



Scottish Government Debate: 5th September 2024 Programme for Government – Eradicating Child Poverty **Briefing for MSPs**

Summary

With public finances under severe pressure and Scottish Ministers under a legal requirement to meet child poverty targets, the 2024-25 Programme for Government was a key opportunity for the Scottish Government to set out how it will deliver on its 'number one policy priority'.

Reforming public services so that families can access support is important, but those services need to be enhanced and they need to be adequately funded. There is no credible route to eradicating child poverty that doesn't involve further investment in social security, childcare, affordable family housing and action to support parents into decent jobs.

As the First Minister said we are a prosperous country. Given the pressures on public finances it is time to look further at how devolved tax powers can help harness Scotland's wealth to deliver on child poverty objectives and to sustain public services.

Looking ahead the priorities must be:

• Social security – Sustaining and enhancing the value of Scottish family benefits. The Scottish child payment is working effectively to substantively reduce child poverty. An above-inflation increase and commitment to ensuring the payment reaches at least £40 per week by the end of this Parliament are still needed as part of the wider action required to meet child poverty targets.

Employment and Childcare

- Clear action to provide tailored employment support for parents and carers with a particular focus on supporting lone parents, black and minority ethnic parents and carers, families with a disabled adult or child, and young parents.
- Action to further expand funded childcare, make the current childcare offer as accessible and flexible as possible and to provide free periods of childcare to address gaps in the support for childcare costs provided in universal credit.
- Cost of the school day Delivering commitments of universal free school meals to all primary school pupils and access to a digital device for all school aged children. Any delay to the delivery of universal free school meals to pupils in P6 and P7 is deeply concerning.
- Tax Using devolved tax powers more ambitiously to raise revenue needed to tackle child poverty.
- Housing Sufficiently funding the Affordable Housing Supply Programme (AHSP) and ensuring all
 children live in safe, secure and permanent homes.



Context

The First Minister has clearly stated that eradicating child poverty is his top policy priority. The Child Poverty (Scotland) Act 2017, backed unanimously by the Scottish Parliament, requires Scottish Ministers to ensure less than 10% of children are living in poverty by 2030. With support from across the political spectrum, significant progress has been made.

The full impact of the Scottish child payment on the number of children in poverty in Scotland will be evident in the release of the next official statistics in March 2025. In the meantime, the most recent data show that an unacceptable 1 in 4 children in Scotland remained locked in poverty between 2020 and 2023. The clock to 2030 is ticking. The Scottish government's own analysis is clear that the current policy package, whilst having a substantive impact, is not yet adequate to ensure child poverty targets are met.² The 2024-25 Programme for Government does not, as it stands, include the range of bold, decisive actions needed to build on and accelerate the progress being made.

Investing to reduce child poverty, especially through social security, will also contribute to the Scottish Government's priority of growing the economy. Investing in people is vital for growth, and the return is greatest the earlier you do it. Increased social security leads to healthier, better developed children who achieve more at school. These improved outcomes persist into adulthood, and one of the long-term benefits to investment in social security for low-income children is a healthier, more productive workforce. When children grow up free of poverty, they are more likely to be in employment, and in higher paid jobs, which means higher tax revenue and less pressure on public finances in the future.

Currently, child poverty is not only costing children and families, but Scotland's economy. Analysis for CPAG found that the costs of child poverty for the public purse (in terms of higher costs/reduced revenues) total up to £40 billion a year across the UK.⁴ In Scotland, research from IPPR and Save the Children estimate the cost of poverty to Scotland's economy to be up to £2.4 billion a year.⁵ In short, prioritising further action to tackle child poverty is a long-term investment, not just for families, but for Scotland's economic security and the sustainability of public services.

1. Social Security

"I work part-time and receive universal credit but it's not enough money for my two young children. I try to manage the money we have and to make it stretch but it's really hard, so the Scottish child payment helps me monthly to make things a bit easier. It is helpful for my children as it's a small way for me to meet their needs. I find it helps me on some weekends we can spend quality time together and do some cheap activities like the play centre. Even if we don't have much money, I want them to be happy and have fun."

Nanda, Changing Realities Participant (May 2024)



¹ Eradicating child poverty in Scotland my top priority as First Minister, John Swinney, 2024.

² Child poverty cumulative impact assessment: update, Scottish Government, 2024.

³ Long-Run Impacts of Childhood Access to the Safety Net, American Economic Review, 2016.

⁴ The Cost of Child Poverty in 2023, CPAG, 2023.

⁵ <u>Tipping the Scales</u>, IPPR, Save the Children and JRF, 2023.

Scottish child payment

Social security is the single most powerful lever at the Scottish government's disposal to immediately reduce and prevent child poverty. Investment in the child payment and other Scottish family benefits improves the ability of families both in and out of work to afford essentials such as food, as well as increasing social participation and access to education and employment opportunities. The recent inquiry into effectiveness of the Scottish child payment by the Social Justice and Social Security Committee heard from expert evidence that the payment is a very well-targeted and cost-effective intervention.

The current challenging fiscal context makes it more important than ever that investment is targeted in interventions that are proven to be most effective. To reduce child poverty, interventions must work to increase family incomes as well as reduce the costs, especially housing and childcare costs, that families face. Increasing the value of the Scottish child payment is the most direct and effective method of getting money into the pockets of low-income families and accelerating progress on child poverty. CPAG modelling shows that increasing the payment from £26.70 to £30 per week from April 2025 would lift an additional five thousand children out of poverty at a cost of only £50 million. It would also reduce the depth of poverty for many more and strengthen the protective buffer for families living just above the poverty line. A further increase to £40 in April 2026 would mean an overall 15,000 reduction in child poverty at a cost of £200 million.

Plugging the gaps in Scottish social security

Whilst the child payment is playing a significant role in preventing and reducing poverty, evidence from CPAG's <u>Early Warning System</u> shows some low-income households in Scotland are missing out on Scottish child payment for reasons linked to its current legal status as a 'top up' benefit. These include (but are not limited to) barriers to applying for universal credit or having no recourse to public funds. ⁸ The Programme for Government should set out the next steps the Scottish Government will take to use powers provided by the Social Security (Amendment) (Scotland) Bill to make Scottish child payment a standalone benefit that can address these gaps.

The two-child limit in UK benefit policy

As the Scottish government's own analysis shows, the single most cost-effective way to reduce child poverty would be to end the two-child limit in the UK benefit system. CPAG is working with many other organisations to ensure the new UK government scraps the policy at source. However, given the Scottish government commitment and legal duties toward eradicating child poverty, the Programme for Government should have demonstrated preparedness to mitigate the policy in Scotland in the event of failure at UK level – as has rightly been done in the case of the bedroom tax and benefit cap. Additional targeted payments of Scottish child payment would be the most effective way to achieve this and could also be used to mitigate the young parent penalty (lower rate of universal credit for under 25s). CPAG analysis estimates mitigating the two-child limit in Scotland could lift around 15,000 children out of poverty at a cost of around £100 million.

⁹ Welfare reform - impact on households with children: report, Scottish Government, 2022. The two-child limit's impact will continue to grow as more children are born after the April 2017 cut-off.



⁶ Scottish Child Payment: interim evaluation, Scottish Government, 2022.

⁷ Official Report: May 30th 2024, Social Justice and Social Security Committee, 2024 and Official Report: May 24th 2024, Social Justice and Social Security Committee, 2024.

⁸ Strengthening Social Security: research into the five family payments, CPAG, 2024.

Other cash payments

Other payments made through Social Security Scotland to low-income families - Best Start grants paid at key points in a child's life, and Best Start food payments - provide vital additional financial support. These payments must continue to be increased by at least the same rate as inflation each year so that they continue to retain their real-terms value.

Scottish Welfare Fund

The cash crisis support made available through the Scottish Welfare Fund is crucial in reducing reliance on charitable food aid, in line with the Scottish Government's plan towards ending the need for food banks. ¹⁰ As highlighted in the Scottish Welfare Fund Action Plan ¹¹, in the face of increased demand, further action can be taken to 'safeguard' the fund. This should include; further investment in both the value and administration of the fund, delivering the actions outlined in the 2023 action plan, and finding ways to support people with no recourse to public funds who are not able to apply for the Scottish Welfare Fund.

Advice

Access to free and impartial advice is a cost-effective anti-poverty intervention and can prevent families falling into debt, poverty and homelessness. Organisations such as Citizens Advice Scotland have expressed concern that the prevalence of short-term funding contracts in times of high demand takes away from the quality of service for clients. Scottish Government funding to advice services, including investment in the accessible advice fund to support access to advice in community settings, has been welcome and has helped families across Scotland access support. The Programme for Government commitment to invest an additional £1.5 million to expand advice in accessible settings is welcome. Longer-term sustained funding to build the capacity of advice services must be the next step.

On social security, the priorities need to be:

- an above-inflation increase to the Scottish child payment and a commitment to ensuring it reaches at least £40 per week by the end of this Parliament,
- a preparedness to mitigate the impact of the two-child limit through additional targeted payments of the Scottish child payment if the UK government fails to act in its Budget,
- exploring every opportunity to take Scottish child payment and Scottish Welfare Fund off the public funds list,
- amending legislation so that there is a 'duty to uprate' other cash payments to low-income families including Best Start grants so that these continue to retain their real terms value,
- protecting the Scottish Welfare Fund through increased investment in its value and administration and delivering on the actions in the Scottish Welfare Fund Action Plan,
- further expanding access to advice services through increased and long-term funding.

¹³ Scottish Government funded advice has unlocked over £41 million in financial gains for clients between April 2023 and March 2024. Poverty and Social Justice: Debt and welfare advice, Scottish Government, 2024.



¹⁰ Cash-First: towards ending the need for food banks in Scotland, Scottish Government, 2023.

¹¹ Scottish Welfare Fund: action plan, Scottish Government, 2023.

¹² The third sector is crying out for a new funding model, Citizens Advice Scotland, 2024.

2. Employment and Childcare

"So far I have been forced to apply for cleaning jobs and evening and weekend jobs. I expressed to the person at the job centre that I have no childcare for my 9 year old evening or weekend however that fell on deaf ears and I was given the ultimatum of applying for jobs or my benefits getting sanctioned."

Hope O, Changing Realities Participant (August 2024)

Employment

Fairly paid and flexible work is a key factor in protecting families and children from living in poverty. In 2019-2022, children in households where no one is in paid work were over three times more likely to be in poverty than children in a household where at least one person was in paid work. ¹⁴ At the same time, official poverty statistics show that 70% of children in poverty live in working families. ¹⁵ It is important to support parents to get into work, but also to address the nature and quality of the work itself. Findings from CPAG's Your Work Your Way project supporting second earners in low-income families into work, show that the provision of holistic, financial and practical support is critical to help take up quality work, improve skills and manage the challenges of balancing work and family life. ¹⁶ Action taken so far by Scottish Government, including the employability commitments in the tackling child poverty delivery plan, the introduction of the Parental Employability Support Fund and 'Fair Work First' procurement criteria are welcome, but are underfunded and not at the scale needed. Lack of family friendly job opportunities and barriers to decently paid and flexible work are continuing to trap Scottish families in poverty. Evidence also shows that child poverty and structural inequalities associated with gender, disability and race are linked. ¹⁷ It is vital that action on parental employment is prioritised.

Childcare

There have been significant improvements in funded childcare in Scotland in recent years. As well as supporting parents to work ¹⁸, childcare also provides opportunities to study, complete training and attend appointments. There is a range of evidence to show that high-quality early learning and childcare has the potential to impact positively on children's development, with the greatest impact for those from disadvantaged backgrounds.¹⁹

It's vital that to build on the commitments of a funded offer of early learning and childcare for children under three and a system of school age childcare that was set out in the Government's *Best Start*, *Bright Futures* child poverty delivery plan. These need to be the first steps toward developing a



¹⁴ 62% compared to 19%. Table 23a: Poverty and Income Inequality in Scotland 2020-23, Scottish Government, 2024.

¹⁵ Poverty and Income Inequality in Scotland 2020-23, Scottish Government, 2024.

¹⁶ Your work, your way: summary report, Sheffield Hallam Centre for Regional Economic and Social Research for CPAG, 2023.

¹⁷ For example; women make up three-quarters of the part-time workforce in Scotland and account for 60% of people earning below the real living wage (<u>Fair work in a wellbeing economy</u>, Close the Gap, 2023), just over 50% of working-age disabled adults had jobs in 2022 compared to 82.5% of non-disabled adults (<u>The declining disability employment gap in Scotland</u>, SPICE, 2024), and recent research from CRER show that black and minority ethnic workers have consistently poorer outcomes than white workers when applying for public sector jobs (<u>Ethnicity and employment in Scotland's public sector</u>, Coalition for Racial Equality, 2023.)

¹⁸ A survey of parents in Scotland published in April 2024 by Joseph Rowntree Foundation found that 65% parents would work more if there was more free childcare provision. <u>Prioritise low-income families to "poverty-proof" Scottish childcare ambitions</u>, Joseph Rowntree Foundation, 2024.

¹⁹ Rapid evidence review: Childcare quality and children's outcomes, NHS Scotland, 2018.

childcare system which ensures, in the longer term, all parents have the choice of up to 50 hours of accessible and flexible childcare per week, free at the point of use.²⁰

As an immediate step, there are ways that the current provision can be made more accessible and sustainable for parents. Evidence through CPAG's Early Warning System shows that the initial cost of childcare is a barrier to taking up work, particularly for parents who rely on support to pay childcare costs through universal credit. Their childcare costs must be paid to the provider before they can be reimbursed through universal credit. Subsidising providers to provide free childcare for the first few months could overcome the issue of having to pay for childcare before it can be reimbursed by universal credit.

Funding periods of free childcare in certain circumstances could also help retain a childcare place during periods where families do not meet the eligibility for support with costs through universal credit. For example, gaps in universal credit due to the way that it is calculated or because there is no entitlement due to immigration status. Subsidising periods of childcare would support parents to take up and stay in work, address gaps in support from universal credit and potentially support parents to increase their income through earnings over time.

On employment and childcare, priorities must now be:

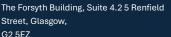
- Set out clear plans for tailored holistic, financial and practical employment support for parents and carers at scale - with a particular focus on supporting lone parents, black and minority ethnic families, families with a disabled person and young parents,²¹
- Build on the childcare commitment in Best Start, Bright Futures of a funded offer of early learning and childcare for children under three and a system of school age childcare,
- Develop a strategy for a system of childcare that ensures every parent can access up to 50 hours of childcare per week, when they need it,
- Make current childcare provision more accessible, sustainable and accessible by subsidising providers to provide free periods of childcare in certain situations.

3. Housing

"I am already in receipt of full housing benefit and I still need to pay extra to the private landlord. I struggle to cover this and energy bills, food and necessities. It causes me anxiety on a daily basis of losing our home. We have lost 2 homes already in the last 6 years. The council refused support with discretionary housing payments. I feel I am trying to keep my head above water and it's exhausting."

Bessie J, Changing Realities Participant (September 2023)

²¹ For more information on a holistic, financial and practical employment support model, see CPAG's Your Work Your Way project. Your work, your way: summary report, Sheffield Hallam Centre for Regional Economic and Social Research for CPAG, 2023.



²⁰ Read more about the vision for childcare in Scotland developed by CPAG, Close the Gap, One Parent Families Scotland, Parenting across Scotland, Save the Children and others. A vision for childcare that helps end poverty in Scotland, CPAG, 2022.

The Tackling Child Poverty Delivery Plan progress report recognises the importance of housing to tackling child poverty in Scotland.²² However, progress is not being made quickly enough to deliver the affordable family housing needed. There are also a record number of children currently trapped in temporary accommodation in Scotland – almost 10,000.²³ Cuts made to the Affordable Housing Supply Programme (AHSP) in the last budget - calculated by Fraser of Allander Institute to bring the total cut to 37% over the past two years²⁴ - has stalled the delivery of desperately needed affordable housing.25

Reducing child poverty must be built into Scotland's housing strategy to ensure that all children live in safe, secure and permanent homes. The lower cost of social housing in Scotland has historically contributed to a lower rate of after housing cost poverty than elsewhere in the UK, but this gap is narrowing, and more families are now living in the more expensive private rented sector. 2627 Recent efforts to acquire properties to be brought into the affordable sector have been effective.²⁸ This Programme for Government should build on this, with a focus on ensuring an adequate supply of larger properties in order to prioritise families with children.

On housing, the priority must be to:

Sufficiently fund the Affordable Housing Supply Programme and provide particular focus to the supply of larger properties to ensure all children live in secure and affordable homes.

4. Tax

Devolved tax policy is a lever Scottish government must use to address the growing gap between policy ambition and delivery on tackling child poverty. The use of devolved income tax powers to date has worked to progressively raise vital resources to meet government priorities, such as tackling child poverty. The increase in the top band rate and new advanced band in April 2024, as called for by CPAG and many other organisations, has been welcome. ²⁹ However, the use of devolved tax powers must go further, and tax policies which benefit better off households at the expense of low-income families with children, such as the council tax freeze, must end.

There is broad public support for the redistribution of income and wealth.³⁰ Furthermore the action outlined in this briefing will not only reduce child poverty but help grow the tax base in the longer term. The improved educational and development outcomes associated with increased social security,

³⁰ The 2023 Scottish social attitudes survey showed that half of people in Scotland believe the Scottish Government should redistribute income from the better-off to those who are less well-off (with only 23% in opposition), and 47% were in support of increased tax to spend on health, education and social benefits. Scottish Social Attitudes Survey 2023, Scottish Government, 2023.



²² Tackling child poverty delivery plan: progress report 2022 to 2023, Scottish Government, 2023.

²³ Homelessness in Scotland: 2022-23, Scottish Government, 2023.

²⁴ Scottish Budget 2024-25: initial reaction, Fraser of Allander Institute, 2023.

²⁵ Data collected from members of representative body Homes for Scotland (HFS) which reveals that around 5,000 new, high quality, energy efficient homes (1,826 of which are designated as affordable housing) are on sites that have stalled because of cuts to the AHSP. Over 1,800 Affordable Homes Stalled by Funding Cuts, Homes for Scotland, 2024.

²⁶ Tipping the Scales, IPPR, Save the Children and JRF, 2023.

²⁷ Poverty now lower than in rest of UK, University of Glasgow, 2014.

²⁸ Shelter Scotland Briefing: Scottish Government Priority Debates, Shelter Scotland, 2024.

²⁹ Fair tax changes in Scotland could boost spending on key national priorities by hundreds of millions per year, **Oxfam**

removing barriers to employment and improving the availability of affordable childcare – will all lead to wider participation in the labour market and increased earnings and associated tax revenues.

On tax, we urge government to commit to:

- Revalue properties subject to the current council tax, and immediately start work to design a fairer replacement,
- Use devolved tax powers to tax wealth more effectively to raise vital revenue needed to meet Scottish Government priorities, drawing on options presented by The Case for Fair Tax Reform³¹ and the Poverty and Inequality Commission³²,
- Go further to use devolved tax powers to support businesses to provide fair and flexible working and pay the real Living Wage, and incentivise fair, family friendly work.

6. Cost of the School Day

"It is a week till payday and my son is leaving primary school. And as proud as punch as I am of him, with that comes extra activities. Leavers discos, hoodies, school trips. I don't know where I am pulling the money from for these things and it is keeping me awake."

Kitty I, Changing Realities Participant (June 2024)

Free school meals

Funding commitments made in the most recent Scottish Budget to extend entitlement to free school meals for children in primary 6 and 7 in receipt of the Scottish child payment are welcome.³³ However, recent reports that this commitment may be subject to spending cuts is extremely worrying ³⁴ and it is disappointing that the commitment that all primary school pupils would be entitled to a free school lunch by August 2022 has still not been delivered.³⁵ Any delay to the delivery of universal free school meals to pupils in P6 and P7 is deeply concerning.

The cost of a school lunch continues to put pressure on household budgets – particularly for those just above the means-tested threshold. CPAG analysis from 2021 suggested that 25,000 pupils (17%) of pupils in poverty in Scotland are not eligible for a free school meal. ³⁶ Research continues to show that universal provision is progressive and helps tackle inequality. ³⁷ To build on this progress, there should be a timetable for the introduction of universal free school meals in secondary schools, with a first step being the extension of free school meals to all families on universal credit or an equivalent means-tested benefit.

School uniform

CPAG Cost of the School Day evidence shows that uniforms are one of the school costs that matter



The case for fair tax reform in Scotland, IPPR Scotland, Oxfam Scotland, Poverty Alliance, CPAG in Scotland, Scotlish Women's Budget Group, One Parent Families Scotland, and the Wellbeing Economy Alliance Scotland, 2023.

³² How better tax policy can reduce poverty and inequality, Poverty and Inequality Commission, 2023.

³³ Scottish Budget: 2024 to 2025, Scottish Government, 2023.

³⁴ Free iPad scheme suspended to fund Scottish council pay deals, BBC News, 2024.

³⁵ SNP pledge free school meals for all primary pupils, BBC, 2020.

³⁶ Fixing Lunch: The case for expanding free school meals, CPAG and Changing Realities, 2021. This calculation was made in reference to a full roll-out to primary school pupils.

³⁷ The impacts of Universal Free School Meals in England, University of Essex, 2024.

most to pupils.³⁸ The national minimum school clothing grant has been a positive step in Scotland to help families with school uniform costs. However, more should be done to ensure families with low incomes just above the eligibility threshold aren't missing out – at a minimum, thresholds should increase in line with inflation and steps should be taken to extend eligibility to all families in receipt of universal credit (or an equivalent benefit).

Devices, trips and activities

Scottish Government commitment to 'ensure access to a device for every school aged child'³⁹ was positive but this commitment needs to be fulfilled. Similarly, commitment to 'support schools to provide inclusive trips and activities for all and ensure consistent practice across Scotland'⁴⁰ requires local authorities and schools have the sufficient resources to do so.

On the cost of the school day, priorities must include:

- The delivery of universal free school meals to all primary school pupils, as committed to in Best Start, Bright Futures, as quickly as possible. The failure of the 2024/25 Programme for Government to address this is deeply concerning.
- Work with local authorities to ensure that income thresholds used for school clothing grants increase at minimum in line with inflation and develop a timeline for extending eligibility for school clothing grants to all families in receipt of universal credit (or qualifying benefit),
- Deliver devices and connectivity to all children who are experiencing digital exclusion,
- Provide sufficient resources to schools and local authorities to reduce the cost of school trips to ensure:
 - Families do not face costs for curriculum related trips and activities
 - o All pupils can attend 'rite of passage' trips such as P7 residentials
 - There is a minimum entitlement for all secondary school pupils to attend at least one 'optional' trip during their time at school.

Contact

If you would like to discuss the contents of this briefing or if you would be interested in meeting with Changing Realities participants please contact:

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Child Poverty Action Group (CPAG) in Scotland works for the one in four children in Scotland growing up in poverty. We collect evidence from families living in poverty and campaign for solutions to bring about a society where children have a fair chance in life free from hardship. We provide training, advice

⁴⁰ Scottish Government and Scottish Green Party: draft shared policy programme, Scottish Government, 2021.



³⁸ CPAG's recent The Cost of the School Day Big Question report heard from over 5,000 primary and secondary school children in Scotland; 87-91 per cent of pupils agreed that, as well as food, school uniforms are a school cost that matters most to them. The report finds that not wearing the correct uniform can 'lead to stigma and sanctions' at school. The Cost of the School Day Big Question report, CPAG, 2024.

³⁹ Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026, Scottish Government, 2022, p.14.

and information on social security to frontline workers to make sure families get the financial support they need.

Changing Realities is a partnership between parents and carers, the universities of York and Salford and Child Poverty Action Group. The project is documenting and working to change life on a low income.

