



POVERTY AND INEQUALITY COMMISSION BRIEFING FOR THE SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

PRE-BUDGET SCRUTINY: MEETING THE INTERIM CHILD POVERTY TARGETS

1. What is the role of social security in meeting the child poverty targets?

Progress towards the targets

Scotland is not currently on track to meet either the interim or final child poverty targets. The targets can be met, but doing so will require action at a much greater pace and scale, and with significantly higher levels of investment.

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. The Scottish Government will need to use all the levers available to it to meet the final targets.

Scottish Child Payment

The Scottish Government is committed to doubling the Scottish Child Payment by the end of this Parliamentary term. The Commission's view is that this needs to happen in this budget. 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.

While the proposed increase to the Scottish Child Payment is very welcome, it will not be enough to meet the interim child poverty targets. A greater contribution will be required from social security, beyond this existing commitment. The Scottish Government will need to look at making further increases to the Scottish Child Payment, or increases to other relevant benefits, in order to meet the interim targets.

Modelling shows that we could, in theory, meet the interim child poverty targets through using Scottish social security powers alone. Modelling from Fraser of Allander Institute¹ and JRF² suggests that increasing the Scottish Child Payment to £40 per week would deliver a six percentage point reduction in relative poverty, which would meet the interim relative poverty target of 18%. Estimates of what this would cost range from £530-£600 million a year.

The Scottish Child Payment is a well targeted payment, that is relatively simple to apply for and to administer. In terms of further investment in social security, it may, however, be possible to achieve a greater impact for the same investment by

¹ [Child-Poverty-Final.pdf \(fraserofallander.org\)](#)

² [Laying the foundations for a Scotland without poverty | JRF](#)

targeting payments even further. This could be achieved by increasing the Scottish Child Payment further for some of the priority families identified in the Child Poverty Delivery Plan, rather than for all families eligible, or by topping up other benefits received by priority families, such as disability benefits and carer's allowance, or revisiting the eligibility criteria for carer's allowance to assist family groups with a disabled person in the household.

There are a number of practical issues in relation to targeting payments. These include the administrative complexity, potential legislative changes required, costs, timescales and the potential to increase complexity for recipients. The Commission's view is that further analysis and modelling is required by Scottish Government to consider whether a targeted approach would be more effective than a universal approach.

An important issue to note is that the current design and delivery of the Scottish Child Payment means that there is a 'cliff-edge', where families lose their whole entitlement to the Scottish Child Payment if they stop receiving Universal Credit (or relevant legacy benefits). So far the impact of this is not likely to have been too significant. As the amount of the Scottish Child Payment increases, however, it is likely to become more significant and might create barriers for families in accessing or increasing work. This could have a gendered impact as it likely to particularly impact on second earners in a family, who are more often women. The Scottish Government needs to look at options for addressing this cliff-edge.

Impact of removal of Universal Credit uplift

The removal of the £20 Universal Credit uplift will make it more difficult to meet the child poverty targets. The Scottish Government has estimated that removal of the uplift and the reinstatement of the Minimum Income Floor will push 20,000 more children into poverty, increasing the child poverty rate by 2 percentage points. The JRF modelling, for example, identified that keeping the £20 Universal Credit uplift would mean that a Scottish Child Payment increase to £30 per week, rather than £40, would be sufficient to meet the interim targets.³

Benefit take-up

Increasing take-up of both devolved and reserved benefits could also have a role in making progress towards the child poverty targets. There still seems to be a lack of clarity about whether the Scottish Government can promote reserved benefits, or whether this could potentially create policy spillover effects under the Fiscal Framework. This needs to be resolved.

Longer-term action on social security

It will be important to consider pragmatically what can be done in the short-term to get money to families. This should not preclude also identifying what changes to social security will be needed in the longer term to create a system that that best

³ [Laying the foundations for a Scotland without poverty | JRF](#)

meets the needs of children and families. Action on social security should support work towards a future minimum income guarantee.

2. The role of other policies in meeting the child poverty targets

While social security will be required to do a lot of the work in the short-term towards meeting the interim targets, action on social security cannot be expected to meet the final targets on its own. Modelling by Fraser of Allander Institute found that meeting the final targets using social security alone would require the Scottish Government to increase the Scottish Child payment to £165 per week at an estimated cost in the region of £3 billion a year.⁴

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).

It is clear that transformational action, using all the levers available, will be needed to meet the final targets

Work and earnings

Action needs to start now on the transformational change required to create significant improvements in earnings from employment. Modelling by JRF estimates that meeting the interim child poverty targets using employment alone, would require approximately 200,000 families to either move into work (60,000) or increase their hours (140,000).⁵ The Commission's view is that the actions in the current Tackling Child Poverty Delivery Plan on work and earnings will be nowhere near sufficient to meet the child poverty targets.

While the actions that the Scottish Government has already committed to are generally the right kind of actions, as a whole they are not on a sufficient scale to have the impact needed. There is a need for far greater investment, scale and pace. This will also require a focus on implementation, and gathering evidence, learning and refining as implementation takes place.

Further action is needed to:

- Improve the pay and quality of existing jobs
- Create more good jobs
- Support parents to get, sustain and progress in work

Funding, procurement and conditionality

The Commission recognises that the Scottish Government does not have the powers to introduce some changes to employment that might reduce child poverty. This means that it is vital to make maximum use of the powers that do exist in relation to

⁴ [Child-Poverty-Final.pdf \(fraserofallander.org\)](#)

⁵ [Laying the foundations for a Scotland without poverty | JRF](#)

Scottish Government and wider public sector procurement and funding to drive improvements in existing jobs.

There needs to be greater use of conditionality in relation to funding, commissioning and procurement, including using any levers possible to require the real Living Wage. The Scottish Government needs to provide more clarity on the extent to which Fair Work and the Living Wage can be a requirement in procurement processes.

The Commission has also previously recommended that the public sector's wage-setting, procurement and commissioning powers should be used to drive up pay rates and terms and conditions in the care and childcare sectors. The pandemic means that significant amount of public funding has also gone to sectors such as retail and hospitality which would not traditionally receive public funding. Again, the Scottish Government needs to look at what it can leverage from this funding in terms of fair work and pay.

Infrastructure

There is a range of infrastructure that needs to be in place to enable parents to work. Childcare and access to transport are absolutely key, but access to social care, healthcare and digital access are all part of the necessary infrastructure. The Commission has recommended that the Scottish Government should build on its existing early learning and childcare offer to provide 50 hours per week of funded, good quality and flexible education and childcare for all children between six months and five years old to enable parents, in particular women, to work full-time if they choose or need to. This should be integrated with a funded or subsidised out of school care entitlement to develop an integrated childcare offer from 0-12 years. An integrated childcare offer must include provision that meets the needs of disabled children. This needs to happen now if it is to have an impact on the targets. Having affordable transport available at times and on routes that allow parents to access work and childcare is also vital in enabling parents to work.

The Commission is supportive of the Scottish Government's Parental Employability Support Fund, but considers that this needs to be scaled up. We have recommended that the Scottish Government should provide a significant increase in funding for the Parental Employment Support Fund. We have also recommended that the Fund should be underpinned by an equivalent to the 'Youth Guarantee', offering a guarantee of work, funded training or education, for parents from priority families engaging with programmes supported by the Fund, if they have not got a job after engaging with the programme for an agreed period.

There also now needs to be a focus on implementation of parental employability support. Parents need to be involved in the design and there must be a person-centred approach that allows flexibility for parents to follow different routes and receive support that meets their needs.

Housing

The relative affordability of housing in Scotland is the main reason for the lower child poverty rates in Scotland relative to the rest of the UK.⁶ JRF estimates, however, that around 50,000 children, in both the private and social rented sectors, live in poverty only after their housing costs are taken into account; the cost of housing is locking these children in poverty.⁷ The role of housing policy in reaching the child poverty targets is complicated because of the interaction with housing benefit. In order to try and look at what contribution action on housing costs could potentially make, Fraser of Allander Institute modelled a scenario where housing costs for families in poverty were reduced to zero.⁸ They estimated that this would reduce child poverty by three percentage points by 2023/24. This shows that action on housing has a role to play but will not make a significant impact on the targets on its own.

JRF modelled moving all parents in poverty currently in the private rented sector, into the social rented sector.⁹ The modelling estimated that this could reduce child poverty by around 2 percentage points and release 20,000 children from poverty. It would require an increase in the supply of social housing, particularly in areas of high demand. JRF also modelled a situation that improved social security support for housing costs by:

- increasing local housing allowance (LHA) rates so that they cover rents in full in the private rented sector
- freezing social rents in cash terms between now and 2023
- removing the benefit cap.

This additional support would lift 10,000 children out of poverty.

While action on housing will not meet the targets on its own, more could be done within housing policy to contribute towards the targets. While Commission welcomes the commitment from Scottish Government to deliver 10,000 energy efficient, affordable homes by 2032, with at least 70% in the social rented sector and 10% in remote, rural and island communities, it has consistently said that the Scottish Government needs to do more to understand who is benefitting from its housing investment and how it can maximise the impact of its investment on child poverty.

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. In future, 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 (but would be considered 'adequately housed'), not just the needs of new households, or those who are in physically inadequate housing.

In addition to investment in new housing, more work is needed to look at affordability of existing rents in both private and social housing. The Private Housing (Tenancies)

⁶ [Poverty in Scotland 2019 | JRF](#)

⁷ [Laying the foundations for a Scotland without poverty | JRF](#)

⁸ [Child-Poverty-Final.pdf \(fraserofallander.org\)](#)

⁹ [Laying the foundations for a Scotland without poverty | JRF](#)

(Scotland) Act 2016 included provisions to designate Rent Pressure Zones, but these provisions have never been used.

Is the Scottish Government taking a ‘human rights’ approach to the child poverty targets?

While child poverty has received a lot of focus it is not often considered within the framework of children’s rights. The incorporation of the UN Convention on the Rights of the Child (UNCRC) in Scotland creates further impetus to use a children’s rights framework to shape work towards achieving the child poverty targets. Poverty can be seen as a cause and a consequence of child rights violations and the UNCRC involves, not just ensuring children’s rights, but also preventing and removing obstacles to ensuring those rights. A children’s rights framework would allow consideration of the barriers presented by policy areas that may not immediately seem relevant to child poverty, for example, housing, education, health, transport, employment, discrimination, disability and family life. Approaching poverty from a child rights perspective would require the Scottish government to link and integrate policies that affect children in a consistent way, a factor vital to full incorporation of children’s rights in law.

The UNCRC takes a holistic approach to ensure children have the right to live free from poverty. Several of its articles are pertinent: article 27 gives children the right to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development; article 24, the right to the highest attainable standard of health; article 26, the right to benefit from social security; article 23, the right for disabled children to enjoy a full and decent life; and article 28, the right to education. There is also article 12, which states that the government ‘shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child’. This means that all children and, in particular, children living in poverty, should have a say in how we prevent and eradicate child poverty in Scotland.

Is the Scottish Government ‘poverty proofing’ all its budget decisions, with a view to meeting the child poverty targets?

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. It is rare that there is evidence of policies, that are not specifically focused on child poverty, being designed, or re-designed, to maximise their contribution to meeting the targets.

If the child poverty targets are to be met there is a need for a more joined up approach across government to align policies and maximise their contribution to reducing child poverty. The next Child Poverty Delivery Plan cannot sit alone, and individual actions, while very important, will not be enough on their own. Meeting the child poverty targets cannot be an add-on to other policies and funding decisions, it has to be at the core of design and delivery of a wide range of policies, including

economic development, employability, skills, education, transport, childcare and the transition to net zero. The Budget must reflect this.

**Poverty and Inequality Commission
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