

Citizen Participation and Public Petitions Committee

3rd Meeting, 2021 (Session 6), Wednesday 8
September 2021

PE1868: Support for working single parents

Note by the Clerk

Petitioner	Laura McKain
Petition summary	Calling on the Scottish Parliament to urge the Scottish Government to provide support to single parents by: <ul style="list-style-type: none">• increasing the council tax discount available to single parents from 25% to 50%• lobbying the UK Government to create a working single parent tax allowance and a household income-based child benefit
Webpage	https://petitions.parliament.scot/petitions/PE1868

Introduction

1. This is a new petition that was lodged on 17 June 2021.
2. A SPICe briefing has been prepared to inform the Committee's consideration of the petition and can be found at **Annexe A**.
3. While not a formal requirement, petitioners have the option to collect signatures on their petition. On this occasion, the petitioner elected to collect this information. 316 signatures have been received.
4. The Committee seeks views from the Scottish Government on all new petitions before they are formally considered. A response has been received from the Scottish Government on the issues raised in this petition and this is included at **Annexe B** of this paper.

Scottish Government submission

5. In its submission, the Scottish Government notes its commitment to reforming Council Tax and highlights the Council Tax Reduction Scheme which provides relief to just under 500,000 low income households.
6. The submission addresses the call for the Scottish Government to lobby the UK Government to create a working single parent tax allowance and a household income-based child benefit. It points out that the Scottish Government has no authority to intervene on the specific matters raised in the petition pertaining to Income Tax as they are beyond the devolved responsibility of the Scottish Parliament. It does, however, emphasise that it will continue to press the UK Government to ensure that reserved policies take full account of the needs of Scotland and that all tax powers are devolved to the Scottish Parliament.
7. The Scottish Government highlights its Scottish Child Payment as an intervention which supports single parent families on a low income by paying £40 per week per eligible child. The submission notes that the Scottish Government have committed to extending eligibility to under 16s, by the end of 2022.
8. The submission considers that this payment, alongside the Best Start Grant and Best Start Foods will provide over £5,300 of financial support to families by the time their first child turns six.

Action

- The Committee is invited to consider what action it wishes to take on this petition.

Clerk to the Committee

PE1868: SUPPORT FOR WORKING SINGLE PARENTS

Petitioner

Laura McKain

Date Lodged

17 June 2021

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to provide support to single parents by—

- *increasing the council tax discount available to single parents from 25% to 50%; and
- *lobbying the UK Government to create a working single parent tax allowance and a household income-based child benefit.

Previous action

I have contacted MSPs Rona Mackay, Neil Bibby, Ross Greer and Jamie Greene. I have also emailed Nicola Sturgeon.

Background information

I believe that single working parents face financial discrimination from the Scottish and UK Governments.

The Scottish Government should make a change to Council Tax, adding 'Single parent' to the 'disregarded' list, so that single parents are eligible for a 50% discount. This would help single parents by removing the extra 25% burden they pay from 1 salary vs households with two working parents.

I am also petitioning the UK Government to change income tax and child benefits, to help single parents.

Two working parents can earn more as a household e.g. £40,000 from 2 salaries, and be taxed less, compared to a 'single parent', who earns more as an individual e.g. £25,300, but less as a household. The same situation applies in child benefit eligibility. The availability of a married couple allowance again highlights more discrimination.

I would like the Scottish Government to support my call for a working single parent tax allowance, and to lobby to the UK Government for this.

Briefing for the Citizen Participation and Public Petitions Committee

Petition Number: [PE1868](#)

Main Petitioner: Laura McKain

Subject: Support for working single parents

Calling on the Scottish Parliament to urge the Scottish Government to provide support to single parents by increasing the council tax discount available to single parents from 25% to 50% and lobbying the UK Government to create a working single parent tax allowance and a household income-based child benefit.

Background

This section provides background on the three measures requested:

- Council Tax discount
- means tested benefits
- tax allowance.

Council Tax discount

There are various ways that someone's council tax bill can be reduced. These include:

- Discounts – e.g. 25% single person discount.
- Council Tax Reduction – a means tested scheme that reduces the council tax bill.

The petitioner asks for a 'single parent 50% discount'. If the single parent is the only person in the property liable to pay Council Tax then they will qualify for the existing single person discount of 25%.

Council Tax bills can also be reduced through Council Tax Reduction (CTR). For details on how it works see [Citizens Advice Scotland – council tax reduction](#). To apply, someone must be on a low income and (for working age claimants) have less than £16,000 savings. The way the calculation is done depends on whether someone claims Universal Credit, gets a passported benefit (Income support, Job Seeker’s Allowance, Employment and Support Allowance, Pension Credit) or is otherwise on a low income.

The most recent annual statistics ([2019-20](#)) show that 16% (74,360) of CTR recipients are lone parents.

The total number of CTR recipients [increased during 2020](#), (496,580 recipients in March 2021 compared to 469,370 in March 2020) however the family structure has not yet been reported for 2020-21, so it’s unclear whether the proportion of lone parent claimants has increased.

Means tested household benefits

The petitioner asks for a UK means tested benefit for children. The main means tested household benefit is Universal Credit, which is reserved. It includes additional amounts for up to two children.

In Scotland in February 2021 there were 96,705 lone parents in receipt of Universal Credit ([StatXplore](#)).

The other main means tested benefit for families with children is Child Tax Credit. This can be paid whether the family is receiving out-of-work or in-work benefits. It is being replaced by Universal Credit so the number of recipients is gradually reducing as no new claims can be made. In Scotland, in [December 2020](#) there were 146,000 families with children getting tax credits. More single parents than couple parents receive tax credits.

Universal Credit and Child Tax Credit are paid to both out of work and in-work families. The amount received depends on a number of factors such as earnings, other income and number of children.

In Scotland, families can apply for the Scottish Child Payment to 'top up' Universal Credit and Child Tax Credit by £10 per week for each child under the age of six, regardless of how many children are in the family.

Also of relevance is [Child Benefit](#). This is not means tested but there is an [additional tax charge](#) for those with individual incomes over £50,000.

Child Benefit is £21.15 per week for the first child, £14 per week for other children.

Social Security Devolution

The Scottish Parliament has powers to:

- top up reserved benefits (e.g. Scottish Child Payment)
- create new benefits in devolved areas (e.g. Best Start Grant school age payment).

Potentially, the Scottish Parliament has legal competence to create a means-tested household benefit by either topping up an existing one (e.g. top up universal credit for single parents in the same way as it has topped up universal credit for children) or by creating a new benefit. It would be necessary to link any new benefit to an area of devolved competence.

Any new payment would need to be funded from the Scottish budget.

Personal Tax Allowance

The petitioner calls for the Scottish Government to lobby the UK Government for the introduction of a working single parent tax allowance.

Calling for the Scottish Government to lobby the UK Government would be the appropriate course of action, as the Scottish Government does not have the power to introduce income tax allowances. Under [Scotland Act 2016](#), the Scottish Government

has powers to set rates and bands for income tax, but not allowances. Decisions on tax allowances, including the main personal tax allowance are reserved to the UK Government.

There are examples of other income tax allowances for specific groups of taxpayers. For example, there is currently a [Blind Person's Allowance](#). There is also a [Marriage Allowance](#) and a [Married Couple's Allowance](#) for married couples where at least one person was born before 1935.

The petitioner has lodged a similar [petition calling for this action with the UK Parliament](#).

Scottish Government Action

The policy focus has been on child poverty rather than one parent families specifically. However, one parent families are at a high risk of poverty. Therefore many of the anti-poverty actions of the Scottish Government are relevant.

The Scottish Government has a [Child Poverty Strategy](#) linked to statutory child poverty targets. A revised strategy is due by April 2022. The current strategy sets out six 'family types' to prioritise. One of these is lone parent families.

The Scottish Child Payment pays £10 per week per child under 6 for families getting qualifying benefits (e.g. Universal Credit, Child Tax Credit). This is due to be extended to children under 16, and there is a manifesto commitment to increase it to £20. The [initial policy analysis](#) for what was then called an 'income supplement' considered varying the amount according to family characteristics, one of which was lone parents. The analysis noted that:

“The purpose of identifying priority families was to ensure the needs of particularly disadvantaged groups were taken into account in policy development. Whilst this is an intentional feature of policy design it could have two significant drawbacks. First one of principle because it could be seen to differentiate between children in poverty; and second one of pragmatism because it would not be easy or appropriate to identify all priority family characteristics.”

Action in relation to council tax bills in recent years has included:

- a new form of council tax reduction for band E to H home owners on a low income
- increasing the amounts included for children in the Council Tax Reduction calculation
- Increasing the 'applicable amounts' in Council Tax Reduction each year to reflect inflation, which means that the means test is more generous.

Scottish Parliament Action

The previous Social Security Committee held an [inquiry into social security and in-work poverty](#). One of its conclusions was that:

“Tackling poverty requires a sustained strategic approach. Social security, the focus of this Committee, is a split responsibility between the Scottish and UK Government Ministers. An effective social security system has a key role to play in any sustained strategic approach to tackling poverty.”

The increased risk of poverty amongst lone parent families was also referenced in the Committee's deliberations on the Child Poverty (Scotland) bill.

A [motion by Pauline McNeil in December 2018](#) noted the rise in lone parent families in poverty and called for a halt to the roll-out of Universal Credit.

Key organisations

- [Scottish Campaign on Rights to Social Security](#) (coalition of organisations)
- [Poverty and Inequality Commission](#)
- [One parent families Scotland](#)
- [Gingerbread](#)
- [Joseph Rowntree Foundation](#)
- [IPPR Scotland](#)
- [Low income tax reform group](#)
- [Fraser of Allander Institute](#)

Camilla Kidner

Nicola Hudson

June 2021

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Annexe B

Scottish Government submission of 12 August 2021

PE1868/A

We are committed to reforming Council Tax to make it fairer. Whilst the present system is in place, our Council Tax Reduction Scheme provides relief to just under 500,000 low income households in Scotland. This reduces Council Tax liabilities according to income and need. The Scottish Government provided funding of £376 million to local government in 2020-21 in relation to the scheme. Anyone who thinks they may qualify for a reduction should contact their local council directly.

The Scotland Acts 2012 and 2016 provide the Scottish Parliament with power to set the rates and bands that apply to non-savings, non-dividend Income Tax in Scotland. Decisions on who is liable to Income Tax (sometimes referred to as the tax base) and setting the tax-free Personal Allowance remain reserved to the UK Government.

The matters referred to in the petition pertaining to Income Tax are beyond the devolved responsibility of the Scottish Parliament and, as such, the Scottish Government has no authority to intervene. However, we continue to press the UK Government to ensure that reserved policies take full account of the needs of Scotland. In the longer term, the Scottish Government's position is that all tax powers should be devolved to the Scottish Parliament so that fiscal decisions that affect the people of Scotland can be made here.

Where we do have powers over taxation, we have used them to introduce a fair and progressive tax system, protecting lower and middle income earners and raising additional revenue, while supporting Scotland's economy and helping to fund the widest range of free-to-access public services in the UK.

Similarly, where we have powers over social security, we have introduced Scottish Child Payment which supports single parent families on a low income. This payment of £40 per week per eligible child has already reached over 78,000 children with at least one payment, as of the end of March.

The Scottish Child Payment represents an intervention to tackle child poverty which is unparalleled across the UK. We have committed to extending eligibility to under 16s, by the end of 2022 - subject to data on qualifying benefits being received from the DWP.

Our Scottish Child Payment together with Best Start Grant and Best Start Foods will provide over £5,300 of financial support for families by the time their first child turns six. For second and subsequent children this will provide over £5,000.

We will also double the payment to £80 every four weeks (£20 per week) by the end of this Parliament, setting out plans in due course.