Cabinet Secretary for Social Justice Shirley-Anne Somerville MSP



F/T: 0300 244 4000 E: scottish.ministers@gov.scot

Collette Stevenson MSP Convener, Social Justice and Social Security Committee

Issued by email to: SJSS.committee@Parliament.Scot

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE REPORT: 'POST-LEGISLATIVE SCRUTINY OF THE CHILD POVERTY (SCOTLAND) ACT 2017'

3 March 2025

Dear Convener,

I enclose with this letter the Scottish Government's response to the comments and recommendations made within the report of the Social Justice and Social Security Committee's Post-legislative scrutiny of the Child Poverty (Scotland) Act 2017.

I would like to thank Committee members for this thoughtful report, as well as all of those who supported this inquiry by responding to the call for views, completing surveys and giving evidence to the Committee.

As I set out in my own evidence to the Committee, I was heartened that Members heard wide agreement among stakeholders that the Act has had a positive impact. There is no doubt that the introduction of the Act has been crucial in elevating and maintaining the focus on child poverty reduction across Scotland. Further, it has fostered new levels of collaboration between organisations in all sectors, as well as driving the delivery of policies that serve to support people in poverty right across Scotland. This is the collective approach that was always envisioned for the Act, and reinforces that eradicating child poverty really is a national mission.

The Scottish Budget for 2025-26, which was passed by Parliament on 25 February 2025, makes wide-ranging investment balanced across the three drivers of poverty reduction to drive further progress. This includes £644 million for our package of benefits and payments only available in Scotland, including the Scottish Child Payment, as well up to £90 million for the delivery of devolved employability services and £768 million to boost delivery of the Affordable Housing Supply Programme.

Crucially, we have also chosen to act to mitigate the two-child cap, with £3 million committed to develop the systems to deliver this. Work to make this happen is already underway.

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As a Government, we are committed to building upon the considerable action taken to date and to driving further progress at the pace and scale required to meet the 2030 targets. The third Tackling Child Poverty Delivery Plan, to be published by the end of March 2026, will set out further ambitious action to be taken between 2026 and 2031 towards making this a reality.

As set out in my letter to you of 25 February 2025, and building on this review and other recent inquiries, I would be grateful for the Committee's views to help shape the Delivery Plan as we progress work to develop it this year.

Working with our partners, the Scottish Government remains fully committed to meeting the final targets set for 2030, and we will leave no stone unturned in taking the ambitious action needed to meet this goal.

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,

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SHIRLEY-ANNE SOMERVILLE

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ANNEX - SJSS COMMITTEE REPORT RECOMMENDATIONS – POST-LEGISLATIVE SCRUTINY OF THE CHILD POVERTY (SCOTLAND) ACT 2017

SCOTTISH GOVERNMENT RESPONSES

Impact of a statutory approach

1. The Committee recommends that the Scottish Government takes the opportunity of its focus on child poverty to secure more buy-in and collaboration at national and local levels, with working groups and partnerships, and to encourage a culture of collaborative working.

SG response:

Eradicating child poverty is the top priority of the Scottish Government and of the First Minister and this priority is reflected across all Ministerial portfolios.

The Child Poverty (Scotland) Act 2017 sought to ensure that child poverty reduction is a key priority across all sectors, across all of Scotland. The Act sets in statute a robust framework for action, reporting and scrutiny – ensuring a consistent focus on delivering the 2030 targets and galvanising support for further action on child poverty both locally and nationally. This includes the duty on local authorities and relevant health boards to publish annual Local Child Poverty Action Reports, which must describe both measures taken in a given reporting year and planned in future years which contribute to the meeting of the child poverty targets.

Since publication of the first Tackling Child Poverty Delivery Plan in March 2018, we have continued to strengthen our focus on delivery and accountability across government – including through establishment of our *Best Start, Bright Futures* Programme and the recently established Cabinet Sub-Committee on Child Poverty.

The Act has been crucial in driving the delivery of policies at both national and local level to tackle child poverty, with tangible results for families in poverty. This includes introduction of the Scottish Child Payment, which was designed and delivered with the clear ambition of reducing child poverty – and which is now delivering crucial support for families. Our overall approach to eradicating child poverty is based on partnership and recognises that, while Scottish Government has a particular role to play, other partners and stakeholders, across all spheres of government and across all sectors, also make contributions to this work. We see this clearly in our Fairer Futures Partnership areas, through our Social Innovation Partnership and in our work with the National Partners Group¹. It is also reflected in the Scottish Government's own internal governance arrangements; the Child Poverty Programme Board demonstrates a "Team Scotland" approach with members representing COSLA, SOLACE, Public Health Scotland and key third sector partners.

¹ National partners include: the Scottish Government, COSLA, the Improvement Service, Public Health Scotland, Child Poverty Action Group, the Poverty Alliance, and the Scottish Poverty and Inequality Research Unit (SPIRU) based at Glasgow Caledonian University.

2. It is important that child poverty targets set for local authorities are achievable. The Committee recommends that the Scottish Government liaises with local authorities to determine whether they are able to meet the set targets or whether there are any specific circumstances which should be taken into account.

SG response:

The Child Poverty (Scotland) Act 2017 sets targets for Scotland. There are no targets for individual local authority areas and data which underpins the four poverty measures set in statute cannot be disaggregated to local or sub-Scotland level. However, the action of local partners is essential in driving forward the progress needed at national level and to improving the lives and outcomes of families.

The Scottish Government recognises that there is considerable divergence in child poverty rates across Scotland and that poverty in rural areas can often be hidden, as a result of the increased cost of accessing essential goods and services. This is why Local Child Poverty Action Report guidance encourages local areas to consider a needs assessment and to make use of a range of evidence to inform their approach and the action taken.

The Scottish Government has been working with the National Partners Group to help local partners understand the impact of action on child poverty within their area, including through self-assessment, evaluation and the use of proxy poverty indicators such as End Child Poverty Coalition estimates and DWP/HMRC Children in Low Income Families (CILIF) data.

The Scottish Government has published a child poverty dashboard providing a range of data that can help local areas to think about which drivers of poverty reduction are weaker or stronger in their areas as well as the prevalence of different priority groups. Public Health Scotland has also developed a comprehensive data resource to help local partners plan and prioritise child poverty actions and SPIRU's Tacking Poverty Locally Directory is a useful source of good practice for local areas.

3. The Scottish Government commissioned research in 2021 on 'Improving our understanding of child poverty in rural and island Scotland'. The Committee would welcome an update on the work the Scottish Government has undertaken since the report on the research was published in June 2022. In particular, we would welcome details of how it has assisted the Scottish Government to understand the issues that contribute to a high cost of living in rural areas and the subsequent steps taken to refine measures to ensure those issues are taken into consideration.

SG response:

Among low income households, those in rural and island areas have faced particular challenges as a result of the cost of living crisis.

The research has shown that although poverty is concentrated in cities, its impacts can be intensified by higher costs of living for those in rural areas (i.e. 'the 'rural premium'). The research found that the pattern of poverty in Scotland may also be changing: rural poverty increased from 13% in 2011-2014 to 18% in 2019-2022 while no similar trend was seen among those living in urban areas².

There are also limitations around the data used to measure and monitor poverty in a rural and island context - the experts interviewed for this research suggested that key data gaps exist in relation to the following aspects in rural/island communities: benefits take-up; cost of living; fuel poverty; childcare; the cost of doing business in rural areas; and the lived experience of support for those in poverty. These data gaps may be 'hiding' the true prevalence of poverty in our rural and island areas.

Since this research was published in 2022, we have;

- Funded a co-produced evaluation of the Shetland Anchor Project, which was published in September 2024 and makes recommendations for how this service could be replicated to other rural and island communities. The overall aim of Anchor was to facilitate learning and action in family led problem solving and early intervention.
- Distributed £3.4 million through our Islands Cost Crisis Emergency Fund (ICCEF), to help the six island local authority areas support islanders most impacted by the cost-of-living crisis. In 2024-25 the fund had a stronger focus on tackling child poverty.
- Distributed over £29m of Community Led Local Development (CLLD) funding to rural and island communities which continues to deliver on rural priorities, including supporting families who are facing the impacts of the cost crisis and addressing poverty.
- Provided £65k funding to the Improvement Service from the Scottish Rural Network (SRN), to employ a Rural and Island Child Poverty Network Officer and build rural and island local authorities' capacity to tackle child poverty.
- The Network Officer facilitates the continuation of the Rural and Island Child Poverty Network, arranging meetings and events bringing the officers together to strengthen links and share good practice work with the Councils, Health Boards and wider planning partners to ensure data and intelligence

² Improving our understanding of child poverty in rural and island Scotland: research - gov.scot

can meaningfully inform decisions relating to tackling child poverty in remote, rural and island contexts. This includes building upon and supporting replication of innovative approaches developed by network members to date, including the Scottish Borders Child Poverty Index, West Lothian approach to unmet need and learning from Argyll and Bute's use of CACI data.

- Commissioned a survey, due to launch this spring (2025), of farming and crofting households to improve our understanding of child poverty, inequalities and social aspects of agricultural households.
- Undertaken further research to identify and better understand trends in rural and island poverty in Scotland, including Child Poverty and the current limitations around rural and islands data, which will be published in Summer 2025. This research will support policy development and better understanding of the particular drivers and impacts of poverty in rural and island contexts.

Local planning and reporting requirements

4. The Committee recommends that the Scottish Government provides further support to local authorities and considers alternative reporting timescales and methods to ensure compliance. This should be coupled with additional resources to increase capacity where required.

SG response:

The Child Poverty (Scotland) Act 2017 sets out that local authorities and health boards are required to prepare and publish Local Child Poverty Action Reports (LCPARs) annually. It is for local areas to assess compliance with the requirements set out in the legislation and to prioritise the resources necessary to meet their duties.

The Act requires reports to be published *"as soon as reasonably practicable after the end of each reporting year".* There is no set deadline for publishing LCPARs. While the Scottish Government has indicated that it may be helpful to align with national reporting timelines - e.g. by the end of June - areas are encouraged to take into account scheduled meetings of relevant Committees as part of their approval process. As such local areas are to schedule the publication of annual reports as they see fit and have scope to consider how it aligns with other strategic plans and reports.

The guidance we have published to support local areas as they produce their reports sets out how to meet the Act's statutory requirements and supports local child poverty leads with recommendations and resources for effective planning.

Local authorities and health boards have a key role to play in delivering activity which can contribute to the child poverty targets, and the guidance is intended to help them articulate their contribution. Alongside this we continue support to local areas through the National Partners Group. This includes funding to the Improvement Service, the Poverty Alliance and SPIRU to engage and support local areas. We will continue to work with National Partners to explore how the support offer for local areas can be refined and improved upon. 5. The Committee recommends that the Scottish Government introduces a clear accountability framework, outlining the responsibilities of all partners, as well as the consequences of failing to work towards meeting the targets set out in the Act.

SG response:

As noted, the Act sets in statute a clear and robust framework for action, reporting and scrutiny and we have strengthened our focus on delivery and accountability across government. Scottish Ministers have been clear that eradicating child poverty is a national mission of the Scottish Government and expect to see it prioritised in local areas.

Tackling poverty, and in particular child poverty, is one of three strategic priorities outlined for the Scottish Government and local authorities as set out in the Verity House Agreement.

The agreement represents an opportunity for the Scottish Government and Local Government to improve assurance and accountability arrangements in order to support, understand and demonstrate collective progress towards shared priority outcomes including tackling poverty, particularly child poverty. Work is underway to develop these arrangements which will enable the Scottish Government and Local Government to understand where progress is, and is not, being made using evidence and considering relevant local contexts. It will also enable the development and clearer articulation of these responsibilities in local, national and joint settings, and the communication of these distinctions to members of the public, delivery partners, Councillors and Members of the Scottish Parliament.

The Scottish Government will continue to work with partners to ensure that all sectors are aware of the role they play in eradicating child poverty, and can work effectively together to drive forward the change needed to achieve the 2030 targets.

6. The Committee recommends that the Scottish Government and Improvement Service provide feedback to all local authorities by default on the content of their annual reports, to improve the consistency of the information provided and to better share best practice across all local authorities.

SG response:

The Scottish Government, along with National Partners, continue to explore ways to improve and refine the process of reviewing and feeding back on LCPARs and how good practice can be shared.

National partners proactively offer a feedback meeting to local areas following review of their report, with written feedback available on request. This is to ensure the written feedback is taken in the context of the wider discussion and the offer of support from national partners. Through this process a local area may also then identify an area of development which the national partners can support them with.

In addition, the national partners also work with local authorities and health boards in sharing and promoting practice and peer-to-peer learning to ensure LCPARs are an effective lever for tackling child poverty in Scotland.

While feedback on reports is voluntary, we will continue to keep this under review to maximise the opportunities for shared learning from the review process.

7. The Committee asks the Scottish Government to consider whether providing a reporting template for local authorities and health boards to use would address consistency issues.

SG response:

The Scottish Government believes it is right that local areas are afforded flexibility to reflect local needs and priorities within Local Child Poverty Action Reports and to align reporting with existing local structures, strategic reports, and plans. There is potential that a reporting template could damage existing approaches, which have matured since 2019, and lead to duplication with other reporting requirements.

The guidance published by the Scottish Government in 2022, to support local areas on their reports, outlines helpful information around potential content, whilst recognising the need for local discretion. We encourage local areas to use the guidance and engage with National Partners as they develop their reports and any associated strategic plans.

We will continue to engage with members of the National Partners Group and with local officers to ensure that guidance, and wider support offered, best meets their needs whilst also supporting the ability to draw out and share learning across Scotland.

8. The Committee recommends that the Scottish Government seeks the views of local authorities and local partners as to whether the revised guidance has led to improvements and whether there are any further improvements that can be made.

SG response:

Revised guidance, which was developed with input from local areas, was published in 2022 following publication of *Best Start, Bright Futures*. It sets out a number of principles for local leads to consider, including how long-term planning is balanced with annual reporting, producing more focussed reports and effective use of information.

Guidance and support for local areas is continually monitored by National Partners, including as part of Improvement Service engagement with local leads and the peer support network established. Feedback to date suggests that the current guidance continues to be a useful source of information for local areas as they develop their action reports.

In discussion with local partners, we will refresh the guidance in line with the publication of the next tackling child poverty delivery plan to ensure it contains the most up-to-date and useful information and is an effective tool for supporting local areas.

Data, choice of measures and other evidence

9. The Committee requests further information on how the Scottish Government liaises with COSLA and Improvement Scotland to gather and share evidence of effective local interventions.

SG response:

The National Partners Group, which includes COSLA and Improvement Service, continues to promote opportunities for shared learning and dissemination of good practice and evidence. This includes through the Child Poverty Peer Support Network of leads from local authorities and health boards. Good practice is also highlighted and shared from the LCPARs through this network and published reports. In addition, the Scottish Poverty and Inequality Research Unit at Glasgow Caledonian University, collates and makes available good practice on its Tackling Poverty Locally Directory³, which is open to local areas.

We know there are various other groups and channels through which good practice is shared and we would encourage local areas to continue to engage in this space to ensure learning is shared widely.

³ Tackling Poverty Locally Directory | Glasgow Caledonian University | Scotland, UK

10. The Committee recommends that the Scottish Government considers the measures introduced in Northern Ireland to increase the sample size of the Family Resources Survey, to determine whether the approach can be replicated in Scotland.

SG response:

Scottish Government officials have on-going regular contact with colleagues in the devolved administrations about the Family Resources Survey, and feed back to the Department for Work and Pensions (DWP), who commission the survey for the UK, any concerns which arise.

The difference in response rates between Northern Ireland and the rest of the UK has been raised before with DWP to assess whether there are lessons which could be applied to other areas. The marked drop in response rates since the pandemic in 2020 (including for Northern Ireland) is the subject of ongoing concern and mitigation activity for DWP and the consortium carrying out the fieldwork. The consortium consists of the Office for National Statistics, the National Centre for Social Research and the Northern Ireland Statistics and Research Agency (NISRA).

Northern Ireland has been included in the Family Resources Survey since 2002, with a sample boost of 200% to ensure adequate sample sizes for robust reporting. Up to 2012, response rates for Scotland, Northern Ireland and the UK were broadly similar at about 60%. Response rates since then have fallen across the UK, although less so for Northen Ireland. In 2019-20 (the last year of fieldwork before the pandemic), response rates were 49% for the UK, 45% for Scotland and 56% for Northern Ireland. Response rates have been slow to recover since the pandemic, the most recent figures for 2022-23 being 25% for the UK, 22% for Scotland and 47% for Northern Ireland.

Fieldwork for the main government surveys in Northern Ireland is carried out by the Central Survey Unit of NISRA. Discussions with Northern Ireland colleagues and the Office for National Statistics staff have identified key factors relating to geography and organisational structure and culture, which contribute to better response rates in Northern Ireland. These are summarised below:

- The relatively small scale of operations (Northern Ireland has a population of 1.9 million) and organisational stability within NISRA. This allows a close relationship between NISRA staff and the interviewers, leading to enhanced motivation and retention among the field force.
- Field trainers are responsible for small teams of interviewers, and overseen by office-based Area Managers. This ensures a direct link between interviewers and support staff.
- The small geographic scale also means that interviewers tend to be assigned within a 20 mile radius of where they live, which means they have a good understanding of local issues, which is useful in building a rapport.

It was discussed to what extent those structures might be replicated elsewhere, and Northern Ireland colleagues have suggested that scaling up the approach to Scotland would incur major initial costs and restructuring, and is not likely to be cost-effective in the longer term.

To mirror Northern Irish operations, the Scottish Government would have to set up and resource an internal survey unit and maintain an adequate field force to carry out all the surveys currently being conducted by SG. This would require a substantial displacement of resources at a time of very tight financial controls and is unlikely to offer value for money compared to current arrangements. In addition, the larger geographic scale and more dispersed population would make it difficult to replicate the close working relationships between the survey team and the field force. Interviewers would also have to travel further and would not have the same local connection, which would reduce the ability to build rapport. Considering these factors in the round, it is unlikely that the change in structure would result in substantive improvements in the response rate.

The Scottish Government will continue to engage with DWP and the other devolved administrations to share learning and to consider what practical steps could be taken to improve survey response rates. Specifically, the Scottish Government will review the next set of statistics to ensure that receipt of Scottish Child Payment is fully reflected in the figures. 11. Given the calls for richer data, the Committee recommends the Scottish Government commissions further research into comparative policies for tackling child poverty across the UK.

SG response:

The Scottish Government regularly engages with officials across UK nations to share learning on successful approaches on child poverty and is committed to working collaboratively to support development of the UK Government's Child Poverty Strategy.

As part of wider action to inform the next Tackling Child Poverty Delivery Plan, the Scottish Government has commissioned international research looking at selected countries which have either significantly reduced or sustained low rates of child poverty⁴. This research will help to understand policies and approaches which have been successful, and which would be most feasible and most effective in the Scottish context. It will also aid understanding of the interdependencies that need to be considered, and the wider systemic factors that need to be addressed. This contract runs from December 2024 to March 2025 and final outputs will be published in due course.

This research will further build upon the <u>evidence review of 'what works' in tackling</u> <u>child poverty</u>, published alongside *Best Start, Bright Futures* in March 2022. This brought together empirical evidence from a range of sources with a focus on new policies, actions or approaches the government should consider implementing, including policies effective in other parts of the UK and other developed countries.

The Scottish Government will continue to learn from policies and approaches, from within the UK and abroad, as we drive forward action to meet the 2030 targets set.

⁴ Countries include Croatia, Denmark, Finland, and Slovenia.

12. The Committee recommends that the Scottish Government considers how best to improve the evaluation of the impact of interventions to reduce child poverty.

SG response:

Each published tackling child poverty delivery plan has been accompanied by an evaluation strategy setting out the approach to assessing progress towards meeting the 2030 targets.

The overarching approach fundamentally draws on three layers. Firstly, monitoring poverty rates across all four targets. Secondly, monitoring key indicators for each of the known drivers of poverty⁵. Thirdly, individual evaluation of key policies to better understand the contribution they are making towards the targets.

In terms of policy level evaluations, given the size and scope of the delivery plan, it is not feasible or justifiable to attempt a comprehensive evaluation of the impact of every action on child poverty. Instead, evaluation efforts take into account a range of criteria, including: likely impact of the intervention on the four child poverty target measures; size of the investment from Government; and feasibility, cost and value of a robust evaluation of the intervention's impact on child poverty.

In doing so, performance data is critical, but qualitative evaluation evidence is also important in helping to: unpack the reasons for any observed changes (or lack of change); identify any unintended side-effects, and; understand how the actions could be refined and improved. Qualitative evidence includes detailed information about how each action is being implemented (which is likely to differ across service providers and locations), and the views of people supported by actions to find out what has and has not been helpful from their perspective. Finally, as more policies come on stream it is important to understand not just whether a policy works, but to understand whether it is the best option.

As noted in response to recommendation 2, the Scottish Government and national partners are supporting local partners to use wide ranging data to help consider both needs in their local areas, and the impact of policies. Local partners are also able to use a range of administrative and local data to supplement their understanding, for example free school meals eligibility, council tax reduction etc. Examples can be found in <u>Glasgow</u> or <u>Inverclyde</u>. Most recently, the Scottish Government supported the commissioning of larger scale evaluations, such as the Pathfinders work, and providing funding through the Child Poverty Accelerator Fund to support local action, including evaluation.

The Scottish Government is also working closely with partners, and learning from local practice, in the implementation of national policies. This includes through the evaluation of investment made in Whole Family Wellbeing Funding – which looked at qualitative research across Children's Services Planning Partnership areas, secondary data analysis of WFWF progress updates provided as part of Children's Service Planning annual reports, and other available reports, to provide a rounded view of progress.

⁵ That is income from employment, cost of living, and income from social security and benefits in-kind.

Scrutiny, reporting and national planning

13. The Committee recognises the valuable scrutiny and oversight work that the Poverty and Inequality Commission undertakes to make progress on reducing child poverty. The Committee asks the Scottish Government to respond to the evidence received that the Commission does not have the necessary level of resources to undertake all of its functions.

SG response:

The <u>Child Poverty (Scotland) Act 2017</u> requires Scottish Ministers to provide the Poverty and Inequality Commission (the Commission) with such staff and other resources as it requires to carry out its functions.

The issue of resources is regularly discussed during meetings between Scottish Government officials and the Commission and its Secretariat.

As outlined in the Framework document agreed by the Commission and the Scottish Government, if the Commission identifies a need for increased resource, a business case for additional funding should be submitted to the Scottish Government's Sponsor Team for consideration.

Such a business case was submitted by the Commission, and the Sponsor Team has recently agreed, in principle, that the Commission can recruit another member of staff to its Secretariat team, subject to the Scottish Government's internal recruitment approval process.