responsive to our economic needs and ambitions.

The Review of the Skills Delivery Landscape identified that there should be clear and consistent opportunities for employer engagement and leadership across the system, and we are engaging with employers to identify the future role they can play not just in skills planning, but several aspects of the system.

The Minister for Higher and Further Education has undertaken a series of employer engagement activities, including meeting employers at the National Strategy for Economic Transformation (NSET) Programme and Delivery Boards, and the Developing the Young Workforce Regional Chairs. The Minister plans to host an employers' roundtable in the coming months to test his thinking on how best to ensure that partnership between policymakers, employers and learning providers can deliver the agile and responsive skills and learning system to which we are committed.

Engagement with employers is an important aspect of employability support at a local level, through the local employability partnership, and we will explore how we more closely align employability and business engagement activity at a national level moving forward. Additional information on parental employability services and support can be found in responses to paragraphs 159, 312 and 313 of the Committee's report.

Fair work and the business sector

Family friendly and flexible working

251. The Committee recommends that the Scottish Government, in considering its workforce planning for the devolved public sector, takes into account the desirability of flexible working and predictable shift patterns for making roles more accessible, particularly to those with caring responsibilities.

SG response: We welcome the recommendations from the Audit Scotland 'Workforce Challenges' report published last year and will look to develop our workforce planning for the devolved public sector in line with these. We will be developing our approach working in partnership with Public Bodies and Trade Unions. This approach will be underpinned by a continued commitment to the policy of no compulsory redundancies.

While the legal powers governing flexible working are currently reserved to Westminster, the Scottish Government is committed to working with employers directly and through their representative bodies to explore ways of promoting and encouraging flexible, agile and inclusive workplaces that benefit all employees. For Scotland to make even greater strides on supporting flexible working, and securing the benefits of Fair Work for all we require the devolution of employment law or of course independence to be able to make all decisions in Scotland. Control of employment powers would enable us to create fairer workplaces, enhance workers' rights in Scotland and help shift the curve on poverty and deliver upon our shared ambition for a fairer, greener and more prosperous Scotland.

We remain committed to improving access to flexible working as an important means to help people balance work and manage a range of commitments such as caring responsibilities or health conditions without dropping out of the workplace with the loss of income that this entails. In turn, this enables businesses to recruit and retain experienced and skilled workers. We are currently providing £153,575 in funding to flexible working experts, Flexibility Works, to promote and support employers across Scotland to adopt flexible workplaces.

In addition, our Fair Work First conditionality approach asks employers in receipt of public sector grants, contracts and other funding to commit to adopting Fair Work principles, including to offer flexible and family friendly working options to all workers from day one of employment since October 2021.

Using procurement rules to influence employment practices

265. The Committee asks the Scottish Government whether it will look into the feasibility of using its procurement and tendering processes to strengthen Fair Work First criteria around family-friendly and flexible working to ensure low-income parents get a fair deal.

SG response: Through our Fair Work First (FWF) policy we are leveraging employers' commitment to fair work by requiring Fair Work First criteria including payment of the real Living Wage and flexible and family friendly working practices in public sector contracts where it's relevant and proportionate to do so. We are currently in the process of updating our practical Fair Work First in Procurement guidance, which is due to be published in the coming months. It will provide good practice examples and a step-by-step guide to implementing FWF criteria into tender documents. This will help to ensure public sector contracts tackle in work poverty and promote fair work practices across the public, private and third sector where there is a risk of low pay and other poor working practices.

Funding to deliver parental employment, prioritisation

Early learning and childcare

270. The Programme for Government does not set out what new funding will be available to meet the new childcare commitments. The Committee asks the Scottish Government to set out a detailed spending plan alongside the budget showing what it aims to achieve with that spending and relevant timescales.

SG response: Final budgets for the year ahead are subject to Parliament's approval through the Budget Bill in early 2024 and we do not plan to set out further detail ahead of this process.

Further detail on action and investment is set out in response to paragraph 71.

Transport for low-income families

276. The Committee welcomes the willingness of the Scottish Government to work with the Committee and others. Transport issues relevant to low-income parents have been set out in this report and the Committee asks the Scottish Government to take account of these issues and their relevance to tackling child poverty through parental employment when allocating funding for delivering transport policies.

SG response: The report recognises the National Transport Strategy's vision for an affordable, accessible and sustainable transport system for all of Scotland. When allocating funding, the Scottish Government aims to continue to deliver projects to help people access employment, healthcare, services, education and training.

The Scottish Government continues to take forward work to tackle transport issues, as previously outlined in [Tackling Child Poverty Delivery Plan: progress report 2022-2023](#). The [National Transport Strategy's third Delivery Plan](#) highlights actions that the Scottish Government is taking forward to help people access employment, education and leisure, including: concessionary travel schemes which benefit over two million people in Scotland, the ongoing Fair Fares Review which will recommend a package of measures in from 2024-25 across all modes of transport, the nine-month ScotRail peak fares removal pilot and free ferry travel for islanders aged 22 and under.

Parental transition into employment

280. The Committee asks what the Scottish Government is going to do to support those parents who would have benefited from a parental transition fund.

SG response: Whilst it is not possible to deliver the fund as originally envisaged, given the interface between reserved and devolved competence and interaction with reserved tax and benefits, the Scottish Government will continue to work with partners to deliver on the overarching policy aim to support parents in their journey toward and within employment, and to address the financial insecurity they face.

There is already a wide range of support to help parents, including the likes of Job Start Payment available for young parents, the Jobcentre Plus Flexible Support Fund and discounted rail and bus travel. In the past year we have worked to promote uptake of these supports, including by enhancing information available through our Parent Club website and delivering our Parental Employability and Financial Support marketing campaign, which ran from 13 February until 26 March 2023.

In addition, local authorities and partners continue to deliver a wide range of support to parents as part of services delivered under No One Left Behind, with keyworkers linking parents to available support and using local discretion to address unmet need.

We will continue to do all we can, including through close working with partners, to improve uptake of existing supports and address the needs of parents.

Increasing funding for Individual Training Accounts to meet demand

287. The Committee looks forward to hearing the details of the lifetime skills offer and recommends that the Scottish Government ensures it is funded on a significant enough scale to provide a broad range of opportunities to low-income parents who would benefit from an ITA.

SG response: In the NSET, the Scottish Government committed to ‘implement a lifetime upskilling and retraining offer that is more straightforward for people and business to access and benefit from’. The evidence gathering phase of this work completed in 2023 and an evidence paper setting out findings will be published early this year. Following publication of two independent reviews, covering Qualifications and the Scottish Skills Landscape, this work will be taken forward as part of the programme of reform set out in the statement to Parliament by the Minister for Higher Education, Further Education and Veterans on 5 December 2023. Reform will be guided by the [Purpose and Principles](#) for Post-school Education, Research and Skills, published in June 2023 which puts tackling inequality at its heart. A key outcome from system change is that learners, no matter their background or prior attainment, can develop skills to enter and progress in good quality employment and/or realise their potential.

In relation to Individual Training Accounts (ITAs), the Committee will be aware of the very significant budget challenges facing the Scottish Government and its agencies at this time and the impact this has had on programme budgets. In 2023-24, ITAs continued but on a reduced level of funding. Following the publication of the Scottish Budget statement for 2024-25 on 19 December, Scottish Government officials are working with Skills Development Scotland to consider funding priorities for the coming year. No decision has, as yet, been made on the continuation of or level of funding for ITAs.

289. The Committee asks the Scottish Government to outline what support it will provide for student parents in the context of tightening public sector finances.

SG response: The Scottish Government continues to provide a range of support for student parents despite the challenging fiscal environment.

Students who are lone parents may also be eligible for the Lone Parents' Grant, administered by the Student Awards Agency Scotland (SAAS) which is a means tested non-repayable grant up to £1,305 per year.

Students with parenting responsibilities who are studying an eligible course of further education or higher education are also able to apply directly to their college or university for help with registered childcare costs.

Paramedic, Nursing and Midwifery students are also eligible to apply for Childcare Allowance via SAAS up to £2,466 in each year of their course for the cost of registered childcare. Students are able to access up to £2,466 in each year of their course.

The FE and HE Discretionary Funds remain available to support students facing financial hardship which includes help towards informal childcare costs.

Funding to deliver parental employment, consistency and availability of funding

Providing educational courses

303. The Committee notes the Withers Report and draws particular attention to the recommendations around the creation of a single agency and redesign of funding and pathways. The Committee notes that these recommendations could benefit low-income parents.

SG response: As set out in response to paragraph 213, in his statement of 5 December, the Minister for Higher Education, Further Education and Veterans set out the ambition to simplify funding.

As a first step the Scottish Government is committed to bringing learner support funding together, and to bringing funding for provision, including apprenticeship provision, into the one place. This work is at an early stage of development and will be fully tested and worked through ahead of any implementation. Ministers will be happy to keep the Committee updated on progress.

304. The Committee understands that the Scottish Government is currently considering the development of a new funding model for post-school education provision – a move which it is thought may see the functions of the Scottish Funding Council, Skills Development Scotland and the Student Awards Agency Scotland brought together. For post-school education and training, the Committee urges that this new body has a strong focus on addressing poverty and works with education providers to inform funding and courses that would best target people who need a range of options, such as access and short courses as part of their learning journey.

SG response: As set out in the response to paragraph 303, the Minister for Higher Education, Further Education and Veterans has outlined the intention to bringing learner support funding together, and to bringing funding for provision, including apprenticeship provision, into the one place.

Work to develop the new funding model for post-school education provision is still at an early stage and we will be working closely with stakeholders to ensure that it meets learner needs. This includes learners who might otherwise struggle to access post-school education. We will work with education providers to look at how we can make best use of funding to support learners and improve access.

Delivering employability programmes

312. The Committee is concerned about delays to funding. From our recent budget work this seems to be a recurring issue. The Committee seeks the Scottish Government's assurance that it will address this as a matter of urgency.

SG response: We recognise the disruption that late confirmation of budget can cause, even when additional sources of funding are available at a local level in this space. We are always committed to advising and issuing funding as soon as possible, and will remain so moving forward.

The Scottish Budget 2024-25 notes our commitment to future multi-year funding for employability, recognising it will provide much needed certainty to the sector, and for the people accessing our services.

313. The Committee recommends that the Scottish Government ensures that, in making policy commitments, it builds in adequate time between confirmation of funding, establishment of expanded services and date of expected outcomes. Also, that funding has the continuity needed to deliver those outcomes.

SG response: We understand that planning and delivering services at pace presents challenges for partners, particularly where funding requires to be spent in a single financial year.

We will continue to work collaboratively with Local Government on policy commitments and expectations of delivery, in line with the Partnership Working Agreement for employability with COSLA.

As mentioned in response to paragraph 312, the commitment in the budget to future multi-year funding has been made to support continuity of delivery.