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# Social Justice and Social Security Committee

## Thursday 16 September Scottish Budget 2022-23 Suggested Themes

### Introduction

This is the first of two evidence sessions on the Committee's pre-budget work for the 2022-23 budget. The focus is on the spending needed in 2022-23 in order to meet the interim child poverty targets in 2023-24.

The Committee will hear from:

- Chris Birt, Associate Director, Scotland, Joseph Rowntree Foundation
- John Dickie, Director, CPAG Scotland
- Bill Scott, Chair, Poverty and Inequality Commission

This paper provides some background on the SCP and other measures tackling child poverty before suggesting the following five themes for discussion from page 10 onwards.

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### Background

#### Trends in Child Poverty and impact of COVID-19

Latest official statistics show that 26% of children in Scotland were living in relative poverty in 2019-20. The target for 2023-24 is 18%.

The statutory child poverty targets and recent trends are set out in the table below. Official statistics for 2020-21 will be available in March 2022.

**Table 1: Trends in child poverty and statutory targets: % children, after housing costs**

	Annual statistics			Interim Target	Final Target
	2017-18	2018-19	2019-20	2023	2030
Relative Poverty	24%	23%	26%	18%	10%
Absolute Poverty	22%	20%	23%	14%	5%
Low income and material deprivation	14%	12%	12%	8%	5%
Persistent poverty	16%	15%	16%	8%	5%

Source: Poverty and Inequality Commission

The Poverty and Inequality Commission reports to the Scottish Government on progress towards the child poverty targets. In its latest report in June this year it said:

“We have not yet seen the full impact of the pandemic on poverty and inequality, and it is clear that families on low incomes are likely to have been hit the hardest. This will make reaching the child poverty targets even more challenging.” ([PIC report, June 2021](#))

Although official statistics aren't yet available for 2020-21, the Institute for Fiscal Studies has looked at living standards since the start of COVID-19 using the UK Household Longitudinal Study ([IFS, July 2021](#)). Overall they report that:

“despite the huge changes in the economy and society over the last year, on most of the measures there has not been a dramatic change in the proportion of people facing deprivation over the course of the pandemic”

However, there were particular pressures for certain groups, especially:

- People who were in poverty before the pandemic
- People from ethnic minorities
- People who are self-employed

One measure they looked at was the proportion of people who were behind on their household bills before COVID, during the first lockdown in April 2020 and a year later, in March 2021. The table below shows that in general, by March 2021 this has improved slightly compared to 2020, but figures are still worse than before COVID.

**Table 2: % people behind on household bills. (UK)**

group	2018-19	April/May 2020	March 2021
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All	6.6%	8.1%	7.0%
In poverty before COVID	15%	22%	20%
Self-employed	2%	13%	Not reported
Ethnic minorities	12%	21%	15%

Source: [Institute for Fiscal Studies](#)

Analysis by the [Resolution Foundation](#) (July 2021), using a YouGov survey of 8,030 people found that:

- Between February and May 2021, incomes rose in 25% of respondent families and fell in 13% of respondent families
- In June 2021, 32% of those on the lowest incomes had less savings than before the pandemic and 12% had more savings.
- 13% had more debt.

Earlier research as part of the COVID realities project explored the extra cost pressures on low income families during the pandemic. ([Brewer et al, January 2021](#)) Extra costs included:

- Having children at home meant more spending on food, energy and ways to entertain children
- Shopping closer to home or using deliveries can be more expensive

[Modelling by SPICe](#) using UKMOD suggests that child poverty may fall to 23% in 2021-22. This may be largely due to UK and Scottish Government interventions including the UK Universal Credit uplift and the SCP paid to children under 6. If the UC uplift is removed, child poverty is likely to increase. The bridging payments<sup>1</sup> are not taken into account in this modelling and would be expected to have a positive impact on child poverty.

## Scottish Child Payment

The Scottish Child Payment is a key plank in the Scottish Government's plans to reduce child poverty. It was introduced in February 2021 for children under 6 whose families are in receipt of Universal Credit, legacy benefits or Pension Credit. It is due to be extended to children under 16 by the end of 2022. This extension will therefore fall part-way through financial year 2022-23 and is therefore relevant to consideration of the 2022-23 budget.

The table below shows the SFC latest cost forecasts up to 2026-27 based on a £10 SCP uprated each year for inflation. In 2022-23 the SCP is expected to cost £90m, increasing to £165m in the first year of full roll-out in 2023-24. Falling population leads to slightly lower costs in subsequent years.

**Table 3: Scottish Child Payment spending by age of children**

£ million	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
under six	6	55	54	53	52	52	52
6 - 15			36	112	111	111	111

<sup>1</sup> £520 per year to 6 to 15 year olds getting free school meals, pending the extension of the SCP.

<b>Total</b>	<b>6</b>	<b>55</b>	<b>90</b>	<b>165</b>	<b>163</b>	<b>163</b>	<b>163</b>
SCP rate	£10.00	£10.00	£10.25	£10.60	£10.80	£11.00	£11.20

Source: [SFC Economic and Fiscal Forecasts August 2021](#)

### The £10 SCP will cost less than first thought

Since it was first proposed in June 2019 estimates of the number of children that will receive the SCP have reduced from 400,000 to 298,000 in its first full year of full roll-out. The estimated cost has therefore also fallen.

In June 2019, the Scottish Government estimated that an application based income supplement based on Universal Credit entitlement would cost £210m, reach 400,000 children and reduce child poverty by three percentage points.

The first SFC forecast in February 2020 was that it would cost £157m in its first full year ([SFC Economic and Fiscal Forecasts February 2020](#)). In September 2020 this was revised to £184m ([SFC, SCP supplementary costing](#)).

In August 2021, the Scottish Fiscal Commission latest forecast is that it will cost £165m in 2023-24. The SFC forecast assumes uprating for inflation to £10.60 by 2023-24.

**Table 4: Changing estimates of SCP**

	<b>Assumed take-up</b>	<b>Children benefiting</b>	<b>Cost £m</b>
Scottish Government estimate in June 2019	83%	400,000	£210m
Latest SFC forecast- August 2021	80% (under 6) 74% (6-15)	298,000	£165m
Difference		-102,000	£-45m

Source: [SFC Economic and Fiscal Forecasts August 2021](#), forecast for first year of full roll-out in 23-24 [Scottish Government, \(2019\) Income Supplement analysis of options](#).(table 8)

The lower estimate for the number of children benefiting results mainly from changing data on population trends, lower than expected eligibility and lower estimates of take-up.

### The SCP will cost £90m in 2022-23

Full-roll out is expected part way through financial year 2022-23, so the cost next year will be lower than the cost for a full-year of full roll-out. The table below details the SFC forecast for the SCP in 2022-23, which assumes full roll-out in December 2022 with the SCP uprated for inflation to £10.25.

**Table 5: Scottish Child Payment: SFC forecast for 2022-23, SCP £10.25**

	<b>Children under 6</b>	<b>Children 6 – 15</b>	<b>Total</b>
Children eligible (000s)	126	280	406
Take-up rate	80%	73%	
Children receiving (000s)	101	205	305

<b>Cost</b>	<b>£54m</b>	<b>£36m</b>	<b>£90m</b>
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Source: [SFC Economic and Fiscal Forecasts August 2021](#)

### The ‘bridging payment’ might bring costs in 2022-23 to £141m

Although full roll-out is not expected until the end of 2022, the Scottish Government is providing a ‘bridging payment’ of £10 per week to children aged 6 to 15 who are registered for free school meals.

The Scottish Government estimates that this payment benefits around 145,000 children ([Scottish Government news release August 2021](#)).

The total cost of the SCP and the ‘bridging payment’ is likely to be in the region of £140m in 2022-23. It may be that making this bridging payment might increase take-up of free school meals, so it could cost more than this. Table 6 below estimates total costs for the SCP and bridging payment over three years.

**Table 6: Bridging Payment and SCP costs estimate**

	<b>SCP</b>	<b>Bridging payment</b>	<b>Total</b>
2021-22	£55m	£75m	£130m
2022-23	£90m	£51m	£141m
2023-24	£165m	£0	£165m

*SCP costs are SFC forecasts. Bridging payment SPICe calculations assuming 145,000 children receiving bridging payment of £520 in 21-22 ([SG news release August 2021](#)) and £349 in 22-23 (part year). Assumes 4 months of SCP paid to 6-15 year olds in 2022-23. Assumes bridging payment £10 per week and SCP of £10.00 in 21-22, £10.25 in 22-23, £10.60 in 23-24.*

The bridging payment is available to those getting free school meals on low income grounds. This is only available to those on Universal Credit if a family’s earned income is also less than £625m per month. In comparison, the SCP is available to all families getting Universal Credit who have children of the relevant age.

### Impact on poverty

Initial Scottish Government analysis in June 2019 suggested that, at £10 per child, the SCP could reduce child poverty by three percentage points once it is fully rolled out, taking 30,000 children out of poverty.

Table 7 below summarises SPICe modelling of the poverty impact and cost of different SCP policies and the UC uplift.

SPICe analysis suggests that if it was doubled to £20 and extended to under 16’s, then child poverty would be five percentage points lower than if there was no SCP at all. The [Programme for Government](#) referred to a £20 SCP “taking 40,000 children out of poverty.” Whether or not this is enough to reach the target of 18% depends on assumptions about how the baseline poverty rate is changing. As mentioned, we only have official figures for 2019-20.

### *Universal Credit compared to SCP*

A £10 SCP, once rolled out to 16 year olds, is likely to have a similar (two percentage point) impact as the UC uplift but for a much lower cost. (c.£460 additional spend on reserved benefits compared to c.£160m total SCP cost).

If the UC uplift applied for the full year in 2021-22 child poverty may be two percentage points lower than if there had been no UC uplift at all. ([SPICe blog: Removing the Universal Credit uplift](#)).

It costs more to achieve the same impact via Universal Credit because that increase is not targeted on children but is also available to low-income families without children.

The table summarises the above giving a *rough indication* of the scale of impact that different measures could have. Note that these poverty impacts cannot be added together to provide combined effects as there will be interactions between the policies.

**Table 7: Poverty impact of SCP and UC uplift**

Policy applied for full year (2021-22)	Child Poverty reduction (percentage point)	Total cost for full year (2021-22 population and prices)	Notes and sources on costings
SCP under 6, £10	1 pp	c.£55m to Scottish Govt	SFC costing
Full year UC uplift, £20	2 pp	c. £460m per year to UK Govt for spend in Scotland only	SPICe costing
SCP under 6, £20	2 pp	c. £110m to Scottish Govt	Double SFC costing
SCP under 16, £10	2 pp	c.£160m to Scottish Govt.	SPICe costing: 5-16 yr olds based on 2021 popn, 47% eligibility, 73% take-up. Under 6 from SFC forecast.
SCP under 16, £20	5 pp	c.£320m to Scottish Gov.	Double above costing.

Source: Poverty impact from: SPICe blogs; [Removing the UC uplift](#), and [SCP: where next?](#); nb: The above analysis is based on the potential impact on poverty in 2021-22. Costs are indicative only and have been adjusted to current population and payment rates so the cost for 'full roll-out' doesn't match the SFC forecasts for full roll-out in 2023-24.

Although the SCP isn't available to 6 to 15 year olds yet, there is a bridging payment. While SPICe hasn't modelled the impact of this, it may be that the combined impact of the SCP and bridging payment will reduce child poverty by more than one percentage point this year.

## Child Poverty Delivery Plan

The current child poverty delivery plan runs from 2018 to 2022 and includes a very wide range of policies grouped under the following headings:

- Increasing income from employment and earnings
- Costs of living
- Social security

- Helping families in other ways.

A £50m 'Tackling Child Poverty Fund' was provided. Total investment was:

- £2.35m in 2018-19
- £6.5m in 2019-20
- £15.53m in 2020-21
- £23.27 in 2021-22

Spending was spread across a large number of policies although almost half the fund (£23.3m) was spent on the Parent Employability Support Fund. For details see [p.66 of the progress report](#). The Programme for Government refers to a 'further £50m Tackling Child Poverty Fund'.

This £50m fund represents only a very small proportion of spending to tackle child poverty. The progress report published in June estimated almost £1bn spending in 2020-21 on low income families with children. See [p.67-69 of the report](#). While level of spending and level of impact aren't necessarily the same the largest single areas of spending noted in that table are:

- Additional COVID-19 funding: £206m
- Affordable homes: £165m
- Pupil equity funding £122m
- Council Tax Reduction £89m
- School meals £75m

Other individual measures were each less than £50m.

The next child poverty delivery plan is currently being developed and is due to be published in March.

## **Policies to increase incomes**

### **Social Security**

Apart from the SCP, other Scottish social security benefits paid to families with children are:

- Best Start Foods (£4.50 or £9.00 per week).
- Child Disability Payment (not means tested) From £23.17 to £152.15 per week.
- Best Start Grant (one off grants of £252.50, £303 or £606)
- Disabled Child winter heating payment of £200 per year (not means tested)

There is a manifesto commitment to remove the income threshold that currently applies to Best Start Foods – "later in the Parliamentary term, supporting up to 60,000 additional people per year." (Programme for Government). The manifesto suggested this would cost c.£20m.

The Scottish Welfare Fund and Discretionary Housing Payments are not specifically targeted at families with children but low income families do benefit from these schemes.

The table below shows the forecast spend for the above benefits, with the addition of the Programme for Government commitment on the Scottish Welfare Fund budget, assuming it applies from 2022-23.

**Table 8: Social security spending forecasts £m**

	2020-21	2021-22	2022-23	2023-24
<b>Administered by Social Security Scotland:</b>				
Scottish Child Payment	6	55	90	165
Best Start Foods	12	14	13	12
Best Start Grant	18	18	17	17
Child Disability Payment and child DLA	208	227	264	299
Child Winter Heating Assistance	3	3	3	4
<b>Administered by local authorities</b>				
Discretionary Housing Payments	81	80	81	82
Scottish Welfare Fund	58	36	41	41

Sources: [SFC Economic and Fiscal Forecasts August 2021](#), SWF budget in 22-23 and 23-24 from [Programme for Government](#).

**Scottish Welfare Fund:** Around one third of households who have benefited from the SWF have children. The average Scottish Welfare Fund award in 2020-21 was £106 for crisis grants and £613 for community care grants. The Programme for Government states that the SWF budget will be “guaranteed at £41m per year.” The operation of the fund will be reviewed.

**Discretionary Housing Payments:** There is no breakdown of DHPs by family type. It is mainly used to mitigate the bedroom tax (82% of spending in 2020-21) but is also used to mitigate the impact of the benefit cap (5% of spending) and the restrictions to the Local Housing Allowance (4%).

Table 9 below shows that families with children are more likely to be affected by the restriction on the LHA rates than the bedroom tax. In addition, almost all (97%) of those affected by the benefit cap are families with children.

**Table 9: Families impacted by bedroom tax, benefit cap and LHA compared to DHP spending to mitigate these measures**

	with children	all households	% of total with children	% DHP spending 2020-21
Bedroom tax	13,696	100,129	14%	82%
Benefit cap	6,905	7,098	97%	5%
LHA (in UC)	21,103	52,460	40%	4%

Source: StatXplore, [Scottish Government DHP statistics 2020-21](#).

## Other policies to increase incomes

The [Programme for Government](#) includes:

- A plan to end the need for food banks as a primary response.
- £10 million over the Parliament to increase access to advice services, placing money advisors in up to 150 GP practices and expanding the pilot on providing advice in education settings.
- Delivering a Minimum Income Guarantee, for which a steering group has been established
- exploring systems of automatic payment for devolved social security benefits'
- consulting on the next steps to becoming a Fair Work Nation by 2025, and make it a requirement on public sector grants to pay at least the real Living Wage to employees
- additional £15m in 2022-24 for the Parental Employability Support fund.

## **Policies to reduce costs**

Existing policies that reduce costs for low income families include:

- The school uniform grant has increased to £120 for primary pupils and £150 for secondary pupils
- From August 2021, free early learning and childcare for 2 year olds in low income families as well as for all 3 and 4 year olds.
- One third of households benefiting from Council Tax Reduction are families with children. The average award in 2020-21 was £14.39 per week to single parent families and £18.57 per week to couples with children. Total 'income foregone' was £375m in 2020-21.

The Programme for Government includes the following commitments that will reduce costs for low income families with children:

- From August 2022 provide free school lunches for all primary school pupils.
- Plans for free breakfasts for primary and special school pupils,
- 'Phased roll-out' for school holiday meals, "starting with those who will benefit most"
- Provide wrap around childcare by the end of this Parliament, free for those on low incomes. 18 pilot projects will be evaluated by September 2022
- Extend free early learning and childcare to all one and two year olds starting in the course of this Parliament with children from low-income households. (The [commitment for 1140 hours](#) applies from August 2021 and applies to 2 yr olds in low income families and 3 and 4 year olds for all families).
- 'explore the concept' of Universal Basic Services

# Suggested Themes For Discussion

## Theme 1: Trends in child poverty

Latest official statistics show that 26% of children in Scotland were living in relative poverty in 2019-20. The target for 2023-24 is 18%. We don't yet have official statistics for the impact of COVID-19. The IFS have reported that:

“on most of the measures there has not been a dramatic change in the proportion of people facing deprivation over the course of the pandemic”

However, there were particular pressures for certain groups, including those who were in poverty before the pandemic, people from ethnic minorities and the self-employed.

In June 2021, the Poverty and Inequality Commission reported that:

“The Commission’s view is that, based on current progress, the Scottish Government will miss the child poverty targets by a long way. [...] The progress being made would not have been sufficient to meet the targets even leaving aside the impact of the pandemic.” ([PIC report, June 2021](#))

The JRF say in their submission:

“There is little doubt that the pandemic will have worsened poverty”

### Members may wish to discuss:

- **The impact of COVID-19 on child poverty**
- **Witnesses views on the current levels of child poverty in 2021-22 and prospects for the next few years**
- **The main factors causing child poverty and whether these are changing or are the same**

## Theme 2: Scottish Child Payment

The Scottish Child Payment is due to be extended to children under 16 by the end of 2022. In the mean-time there is a bridging payment available to those on free school meals. Forecast spend on the SCP in 2022-23 is £90m increasing to £165m in the first year of full roll-out in 2023-24.

### Bridging Payment

The bridging payment won't reach all 6 to 15 year olds who would be eligible for the SCP. CPAG recommend in their submission that:

“The straightforward way to address this gap would be to extend entitlement to free school meals, and therefore the bridging payments, to all children in families in receipt of universal credit or equivalent legacy benefit. The budget should make provision to fully resource such an extension.”

## **Doubling the SCP**

The Scottish Government has a commitment to double the SCP. The First Minister has said:

“we will set out how and exactly when this commitment will be met when we publish the Budget Bill – our firm intention is to do this sooner rather than later.” ([Holyrood Magazine, 8<sup>th</sup> September](#))

The [Programme for Government](#) said:

“We will actively seek ways to accelerate the implementation of that commitment, including looking at options for staged increases, with final decisions about timing and increases factoring in to the spending review, and taken in the relevant budget.”

## **Impact on poverty**

[Joseph Rowntree Foundation](#) and the [Fraser of Allander Institute](#) have concluded that, in the absence of the UC uplift, a £40 per week SCP could achieve the interim target. The Poverty and Inequality Commission submission states that this would cost “between £530m to £600m a year”. JRF are due to publish updated modelling on 4 October in their Poverty in Scotland report.

## **SCP ‘cliff edge’**

If someone loses their UC award, then they lose all their SCP. It is not reduced gradually as earnings increase. In other words, there’s a ‘cliff edge’. As the value of SCP increases, the impact of this ‘cliff edge’ also increases – particularly for large families. This is raised by both the Poverty and Inequality Commission and CPAG. The Commission note that this could affect work incentives. CPAG point out in their submission that the £20 cut to UC could mean:

“thousands of low-income families will lose entitlement to UC if the cut goes ahead. In Scotland, this also means loss of entitlement to top-up benefits such as the Scottish Child Payment.”

## **Targeting the SCP**

The Poverty and Inequality Commission suggest that further targeting of the SCP on families identified in the Child Poverty Delivery Plan or increasing other benefits, such as disability payments, could achieve “greater impact for the same investment.” They acknowledge that further targeting increases complexity.

The JRF has modelled various scenarios that could meet the 18% target including:

“Raising the Scottish Child Payment to £30 and introducing a supplement of £20 per week per family for certain groups of people who are most at risk, such as lone-parent families, families where someone is disabled

and families with a child under the age of one”. ([Laying the foundations for a Scotland without poverty, March 2021](#)).

Key proposals among the witnesses appearing today are:

- The Poverty and Inequality Commission recommend doubling the SCP in this budget or “at the very least, the increase to the Scottish Child Payment will need to occur by April 2023 if it is to have an impact on meeting the interim targets.
- CPAG say: “the child payment needs to be at least doubled in the coming year”
- JRF “we believe that the doubling should be confirmed in full for the financial year 2022/23. [but] no-one should conclude, however, that simply doubling the child payment will either meet the child poverty targets or dramatically transform the lives of families that are struggling in Scotland.”

**Members may wish to discuss:**

- **The role of the SCP in meeting the Scottish Government child poverty targets**
- **How much the SCP payment should be in 2022-23**
- **If it is to be doubled (or more than doubled), how this could be paid for**
- **Whether large increases to the SCP could start to affect work incentives**
- **Options to increase SCP in stages**
- **Whether, and if so, how to address the ‘cliff edge’ in the SCP**
- **The advantages and disadvantages of making the SCP higher for ‘priority families’**
- **Whether the bridging payment should be extended to all 6 to 15 year olds who would be eligible for SCP**
- **The implications for SCP of the cut to Universal Credit**

### **Theme 3: Other policies to reduce child poverty**

It was never the intention that the SCP alone would meet the child poverty targets. The submissions discuss a range of other policies that are also required.

#### **Housing Costs**

On housing costs the Poverty and Inequality Commission says:

“The approach to investment in affordable housing does not appear to be targeted to address child poverty. Rather it is hoped that some families in poverty will benefit as a by-product of existing investment plans. Modelling of affordable housing need should take account of the needs of families who are locked into poverty by high housing costs in the private rented sector.”

JRF has said that:

“On housing, there is no obvious route to meeting the targets through improving the affordability of housing alone, but some households are in poverty because of their housing costs alone, so assisting them will contribute to meeting the targets.” ([‘Laying the foundations for a Scotland without poverty’](#), March 2021)

Discretionary Housing Payments are used to mitigate the impact of policies including the bedroom tax, benefit cap and cap on LHA rates. CPAG note in their submission that: “the use of DHPs to mitigate the benefit cap is inconsistent.” The Programme for Government states:

“We will explore ways to improve support given to people impacted by the benefit cap, within the scope of devolved powers, as part of our new deal for tenants.”

### **Employment**

The submission from CPAG recommends using pay settlements in the public sector and public spending on supporting businesses “to improve the quality of work available to parents.”

The submission from the Poverty and Inequality Commission recommends scaling up the Parental Employability Support Fund.

JRF have stated that meeting the child poverty targets: “is also possible via work alone, but in ways that are unlikely to be achievable in the next three years.” ([‘Laying the foundations for a Scotland without poverty’](#), March 2021)

### **Childcare**

On free childcare, the submission from CPAG notes:

“Real gaps exist, particularly for older children, children with disabilities and where parents work atypical hours. Low-paid childcare workers are often also parents living in poverty.”

And the Poverty and Inequality Commission recommend:

“50 hours per week of funded, good quality and flexible education and childcare for all children between six months and five years old” [and] “integrated childcare offer from 0-12 years.”

### **Short term and long term action**

The Poverty and Inequality Commission also state that social security is effective in the short term:

“Given how close we now are to the date for meeting the interim targets, social security will need to play a significant role in reaching them. Action on the other key levers of employment and housing will not have sufficient impact quickly enough for the interim targets.”

In [‘Laying the foundations for a Scotland without poverty’](#) (March 2021) JRF also look to the longer term saying:

“While short-term action is needed, we will only meet the 2030 targets through commitment and determination to deliver long-term changes to the way that we work, our housing and the adequacy of our social security system.”

**Members may wish to discuss;**

- **Which policies, other than the Scottish Child Payment are likely to have a large impact on child poverty in time to meet the interim targets in 2023-24**
- **Thinking longer term, what should the focus be in 2022-23 to ensure progress towards the 2030 targets**
- **Of the new commitments in the Programme for Government, which are likely to have the greatest impact on reducing child poverty**
- **Is there anything in the Programme for Government that might act to increase child poverty?**

## **Theme 4: Human Rights Approach and Poverty Proofing**

The Committee asked witnesses to comment in their submissions on whether the Scottish Government is taking a human rights approach and whether it is poverty proofing its budget decisions.

The Scottish Government publishes an [‘Equality and Fairer Scotland’ statement](#) with its budget documents. As mentioned by JRF, the Equality Budget Advisory Group recently published [recommendations on equality and human rights budgeting](#). Recommendations included that senior civil servants should take a personal responsibility in scrutinising key new budget commitments in terms of equality and human rights as part of core governance processes

The Scottish Government also produces seven types of impact assessment. These include:

- Children’s Rights and Well-being Impact Assessment ([Scottish Government guidance published 2019](#))
- Equality Impact Assessment (EqIA), assessing impacts on people with 'protected characteristics'
- Fairer Scotland Duty assessment, aiming to reduce socio-economic inequality

A Scottish Government commissioned [literature review on impact assessments](#) (February 2021), looked at impact assessments in other countries, concluding that while they could be effective, merely requiring them to be written was not enough to ensure impact. The review concluded: “The literature suggests that

good process alone cannot lead to effective impact assessment: a change in behaviour and culture is also necessary.”

It is a statutory principle that Scottish social security is a human right. Separately, case law on the European Convention on Human Rights has created a limited right to social security as a form of property right. This has been applied frequently in judicial review challenges to the UK Government. The Scottish Parliament has recently passed legislation to incorporate the UN Convention on the Rights of the Child, although this is subject to legal challenge at the moment. The Scottish Government plans to introduce further legislation to incorporate other international human rights treaties into Scottish law.

CPAG note in their submission that:

“The UN Convention on the Rights of the Child includes the right to social security and the right to an adequate standard of living. Budget decisions, for example on the value of the Scottish child payment, must ensure they are contributing to the full realisation of these rights. “

However they consider that:

“it is not yet clear that all budget decisions are systematically proofed with a view to meeting child poverty targets.”

Similarly the Poverty and Inequality Commission state:

“The Scottish Government is not yet sufficiently poverty proofing all its budget decisions. We repeatedly see examples where budget and policy decisions reference contributing to meeting the child poverty targets in very general terms.”

And JRF say:

“there does not yet seem to be a systematic approach to assessing the impact of policy and financial decision on those with the lowest incomes”

**Members may wish to discuss:**

- **What does it mean to take a ‘human rights approach’ to the Scottish Budget**
- **What does ‘taking a human rights approach’ imply for the levels at which Scottish social security benefits are paid**
- **How impact assessments and ‘poverty proofing’ could be improved**
- **Whether they have specific recommendations for how to approach the ‘[Equality and Fairer Scotland Statement](#)’ this year**

## Theme 5: Priorities for 2022-23 budget

Committee pre-budget work allows Committees to make recommendations for specific areas of spending in the forthcoming budget. If it is not already clear from the previous discussion, members may wish to ask witnesses about their priorities for the 2022-23 budget.

The next child poverty delivery plan will be published in spring 2022, after the 2022-23 budget has been published although the First Minister has said she will set out her plans for the SCP in the budget.

The submission from CPAG discusses a number of policy areas that could contribute to tackling child poverty, but states that none of them are enough on their own:

“While each of these policy areas is vital to ending child poverty, none of them on their own will allow us to reach the child poverty targets. This year’s budget must include appropriate funding for action on childcare, housing and employment and build on the foundation provided by the Scottish child payment to meet the statutory child poverty targets.”

The submission from the Poverty and Inequality Commission refers to the need to look to the longer term including work towards a future minimum income guarantee. They agree that social security is not enough on its own to tackle child poverty but also state that;

“Nor can action on work and earnings meet the final targets on its own. The Fraser of Allander Institute modelling found that it was not possible to meet the 2030/31 target of 10%, even after moving all parents in poverty to working 35 hours per week (at current wages or, for those not currently in work, minimum wage).”

JRF state:

“we believe that the doubling should be confirmed in full for the financial year 2022/23. To have its full effect that will need to happen at the same time as the full roll-out of the payment to all children under 16.”

### Members may wish to discuss:

- **What are the three most important spending commitments that witnesses wish to see in the 2022-23 Scottish budget?**
- **If those three policies were delayed until the 2023-24 budget, what impact would that delay have on meeting the child poverty targets?**

**Camilla Kidner**  
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