

Social Justice and Social Security Committee

Child Poverty and Parental Employment, 15 June 2023 evidence session – Institute for Public Policy Research follow-up information

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Thank you again for the opportunity to provide evidence to the committee as part of their inquiry. As discussed, following the evidence session there were two areas where I wished to provide some follow-up information on: scale of delivery and funding.

The wider backdrop to this is the government's admission in its Tackling Child Poverty Progress Report – published just after our evidence session – that it now expects its interim child poverty target, next year, to be missed. It then becomes even more pressing that significant action is taken to catch up and ensure a realistic pathway to meeting the final target in 2030.

1. Scale of delivery

A common theme of the evidence provided to the committee has been the scale of the offer currently provided, and the extent to which this matches the scale of the government's ambitions. Based on all the evidence to date, there is a significant gap between these, with a high degree of optimism attached to meeting the goals set and likely requiring further resources to get close to.

To recap our previous submission, Best Start Bright Futures set several goals over the period 2022-23 to 2025-26 through its employability offer for parents (assuming 2022-23 as a 'baseline' year):

- Reach an anticipated 86,000 parents (an average of almost 21,500 per year) - with 51,600 supported through out-of-work support and 34,400 through in-work support.
- Support 6,225 parents into work (an average of 1,556 per year) and a further 2,160 to increase their earnings.
- A stretch aim of moving 12,000 parents into sustained employment (an average of 3,000 per year).

These goals are (rightly) ambitious by themselves – however, they become even more so when you consider the assumptions underpinning them, particularly the conversion rate of people reached to people achieving sustained outcomes, as set out in the detailed methodology of Best Start, Bright Futures:

- The out-of-work offer assumes a conversion rate of 20% - compared to an observed conversion rate of 8-16% seen in Fair Start Scotland for out-of-work participants.

- The in-work offer assumes a conversion of 10% - compared to an implied conversion rate of 6% seen in the Work Programme Evaluation for in-work participants.

Set against this, we can then examine the actual performance to date of both NOLB and Fair Start Scotland and see that reaching these goals (and securing the required conversion rates) will require unprecedented efforts:

- Between April 2018 and December 2022 (56 months), 11,247 parents started on Fair Start Scotland – an implied average of 2,410 per year.
- Of those whose time in the programme is complete, 3,030 secured a job start (including those who had one of less than three months) – an implied average of 649 per year.
- ‘Sustained’ employment drops even lower in FSS – just 830 parents secured a job start of 12 months (an implied average of 178 per year).
- Between April 2020 and September 2022 (29 months), 5,944 parents started receiving support through No One Left Behind – an implied average of 2,460 a year.
- Of these, 1,304 entered employment – an implied average of 540 per year.

While this analysis is inherently uncertain, it indicates a general trend: meeting the initial ambitions will be stretching in itself; meeting the actual stretch aim could require a 152% increase in the number of job starts a year – though the actual increase required may now be much higher given funding cuts and in turn reduced capacity in 2022-23 (which will have knock-on effects).

None of this is to question the good work done by service providers in delivering programmes – but it serves to reinforce that do not yet have the scale needed to truly shift the curve on child poverty.

In part this may be due to an often convoluted and difficult-to-navigate landscape. Responsibility is split across national and local government, public, third and private sector partners, and DWP. Reforms to No One Left Behind mean we now have 32 different systems operating locally, serving differing needs but often duplicating efforts, and Fair Start Scotland which does not have a long-term guarantee and was initially designed for two specific groups – the long-term unemployed (more than two years) and people with a disability or long-term health condition (not low-income parents)

If parental employability is to be a national priority through these schemes, that could be better served with a clearer national framework and direction.

2. Scale of funding

As above, meeting the government’s ambitions will undoubtedly require a scaling up of programmes, and in turn a scaling up of funding. That is what made the government’s justification for cutting £53 million from employability support in 2022-23 – that it was not a matter of cutting programmes but ‘simply’ not adding planned extra capacity – more concerning. Extra capacity is precisely what is required if the commitments made in Best Start, Bright Futures are to be met.

Given that cut, and in turn the added capacity which went unrealized in 2022-23, it means further scaling up will now be required across the period 2023-24 to 2025-26 just to get back on track. While additional funding was provided for employability through the 2023-24 Budget it remains unclear how much of this is specifically earmarked for parental employability (as opposed to wider initiatives).

Given the uncertainties, there are some key questions and issues which the committee may wish to explore in detail with the government:

- Government figures in the Best Start, Bright Futures Cumulative Impact Assessment show that £455,640,000 is to be spent on the employability offer to parents across 2022-23 and 2025-26 (p.29); however, no information is given on the profiling of this. (gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2022/03/annex-4-cumulative-impact-assessment/documents/second-tackling-child-poverty-delivery-plan-2022-2026-annex-4-cumulative-impact-assessment/second-tackling-child-poverty-delivery-plan-2022-2026-annex-4-cumulative-impact-assessment/govscot%3Adocument/second-tackling-child-poverty-delivery-plan-2022-2026-annex-4-cumulative-impact-assessment.pdf)
- This is a substantial amount: an average of just under £114 million per year, against an Employability & Training budget line (in the 2023-24 level 4 figures) of £135 million. Most fundamentally, a key question is whether this is all specifically for parental employability (as the impact assessment suggests) or includes wider, non-parent-specific, support.
- Related, to ensure transparency and the ability to track progress, this total should be disaggregated to show how much of it is expected to be spent (i) across each year of the plan, and (ii) across individual programmes and initiatives within the parental employability offer.
- Given the in-year cuts applied as part of the EBR to employability, it is unclear if the £455,640,000 of planned investment remains the end goal or will be similarly impacted. This is again an area where profiling would help to track progress/account for year-to-year fluctuations.
- The recent tackling child poverty progress report stated that £108 million would be made available for 'employability support' in 2023-24 – however, this may be the total funding for the overall No One Left Behind programme, so wider than just parental employment. This is yet another area where profiling, and more granular funding detail, should be provided – both to allow for monitoring and to see where and how activity will be scaled.