



SCOTTISH GOVERNMENT DEBATE: PROGRAMME FOR GOVERNMENT – COST OF LIVING – MSP BRIEFING

7th September 2022

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

Key points

- Families with children face energy bills **than other households** and [children are at most risk of being pushed into poverty by the current crisis](#)¹. With one in four of Scotland's children already living in poverty **it is absolutely right to put children and tackling child poverty at the heart of action to tackle the cost-of-living crisis**. Meeting [child poverty targets](#)² must remain a top priority for Scottish government.
- The confirmation that the **Scottish child payment** will be increased to £25 per week and rolled out to all eligible under 16s in November will provide welcome relief to families across Scotland. The payment's real terms value must, at the very least, be maintained as inflation rises.
- **More immediate cash support is still needed** to keep families afloat in the coming months. Doubling the value of Scottish child payment bridging payments to better support school aged children must be an absolute priority in the forthcoming budget review. [Over 120 charities, trade unions and faith groups support this action](#)³.
- When making the 'hard choices' to resource the cost-of-living response the Scottish government must **protect investments in action that reduce child poverty**. That means enhancing and sustaining resources to deliver high quality funded childcare, remove barriers to decent work, reduce housing and transport costs and cut the cost of the school day.

- More is needed to ensure progress in reducing child poverty among those families at greatest risk – the ‘[priority groups](#)⁴’ – including larger families and young parents. The Scottish government should build on the welcome mitigation of the benefit cap and **mitigate the two-child limit**. This UK-wide [poverty-generating policy](#)⁵ needs to be scrapped at source, but Scotland’s powers can be used to reduce its damaging impact now.
- Children’s life chances are on the line. Government must work to **harness our collective wealth and income to protect and support our children**. Looking ahead, the Scottish government needs to review the tax powers it has and make progressive use of devolved taxes to fund the social infrastructure needed - not just to prevent more children being pushed into poverty, but to help end that poverty for good.

Child poverty and the cost-of-living crisis

CPAG analysis shows that families with children face energy bills on average 30% higher than other households.⁶ The Resolution Foundation finds that households with children are at greater risk of being pushed into poverty by the current crisis, with one in three children across the UK set to be in poverty by 2026/27 if current policies and economic forecasts don’t change⁷. With one in four of Scotland’s children already living in poverty it is absolutely right to put children and tackling child poverty at the heart of action to tackle the cost-of-living crisis. Meeting child poverty targets⁸ must remain a top priority for Scottish government.

Scottish child payment

CPAG in Scotland strongly welcomes the confirmation that the Scottish child payment will be increased to £25 and fully rolled out in November. The payment is already making a substantive contribution to tackling child poverty in Scotland. It is now critical that:

- Take-up is maximised so that every eligible child gets the payment, and processing times are minimised to ensure families are supported as quickly as possible. Whilst over three quarters of eligible children are receiving the new payment⁹ it is important that no eligible child misses out.
- Resources must be prioritised to ensure that at the very least the payment holds its real terms value for families as inflation continues to rise next year, so that it can buy the same essentials next year as it does this. To ensure statutory child poverty targets are met further investment in the child payment will also be needed.
- We welcome the commitment to data sharing in *Best Start, Bright Futures Tackling Child Poverty Delivery Plan 2022-2022*. This work must be prioritised¹⁰ to identify households who are entitled to Scottish child payment in order to ensure as many families benefit from the available support.

Bridging payments

Bridging payments were originally introduced to provide “equivalent” support¹¹ to the Scottish child payment for at least some school aged children until the payment is fully rolled out. However, the bridging payments were not doubled in April 2022 when the Scottish child payment was. This is leaving a significant gap in the cash support available to families across Scotland. Despite over 120 charities, faith groups and trade unions calling on the government to help bridge that gap¹² and, at the very least, double the remaining bridging payments from £130 to £260 there was no immediate commitment to do so in the Programme for Government. It was however welcome that the First Minister did tell Parliament that this will be given ‘priority consideration’ in the imminent emergency budget review. Families need extra support as a matter of utmost urgency and the budget review must include this increase as part of a wider package of immediate support that also needs to include increasing the Scottish welfare fund and the administrative capacity to ensure families can access crisis grants rather than rely on food banks and charitable hardship funds.

Protecting investments that reduce child poverty

When making the ‘hard choices’ to resource the cost-of-living response the Scottish government must **protect investments in action that reduce child poverty**. That means enhancing and sustaining resources to deliver high quality funded childcare, remove barriers to decent work, reduce housing and transport costs and cut the cost of the school day. The Scottish government also needs to ensure that there is sufficient funding for those services that are essential to everyone but are particularly important to low-income households.

Acting to mitigate the two-child limit

The two-child limit¹³ within UK social security has been widely criticised,¹⁴ and the Scottish government stands “deeply opposed” to the policy.¹⁵ It is a significant driver of rising child poverty across the UK,¹⁶ and has a particularly great impact on the some of the groups identified as priority groups in the Scottish government’s analysis. CPAG analysis suggests that mitigating the two-child limit alone would reduce child poverty in Scotland by between 10 000 – 15 000 and cost around £85m.¹⁷ The impacts of the two-child limit on families have been well documented. For example, evidence from CPAG’s Early Warning System¹⁸ and the Benefit Changes and Larger Families project¹⁹ highlights how families affected are losing significant income.

The most practical and effective way to address the impact of the two-child limit is through an additional payment of Scottish Child Payment to all households who have a third, or subsequent, child born after the 6th April 2017. We are aware that there are some families who will miss out on this support²⁰, but believe that this would provide a balance between full mitigation and simplicity.

Free school meals

The cost of school meals is a significant pressure on increasingly hard-pressed household budgets, particularly for those just above the means-tested threshold for free meals. It was disappointing that the commitment to roll out free school meals to P6 and P7 by August 22 was not met, but welcome that the Programme for Government restates the commitment to work with CoSLA to deliver free school meals to all primary pupils. Research continues to show that universal provision is progressive and helps tackle inequality²¹. The Scottish Government should take the same approach towards pupils in high school. We understand that there are capacity and logistical barriers to extending provision in high schools, but an immediate first step could be the extension of free school meals to all families in receipt of universal credit, or an equivalent means-tested benefit²² as part of a roadmap towards universal provision in high schools.

Advice and support

The Programme for Government rightly acknowledges that families may miss out on support that is available to them. The new Cost of Living website to help people find what support is available in their circumstances must be underpinned by sufficient investment to fund the expansion of income maximisation and advice services, including the training of new advisers. Evidence from our advice line consistently highlights that many people cannot access their maximum social security entitlement without expert help and advice.

Raising revenue

Scotland needs to harness its collective wealth and income to protect and support children. Looking ahead, the Scottish government needs to review all the tax powers it has and make progressive use of devolved taxes to fund the social infrastructure needed, not just to prevent more children being pushed into poverty, but to help end that poverty for good²³. In the next budget the Scottish Government should:

- use Scottish powers over income tax to increase revenues in a progressive way; and
- consider the opportunities for further harnessing Scotland's wealth to tackle child poverty.

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¹ <https://www.resolutionfoundation.org/publications/in-at-the-deep-end/>

² <https://www.gov.scot/news/tackling-child-poverty-delivery-plan-2022-26>

³ https://cpag.org.uk/sites/default/files/files/Letter%20to%20First%20Minister%20-%20doubling%20of%20bridging%20payments%20_0.pdf

⁴ <https://www.gov.scot/publications/tackling-child-poverty-third-year-progress-report-2020-2021/pages/5/>

⁵ <https://www.gov.scot/publications/welfare-reform-report-impact-welfare-reforms-households-children/>

⁶ <https://cpag.org.uk/news-blogs/news-listings/gaping-1000-gap-worst-families-energy-price-cap-rises>

⁷ <https://www.resolutionfoundation.org/publications/in-at-the-deep-end/>

⁸ [https://www.gov.scot/news/tackling-child-poverty-delivery-plan-2022-26/#:~:text=The%20Child%20Poverty%20\(Scotland\)%20Act,fewer%20than%2010%25%20by%202030](https://www.gov.scot/news/tackling-child-poverty-delivery-plan-2022-26/#:~:text=The%20Child%20Poverty%20(Scotland)%20Act,fewer%20than%2010%25%20by%202030)

⁹ <https://www.gov.scot/publications/interim-evaluation-scottish-child-payment/>

¹⁰ Specifically, arrangement must be put in place to ensure local authorities can share data with Social Security Scotland on which families are entitled to the ‘bridging payments’ and other low income supports, to ensure they are invited to apply for the Scottish child payment and Social Security Scotland must ensure that data on Scottish child payment recipients is shared with local authorities to allow them to identify families that might benefit from additional support.

¹¹ <https://www.gov.scot/news/boost-for-family-budgets-before-christmas/>

¹² https://cpag.org.uk/sites/default/files/files/Letter%20to%20First%20Minister%20-%20doubling%20of%20bridging%20payments%20_0.pdf

¹³ The two-child limit is a UK government policy that prevents families in receipt of universal credit (UC) or child tax credits (CTC) from getting a child element for a third or subsequent child born after 6th April 2017, unless one of a small number of exceptions applies. Despite the two-child limit, families can still receive additional amounts in their UC or CTC if the child has a disability.

¹⁴ <https://cpag.org.uk/node/3201>

¹⁵ <https://blogs.gov.scot/fairer-scotland/2019/08/01/two-child-benefit-limit-should-be-scrapped/>

¹⁶ <https://cpag.org.uk/policy-and-campaigns/report/universal-credit-what-needs-change>

¹⁷ CPAG is currently under taking updated analysis of the impact.

¹⁸ <https://cpag.org.uk/news-blogs/news-listings/five-years-two-child-limit>

¹⁹ <https://largerfamilies.study/>

²⁰ For around 5000 families in Scotland the policy means they are not able to claim UC or CTC at all because without an element for a third child their income is too high to get UC. E.g. A couple have three children, all under 5. They both work and earn a combined £514 per week. Their total income to be taken into account for UC is more than their maximum UC. If the two-child limit didn’t apply, they would be entitled to a third child element and would get £54 UC per week as well as the Scottish child payment.

²¹ For example C.J. Morelli and P.T. Seaman (2022), *Understanding Society: Poverty, Wealth and Inequality in the UK*, London: Routledge also see C.J. Morelli and P. Seaman, 2010, Devolution as a policy crucible: the case of universal free school meals, *Poverty & Public Policy*, Vol. 2: Iss. 1, pp.139-61, DOI: 10.2202/1944-2858.1032 <http://www.psocommons.org/ppp/vol2/iss1/art7/> also see C. J. Morelli, G. Mooney and P. Seaman 2012, ‘Moving ‘Upstream’? The Case for Universalism and Redistribution in Tackling Poverty and Inequality in the Devolved Scotland’, in M. Leith, I. McPhee and T. Laxton, (ed.s), *Scottish Devolution and Social Policy – Evidence from the First Decade*, (Cambridge). ISBN 978-1-4438-3790-3

²² The benefits of extending entitlement beyond the current entitlement are explored in our free school meals policy paper available from <https://cpag.org.uk/policy-and-campaigns/briefing/free-school-meals-policy-paper>

²³ For more on the role of taxation in tackling child poverty see CPAG’s response to the Scottish government’s consultation on its Framework for Tax <https://cpag.org.uk/policy-and-campaigns/consultation-response/tax-policy-and-budget-consultation-response> and our book *Lets Talk About Tax* 2019