

Stage 1 Debate Budget (Scotland) (No 2) Bill

Wednesday 31st January 2018

Briefing Note for MSPs



Give Me Five is a coalition of faith groups, children's charities, anti-poverty groups and trade union groups and supported by the Children and Young People's Commissioner, campaigning for the Scottish Government to top up child benefit by £5 per week.

We believe the Scottish Government should use its powers to commit to top up child benefit by £5 a week for every child, and in doing so, not only lift 30,000 children out of poverty, but help to increase the incomes of all families across Scotland.

We are disappointed this year's Budget does not, to date, include provision for an increase to child benefit.

We would agree with the comment from the Minister for Social Security, Jeanne Freeman MSP in her recent newspaper comment piece¹ that:

"The four year benefit freeze that the UK Government has put in place sees the financial support that people are entitled to – both those in work and those not, become increasingly inadequate in the face of rising prices for food and fuel"

We therefore remain concerned that the Budget (Scotland) (No 2) Bill has missed out on a key opportunity to reduce child poverty in Scotland by up to 30,000.

The 2018/19 Budget present an important opportunity for the Scottish Government to prevent many thousands-more families from falling into poverty, and to increase the incomes of all families struggling with the increased cost of living.

We urge all MSPs to prioritise tackling child poverty when considering the Budget (Scotland) (No 2) Bill and commit to a child benefit top up of £5 a week. There is no greater priority than ensuring all families have the resources needed to give children the best possible start in life.



¹ <https://www.scotsman.com/news/why-universal-credit-is-prime-example-of-uk-government-getting-it-wrong-1-4674846>

Give Me Five Campaign – additional information.

Background: A shocking one in four (260,000) of Scotland’s children are officially recognised as living in poverty, up from 19% (190 000) in 2010/11.² The recent increase in child poverty, driven largely by cuts to the value of UK child benefit and tax credits, are in keeping with independent modelling by the Institute of Fiscal Studies (IFS)³ and Resolution Foundation⁴ which forecast an increase of up to 50% in child poverty across the UK by 2020.

Topping Up Child Benefit – the context:

- The Scotland Act (2016) provides the Scottish Parliament with new powers to top-up reserved social security payments.
- The recently passed Child Poverty (Scotland) Act (2017) provides for the Scottish Government to set out in delivery plans the measures that will be taken for the purpose of meeting child poverty targets. Each delivery plan must also set out whether Scottish Ministers intend to top-up child benefit.
- The Social Security Committee recommended that Scottish Ministers make direct links between their Budget plans and the child poverty delivery plans and progress reports. The Child Poverty (Scotland) Act also requires the delivery plans to set out an assessment of the financial resources required to fund the proposed measures.

Why top - up child benefit?

Academic analysis suggests a £5 a week top up for every child would in itself lift 30 000 children out of poverty in Scotland⁵.

It would also boost the incomes of families still below the poverty line, and provide wider preventative protection against poverty for all families.

Child Benefit provides a stable source of income for families which is spent on children, helps hard-pressed families and prevents children from falling into poverty. It has a greater take-up than other benefits, provides a relatively simple claims and administration process, and is not affected by the two-child limit.

An additional £5 per week could cover seven nutritious breakfasts of cereal, milk, fruit juice and a banana; or over two months, a good quality winter coat or enable children to take part in a school trip or activity each week.

What it means to parents and carers:

The Poverty Alliance surveyed parents with lived-experience of poverty to ask what topping up child benefit would mean for them.

- *“I have two kids, so £10 a week extra could allow us to buy fresh fruit and hopefully not rely on foodbanks so much”.*
- *“£5 per week extra for each of my three children could go towards replacing shoes as they grow so fast. It’s embarrassing for the kids to go to school with their shoes falling apart but at the moment I just can’t afford to replace them. Replacing them in the past has meant sacrificing on heating, or me not eating much that week. That £15 a week extra would really help me”.*
- *“The extra £5 would be great for giving kids an out of school activity, and keep kids active”.*

² <http://www.gov.scot/Publications/2017/03/2213/7>

³ <https://www.ifs.org.uk/publications/8171>

⁴ <http://cpag.org.uk/content/resolution-foundation-200000-more-children-poverty-next-year>

⁵ <http://jonathanbradshaw.blogspot.co.uk/2017/10/analysis-of-impact-of-increases-to.html>

- “I’m getting excited thinking I could maybe even manage to try and save £5 per week as that’s £260 per year and that could help give us a wee family weekend in a caravan somewhere. My children have never had a holiday, or even been out of this town and that makes me really sad”.
- “£5 a week extra for my family would mean some weeks saying yes instead of no to my child”.

Advantages of topping up child benefit

Simplicity of claims: The universality of child benefit and the simplicity of making a claim ensures that uptake rates are consistently high (95% in 2013/14). With administrative complexity, error and delay in the delivery of means tested benefits now a key reason that people are ending up in acute income crisis⁶ - child benefit provides families with secure, reliable protection. Our work has identified families who have ended up using foodbanks who haven’t been getting the tax credits they are entitled to – but they have been getting child benefit⁷.

Stability of income: It supports families in and out of work – creating no problems when parents take up work or increase their hours. As circumstances change it remains a stable secure source of income to help with the costs of bringing up children. This is particularly significant given that 70% of children in poverty in Scotland are living in a household where an adult works.⁸

Money is spent on children: Research suggests that child benefit is spent on children⁹– helping to protect their wellbeing when household budgets are under increasing pressure.

No two-child limit: Child benefit continues to be paid to all children, whereas the child element of tax credits and universal credit is not being paid to third and subsequent children born since 6 April 2017. From October 2018 families who make a new claim only receive the child element for two children per family, even if the children were born before April 2017.

Conclusion

Topping up child benefit is a simple, effective way to increase families’ incomes. The advantages of targeting any additional resource through topping up means-tested benefits such as child tax credit are outweighed by the administrative simplicity, near universal take up and lack of any negative impacts on work incentives of child benefit.



⁶ Emergency Use Only: Understanding and reducing the use of food banks in the UK, CPAG, Oxfam , Trussell Trust, Churches Against Poverty, 2015

⁷ See e.g Aleksander and Elena’s story p15 of [Hard Choices](#) CPAG 2015

⁸ <http://www.gov.scot/Publications/2017/03/2213/4>

⁹ A poll of 642 child benefit recipients found that spending priorities for child benefit included clothes and shoes (51%), food (26%) and education and related items (16%), see [Save Child Benefit](#) CPAG 2012