

## Briefing for the Social Justice and Social Security Committee's pre-budget scrutiny from the Joseph Rowntree Foundation

### Summary

1. As the Committee is aware, the Scottish Parliament set binding statutory child poverty reduction targets in 2017. The interim targets for which have to be met during this Parliamentary session, i.e. by the end of financial year 2023/24 relative child poverty must be below 18%.
2. Relative child poverty is currently 24%<sup>1</sup>, although these figures only represent the period up to the start of the Covid-19 pandemic (i.e. to March 2020). There is little doubt that the pandemic will have worsened poverty, heightening the anxiety and daily struggle that far too many families face to make ends meet.
3. Before the election in May, we predicted that without any action child poverty would have been around 25% in 2023/24.<sup>2</sup> With the introduction of the £10 child payment, we predicted this would reduce child poverty by around 2 percentage points but leave us 5 percentage points from meeting the interim targets. We will shortly be updating that modelling in our Poverty in Scotland 2021 report, due to be published on the first day of Challenge Poverty Week on 4<sup>th</sup> October.
4. In that context, the Committee have posed four questions which we answer in turn:
  1. What is the role of social security in meeting the targets
  2. The role of other policy in achieving the targets (especially housing)
  3. Is the Scottish Government taking a 'human rights' approach; and
  4. Is the Scottish Government 'poverty proofing' all its budget decisions, with a view to meeting the child poverty targets?

### What is the role of social security in meeting the targets?

5. As we showed in a briefing prior to May's election<sup>3</sup> social security will have to play a significant role in meeting the targets. Indeed, as we noted in that briefing, we cannot foresee a credible way of reaching the interim targets without significant investment in social security. That briefing concluded that we would need to at least double the child payment as well as taking other steps to meet the targets. The Committee will wish to consider whether they see significant enough, measurable, actions in other areas that will get us to the interim targets.
6. Of course, to meet the 2030 targets much wider action will be needed but as things stand social security will need to play a significant, and probably more significant than it is currently planned to do, role in meeting the interim targets.

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<sup>1</sup> Averaged over years 2017-2020 [Poverty and Income Inequality in Scotland 2017-20 \(data.gov.scot\)](https://data.gov.scot/publications/poverty-income-inequality-scotland-2017-20/)

<sup>2</sup> [Turning the tide on child poverty in Scotland | JRF](#)

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

7. As well as contributing to the targets, action taken on social security now can also help contribute to the Scottish Government's commitment to deliver a Minimum Income Guarantee.

#### *The Scottish Child Payment*

8. Clearly it was welcome that all parties committed to that doubling in the subsequent election. There are a couple of things to note. Firstly, as noted, the doubling of the child payment alone will not meet the interim targets. Secondly, the timing of the introduction of that doubling is key. In the Programme for Government, the Scottish Government committed to setting out the position on timing of this doubling in the upcoming spending review and budget for 2022/23. This is welcome but we believe that the doubling should be confirmed in full for the financial year 2022/23.
9. 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. Which, we understand, is not planned until late 2022. It goes without saying that any delay in the doubling beyond financial year 2023/24 will have no impact on the targets, never mind the far more important delay in getting money in the pockets of families who need it.
10. We estimate that the full year cost of doubling the Scottish Child Payment will be around £300 million per year<sup>4</sup> on top of the cost of the current £10 payment to under 6s only and will lift about 25,000 children out of poverty. Of course, while many families who receive the payment will not be lifted out of poverty (or indeed may already be above the poverty line) clearly the payment will also ease some of the extreme pressure on their household budgets.
11. While enormously welcome, 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.

#### *Universal credit*

12. The flaws in the universal credit system are numerous and well documented. The five-week wait, two-child cap, conditionality and sanctions and the benefit cap cause widespread poverty and destitution. The UK Government's planned cut to both Universal Credit and Working Tax Credits in Scotland will impact on almost half a million families, cutting over a £1,000 from their annual budgets in the biggest overnight cut to the basic rate of social security since World War II. It will increase poverty, and child poverty, in Scotland and, as was shown in our earlier analysis, reverse much of the positive impact of the child payment.
13. Such decisions will make it more difficult to meet the child poverty targets but in broad terms if the cut goes ahead it will put the level of support from universal credit back to where it was when the targets were set. As we have underlined recently<sup>5</sup>, the targets are for the Scottish Government to meet, regardless of the actions of the UK Government. That being said, clearly that does not excuse the UK Government from the responsibility of causing hardship in this way and they should stop this cut to

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<sup>4</sup> It should be noted that our model assumes 100% take up of the Child Payment. The SFC's latest projections, however, assume 80% take-up relating to children under 6 and 73% relating to children from 6 to 15 in 2022-23 so the overall cost is likely to be lower than this.

<sup>5</sup> [Our governments must use their powers to choose to end poverty | JRF](#)

Universal Credit and Working Tax Credits immediately. They should also extend the £20 rise to legacy benefits, as currently those who are on those (often people who are ill or disabled) have been left behind.

#### *Disability assistance payments*

14. The 2022/23 budget will see the continuing progress of the devolution of disability assistance payments. A significant element of Scottish Government spending will of course remain in payments to the DWP to manage the caseload of PIP and DLA. With, however, the steady increase on new claimants moving onto the child and adult disability payments it will be important for the Committee to scrutinise both take-up and administration of these payments.
15. Social Security Scotland have carefully designed the new systems with possible recipients to eradicate some of the most pernicious impacts of the current PIP (and DLA) systems and take-up rates, and hence spend, should be a good measure of the success of that renewed approach.
16. It is also important to remember that one of the principles of social security in Scotland is that it should contribute to reducing poverty. Payment levels of disability assistance payments are essentially fixed at the same levels as their DWP equivalents. While there is a broader debate that the Scottish Government is committed to on the purpose and scope of disability assistance payment, the current system is supposed to reflect the additional costs that many people with disabilities face in their daily lives. Yet when these payments are discounted from household incomes, the Scottish Government's own analysis<sup>6</sup> shows that households where someone is disabled are at even greater risk of poverty compared to a household where no-one is.<sup>7</sup>
17. It is vital that as soon as possible we are able to assess the adequacy of these payments and whether they could be better designed to improve the lives of disabled people.

#### *Other cash support*

18. One of the features of support during the pandemic has been the expansion of the cash support to families whose struggles were worsened by the pandemic. The expansion of the Scottish Welfare Fund and increases in Discretionary Housing Payments was welcome, as was quick efforts to provide cash to families to substitute for Free School Meals provision in schools (and during school holidays). The Scottish Government and councils were also far more readily, and speedily, supporting local third sector organisations to provide support directly to communities and families. It will be of concern to the third sector, local government and families that some of this support may end with COVID-19 restrictions.

### **The role of other policy in achieving the targets**

19. The fundamental inadequacy of the current social security system is such to mean that there is little option but to increase investment in the system both for families' wellbeing and to meet the targets. The current distance from meeting the targets as

<sup>6</sup> [Poverty and Income Inequality in Scotland 2017-20 \(data.gov.scot\)](https://data.gov.scot)

<sup>7</sup> The most recent figures show that including this income 24% of households where someone is disabled lived in poverty after housing costs, compared to 17% of households where no-one was. Once discounted, 29% of households where someone is disabled were in poverty, compared to 16% of households where no-one was.

well as the short amount of time to do so mean there is no credible means of meeting the target without investing more in social security. That being said, social security cannot, and should not, be the only means by which we respond as a society to poverty. Furthermore, even in advance of the interim targets, if there is no further investment in social security then, self-evidently, the targets will be missed without other action.

20. As an example, in our March report<sup>8</sup> we modelled required each of the following results in 2023/24:
- a) The child payment was £25 per child per week;
  - b) All parents currently in work's wages were at least the real living wage;
  - c) Local Housing Allowance rates were such that they met 100% of all private rents;
  - d) Social rents were frozen; and
  - e) The benefit cap was removed.
21. This highlights the necessity for immediate efforts to increase households' incomes via work and to reduce housing costs to lift people out of poverty.
22. Next year's Tackling Child Poverty Delivery Plan will be a crucial point at which to ensure that we are building long-term platforms for families and children to be lifted out of poverty. Things like tackling the attainment gap in education, holistic family support and rebalancing economic growth across the country will be vital to meeting the 2030 targets but they will not show immediate effects and they will not pay the bills for families now.
23. As highlighted recently by the Auditor General<sup>9</sup> we also have little insight into how effective our policy interventions are in tackling poverty and broader inequality. This is something that we will have to significantly improve as we move towards the 2030 targets. It will also help decisions makers change course when, inevitably, changes do not have the impact we expect them to. This is not due to incorrect decisions or mistakes it is simply that, particularly in tackling poverty, the complex and longstanding barriers to progress do not lend themselves to basic measures of progress – it is not a manufacturing process. The measurement, as well as the policy, needs to be dynamic and adjust to the environment and, most importantly, the people that it aims to support.

#### *Priority groups*

24. To achieve our child poverty targets we will have to focus our efforts on the priority groups that the Scottish Government has identified. Without improving the outcomes for families where someone is disabled, single parent families, larger families, families from a minority ethnic background, families with children under 1 and mothers under 25 the targets will be missed.
25. This requires us to focus on spending that will either ease the cost pressures that such families face or that will remove barriers to gaining work that is sufficient to provide a decent income.

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<sup>8</sup> See note 3 above.

<sup>9</sup> [Blog: Christie 10-years on | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/blog/christie-10-years-on/)

26. The challenge is to design with and target interventions for those groups. For example, the employment rate amongst single parents in poverty is significantly lower than that for other families in poverty – highlighting the numerous barrier such parents, predominantly women, face. Around 90,000 children in poverty live in a single parent household, yet the Parental Employability Support Fund and Fair Start Scotland support a small number of individuals and families into employment each year.
27. Whereas for families with children under 1, they would, rightly, not be expected to work by the current social security system yet are often left with very low incomes unless they are fortunate enough to be supported by their employer. Obviously more employers could, and should, provide a more adequate level of maternity pay but for those who do not, we are making the early years of a child's life incredibly challenging on their parents.

### *Housing<sup>10</sup>*

28. As shown by our modelled example above, reducing housing costs has a significant impact on helping families keep their head above the water. It is not just a question of cost, though, our homes should be a comfortable, warm and safe place that provides a platform for the rest of our lives.
29. Our lower child poverty rate relative to rUK shows how lower costs do help to hold poverty rates down – and stress how important it is, that the new Affordable Housing Supply Programme is designed in a way that supports keeping (social) rental costs down, through appropriate capital subsidy and ensuring that the houses are the right type needed in the right places.
30. Our own modelling shows that if support for families with children's housing costs (was increased (so no-one in poverty had to contribute to their rental costs) that could reduce child poverty by up to 2 percentage points. Showing how vital housing can be in contributing to the targets and that if housing costs are allowed to increase, for example through a lack of investment in social housing stock, so will poverty.
31. Housing's broader investment impact also delivers a strong return on investment in its boost to GDP, skills and jobs, regional productivity and a long term rental income.
32. That being said, there is little evidence of how the AHSP is impacting both on the broader economy and on child poverty rates. Having a greater insight into its efficacy would allow us to target our housing interventions more effectively to reduce poverty, in particular ensuring that new stock is in the right places and of the right size.
33. Because there is still after housing costs only poverty in Scotland, even in the social sector – probably through a combination of location and higher prices although it is area that we are keen to explore further.

### *How policies interrelate and look to individuals who use them*

34. A constant in our work with people with lived experience of poverty is the complexity of the public services that they have to access. Accessing the range of support available from a GP, a council, the DWP, Social Security Scotland, colleges, universities etc etc is

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<sup>10</sup> My colleague Deborah Hay, Policy and Partnership Manager (Housing), JRF Scotland largely wrote this section.

extremely difficult. The demands of time, bureaucracy and emotional investment into receiving services puts people off even looking for help. In making financial commitments, however well intended, the Scottish Government, local government and the Committee could do much more to ensure that the full range of public sector support is far easier to access for people in Scotland.

### Is the Scottish Government taking a ‘human rights’ approach

35. The incorporation of the UN Convention on the Rights of the Child and the further commitment to incorporate the other major social and economic rights Charters has significant potential to improve outcomes for people living in poverty.
36. As mentioned above, consideration of how further reform of the disability assistance payments can vindicate people with disabilities’ rights to live independently and participate fully in society and the review promised by the Scottish Government of those payments must have those rights at the heart of it.
37. It is also likely that these Conventions, starting with the UNCRC, will mean that for individuals there are levels of poverty that will breach their rights – empowering them to exercise those rights in court. The issue, however, of access to justice is key. The idea of an individual being able to affordable judicial review proceedings against a public body without legal aid is fanciful and something that must be remedied.
38. Vindicating people’s rights, however, should not be a question of litigation. It is why a far greater ability to understand the impact and develop policy in consultation with people impacted by it is so crucial. A system which frontloads the human rights “proofing” of decisions will have many more positive impacts than one which simply provides effective remedies.

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

39. I sit on the Equalities Budget Advisory Group and would recommend their recent report to the Committee.<sup>11</sup> It recommends a number of actions and concludes that there is still much to be done by the Scottish Government to improve the equalities and human rights approach to its budget.
40. From the perspective of “poverty proofing” while there are numerous welcome commitments within the Scottish Government budget that will impact on poverty, as noted previously, 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.

Chris Birt, September 2021

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<sup>11</sup> [Equality Budget Advisory Group: recommendations for equality and human rights budgeting - 2021-2026 parliamentary session - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/equality-budget-advisory-group-recommendations-for-equality-and-human-rights-budgeting-2021-2026/parliamentary-session-2021-2026/pages/11.aspx)