

SPICe**The Information Centre**
An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

11th Meeting (Session 6), Thursday 04 May 2023

Roundtable Discussion

Cost of Living: Lone Parents

Introduction

The Committee is holding two round tables on the cost of living. Last week members heard from organisations representing disabled people and unpaid carers. A strong theme in that discussion was that both the pandemic and cost of living crisis have exacerbated existing inequalities. While 'cash-first' is necessary in the short term there is a need to look at underlying structural issues, for example around energy efficient housing, provision of social care and design of social security benefits.

This week the focus is on lone parents. This paper gives some background context on the cost of living and suggests three broad themes which members may wish to use to structure the discussion.

Participants in the roundtable are:

- Martin Canavan, Head of Policy & Participation, Aberlour Children's Charity
- James Dunbar, Chief Executive, New Start Highland
- Morag Hannah, Chief Executive Officer, Skye and Lochalsh, Citizens Advice Bureau
- Cara Hilton, Policy and Public Affairs Manager (Scotland), Trussell Trust
- Laura Millar, Strategic Manager, Fife Gingerbread
- Kirsty McKechnie, Early Warning System Project Manager (Scotland), CPAG Scotland
- Satwat Rehman, Chief Executive, One Parent Family Scotland
- Fiona King, Senior Policy and Public Affairs Manager, Save the Children

Context

Inflation Trend

The chart below shows how CPI has increased over the last two years, reaching a peak in October 2022. In the [12 months to March 2023 it was 10.1%](#). This was higher than expected, driven mainly by food inflation. [BBC News](#) noted that:

“It was widely expected to fall below 10%, but food prices continued to soar, rising at their fastest rate in 45 years.”

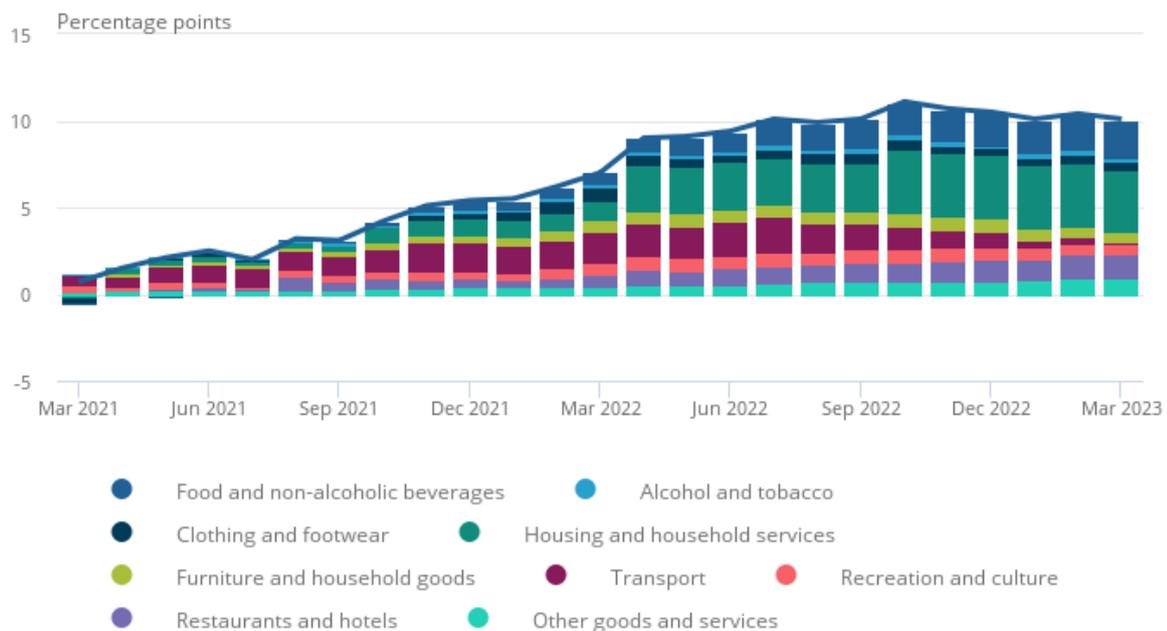
Inflation is still expected to fall rapidly by the end of the year.

The main costs driving inflation continue to be food and energy as illustrated in the chart below. (Energy is included under household costs). Food inflation in the year to March 2023 was 19.1%, and Household costs (incl. energy) inflation was 26.1%. Food inflation was higher than expected at 19.1%. The BBC News noted that:

“The sharpest rises in March were seen for products including olive oil (up 49%), milk (up 38%) and ready meals (up 21%).”

Figure 11: Largest contributions to CPI inflation rate from housing and household services, and food and non-alcoholic beverages

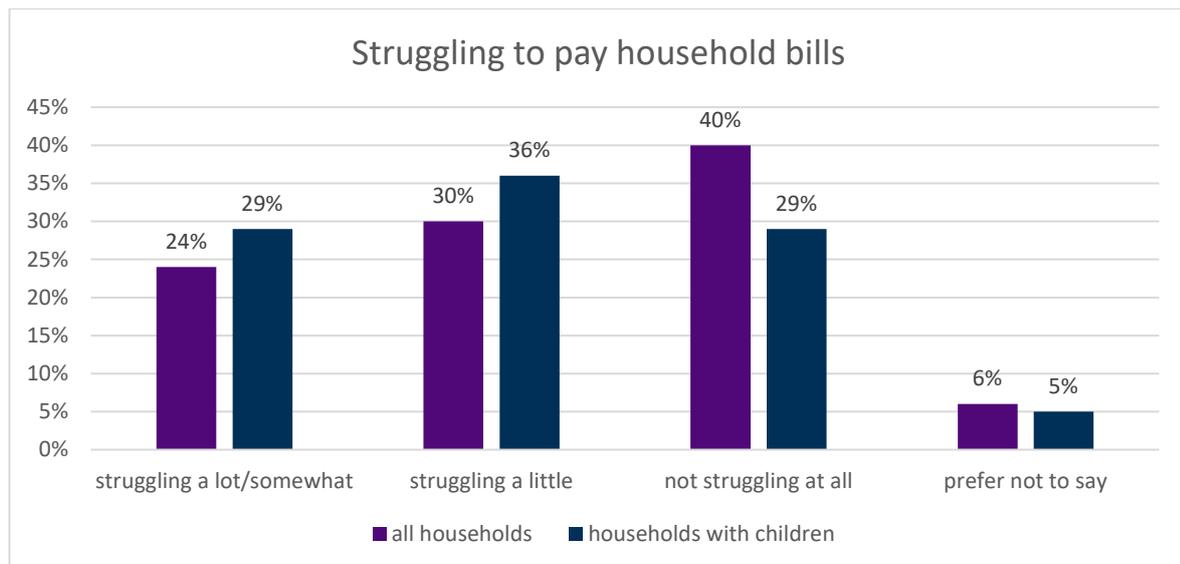
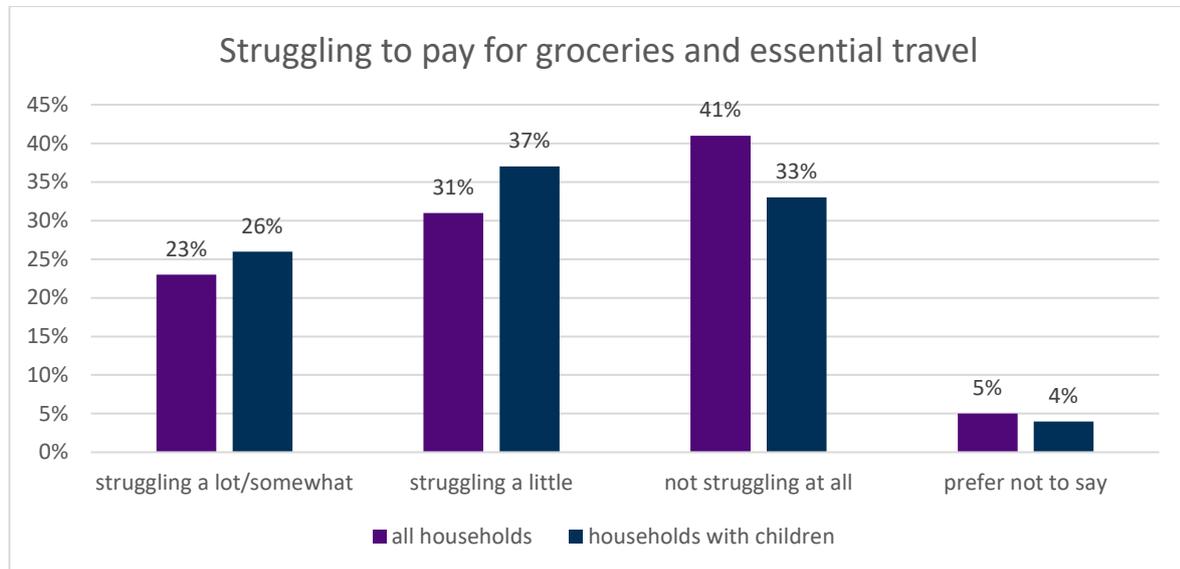
Contributions to the annual CPI inflation rate, UK, March 2021 to March 2023



Source: Consumer price inflation from the Office for National Statistics

A [survey commissioned by the Scottish Government](#) found that that most households were struggling at least a little to pay for groceries and household bills in March 2023.

The results don't show lone parent households separately so the two charts below compare 'all households' and 'all households with children'. They show that households with children are more likely to be struggling with groceries and bills than those without.



Source: [Scottish Government, Public attitudes survey](#), March 2023.

Children in lone parent families are more likely to be in poverty

The most [recent poverty statistics are for 2019-22](#) and show relative poverty rates (after housing costs) of:

- 24% for all children
- 38% for children in lone parent families

Lone parent households are one of the priority groups in the Scottish Government's efforts to reduce child poverty.

In 2021, before the steep rise in inflation, the [Office for National Statistics found that](#) that single parents spent more of their disposable income compared to couple families.

“Single-parent households spent a total of £356.80 a week on average in FYE 2021, equivalent to 87% of their average disposable income, leaving £57.40 remaining per week.

Two-parent households, on the other hand, spent £556.50 per week, equivalent to 67% of their average disposable income, leaving £284.60 per week.”

This could imply that there was less ‘headroom’ to cope with additional spending pressures.

A report on Poverty in Scotland by the Joseph Rowntree Foundation in July 2022 found that single parent families were more likely to be struggling, even compared to other low-income households. They said:

“The financial position of single parents is extremely concerning. Significantly more so than even the average position for all low-income households.

- Six in ten single parents were in low-income families.
- They are significantly less likely to have savings than is seen in Scotland overall, with more than double the proportion having no savings (57%) and a further 10% having savings of less than £250.
- 70% have one or more debts and a quarter with debt have more than £2,500 of debt.
- Nearly half (45%) of single-parent families are behind on at least one bill or payment, nearly one in ten (9%) are behind on three or more.”
([Poverty in Scotland, July 2022](#). Based on survey of 4,196 adults).

Single parent families are more likely than couple families to be in receipt of low income benefits. Therefore assistance linked to benefit receipt and changes to welfare rules are more likely to affect them.

In November 2022 there were 128,000 single parent households in Scotland in receipt of Universal Credit, compared to only 44,439 couple households with children. In addition, it’s likely that around half the 84,000 families claiming tax credits in Scotland in December 2022 were single parent families. (Assuming the same proportion as across the UK where 0.5 million out of the 1 million families in receipt of tax credits were single parent families ([Table 2.1, HMRC provisional tax credit](#))).

OPFS Report on cost of living

In November 2022, [One Parent Families Scotland](#) (OPFS) published its report [Living Without a Lifeline](#) focusing on single parents and the cost of living crisis. This presented feedback from 260 single parents via a survey and three focus groups.

Their policy priorities focused on:

- Improving social security benefits

- Ending the benefit cap
- Valuing single parents equally
- Childcare – for school age and under fives.

In November 2022, 2,346 lone parent families in Scotland were subject to the benefit cap (StatXplore). Just over half of those in receipt of Universal Credit are affected by the benefit cap by having their benefit reduced by £25 or more per week. The Scottish Government is providing an additional £5m to mitigate the cap. Families affected can apply to their local authority for a Discretionary Housing Payment.

The Scottish Government is currently developing its plans to [expand funded childcare](#). This includes provision for one and two year olds “starting in this Parliament with children who will benefit most” and “building a system of school age childcare by the end of this Parliament” free to those on the lowest incomes. £15m for out of school care was [announced in April](#).

The [UK Government has announced its childcare expansion plans](#), which will generate ‘Barnett consequentials’ for the Scottish Government. The IPPR’s submission to this Committee’s inquiry estimates these at £24m this year, £257m in 2024-25 and £422m in 2025-26.

Government cost of living support

The UK government support included the ‘energy price guarantee’ to limit the unit cost of energy, £400 to each household over winter 22-23, £150 to those getting disability benefits and £900 to those on low-income benefits, such as Universal Credit. The support to people getting benefits is being [repeated in 2023-24](#).

The Scottish Government increased the Scottish Child Payment to £25 in November 2022. This is available to families in receipt of the main low income reserved benefits, such as Universal Credit and Child Tax Credit. This increase was announced in March 2022 as part of the ‘Best Start Bright Futures’ tackling child poverty delivery plan and built on the previous year’s manifesto pledge to increase it to £20.

Other relevant Scottish Government measures include:

- [3% cap on private sector rent increases](#) until September 2023 (voluntary approach in social sector for below inflation increases)
- [£30m fuel insecurity fund](#)

Both UK and Scottish Government’s increased social security benefits by 10.1% in April 2023.

Best Start Bright Futures

The current strategy for tackling child poverty covers the period 2022- 2026. When it was published in March 2022, [CPI inflation was 7%. It is now 10.1%](#).

Key policies included:

- Increase Scottish Child Payment to £25
- Investing in employability support

- Investing £500 of Whole Family Wellbeing Funding over parliamentary term to ‘transform services to access preventative, holistic support’
- Increasing certain social security payments by 6% in 2022-23. (In 2023-24 both reserved and devolved social security benefits have been increased by 10.1%.)
- Delivering affordable homes by 2032 investing £3.6bn over parliamentary term
- Expand Family Nurse Partnership to reach all first-time mothers under 21 by 2025.
- £10m for welfare advice over parliamentary term

The focus on increasing income from employment will be examined in the Committee’s inquiry on parental employment.

The Scottish Government reports on progress annually, normally towards the end of June.

First Minister’s Priorities

On 18 April, the [First Minister set out his priorities](#) including re-affirming tackling child poverty as a national mission. He said:

“To tackle poverty we need to be even bolder on taxation, and the redistribution of wealth. That is why I will convene an anti-poverty summit, inviting experts, academics, anti-poverty campaigners, those with lived experience, and I will also invite opposition colleagues, as I believe tackling poverty is a shared priority for all of us.”

[During his leadership campaign](#) the First Minister said he would look at increasing SCP in his first budget. [CPAG](#) have commented that “[Analysis](#) suggests an increase to at least £40 in this parliament will be needed to meet child poverty targets.”

Suggested themes

The following suggests three broad themes for organising the discussion.

Theme 1: Impact of cost of living crisis

- How have things changed for lone parents over the last year?
- The cost of living affects everyone. What are the particular issues related to the cost of living that have had a greater impact on lone parent families?

Theme 2: Current policies

- Do the key actions set out in the [tackling child poverty delivery plan](#), [Best Start](#), [Bright Futures](#) need to be re-visited given the rising cost of living?
- What are examples of existing policies and approaches that are particularly effective in tackling the cost of living? Which policies have been less effective and why?

Theme 3: New policies

- What new policies are needed to tackle the cost of living crisis for lone parents? To what extent are these within the remit of the Scottish Government? Are they different from the policies required to tackle the cost of living generally?
- The financial situation facing the Scottish Government is challenging. Are there any policies which could help address the cost of living that would not have major budget implications for the Scottish Government?
- Do we need to explore new ideas to tackle the cost of living crisis for lone parents? Are there good policy ideas that have been around for while but haven't been implemented? What are the barriers?
- What permanent changes are needed to increase households' resilience to future shocks and crises?

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27 April 2023