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Convener
Social Justice and Social Security Committee

By email: SJSS.committee@parliament.scot

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Dear Convener,

Following my joint appearance before the Committee on 14 September with the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy; the Minister for Further and Higher Education and the Minister for Children, Young People and Keeping the Promise, please find enclosed further details on some of the issues which the session discussed in the annex to this letter.

During the session, Mr Balfour raised the issue of recent correspondence from the Chief Executive of Social Security Scotland and noted that Social Security Scotland is “*not monitoring the time allocation from when an application is put in for a new benefit, to when that application has been processed*”. The Chief Executive of Social Security Scotland has committed to updating the Committee regularly and wrote separately to the Committee on this issue on 28 September 2023.

In response to Mr Balfour’s question on the impact of the rent cap on availability of temporary accommodation, I committed to liaising with the Minister for Zero Carbon Buildings, Active Travel and Tenants’ Rights and the Minister for Housing to see whether any further updates are required. I have contacted both ministers and any relevant update will be provided to the Committee in due course.

I hope the Committee finds this information helpful as it draws together the findings and conclusions from its Inquiry into Child Poverty and Parental Employment, and I look forward to reading the Committee’s final report when it is published.

Yours sincerely,

SHIRLEY-ANNE SOMERVILLE

FURTHER INFORMATION

Impact of UK Government Sanctions

The Scottish Government is extremely concerned by the figures [published](#) by the DWP in August which show that the Universal Credit sanction rate is still more than double its pre-pandemic level; reaching a peak of 59,000 sanctions being applied across the UK in March 2022.

Recent [analysis](#) conducted on behalf of CPAG found that, in July 2023, 1.92 million people across the UK, more than 31% of Universal Credit claimants, were subject to conditionality. This proportion of Universal Credit claimants will continue to increase as the DWP roll out their 'reforms' which are bringing more and more people within the sanctions regime – those already working, those who care for young children, and potentially those who are sick and disabled, depending on the outcome of their current consultation over changes to the Work Capability Assessment (WCA).

Of those who are subject to conditionality, around 6.3% will be actually serving a sanction at any one time. This is more than double the pre-pandemic rate of 3.1%.

In the 12 months to January 2020, there were 178,476 individuals who received one or more sanctions across the UK. This has jumped to 408,549 in the 12 months to April 2023. The average duration of a Universal Credit sanction is about 11 or 12 weeks.

It is vital that the UK Government revise their approach to sanctions, with the evidence clearly showing that sanctions lead people into unstable and unfulfilling work in the long term, often returning quickly to the benefits system or removing themselves from the labour market entirely. Even when not having their benefits cut week-to-week, [evidence](#) shows that people who are subject to conditionality are living with fear and anxiety.

Scottish Child Payment Take-up

Scottish Government analysis, published in October 2022, estimated 87% of eligible children received Scottish Child Payment in 2021/22 with a new estimated take-up rate for 2022/23 due to be published in Autumn 2023. Scottish Child Payment is one of our key measures in tackling child poverty. It is an important safety net which could lift 50,000 children out of poverty, reducing overall child poverty by an estimated 5 percentage points in 2023/24.

The payment has been promoted via national media and marketing campaigns, supported by ongoing stakeholder engagement, since its extension to all eligible children under 16 in November last year. This has been complemented by Ministerial visits to key stakeholders, including the First Minister visiting Castlebrae Community High School, specifically to encourage eligible families to apply.

Our major marketing campaign at the beginning of 2023 featured extensively across TV, digital and social media platforms. In addition, we make sure that information is available in places that we know our target audience are already accessing. We have delivered printed literature, including factsheets, posters, and leaflets, to venues such as schools, libraries and community centres.

On 29 August we published the [Scottish Child Payment: high level statistics to 30 June 2023](#) which show that the payment is reaching more children and young people who need it most

with the payment of £25 per week reaching 316,190 children at 30 June 2023. This is an increase of more than 13,000 compared to 31 March 2023, with the Scottish Fiscal Commission forecasting that the average take-up in 2023-24 would be 309,000. While these statistics are very positive, we are not complacent, we know there are vulnerable families who are missing out. Our priority is to ensure as many eligible families as possible get the support they are entitled to, and we will continue to work hard to reach those eligible families.

Barriers in Implementing the Parental Transition Fund

As set out in response to [S6W-21286](#) the Scottish Government has reviewed existing evidence and engaged with stakeholders in order to understand the challenges to be addressed through a Parental Transition Fund. This informed exploration of what support it is possible to deliver using powers available to the Scottish Government, however as a result of the devolved settlement and the Scottish Government's powers, along with the interaction with reserved tax and benefits, it is not possible to deliver the Parental Transition Fund as originally envisaged.

As Committee members will be aware, the majority of powers relating to employment support remain reserved to the UK Government. The powers transferred to Scottish Ministers through the Scotland Act 2016 relate to supporting those at risk of long term unemployment, where support is intended to last 12 months or more. Whilst this has enabled delivery of devolved employability services such as Fair Start Scotland and our No One Left Behind approach with local authorities, the UK Government continues to hold responsibility for a wide range of relevant support, including Jobcentre Plus services and both the Flexible Support Fund and Access to Work. Ultimately, any support delivered by Scottish Ministers requires to be within devolved competence.

The Scottish Government engaged with both the Department for Work and Pensions (DWP) and HM Revenue & Customs (HMRC) to test specific proposals for an upfront grant to meet childcare costs for parents starting work, to be delivered by local authority partners in order to complement our wider employability offering. HMRC noted that given the link to starting work, the payments would be subject to tax and national insurance considerations. Similarly, DWP noted that as this would meet an individual's childcare costs, those same costs could not be reclaimed through Universal Credit – effectively negating the impact of the payment for families. Following this feedback, the then Cabinet Secretary for Social Justice, Housing and Local Government wrote to the Secretary of State for Work and Pensions on 9 March 2023 on this issue seeking positive dialogue on how we could work together to tackle the challenge – and to empower partners involved in the delivery of employability services to address this significant barrier for parents. No response has been received.

Cross-Cutting Nature of Anti-Poverty Work

Given the scale and ambition of *Best Start, Bright Futures* (BSBF), a cross-government programme approach to driving progress has been put in place.

The Scottish Government publishes annual progress reports on the implementation of the Tackling Child Poverty Delivery Plan, with the latest published in June 2023 with progress being monitored quarterly.

The Child Poverty Programme Board oversees the implementation of BSBF and is chaired by the Scottish Government's Lead Non-Executive Director, David Martin. Membership includes all Scottish Government Directors-General, lead Directors for BSBF and external members who provide constructive challenge and support, and include representatives from the Joseph Rowntree Foundation, Child Poverty Action Group, the Poverty Alliance, One

Parent Families Scotland, Inspiring Scotland, Aberlour, COSLA, SOLACE, the Scottish Poverty & Inequality Research Unit and Public Health Scotland.

The new Ministerial Group strengthens this with oversight at Ministerial level. It will enable Ministers to consider the contribution their portfolios can make to tackling child poverty. It will also strengthen cross-government collaboration, promote a positive culture of delivery and accountability and drive action where it is required.

Membership of the Ministerial Group will flex but currently includes: Cabinet Secretaries for Education & Skills; Rural Affairs, Land Reform & Islands; Transport, Net Zero & Just Transition; Wellbeing Economy, Fair Work & Energy and Ministers for Housing; Local Government, Empowerment & Planning; Public Health & Women's Health and Zero Carbon Buildings, Active Travel & Tenants' Rights.

Assessment of progress towards the child poverty targets is underpinned by the Scottish Government's [overarching evaluation strategy](#) on child poverty. This approach consists of three key elements:

- Firstly, **monitoring the progress** on the child poverty targets. These statistics are published annually and set out headline progress toward the targets. Additional analysis is published focusing on changes in poverty levels amongst the six priority family types¹ most at risk of poverty. These statistics are reported through the annual progress report on child poverty, and scrutinised by the Poverty and Inequality Commission and the Scottish Parliament.
- Secondly, in order to understand **how** the poverty levels are moving, the Scottish Government assesses changes in the drivers of poverty² through the [Child Poverty Measurement Framework](#). The measurement framework provides a range of indicators for each of the drivers that can be tracked over time.
- Finally, to uncover **why** the drivers of poverty are changing we also monitor the impact of policies and external factors on child poverty and its drivers. To assist effective evaluation the Scottish Government has established a shared [evaluation framework](#) to help understand the impact of Scottish Government policies on child poverty.

In addition to understanding individual policy impact we fully recognise the need for policies to work seamlessly together. We are increasingly using innovative modelling and qualitative system assessment to help us understand the cumulative impact of policies in theory and in practice. Full details of our evaluation strategy, measurement framework and summary of the impacts of policies on child poverty are set out in [Annexes 2, 3, and 5](#) of BSBF.

Monitoring Cost of Living Impacts

In April 2022 the Scottish Government convened a cost of living analytical group. The group is chaired by the Chief Social Policy Adviser, Professor Linda Bauld. Membership includes senior analysts from across government and key policy leads. Over the last 18 months the group has been synthesising evidence and using analysis to appraise policy options and support cross government decision making. In November 2022 the group published a

¹ Lone parent families; minority ethnic families; families with a disabled adult or child; families with a younger mother (under 25); families with a child under one; and larger families (three or more children).

² These drivers are: income from employment, costs of living, and income from social security and benefits in-kind.

substantial [analytical report](#) bringing together and disseminating evidence on the wide ranging impact of the cost of living crisis.

The cost of living crisis has evolved quickly and at times its trajectory and impacts have been difficult to predict. In recognition of this, the cost of living analytical group has continued to review key indicators and wider evidence relating to the cost of living on a monthly basis. Outputs have been used to update Ministers and senior officials on the cost of living crisis over the course of 2023.

Alongside the continued work of the cost of living analytical group the Scottish Government have also been commissioning regular surveys on attitudes, knowledge and behaviours directly related to the cost of living. These surveys have been conducted online by YouGov with around 1,000 Scottish respondents in each wave. The results of these surveys are published and can be accessed on the Scottish Government website [here](#).

In addition, the updated Child Poverty Measurement Framework, set out at [Annex 3](#) of BSBF, includes a number of indicators which are relevant to cost of living and help to monitor how this is impacting on poverty reduction over time. These include indicators focused on fuel affordability, fuel poverty, food affordability, and food security. 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 on child poverty. Two of the four statutory child poverty targets are also able to reflect increasing cost of living, this includes the combined low income and material deprivation and absolute poverty measures. The latest data available was published as part of the annual progress report on child poverty in June 2023.

Low income families have entered the latest cost of living crisis in a highly vulnerable position, with few or no options left to reduce household costs. As such, as part of the 2023 annual progress report, we included a [focused analysis paper on the impact of the cost of living crisis on families living on a low income](#). The report aimed to further understand what is helping families, what barriers prevent families from receiving support, where more support may be needed and considers the wellbeing implications of the cost of living crisis.

Cumulative Impact Assessment / child poverty modelling

The Cumulative Impact Assessment published in March 2022, alongside BSBF, sets out full detail of the methodology utilised. This can be found in part 6 of the [published report](#). Table 2.1 details the policies which are included within the model, which are listed below:

- Free School Meals
- School Clothing Grant
- Council Tax Reduction, plus water and sewerage discount
- Discretionary Housing Payments (bedroom tax mitigation)
- Carers Allowance Supplement
- Best Start Grant
- Best Start Foods
- Scottish Child Payment
- Discretionary Housing Payments (benefit cap mitigation)
- Employability Offer to Parents
- Social Innovation Partnership

The [updated Cumulative Impact Assessment](#) published alongside the latest annual report on child poverty, sets out our projections for relative and absolute child poverty in 2023-24 and 2026-27, in addition to the estimated impact of Scottish Government policies on child poverty, using the latest information available at the time. Developments between the modelling that accompanied Best Start Bright Futures and the updated modelling primarily relate to the cost-of-living crisis, with the latest macroeconomic forecasts for the UK economy, produced by the OBR, being incorporated into the model along with policy developments such as the extension of Cost of Living payments to 2023-24, changes to Income Tax and National Insurance Contributions, and increases to the UC childcare element limits. The Scottish Government will continue to review the impacts of wider macroeconomic changes over the life of the child poverty targets and will publish updated analysis as required.

Evaluation of the impact of policies so they have the right resources and priority

As set out above, the actions set out in BSBF are underpinned by the Scottish Government's overarching child poverty strategy and Cumulative Impact Assessment. In addition, key policy decisions are informed by a full suite of impact assessments, including those focused on Equality, Children's Rights and Wellbeing, Fairer Scotland, Islands, Business and Regulatory impact – all helping to understand in greater detail the potential impact that policies will have on the three independent missions of this government and on the most disadvantaged individuals in our society. In turn, policy level evaluations subsequently help us to understand the impact that our actions are having. These assessments and evaluations are routinely published and are available on the Scottish Government website.

With reference to decisions on how we use our fixed and limited budget, with the current pressures on public finances, we must consider whether targeting help may offer greater value for money and improved services to those most in need.

We are reviewing opportunities for more effective targeting of spending in the 2024-25 Budget, whilst prioritising programmes of work which have the greatest impact on the delivery of our three core missions. Targeting our funding can have a huge impact, as we have seen with the projected reduction in the rate of relative child poverty through the Scottish Child Payment this year. We will set out our spending proposals, reflecting better

targeting, in the forthcoming 2024-25 Scottish Budget. This will be underpinned by our Equality and Fairer Scotland Budget Statement, considering the impact of our spending plans might have on the people of Scotland.

As set out in our Programme for Government, tackling poverty and protecting people from harm is one of three critical and interdependent missions for this government – and all portfolios will be applying this rigorous focus to spending decisions to ensure our resources tackle poverty where we can and build the foundations for future generations to thrive.

Analysis / Impact of Rent Freeze on Rental Market

The most recent sector-wide Landlord Registration data shows that in August 2023 there had been no decline in the number of registered properties for rent. While it is an administrative rather than a statistical source, the data shows that there were 342,542 private rented properties registered in Scotland, slightly more than the 339,632 properties registered in August 2022, before the introduction of the emergency Cost of Living (Tenant Protection) (Scotland) Act 2022. It is important to note however that there is likely to be a time lag on this data, particularly in relation to how frequently information from landlords is updated on the system.

As part of our ongoing duty to keep the provisions of the Cost of Living (Tenant Protection) (Scotland) Act 2022 under review, a series of reports have been published setting out the evidence as to why the Scottish Government believes the Act remains necessary and proportionate. You may wish to note that the most recent [report](#) was laid in Parliament on 1 June 2023, with the next report due to be laid by 14 October 2023.

We will continue to monitor the data to identify emerging impacts on the availability of properties for private rent.

Temporary Accommodation as a Short Term Answer to Homelessness

During the session, Mr Balfour noted it may be helpful for the Committee to receive regular updates on the work being undertaken at national and local authority level in relation to temporary accommodation. The impact of the stock management measures will be evidenced through the Homelessness in Scotland statistics, which are published bi-annually. The next publication is scheduled for early in 2024. Officials would be happy to write to the Committee to advise when these statistics have been published.

The Scottish Government has discussed with the Scottish Housing Regulator that a narrower set of metrics in addition to the full published data suite would be helpful to inform action that is required in the shorter term. As increasing the level of lets to people who are homeless is key to reducing the number of people in temporary accommodation, a set of core indicators on homeless, empty homes and lets data has been proposed for collection on a monthly basis. Although this temporary data collection is still to be agreed by all parties involved, it is hoped that the data collection could begin in early 2024.

We are working with local authorities to understand where local initiatives, policies and processes are working well, with the aim of pulling together examples of good practice. We would be happy to share these with the Committee once compiled, if that would be helpful.

In terms of specific support solutions for local authorities, we know that some are managing to reduce the use of temporary accommodation in spite of the challenges they face. As I stated in the session, the Minister for Housing is working with particular local authorities

where there are specific housing needs. There is wide variation in the issues presented, which can take time for national and local government to work through together. Proposed solutions are also being submitted on an ad hoc basis, which does not lend itself to a commitment to regular updates to the Committee. However, the Scottish Government undertakes to writing to the Committee if there are significant updates that are considered beneficial to highlight.

The £60 million national acquisition plan is being supported through the Affordable Housing Supply Programme in 2023-24. Progress against this spend will be available in the annual out-turn report for 2023-24, as well as through Affordable Housing Supply Programme [quarterly statistics](#), which includes the numbers of homes which are purchased “off the shelf”.