

Welfare Reform, Child Poverty and the Draft Scottish Budget

Briefing from CPAG in Scotland for Members of the Welfare Reform Committee ahead of evidence session with Cabinet Secretary 23 October 2012

Welfare reforms and cuts mean that across the UK £20 billionⁱ is being cut from family incomes, around £2billion in Scotland alone (much of it support for families in employment) undermining parents best efforts to provide for their children. Independent modeling forecasts that, as a result of UK tax and benefit policies, there will be massive rises in child poverty in the coming yearsⁱⁱ. In Scotland alone forecast trends would suggest between 50 000ⁱⁱⁱ and 100 000^{iv} more children being pushed into poverty by 2020, and all this before taking account of the additional £10billion of cuts to benefits planned by the UK Chancellor.

CPAG therefore welcomes the Committee's call on the Scottish Government to use the powers it has to mitigate the negative impacts of the UK Welfare Reform Act 2012^v and the commitment made by the Cabinet Secretary to do "everything we can to protect people in Scotland from the worst impact of these reforms"^{vi}.

We now urge Members to ensure that Government delivers on this commitment and uses the Budget to protect families, mitigate the impact of UK reforms and cuts and prevent as far as possible the huge costs associated with rising child poverty.

Whilst CPAG is under no illusions as to the limits to what Scottish Government can do to protect Scottish families within devolved powers there are **three specific areas** we want to see prioritised:

1) Passported benefits: investment in free school meals

UK welfare reform requires Ministers to review how families are 'passported' to crucial devolved benefits like free school meals. This creates an opportunity to build on the progress that has already been made here in Scotland and **ensure all children at risk of poverty receive a healthy free school lunch**. Additional investment to move toward ensuring all children in families in receipt of the new Universal Credit are entitled to a free school meal could help free up hard pressed family budgets, help make work pay and ensure more children have at least one healthy meal a day.

Key questions for the Cabinet Secretary

- What arrangements are in place to ensure that families currently entitled to key passported benefits, such as free school lunches, continue to access these vital sources of support and that take up is promoted as the system changes?
- Is the Scottish Government willing to make additional investment in free school meals to help mitigate the impact of wider cuts to the support available to families and reduce the work disincentives created when free school meals are withdrawn as parents move back into work and increase their earnings?

2) Replacement social fund

With DWP crisis loans and community care grants set to be abolished in April 2013 the need to ensure adequate replacement schemes are set up in Scotland is becoming increasingly urgent. The funds are a vital lifeline when families face crisis, exceptional pressures or are at risk of being unable to sustain their own homes. Over £29m was provided in DWP crisis loans and community care grants to Scotland's poorest and most vulnerable citizens in 2010/11, a figure rising to £38million if

spending on crisis loans for items which have been virtually abolished since 2011 by changing the eligibility criteria is included. Yet only £23.8million is set to be transferred by the DWP to the Scottish Government to replace the schemes.

CPAG welcomes Scottish Government commitments to ring fence social fund resources, establish national guidance underpinning the interim replacement scheme (to be delivered by local authorities) and to, in time, provide a legislative underpinning for a permanent replacement. However, it is now crucial that 1) **adequate resources** are made available to fund the scheme 2) the underpinning **guidance** is detailed and robust enough to ensure consistent decision making and 3) an **independent review** system is put in place to oversee decision making standards and ensure claimants are able to challenge adverse decisions.

Key Questions for the Cabinet Secretary

- Given the inadequacy of the resources to be transferred from the DWP are Ministers prepared to invest in the social fund so that, at the very least, it is resourced at the same level as in previous years?
- Will the draft guidance underpinning the social fund replacement scheme be revised and improved to ensure vulnerable groups are protected and there is a consistency of decision making across Scotland? (draft guidance produced to date lacks the detail needed to ensure consistency. More detail is needed on all aspects of the arrangements, e.g. on managing and monitoring the budget and on the need for properly recorded and communicated decision making, as well as to ensure that vulnerable people who currently rely on crisis loans and community care grants are protected in the new scheme.)
- What arrangements are being put in place to establish an independent system of review to oversee decision making standards and undertake reviews of decision making?

3) Advice, information and training for frontline agencies

It is vital that frontline agencies across the public and voluntary sectors are supported to help maximize the incomes of the families they work with as the welfare system goes through huge changes. We need to **ensure Scotland's families receive every penny of support they are entitled to** (whether in work or out of work).

Key questions for the Cabinet Secretary

- What work has been done to identify the training and information needs of statutory and voluntary sector services to ensure frontline staff are equipped to support families access the devolved and reserved financial supports they are entitled to as welfare reforms are implemented?
- What resources have been earmarked to support the provision of training and information for frontline staff on the implications of welfare reform?
- What resources have been earmarked to ensure advice agencies have the capacity to respond to increased demand as reforms kick in?

For more information see <http://www.cpag.org.uk/scotland-briefings-responses>

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ⁱ <http://www.cpag.org.uk/sites/default/files/Bad%20Friday.pdf>

ⁱⁱ <http://www.ifs.org.uk/comms/comm121.pdf>

ⁱⁱⁱ Parliamentary Question Joe Fitzpatrick MSP **S4F-00804**

^{iv} UK tax and benefit changes are forecast to increase child poverty across the UK by 800 000 by 2020 (see not ii above) a trend that would wipe out the progress made since 1998/99. 100 000 children have been lifted out of poverty in Scotland since 1998/99.

^v <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/50744.aspx#exec> para 5

^{vi} <http://www.heraldsotland.com/mobile/politics/political-news/msps-try-to-mitigate-welfare-reforms.17971555>