A close-up photograph of several hands of different skin tones being held together in a supportive grip. The hands are the central focus of the image, with fingers interlaced and palms facing each other. The background is a soft, out-of-focus grey.

Briefing

Tackling child poverty

ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
September 2022

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Audit team

The core audit team consisted of: Tricia Meldrum, Corrinne Forsyth and Gemma Wilson, with support from other colleagues and under the direction of Carolyn McLeod, Audit Director.

Key messages

- 1** The Scottish Government has not yet demonstrated a clear shift to preventing child poverty. In 2019/20, over a quarter of children were living in poverty, affecting every aspect of their wellbeing and life chances and having wider implications for society. This is higher than when targets were set in 2017, and the current increases in the cost of living risk more children experiencing poverty.
- 2** It is not possible to assess the success of the Scottish Government's first four-year plan to reduce child poverty, launched in 2018. Children and families have been supported with social security payments and other measures but the Scottish Government did not set out what impact the plan was expected to have on levels of child poverty. And the impact of Covid-19 on data collection means data on child poverty is only available up to 2019/20, the halfway point in the four-year plan.
- 3** The key policy actions to reduce child poverty in Scotland rest with the UK Government, the Scottish Government and local government. The Scottish Government's second child poverty delivery plan sets out a more joined-up approach across central and local government and with their partners. There now needs to be detailed joint planning between the Scottish Government and local government to deliver the actions and evaluate their impact.

- 4** The views of children and families living in poverty are not always meaningfully considered as policies and actions are developed, implemented and evaluated. Gaps in data at both national and local levels hinder the development of sufficiently targeted policies, and limit effective impact assessment.
 - 5** The Scottish Government's modelling predicts it will meet the 2023/24 interim target for reducing one of the key measures of child poverty, largely through social security measures. But the modelling also predicts that it will not meet the target for another measure that reflects the current increases in the cost of living. The current delivery plan runs to 2025/26. The Scottish Government is working on identifying how the 2030/31 targets will be met, and early planning is essential.
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Introduction

- 1.** Twenty-six per cent of children in Scotland were living in relative poverty in 2019/20.¹ And over a quarter of children in Scotland are worried about their family having enough money.² Children living in poverty are more likely to have health issues including mental health problems, gain fewer qualifications, experience stigma and bullying at school and be at higher risk of being care experienced.³ Child poverty is at a higher level than when targets were set by the Scottish Parliament in 2017.
- 2.** There are four main indicators used to report on child poverty in Scotland, which are set out in [Exhibit 3 \(page 12\)](#). The indicator most commonly used is relative child poverty.
- 3.** The UK Government, Scottish Government, local government and their partners all have a role in reducing and preventing child poverty through their different areas of responsibility:
 - The UK Government is responsible for the majority of all social security spending, including Universal Credit, housing benefit and child benefit as well as employment law, energy markets and the budget settlement.
 - The Scottish Government is responsible for setting national policy in devolved areas such as childcare, housing and some aspects of employability. It is also able to introduce new benefits to support low-income households or top up reserved benefits through its devolved social security powers, for example the Scottish Child Payment and Best Start Grant.
 - Local government is responsible for delivering services in line with local policy and priorities. It also implements the Scottish Government's policies, reflecting local circumstances, in areas such as childcare, employability and housing and administering financial insecurity and hardship funding.

The way in which these powers interact can be complex. For instance, while the UK Government retains most power for social security, the Scottish Government can top up reserved benefits, for example to take account of the impact of the under-occupancy charge (also known as the bedroom tax) on Universal Credit. The Scottish Government has a role in engaging with the UK Government and seeking to influence relevant policy decisions.

4. The Accounts Commission and the Auditor General for Scotland have identified the way in which public bodies are addressing inequalities and human rights as one of their key areas of interest. This briefing paper examines:

- the impact of child poverty on children's lives
- what the Scottish Government, local government and others are doing to reduce and prevent child poverty
- spending on tackling child poverty since the Scottish Government published its first tackling child poverty delivery plan in 2018
- progress towards meeting the targets for reducing child poverty.

5. This is an opportune time to publish a briefing paper on tackling child poverty, allowing us to reflect on the achievements of the Scottish Government's first tackling child poverty delivery plan (2018-22) and comment on its plan for the next four years (2022-26). It sets out some recommendations for the Scottish Government and local government as they advance their planning and deliver the actions.

6. To compile the briefing paper, we referred to information on child poverty in the public domain and spoke to people from across the Scottish Government, local government umbrella organisations, the Poverty and Inequality Commission and the third sector (for example charity groups). We also drew on references to child poverty in our wider work. Given the high-level nature of the briefing paper, we did not carry out work in individual councils or other public bodies providing frontline services.

7. We plan to carry out future audit work building on this briefing paper. This is likely to assess councils' actions to reduce and prevent child poverty, as well as examine the Scottish Government's and its partners' progress with the national work to reduce and prevent child poverty, and the impact of that work.

1. The impact of child poverty

Children growing up in poverty are at risk of poorer outcomes in the short and longer term

8. Poverty affects children in practical ways such as not having enough food to eat, not living in a warm house and not having the necessities of life. Children living in poverty may not be able to fully participate in learning because of the cost of things at school, the impact on their health and wellbeing and the impact of hunger on their ability to learn. Children have said that because worrying about money is stressful for adults, they see, hear and feel this worry and stress.⁴

9. Recent research found that 53 per cent of children in Scotland have experienced poverty in the last 12 years.⁵ One in ten children experience poverty persistently while others do so for short periods, moving in and out of poverty. Child poverty is not restricted to households where parents or carers are not in work. The Scottish Government reported that, on average, 25 per cent of children in working households were living in poverty in the period 2017-20.⁶ Experiencing poverty for any period has an impact on children and families' outcomes and wellbeing.

If a child doesn't have food they won't have energy to go to school meaning that they won't be able to get a job and the chain will continue.⁷ Quote from 11-year-old child

10. Children living in poverty are more likely to have health issues including mental health problems, gain fewer qualifications and experience stigma and bullying at school.⁸ Low-income families have felt the impact of Covid-19 particularly acutely.⁹ Through our own work we have commented that:

- the experience of child poverty is strongly linked with poor mental health. Some studies suggest that children living in low-income households are nearly three times as likely to suffer mental health problems than their more affluent peers ([Children and young people's mental health](#), September 2018)

- there is long-term evidence of a continued and strong link between problem drug and alcohol use and deprivation. Tackling deprivation, poverty and widening inequalities could positively impact on prevention and recovery ([Drug and alcohol services: An update](#), May 2019)
- the poverty-related attainment gap remains wide and inequalities have been exacerbated by Covid-19 ([Improving outcomes for young people through school education](#), March 2021)
- the pandemic has had severe social and wellbeing impacts on children and young people...greatest for children and young people in vulnerable groups and living in poverty. This includes developmental delays seen in the very youngest because of increased social isolation, worsening mental health, a fall in educational attainment, and young people's increasing concerns about their job prospects ([Local government in Scotland Overview 2022](#), May 2022).

Living in poverty can affect children's rights

11. The Children's Parliament reports that children consistently identify poverty as the most important barrier to a good life.¹⁰ The Children and Young People's Commissioner Scotland (CYPCS) considers this the biggest human rights issue facing children in Scotland.¹¹ The United Nations Convention on the Rights of the Child (UNCRC) does not contain a specific right to freedom from poverty but a range of rights relate to child poverty and its effects on children. The CYPCS has identified the rights he considers most relevant to child poverty ([Exhibit 1, page 9](#)).

Exhibit 1.

Articles of the United Nations Convention on the Rights of the Child identified by the Children and Young People's Commissioner Scotland as being most relevant to child poverty

Article 3:

Children's best interests must be a primary consideration in all actions that affect them. This includes taking decisions around welfare and support that significantly impact on families.

Article 6:

Governments must ensure the survival and development of a child to the maximum possible extent, which often doesn't happen for children who are in poverty.

Article 12:

Children and young people's views should be meaningfully considered on matters that affect them, but this doesn't tend to happen when policies are made that impact on child poverty. Children and young people are often able to identify new approaches to tackling poverty and suggest ways in which they can best be supported.

Article 24:

Children and young people have the right to the best health possible. This includes the right to adequate and nutritious food, which can be affected when children and young people experience food insecurity.

Article 26:

Children and young people's human right to social security should be fully realised.

Article 27:

Every child has the right to a standard of living that allows them to develop physically, mentally, spiritually and socially. Poverty can mean children have a standard of living that falls below this threshold.

Sources: [Children and Young People's Commissioner Scotland](#); [A summary of the UN Convention on the Rights of the Child, UNICEF](#)

Child poverty also has wider costs to society

12. A 2021 study estimated that child poverty costs the UK around £38 billion a year, equating to around £3 billion in Scotland.¹² While the full negative impact on children's lives is impossible to quantify, the study estimates the wider economic cost to society of child poverty, extending beyond those children and families experiencing poverty. This is based on a reduction in the future prosperity of those affected as a result of earning less, the loss to the Treasury in the tax they will not pay, how much more it will cost to support them during periods of unemployment, and the cost of services addressing the consequences of child poverty, such as mental health services.

13. The Independent Care Review highlighted in its report, [The Promise](#), that children living in poverty can be at increased risk of needing care. It estimated that Scotland spends around £942 million every year on supporting care-experienced children and young people.¹³

Child poverty has been increasing in Scotland

14. In 2017, the Scottish Parliament set statutory targets for the Scottish Government to significantly reduce four key indicators of child poverty by 2023/24, and then again by 2030/31, through the Child Poverty (Scotland) Act 2017 (the Act). The Act sets out targets to reduce the number of children living in relative poverty to 18 per cent by 2023/24 (interim target) and then to ten per cent by 2030/31 (final target).

15. Relative child poverty is the indicator most commonly used to report on levels of child poverty. The latest three-year average statistics available suggest that relative child poverty has been rising since 2011-14, notwithstanding a small reduction in 2016-19 ([Exhibit 2, page 11](#)). Relative child poverty levels have risen from 21 per cent in 2011-14 to 24 per cent in 2017-20. In 2019/20, pre-dating Covid-19, the latest single-year data available indicates that 260,000 children (26 per cent) were living in poverty.¹⁴

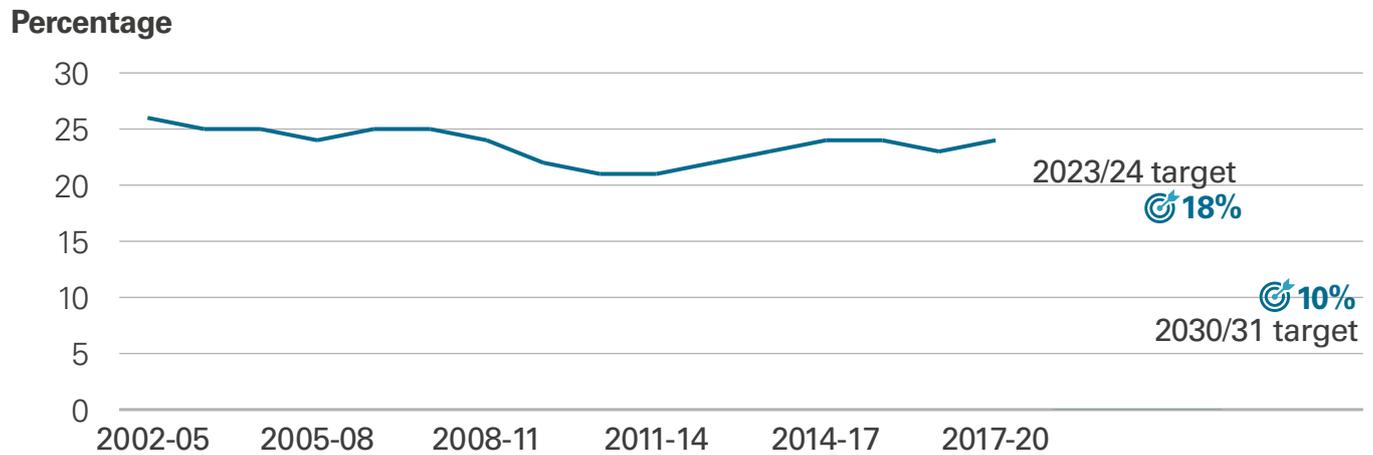
16. We do not know whether levels of child poverty increased or decreased in 2020/21. The Scottish Government assessed data for three of the four child poverty indicators for 2020/21 not robust enough to be published as official statistics because of issues with data collection during the pandemic. Although the lack of data is frustrating, the Fraser of Allander Institute pointed out that, over the long term, 2020/21 would always have been an outlier because of the level of Covid-19 disruption and the impact of policies such as the furlough scheme and the temporary uplift to Universal Credit.¹⁵

17. The Scottish Government expects new data on levels of child poverty in 2021/22 to be published in 2023. The time lag in getting data on child poverty makes it difficult for policymakers to assess progress against the targets and amend actions as required.

Exhibit 2.

Trends in relative child poverty

The level of relative child poverty has been increasing overall since 2011.



Source: Audit Scotland, based on [Scottish Government child poverty analysis](#)

The most commonly used child poverty indicator does not fully reflect the impact of the cost of living crisis on children and families

18. The ongoing cost of living crisis is likely to push many more children and their families into poverty. The Resolution Foundation estimates that the typical working age household across the UK will be around £1,100 worse off in 2022.¹⁶ The lowest income households are feeling the crisis most severely. The Institute for Fiscal Studies estimates that, by October 2022, the inflation rate faced by the least affluent ten per cent of households could be as much as 75 per cent higher than that faced by the most affluent ten per cent. This is because of the large increases in the costs of food and energy, which form a larger part of low-income households' budgets.¹⁷

19. Relative child poverty is often referred to as the headline indicator of child poverty. But because it is based primarily on income it will not fully reflect the impact of the considerable increases in the cost of living that all households are currently experiencing. It is one of four indicators specified in the Act. Two of the four indicators – absolute poverty and combined low income and material deprivation – provide insight into the impact of increases in the cost of basic goods and services on households. [Exhibit 3 \(page 12\)](#) sets out definitions and interpretations of the child poverty indicators along with commentary on the extent to which each reflects increases in the cost of living.

Exhibit 3.

Definitions of child poverty and trends in indicators

The Child Poverty (Scotland) Act 2017 set out four indicators to measure child poverty.

Child poverty indicator: Relative poverty		
Definition	What this means	Extent to which it reflects rises in the cost of living
<p>The proportion of children living in households with incomes lower than 60 per cent of the average (median) household income.</p>	<p>Relative poverty measures how household income compares to average household income.</p> <p>This indicator falls if low-income households' incomes catch up with middle-income households' incomes.</p> <p>The relative poverty rate was 26 per cent in 2019/20.</p>	<p>✘ Rises in the cost of living are not fully reflected</p> <p>Household income after housing costs is used to work out relative child poverty. Energy costs and other inflationary increases in the costs of food and other goods are not taken into account, although together they account for significant expenditure.</p>

Percentage

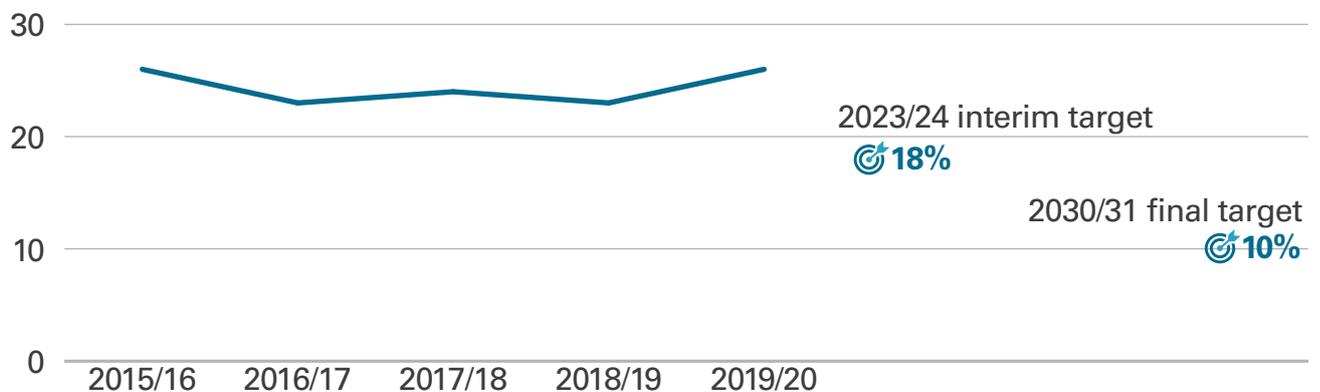


Exhibit 3. continued

Child poverty indicator: Absolute poverty

Definition

The proportion of children living in households with incomes that would have been below the relative poverty line in 2010/11.

What this means

Changes in absolute poverty show whether incomes after housing costs have been improving faster than the cost of living over time. We would usually expect absolute poverty to fall as incomes and living standards increase over time (because of economic growth).

The absolute poverty rate was 23 per cent in 2019/20.

Extent to which it reflects rises in the cost of living

✓ Rises in the cost of living are reflected

When prices increase (including energy and fuel prices), inflation increases. When inflation increases, the absolute poverty line also rises, more households fall below the line, and therefore absolute poverty increases.

Percentage

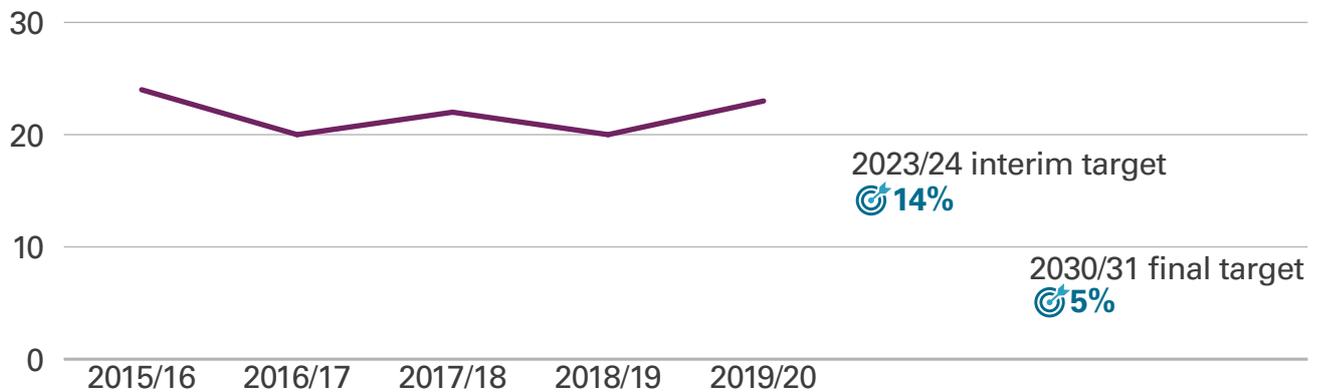


Exhibit 3. continued

Child poverty indicator: Combined low income and material deprivation		
Definition	What this means	Extent to which it reflects rises in the cost of living
<p>The proportion of children living in low-income households (less than 70 per cent of the current average (median)) that cannot afford basic goods and services that society considers essential.</p>	<p>The proportion of children who live in low-income households and cannot afford a range of basic goods and services (based on questions in the Family Resources Survey), such as having a warm winter coat and going on a school trip at least once a term. This indicator provides a measure of children's living standards that is not solely based on income.</p> <p>The combined low income and material deprivation rate was 12 per cent in 2019/20.</p>	<p><input checked="" type="checkbox"/> Rises in the cost of living are reflected</p> <p>Low-income households now spending more on food and energy costs are less likely to be able to afford other items and activities that are counted as essential, causing this indicator to increase.</p>

Percentage

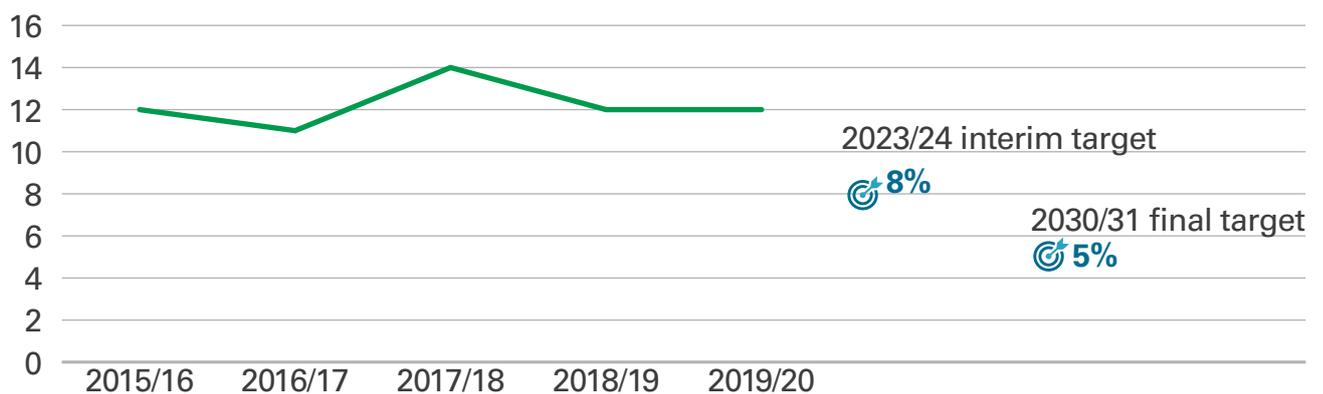
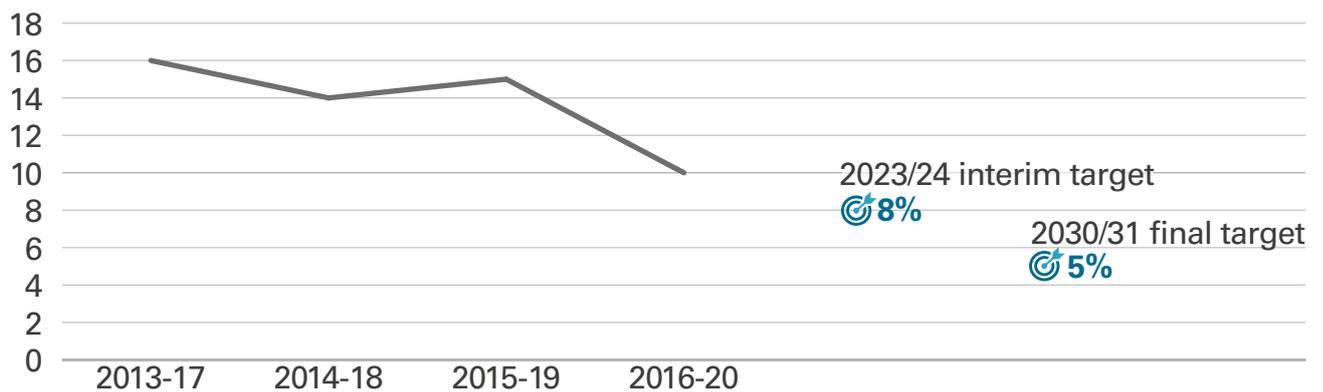


Exhibit 3. continued

Child poverty indicator: Persistent poverty		
Definition	What this means	Extent to which it reflects rises in the cost of living
The proportion of children in households in relative poverty for three years out of four.	<p>The extent to which families remain trapped in poverty over time.</p> <p>The persistent poverty rate was ten per cent in 2016-20.</p>	<p>✘ Rises in the cost of living are not fully reflected</p> <p>The same definition as for relative poverty applies. While housing costs are reflected, energy costs and other inflationary increases in the cost of food and other goods are not taken into account.</p>

Percentage



Sources: Poverty in Scotland 2021, Joseph Rowntree Foundation, 2021; Scottish Government

20. The cost of living crisis has highlighted the limitations of referring to relative child poverty in isolation as the headline indicator of child poverty. Child poverty is a complex issue to capture in one indicator and that is why four indicators exist.

Recommendation

The Scottish Government and councils should consistently use the suite of child poverty indicators to reflect the impact of cost of living increases on low-income families.

2. Actions to reduce child poverty

There has not been a sufficient shift to prevention to reduce the disadvantage caused by child poverty

21. Ten years ago, the Christie Commission recommended that the Scottish Government and local government shift more focus to prevention to improve outcomes in the longer term. However, policies and spending remain more focused on helping children out of poverty and reducing the impact of child poverty on outcomes than on longer-term measures to prevent it. The Auditor General and Accounts Commission recognise the challenges of shifting to a longer-term, preventative and whole-systems focus, but this is essential to break the cycle of poverty, reduce inequalities and make better use of public funding.^{18 19}

22. Ideally, as a society, we want to prevent children ever experiencing poverty, so that they are not subjected to both the shorter- and longer-term negative consequences. While children are living in poverty, government policies, such as many of those set out in [Exhibit 4 \(page 21\)](#), are intended to either lift them out of poverty or reduce financial pressures while they remain in poverty. These policies could therefore be described as alleviating but not eradicating the negative impact of children experiencing poverty.

23. A number of existing policies aim to both prevent children living in poverty and reduce its impact. The expansion of funded early learning and childcare (ELC) is a good example of this dual role. It is intended to improve outcomes for children and contribute to closing the poverty-related attainment gap, ensuring that children living in poverty can benefit from opportunities previously inaccessible because of cost. Closing the attainment gap aims to improve outcomes such as helping the children of today – the parents of tomorrow – into employment. The expansion in funded ELC also aims to reduce costs for parents and encourage parental employment. We will be publishing further work on the impact of the expansion in ELC on outcomes.

The Scottish Government has made support available to children and families through the tackling child poverty delivery plans but did not set out what impact it expected the first plan to have on levels of child poverty

24. To reach the targets to reduce child poverty, the Scottish Government set out actions in two four-year delivery plans to tackle child poverty. The first ran from 2018 to 2022 and the second covers 2022 to 2026. The actions in both plans largely focus on addressing three drivers of child poverty: income from employment, costs of living and income from social security.

25. In both delivery plans, the Scottish Government set out its intention to focus efforts on six priority family types at greatest risk of poverty: lone parents, larger families, minority ethnic families, families with a disabled adult or child, young mothers and families with a child under a year old.

26. The Scottish Government's final progress report on the first delivery plan outlines the support provided during 2018 to 2022, including:

- introducing the Scottish Child Payment in February 2021 and making 1.2 million individual payments, giving more than £58.6 million to eligible families with a child under six between February 2021 and March 2022
- expanding free school meals to all primary 4 and primary 5 pupils and providing meals during school holidays to 145,000 children from low-income households
- providing support to over 8,300 parents through Fair Start Scotland, with nearly 3,000 parents starting jobs between April 2018 and March 2022
- increasing the school clothing grant to at least £120 for every eligible primary school age child and £150 for every eligible secondary school age child.²⁰

27. The Poverty and Inequality Commission provides independent advice and scrutiny to Scottish ministers on poverty and inequality. Over the life of the first delivery plan (2018-22), it consistently advised the Scottish Government to ensure that its actions were more clearly linked to the targets for reducing child poverty and to be clear about what the impact of each action was expected to be.

28. The Scottish Government did not set out what impact the plan was expected to have on levels of child poverty. It did not include an anticipated trajectory towards meeting the targets over that initial four-year period. Because of this it is not possible to make a proper evaluation of whether the first delivery plan delivered its aims.

Actions from the 2018-22 delivery plan have not yet reduced child poverty

29. As illustrated in [Exhibit 2 \(page 11\)](#), there is no evidence that actions from the first delivery plan have reduced child poverty levels yet, although the latest data available is from 2019/20, just halfway through the life of the first plan and before some actions had been implemented. The Scottish Child Payment, then referred to as an income supplement for families, was set out in the first delivery plan. It was delivered, ahead of schedule, for children under six in 2021 and is being rolled out for 6-15-year-olds in November 2022.²¹ Its impact will not be seen in child poverty statistics until 2023, when the 2021/22 figures are due to be published.

30. While child poverty has not reduced, that is not to say the Scottish Government's actions have not had an impact on the trends in levels. Although difficult to prove definitively, the Scottish Government predicted that relative child poverty would have been two percentage points higher in 2019/20, at 28 per cent, if policies such as discretionary housing payments to take account of the effect of the under-occupancy charge (commonly known as the bedroom tax) and the Best Start Grant had not been in place.²²

The Scottish Government has renewed efforts to reduce child poverty in the 2022-26 delivery plan and has set out the anticipated impact more clearly

31. The Scottish Government's second tackling child poverty delivery plan was published in March 2022. [Exhibit 4 \(page 21\)](#) shows the key policies in the plan to address child poverty, organised according to the three drivers set out in [paragraph 24](#). This delivery plan includes more information on what impact the Scottish Government expects policies, such as the Scottish Child Payment and its increased employability funding, to have on the targets to reduce child poverty. For example, the plan states explicitly that the Scottish Child Payment and other direct financial support is anticipated to reduce relative child poverty by five percentage points, while the employability offer could reduce it by up to two percentage points.

32. The plan also sets out a new 'local pathfinder' approach to identifying barriers, and finding solutions, to moving families out of poverty. It highlights that one approach across Scotland will not suit everyone and emphasises the value of local approaches in supporting improved outcomes. The pathfinders are intended to improve the system of support for families in poverty, which can be seen as complicated to navigate and not delivering the best outcomes for families.

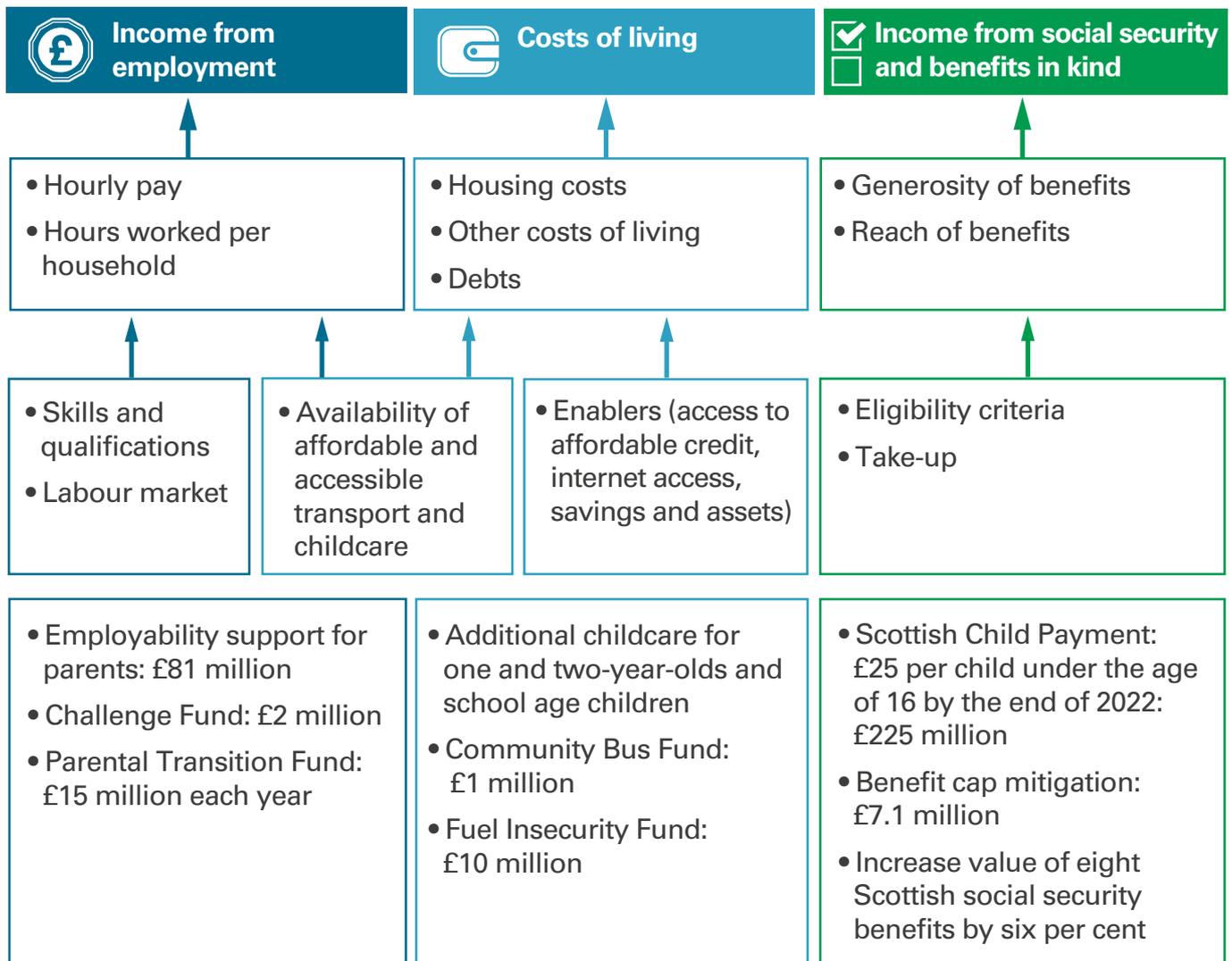
33. Pathfinder projects in Glasgow and Dundee are already under way, bringing together the respective councils, the Scottish Government and other partners. The aim is to test and expand either elements of, or the entire integrated package of support tailored to meet the needs of families. This can include employability services, childcare, transport and fair work opportunities. The Scottish Government aims to work with partners to evaluate the pathfinder projects and roll out successful approaches across the country over the life of the delivery plan.

34. Organisations and stakeholders working to reduce child poverty and to support children and families have broadly supported the increase in the amount of the Scottish Child Payment and the increased investment in employability support in the second delivery plan. The Poverty and Inequality Commission thinks that the second plan shows much greater recognition than before of the scale of action needed to meet the interim targets. The Joseph Rowntree Foundation and Save the Children describe the second plan as 'a strong diagnosis of the struggle that many families currently experiencing poverty face...which in many respects correctly identifies the areas where additional action is needed'.²³

Exhibit 4.

Key policies to address the three drivers of child poverty from Best Start, Bright Futures: Tackling Child Poverty Delivery Plan, 2022-26

The Scottish Government increased the scale of its support for tackling child poverty in its second delivery plan.



Notes:

1. All figures cited are the maximum support available.
2. Employability support for parents was subsequently reduced to £29 million in the Public sector pay and emergency budget review statement on 7 September 2022.
3. The implementation date for the Scottish Child Payment was subsequently announced as November 2022 in the Programme for Government in September 2022, and the funding was amended to £204 million in Scotland's Economic and Fiscal Forecasts (Scottish Fiscal Commission) in May 2022.

Source: Scottish Government and Audit Scotland

The second delivery plan sets out some steps towards a more preventative approach

35. Of the three drivers of child poverty, increasing social security and mitigating rises in the costs of living, for example by reducing council tax, could be seen as alleviating poverty to a greater degree than preventing it. In simple terms, ensuring that their parents have adequate income from working, when they are able to do so, is the driver most likely to prevent children experiencing poverty.

36. The Scottish Government set out its commitment to better wages and fair work as a way of reducing child poverty and in-work poverty in its most recent economic strategy.²⁴ The significant increase in investment in employability support for parents originally announced in the second delivery plan was universally welcomed. However, this spending was subsequently reduced in the emergency budget review statement on 7 September 2022.²⁵ Spending on employability could support a more preventative approach. The provision of affordable housing is also key in preventing child poverty as housing is one of the most significant costs for families. The Scottish Government has delivered over 35,000 affordable homes since 2018 and is allocating £830 million to the delivery of more affordable homes in 2022/23.^{26 27}

37. The second delivery plan also refers to longer-term preventative actions including the Scottish Attainment Challenge and the Young Person's Guarantee – a commitment to connect every 16 to 24 year old in Scotland to a job, apprenticeship, further or higher education, training or volunteering. Because of their longer-term focus, these actions are not expected to have a direct impact on the existing targets to reduce child poverty. Rather, they aim to secure better lifelong outcomes for children and young people and prevent them becoming parents of children in poverty in the future.

38. Many other policy areas outwith the three drivers in [Exhibit 4 \(page 21\)](#) have an effect on reducing child poverty and its impact. Our [update on drug and alcohol services](#) highlights the links between poverty and addiction, and the significant, long-lasting effects of childhood harms. It found that spending on drug and alcohol services could be more effectively targeted at prevention, for example on interventions tackling the root causes of drug addiction in communities.

Recommendation

The Scottish Government should increase the focus on policies aimed at preventing children from experiencing poverty.

Local government has a key role in reducing and preventing child poverty but there is limited information across councils on what they are doing and its impact

39. Councils have a key role to play in tackling child poverty to address both local and national priorities. This is through services such as employability, housing, education, childcare, transport and welfare support. Relative child poverty rates across the 32 councils ranged from 15.8 per cent (East Renfrewshire and Shetland Islands) to 32.3 per cent (Glasgow) in 2019/20. The rate increased across all councils between 2018/19 and 2019/20.²⁸

40. Councils have committed to tackling child poverty. Nineteen of the Accounts Commission Best Value Assurance Reports (BVARs) on councils highlighted the council's work on tackling poverty.²⁹ The Act requires councils and health boards to produce annual joint local child poverty action reports which set out ongoing and planned action to tackle child poverty at a local level.³⁰

41. The Accounts Commission's BVARs have highlighted a number of examples of good practice across councils, including:

- Renfrewshire Council – The Tackling Poverty Commission was established in 2014, the first of its kind in Scotland, to assess the nature, causes and impact of child poverty in Renfrewshire. The council agreed a £6 million investment programme with a supporting action plan. The programme involves working closely with local communities and third sector organisations to enable officers to talk directly to those with lived experience of poverty.
- North Ayrshire Council – The Skills for Life Programme supports long-term unemployed lone parents into employment, giving them a six-month mentored vocational placement within the council.
- East Dunbartonshire Council – Snack and Play programme to reduce child poverty. Children who receive free school meals and those identified as vulnerable are given priority to attend a local primary school during school holidays free of charge for play, sports and craft activities and a hot lunch.

42. Councils are responsible for implementing many of the actions set out in both the first and second delivery plans. The Scottish Government has said it will work in partnership with councils in areas including:

- reducing the impact of the UK Government's benefit cap
- the [Scottish Attainment Challenge](#), which aims to close the [poverty-related attainment gap](#) for school pupils
- the pathfinders approach

- employability support
- early learning and childcare
- school clothing grant, free school meals, [Education Maintenance Allowance](#)
- increasing the uptake of targeted support, by working with the Department for Work and Pensions and Her Majesty's Revenue and Customs to improve data sharing and by working towards automated payment for devolved social security benefits.

43. The Improvement Service supports this work across councils. It helps councils to prepare the local child poverty action reports, leads networks of child poverty practitioners to share good practice, works with partners to remove barriers to data sharing and has published local examples of policies addressing the three drivers of child poverty. It also supports councils to take a more strategic approach to tackling child poverty through supported self-assessment and outcome-based planning.

44. However, there is limited up-to-date evidence on how councils and their partners are tackling child poverty. For example, there is no timely national overview of the actions in the local child poverty action reports and the impact of those actions. This would help support improvement. The Poverty and Inequality Commission reviewed a sample of ten local child poverty action reports in detail in 2019, the first year they were required to be produced, to understand local approaches. Its findings included:

- people with experience of living in poverty were rarely involved in developing plans
- only four out of 27 reports available had an introduction signed by the chief executive. The level of sign-off of reports was seen as an indicator of the level of commitment to tackling child poverty
- most reports used data well in describing their local area
- not many reports considered monitoring and evaluation carefully.³¹

The Scottish Poverty and Inequality Research Unit is due to produce a review of the year two (2020) local child poverty action reports in 2022.

Recommendation

Councils and national groups they participate in should consider how best to share information about what councils are doing to tackle child poverty and its impact. This would support learning and improvement. They should also ensure this is supported by robust data and evaluation.

The third sector plays an important role in supporting families experiencing poverty

45. The third sector plays an important role in supporting children and families affected by poverty. For example:

- the Child Poverty Action Group develops, organises and delivers welfare rights training, information and casework support to advisers and other frontline workers. It does this to increase its capacity and capability to give accurate and effective advice and information on benefits to households
- the third sector is involved in:
 - community initiatives that provide food and other help to children and families throughout the year, including addressing food insecurity during school holiday periods
 - working with children to deal with the consequences of child poverty such as through initiatives supporting their mental health and wellbeing
 - identifying and overcoming barriers to parents' employment
- councils and schools work with third sector organisations to improve outcomes for children and young people, as we have noted previously.³²

46. The second delivery plan sets out the key role the third sector can play in tackling child poverty:

'Government cannot tackle poverty alone, and neither would we want to. In order to provide the support that families need we must draw on the experience and knowledge of our third sector partners and community organisations across the length and breadth of the country – empowering them to take action and support those in need.'

47. In the plan the Scottish Government committed to providing multi-year funding for the third sector where possible to enable more sustainable strategic planning. This aims to help the sector address capacity and resource constraints.

The second delivery plan sets out a more joined-up approach across government and with partners to tackling child poverty

48. In June 2021 the Scottish Government declared that tackling child poverty is a national mission.³³ It has emphasised that the second delivery plan is not just a plan for the Scottish Government but is a plan 'for all of Scotland, recognising the contribution all parts of society must make to deliver the change needed for children and families'. Local government has also committed to the national mission to

tackle child poverty. The second delivery plan includes actions for local government and wider parts of the public sector, and involves input from the third sector and private sector.

49. The Scottish Government established new governance arrangements in the second delivery plan. This was to support a more cross-governmental approach, more strategic involvement at senior level and better working with partners. The membership of the new Tackling Child Poverty Programme Board, established to oversee the overall progress of the implementation of the second delivery plan, includes local government and the third sector. These are positive developments reflecting the importance to the Scottish Government of addressing child poverty, although it is too early to assess their effectiveness.

50. Children and families with lived experience of poverty are not part of the programme board. The Scottish Government will need to ensure their views are reflected in arrangements in the future, to support a rights-based approach and in line with Article 12 of the UNCRC ([Exhibit 1, page 9](#)).

Recommendation

The Scottish Government should consider how best to involve children and families with lived experience of poverty in providing strategic oversight of how it is tackling child poverty.

Gaps in data and not enough involvement of children and families with lived experience of poverty are hindering the development of sufficiently targeted policies

51. It is crucial that policymakers understand the key characteristics of families living in poverty. This is important at a national level, but taking account of local needs is also essential. As well as using data, it is important to work with children and families with lived experience of poverty to help understand the challenges families face and ensure that the most effective policies are designed.

52. In [Local government in Scotland Overview 2022](#), we featured a case study on Glasgow City Council's work with the Centre for Civic Innovation using data to develop a clearer picture of child poverty in Glasgow. Our [Early learning and childcare: Follow-up](#) in March 2020 set out the importance of having good quality child-level data in place to capture equalities characteristics.

53. There are particular gaps in the data on families who fall into more than one of the groups more at risk of experiencing child poverty, and who therefore experience several potential disadvantages at the same time. As well as socio-economic status, inequality can be experienced on the basis of characteristics such as gender, race or ethnicity, disability and nationality or migration. The Scottish Government and its partners have developed a child poverty dashboard for local areas which includes data on the prevalence of different priority groups. It has acknowledged that families with more than one equalities characteristic are often among those deepest in poverty but the measurement framework for its first delivery plan did not capture the nature of these cumulative impacts well.³⁴

54. At a local level, we have previously commented on the lack of data and evidence that would allow councils to fully understand the adverse impacts of the pandemic on different groups in their area and inform local plans.³⁵ We recommended:

‘A key priority for councils’ recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.’

55. The Get Heard Scotland programme, coordinated by the Poverty Alliance and funded by the Scottish Government, aims to generate community evidence on what needs to be done to address child poverty by speaking to people with lived experience.³⁶ As part of the programme, the Poverty Alliance carried out a range of engagement activities to identify key issues, concerns and ideas that could contribute to the development of the second delivery plan. The results of these discussions were fed back to the Scottish Government, allowing them to be considered in developing the plan.

56. The second delivery plan includes multiple references to the importance of involving people with lived experience in delivering many aspects of the plan. However, the Poverty Alliance commented that the Scottish Government needs a clearer and more coherent approach to children and families directly affected by poverty taking part in the continued development and evaluation of the plan.³⁷ As we highlighted previously, this is in line with the UNCRC.

Recommendation

The Scottish Government and councils should consider how to improve national and local data to ensure that it fully captures and measures the characteristics and complexity of children living in poverty and the impact of actions on outcomes for children across different demographic groups.

The Scottish Government and local government need to work together and with partners, as well as with children and families with lived experience of poverty, to urgently develop and implement the actions in the second delivery plan

57. The second delivery plan lacks detail on how and when some of the actions will be delivered, and this needs to be addressed urgently. The Poverty and Inequality Commission highlighted that:

- many of the policies in the plan still do not include estimates of the number or type of households in poverty that are expected to benefit, which will make it difficult to assess their impact
- it is vital that actions in the plan are delivered quickly in order to support families and have an impact on the targets
- more needs to be done to ensure that addressing child poverty is at the core of the design and delivery of policies across government.³⁸

58. The Scottish Government and local government have committed to work together to develop and implement the actions but it is not yet clear how and when this will happen. This also needs to involve the third sector and other partners, as well as children and families with lived experience of poverty.

Recommendation

The Scottish Government should work with local government, the third sector and other partners, and children and families with lived experience of poverty to quickly set out how the actions in the second delivery plan will be delivered, monitored and their impact evaluated.

3. Spending

The Scottish Government estimates that £3.3 billion was spent on tackling child poverty between 2018/19 and 2021/22 but it is not always clear how funding has impacted on child poverty

59. It is challenging to definitively track spending on addressing child poverty. Spending that impacts on child poverty can be:

- part of the Tackling Child Poverty Fund
- targeted at low-income households with children
- targeted at all low-income households (the Scottish Government estimates that around a quarter include children)
- universal, that is aimed at all members of the population in a certain demographic irrespective of income.

60. The Scottish Government does not collect or publish information on the proportion of spending on universal policies reaching low-income families. Universal policies likely to benefit households with children living in poverty include early learning and childcare for all three- and four-year-olds and eligible two-year-olds, providing free school meals to children in primary 1-5 and free tuition for university students.

61. The Scottish Government estimates that nearly £3.3 billion was spent on policies helping low-income households with children between 2018/19 and 2021/22. This does not include spending on universal services. It is made up of:

- £1.6 billion directed specifically at low-income households with children, for example the Scottish Child Payment and Best Start Grant
- £1.5 billion (of a total of £6.5 billion) directed at all low-income households. This figure was calculated, in the main, by adjusting the total spending on low-income households to reflect the proportion of people living in poverty who were children in each year (ranging from 23 to 25 per cent). Examples include providing affordable homes and fuel poverty support
- an additional £206 million as a result of Covid-19. This consisted of £118 million targeted at low-income households with children and £88 million (of a total of £317 million directed at all low-income households) estimated to benefit low-income households with children.³⁹ Examples of spending include additional free school meals over school holidays and school closures, hardship payments and additional funding for vulnerable children.^{40 41}

62. The Scottish Government has not yet set out its total planned spending on child poverty in 2022/23. However, it has set out proposed spending around key policies such as the Scottish Child Payment (up to £204 million) and employability support for parents (up to £29 million). It has also committed up to £200 million for the Scottish Attainment Challenge and up to £45 million for the Young Person's Guarantee.

Recommendation

The Scottish Government should consider how to develop its understanding of the reach of universal spending and the extent to which low-income households are benefiting. This would help better understand the impact of this spending on reducing child poverty, and any changes needed.

There is a tension between the Scottish Government allocating funding for specific purposes to help deliver national policies and retaining local government's flexibility

63. There is no readily available evidence on how much councils spend on tackling child poverty. It is difficult to fully identify this as it involves a range of actions across different policy areas. The increase in the numbers of children living in poverty in recent years is likely to have created more demand for council services such as administration of benefits, employability and financial advice services as well as cost of the school day-related activities, such as subsidising school trips.⁴²

64. Councils have broadly welcomed the actions and associated funding to tackle child poverty set out in the second delivery plan but some concerns have been expressed about the extent to which local government funding is earmarked for central government initiatives. As we have said previously, while ring-fenced funding helps support the delivery of key Scottish Government policies, such as expanding early learning and childcare, it can remove local discretion over how some of the total funding and resources available to councils can be used.⁴³

65. Ringfencing also leads to many different pots of funding that those requiring help need to access. This lack of a joined-up approach can make it more challenging for families and for those helping families access funding to get all the help that is available. It can also be a barrier to councils working in a person-centred way. It is important that councils work across different policy areas to ensure that the approaches and allocation of funding to tackle child poverty support an approach that is centred around the needs of children and families. This is one of the aims of the pathfinders.

4. Achieving the child poverty targets

Scottish Government modelling suggests that the interim target on relative child poverty could be achieved using social security as the main lever but another key target will be missed

66. Scottish Government modelling in the second delivery plan indicates that relative child poverty could be reduced to 17 per cent by 2023/24, lower than the interim target of 18 per cent. The Fraser of Allander Institute looked at this modelling and was less optimistic, estimating these same policies would reduce child poverty to 19 per cent, missing the interim target.⁴⁴ The last available data from 2019/20 reported relative child poverty at 26 per cent.

67. The Scottish Government's modelling predicts that absolute poverty, an indicator that reflects increases in the cost of living, will decrease to 16 per cent by 2023/24, higher than the interim target of 14 per cent. The rate of absolute poverty was 23 per cent in 2019/20.

68. Key commentators, who conducted their analyses and modelling before the Scottish Government and used different assumptions, predicted the relative poverty interim target would not be met unless the Scottish Government implemented significant policy changes. As this modelling took place before the second delivery plan was published, it does not use the same policies or levels of benefits as the Scottish Government's baseline.

69. The common theme throughout the models is using social security as the main lever to achieve the 2023/24 child poverty target, in particular through the Scottish Child Payment. According to the Scottish Government modelling, setting the Scottish Child Payment at £25 per week for each child under the age of 16, planned for November 2022, could reduce relative child poverty levels by five percentage points in 2023/24. This is alongside an increase of six per cent in other Scottish social security benefits, such as the Best Start Grant and the Carer's Allowance Supplement, to keep pace with rising costs, and an improved employability offer for parents.

The Scottish Government and its partners will need to take further significant action to meet the 2030/31 child poverty targets

70. The final 2030/31 targets will not be met unless the Scottish Government and its partners take further significant action. The second delivery plan does not set out how the 2030/31 targets will be met. The Scottish Government modelling, included in the plan, only runs to 2025/26 and so does not include the 2030/31 targets. However, it does recognise that the reduction in child poverty required by 2030/31 will not be achieved unless considerable changes are made to the drivers of poverty.

71. Employability policies, in particular, often take a long time to achieve positive outcomes, and so these policies need to be put in place now if the targets are to be achieved. The Scottish Government is continuing to work on identifying how the 2030/31 targets will be met. This needs to happen well in advance of the third delivery plan in 2026, given the lag between actions being implemented and them reducing rates of child poverty.

Recommendation

The Scottish Government should set out options and progress actions to meet the final targets well in advance of the next delivery plan in 2026.

Recommendations

The Scottish Government should:

- increase the focus on policies aimed at preventing children from experiencing poverty
- consider how best to involve children and families with lived experience of poverty in providing strategic oversight of how it is tackling child poverty
- work with local government, the third sector and other partners, and children and families with lived experience of poverty to quickly set out how the actions in the second delivery plan will be delivered, monitored and their impact evaluated
- consider how to develop its understanding of the reach of universal spending and the extent to which low-income households are benefiting. This would help better understand the impact of this spending on reducing child poverty, and any changes needed
- set out options and progress actions to meet the final targets well in advance of the next delivery plan in 2026.

Councils and national groups they participate in should:

- consider how best to share information about what councils are doing to tackle child poverty and its impact. This would support learning and improvement. They should also ensure this is supported by robust data and evaluation.

The Scottish Government and councils should:

- consistently use the suite of child poverty indicators to reflect the impact of cost of living increases on low-income families
- consider how to improve national and local data to ensure that it fully captures and measures the characteristics and complexity of children living in poverty and the impact of actions on outcomes for children across different demographic groups.

Glossary

Benefit cap – a limit on the total amount of some benefits that working-age people can receive.

Best Start Grant – payments that help towards the costs of being pregnant or looking after a child. It consists of three one-off payments: pregnancy and baby payment; early learning payment; and school age payment. It is available to individuals receiving certain benefits or tax credits who are pregnant or the main person looking after a baby or child of an eligible age.

Best Start Foods – a prepaid card that can be used in shops or online to buy healthy food for children under three years old. It is available to individuals who receive certain benefits or tax credits who are pregnant or the main person looking after a baby or child under three.

Education Maintenance Allowance – financial support for eligible 16 to 19-year-olds who wish to continue their education, either at school or college.

Funded early learning and childcare – children aged three and four and eligible two-year-olds can get up to 1,140 hours of funded early learning and childcare a year (around 30 hours a week in term time).

Scottish Attainment Challenge – since 2015 the Scottish Government has provided additional funding to schools and councils to close the poverty-related attainment gap between children and young people from the least and most disadvantaged communities.

Scottish Child Payment – a top-up benefit that helps with the costs of looking after a child. Currently it is a weekly payment of £20 for each child aged under six but it will be fully rolled out to children under the age of 16 and it will be increased to £25 per week in November 2022.

Under-occupancy charge (also known as the bedroom tax) – a reduction in housing benefit or the housing element of universal credit if someone is a tenant of a council or housing association and classed as having a spare bedroom.

Universal Credit two-child limit – a policy established in April 2017 to limit support through Universal Credit to a maximum of two children per household.

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