

SCoWR briefing on income supplement: May 2019

About SCoWR

The Scottish Campaign on Welfare Reform (SCoWR) is a broad coalition of voluntary sector organisations, trade unions, faith groups and others established in 2006 out of a shared concern about the direction of UK Government ‘welfare reform’.

Members have developed a shared vision for a new approach to social security. These are set out in the five principles of the SCoWR [Manifesto for Change](#) and in a Holyrood [supplement](#) to the Manifesto setting out priorities for the use of the new powers devolved by the Scotland Act 2016.

SCoWR & the income supplement

SCoWR strongly welcomes the Scottish Government’s commitment to introducing the new income supplement, and believes that it provides recognition of the need to use Scotland’s new social security powers to help to loosen the grip of poverty on people’s lives in Scotland.

SCoWR members recognise that a range of options for delivery of the Scottish Government’s new income supplement are available and are now being considered.¹ This briefing outlines the key principles that SCoWR believes should inform the development of that new income supplement, whatever approach is taken. It has been produced by members of the SCoWR steering group. The views expressed in this submission are based on the general principles of the SCoWR manifesto, as agreed by our members.

Principles for the new income supplement:

1. It must have a meaningful impact – at family and child poverty trend level

SCoWR believes in the need to ensure that the social security system leaves no one in poverty. The income supplement provides an opportunity to move closer to realising that vision and to enable those who receive it to have sufficient income to lead a dignified life. As such, the supplement must be delivered at a rate which will have a meaningful impact for all those families who receive it, particularly those with a higher risk of experiencing poverty such as lone parent families, families which include a disabled adult or child and minority ethnic families.

The Cabinet Secretary for Communities and Local Government has outlined that the supplement will lift more than 30,000 children out of poverty, which we welcome.² This should not, though, be viewed as a ceiling and we must ensure that the supplement has the widest and deepest possible impact. Monitoring and evaluation of its impact on child poverty rates must be carried out on an ongoing basis to ensure it will play its part in meeting the Child Poverty Act targets and the Sustainable Development Goal of ending poverty by 2030.

¹ The SCoWR [2016 Holyrood manifesto](#) explicitly called for a top up to child benefit, stating that “*child benefit has a high take-up rate and provides near-universal support with the costs of raising children.*” It also stated that a top up “*would strengthen the role of universal benefits within the Scottish social security system, and has the advantage that child benefit is already disregarded as income for the vast majority of other benefits, meaning it would not be ‘clawed back’ through means testing. This would ensure the poorest claimants receive the full benefit of any extra investment made by the next Scottish Government, and also reduce consequential administrative costs.*” A number of SCoWR members are involved in the ongoing Give Me Five campaign.

² http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11791&mode=html#iob_106664

2. It must be reliable, stable and secure

Radical restructuring of the social security system at UK level has left more and more people without access to any support at all, or without the support that enables them to lead a dignified life. Universal Credit, for example, is not reliable or stable and does not provide security for many people, families and communities. The income supplement should – in response - guarantee a dependable, secure and consistent form of support, providing families with a reliable source of income that supports them in accessing a decent standard of living.

The repeated delays to the ‘managed migration’ to Universal Credit leave it uncertain what proportion of families will have been transferred to it by 2022. A means-tested solution will need to consider how to support both families on Universal Credit and those still entitled to Child Tax Credit, and the implications of the transition between the two systems.

3. It must reach those experiencing problems with other entitlements

The income supplement is an important opportunity to promote and embed the SCoWR principle of simplifying the social security system. More and more children and their families will be pushed into poverty in the coming years, particularly as the benefits freeze and Universal Credit rollout continue to have an impact.³ The income supplement must therefore be able to reach all of those families who are impacted by problems with other social security entitlements, and for whom the income supplement could represent a lifeline.

4. It must maximise take up, reduce any potential for stigma, and reduce administrative hurdles

We share the Scottish Government’s belief that human rights, dignity, fairness and respect should be the cornerstone of social security. As such, when considering the design and delivery of the supplement, the rights of those who are to receive it should be put first. To achieve this, consideration will need to be given as to how to reduce administrative hurdles which impact take-up rates. It should be considered that non-means-tested support is simpler, easier to administer, does not suffer the stigma often attached to means-tested support, and is easier to access for families most at risk of experiencing poverty.

5. It must support families in and out of work

65% of children living in poverty in Scotland are in working households⁴, and almost 20% of workers in Scotland are paid less than the real Living Wage.⁵ When more and more people find themselves struggling on below poverty wages, adequate social security is more important than ever in order to boost family incomes. In order to tackle poverty effectively, the income supplement should recognise the growing levels of in-work poverty by supporting families in and out of work.

6. It must prevent poverty as well as reaching those already in poverty

³ <https://www.gov.scot/publications/tackling-child-poverty-delivery-plan-forecasting-child-poverty-scotland/pages/4/>

⁴ Scottish Government, Poverty & Income Inequality in Scotland: 2015-18, <https://www.gov.scot/publications/poverty-income-inequality-scotland-2015-18/>

⁵ Scottish Government, Annual Survey of Hours and Earnings – Scotland Analysis, <https://www2.gov.scot/Resource/0054/00543278.pdf>

One in four children in Scotland already live in poverty, and this is projected to rise to more than a third by 2021/22.⁶ To help reduce the impact of social security cuts, the income supplement should – as well as lifting children out of poverty – also have a preventative aspect and should protect families from experiencing poverty. Consideration should be given to this when determining any possible eligibility requirements for the supplement.

7. It – or an interim measure- must be introduced as quickly as possible

While recognising that the Scottish Government is undertaking a process of evaluating different delivery options for the income supplement, we are extremely concerned that the stated timescale for delivering the income supplement – by 2022 - does not reflect the urgency required.

Scotland has ambitious child poverty targets, with interim targets to be met in 2023. If we are going to reach these targets then we must take bold measures as soon as is possible. Consideration should be given to introducing the supplement with increased urgency, or having an interim measure in place, in recognition of the growing levels of poverty in Scotland.

Summary

SCoWR members believe that the income supplement is central to achieving the right to social security. The supplement is a welcome opportunity to invest in the support needed to enable everyone to participate fully in society in line with SCoWR principles.

To realise this and make a meaningful impact, the supplement must be a reliable, accessible entitlement that reaches both those in poverty and those at risk of poverty and – mindful of the projected rise in child poverty in the coming years – is delivered ahead of the projected implementation date of 2022.

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⁶ Living standards, poverty and inequality in the UK: 2017-18 to 2021-22, (Institute for Fiscal Studies) page 15, www.ifs.org.uk/uploads/publications/comms/R136.pdf