

Child Poverty and the Cost of Living

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Introduction

The Child Poverty (Scotland) Act¹ - passed unanimously by the Scottish Parliament in 2017 - sets out ambitious targets to significantly reduce child poverty in Scotland by 2030.

Whilst the duty to ensure these targets are met falls on Scottish Ministers, the Act also places a duty on local authorities to work together with health boards to develop annual, joint Local Child Poverty Action Reports (LCPARs) highlighting what they have done and what they plan to do to contribute to those national targets. All [reports published to date](#) are also available on the Improvement Service website.

Despite increasing levels of activity to tackle child poverty at local and national level the fallout from COVID-19 and steep rises in prices, particularly for low income households, have put low income families under increasing financial pressure.

The purpose of this briefing is to:

- ▶ Provide an overview of child poverty in Scotland and how households with children might be affected by increases in the cost of living.
- ▶ Highlight the areas and household types likely to be affected most severely
- ▶ Consider what can be done at local level to prevent families with children experiencing income crisis, with a particular emphasis on cash first approaches.
- ▶ Suggest steps that local authorities might take to ensure low income families with children are appropriately supported.

This briefing note has been jointly developed by the Improvement Service and [Child Poverty Action Group](#).

1 Child Poverty (Scotland) Act 2017. Available at: <http://www.legislation.gov.uk/asp/2017/6/contents/enacted>



Background

One in four children in Scotland live in poverty and research has found that 53 per cent of children in Scotland have experienced poverty in the last 12 years.² Families move in and out of poverty and many children are living close to the poverty line and can easily be pushed into poverty.

Child poverty is not restricted to households where parents or carers are not in work. It is estimated that in 2017-20, 68% of children in relative poverty after housing costs were living in working households.³

Experiencing poverty has an impact on children and families' outcomes and wellbeing. 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.⁴

Child poverty is also damaging and costly to society and the wider economy.⁵ Many of these costs are met by local authorities and their community planning partners.

2 [Child poverty analysis](#), Scottish Government.

3 [Child poverty analysis](#), Scottish Government.

4 [Child poverty and low income: Health impact and health inequalities](#), Public Health Scotland

5 [The cost of child poverty in 2021](#), Loughborough University

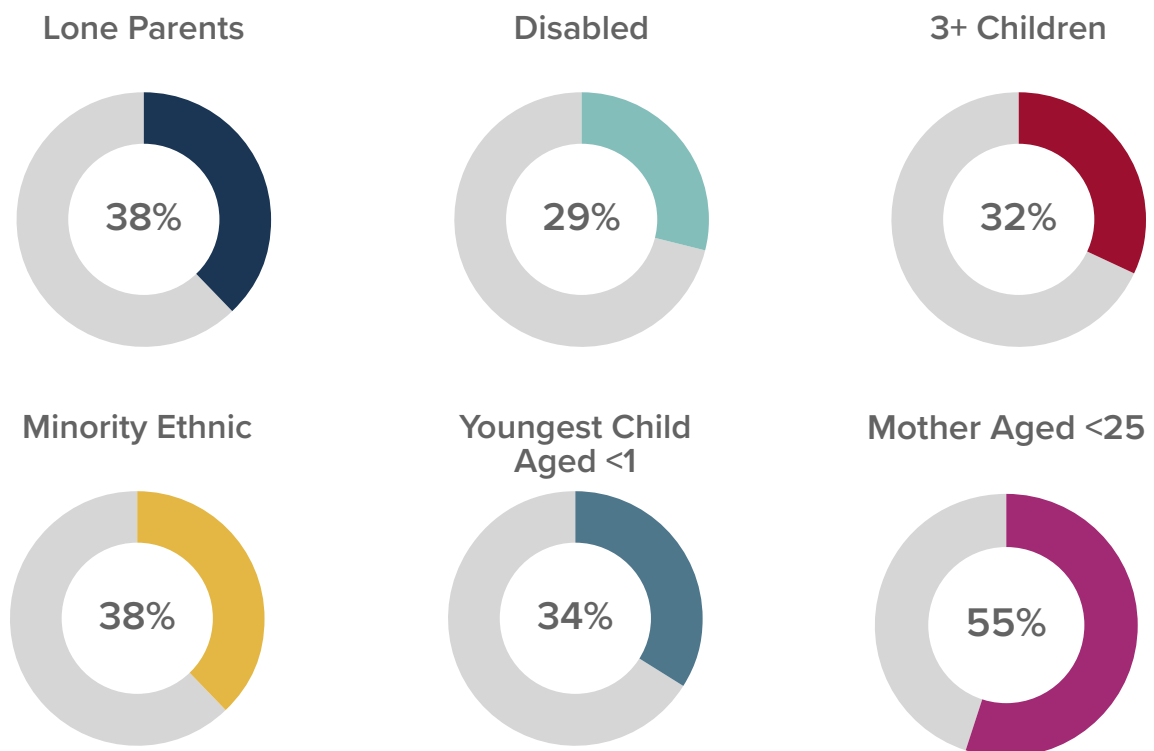
Drivers of child poverty

We know that the three main drivers of child poverty are:

- ▶ Insufficient social security;
- ▶ Rising costs; and
- ▶ Insufficient income from employment – low wages and barriers to entering employment.

Scottish Government research shows that the risk of experiencing child poverty varies significantly depending on the household type.

Figure 1: Priority families children in relative poverty



It is important to understand the causes of poverty and the specific barriers faced by each of these groups so that the responses can be tailored to their particular needs.

For example, lone parent households and those with disabled or particularly young children are likely to have significant caring responsibilities which may create additional barriers to employment or accessing advice services. **Engaging with people with lived experience of poverty is an essential means of understanding the specific barriers they face.**

Child poverty, COVID and the cost of living crisis

The COVID-19 pandemic had a significant negative impact on low income households in Scotland (read the [IS briefing on Child Poverty and COVID](#)). Research showed that 7 in 10 low income families cut back on food and other essentials, while 51% had fallen behind on rent or other household bills. Many households also accumulated debt to cope with unexpected falls in their income.⁶

While there were signs of recovery following the pandemic, there is now widespread concern that any progress will be undone as a result of rises in the cost of living. The Poverty and Inequality Commission has noted that:⁷

“After delays caused by the pandemic, we have started to see progress being made again on delivering major commitments such as the Scottish Child Payment, funded early learning and childcare, affordable housing and employability support [which]... now make it more likely that the Scottish Government will meet the 2023-2024 interim relative child poverty target.

There is however also a strong risk that the rapidly rising cost of living will make it much harder to meet the absolute poverty and low income and material deprivation interim targets, and that families will not see an improvement in their quality of life.”

Research by CPAG⁸ has found that families with children face energy bills on average 30% higher than other households and the Resolution Foundation⁹ finds children are at most risk of being pushed into poverty by the current crisis.

While policies such as the [Energy Price Guarantee](#) will be of huge benefit to many families they will not undo completely the impact of the cost of living crisis, with low income families still £783 worse off than they were last year and those who were already living in fuel poverty experiencing even greater hardship.

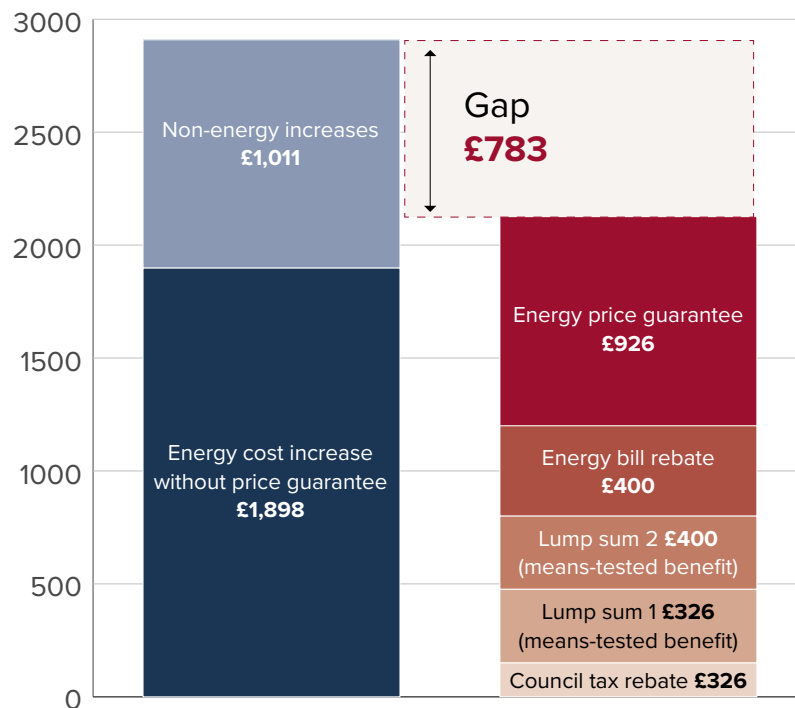
6 [Call for a stronger social security lifeline for children](#), JRF, *A lifeline for our children: Strengthening the social security system for families with children during this pandemic*.

7 [Advice on the Scottish Government's Child Poverty Delivery Plan 2022-2026](#), Poverty and Inequality Commission

8 [Fuel poverty: updated estimates for the UK](#), Child Poverty Action Group

9 [In at the deep end](#), Resolution Foundation

Figure 3: Comparing increases in the cost of living for low income families between 2021/22 and 2022/23 with government policy support



Source: JRF analysis using Cornwall Insight price cap forecast, 8 September 2022


Testimony from low income families in Scotland highlights the urgency of the situation.¹⁰

“I’m due to be made homeless. Where can I go for support, I have four children.”

“I have been turned down by Scottish Welfare Fund but I need help to buy things for my baby, like nappies and pull ups. I have paid all my bills but have no electricity, gas or food. Where can I get help?”

“The cost of living in general, grocery prices have risen as has utility bills, we were already on a strict budget before the Universal Credit Uplift was taken away so have now had to reduce further on costs such as rationing gas and electric and cutting back on groceries.”

¹⁰ [Cost-of-living Impact Report June 2022](#), One Parent Families Scotland



The role of local in tackling child poverty

The most specific legal duty in relation to tackling child poverty for local authorities is their duty to produce annual local child poverty action reports (LCPARs). The relevant Guidance is very clear on the point that LCPARs should keep a sharp focus on the three key drivers of reducing child poverty. These are:

- ▶ Increased income from employment
- ▶ Increased income from social security and benefits in kind
- ▶ **Reduced cost of living for families**

There is a clear expectation that local authorities and their partners should also take a preventative, long-term approach to tackling child poverty. This might include considering how local economic development, employability and childcare provision can be used to develop jobs suitable for and accessible to parents. It might also involve ensuring local authorities and their community planning partners use their role as providers of housing, transport, information and advice to increase the incomes and reduce the costs faced by those at highest risk of poverty.

While local and national government should continue to address the long term drivers of poverty it must be acknowledged that many families are now facing acute points of crisis, due to both the systematic causes of poverty and sharply rising prices.

Consideration must, therefore, be given to measures which provide immediate or near immediate support to low income households with children and how these measures fit into wider child poverty reduction plans. The remainder of this briefing will consider what the most effective way for local authorities to support low income families might be.

Appendix I also provides a non-exhaustive overview of the kind of interventions that have been put in place at local level.

What is the most effective way of supporting low income families?

It is widely acknowledged in Scotland that a 'cash first' approach to supporting households is the most effective and dignified way of easing pressure on families. The term 'cash first' can include the provision of direct cash payments and grants but also extends to wider income maximisation work including the provision of advice. Measures which reduce the costs faced by families, instead of increasing income, have also been included.

Cash payments

Analysis of support delivered to households during the pandemic found that cash payments or transfers to be the preference of most of the people seeking support.¹¹ This was found to be because it provided the greatest choice around food and other essentials, including access to different retailers which helped to meet people's different dietary needs and preferences.

This is an approach supported by the vast majority of local authorities. Between 2020/21 and 21/22 most local authorities had strengthened existing cash-first interventions, and some put in place new interventions.

In response to the cost of living, a range of direct cash payments for families have been introduced. One authority, for example, will be making two payments of £100 to all families in receipt of Free School Meals. In another authority all households with children in receipt of council tax reduction will receive bridging payment (a significant extension of eligibility).

Consideration must also be given to how families in need of such payments can be identified. In addition to targeting those in receipt of other local benefits such as free school meals there may also be a need to work with frontline services such as health, education, housing and social work to reach vulnerable families and make them aware of their entitlements.

Improve dignified access to cash in a crisis

At times of crisis one off cash payments are vital in keeping families afloat.

We know from previous work¹² that many people facing the income crisis that

11 [Winter Support Fund: summary of local action to tackle financial insecurity 2021-22](#), Scottish Government

12 [Scottish Welfare Fund Joint Briefing](#), One Parent Families Scotland

precipitate the need to use a food bank are unaware of, or unable to access, cash support from the Scottish welfare fund.

Local authorities can ask frontline staff as well as, or instead of, referring people to food banks to refer them to the Scottish Welfare Fund. Some local authorities have created alternative cash funds to support individuals in times of crisis. (See Appendix I)

Crisis support needs to be backed up by measures to support families to move out of poverty in the longer term. Consideration should therefore be given to how local authorities and their partners can use their interaction with a family in crisis as an opportunity to direct them towards more sustainable income sources.¹³ Examples of this include:

- ▶ Ensuring all those making an application to the Scottish Welfare Fund are offered a benefits check.
- ▶ Promoting a No Wrong Door approach to public services which means that all frontline staff are well-equipped to actively refer people to other services, such as advice, childcare, employability or housing.

Increasing access to or generosity of existing local entitlements

Some local areas have sought to increase family resources by augmenting payments already available to low income households. These include:

- ▶ Significantly increasing the value of School Clothing Grants above the statutory minimum of £150. In one area this has been increased to £300 per child.
- ▶ Topping up the value of Educational Maintenance Allowance by £5 a week in one local authority area.
- ▶ Extending eligibility for free school meals beyond the statutory minimum. One local area has made FSM available to all children in households in receipt of council tax reduction
- ▶ Providing additional investment in the discretionary payments, the Scottish Welfare Fund and Discretionary Housing Payment, to ensure more households experiencing financial crisis are able to access this support.

Supporting access to income maximisation and welfare rights advice

The complexity of the social security system often means that households are not in receipt of all the benefits they are entitled to. Making advice and support as accessible as possible is therefore a vital way of helping families avoid crisis. Approaches can include:

¹³ See this webinar on Child Poverty and the Scottish Welfare Fund for examples: <https://youtu.be/3h6Naur5JW8>

- ▶ Investing in advice services, whether in-house or third sector, to ensure they have adequate capacity to support families in need.
- ▶ Co-locating advice services with other frontline services, particularly those frequented by families with children. This might include placing advice workers in schools, early years settings, GP practices and hospitals.
- ▶ The development of referral pathways which allows frontline workers such as midwives, health visitors and housing officers to actively refer and provide a 'warm handover' to advice services. This has been shown to be far more effective than signposting alone.

Advice services have been experiencing increased demand and increasingly complex inquiries as a result of both COVID and increases in the cost of living. CAS recently highlighted a significant increase in inquiries from people concerned about fuel costs, the cost of living and debt.¹⁴

Reducing costs for families

Some of the essential costs low income families face might be reduced as a result of action on the part of local authorities and their community planning partners. These includes:

- ▶ Action to reduce the impact of debt on families. As well as supporting access to debt advice and affordable credit, local authorities could consider how they go about pursuing their own debts. Debts owed to local authorities include those for school meals, council tax and rent arrears. Taking a co-ordinated and compassionate approach to debt collection and ensuring households can access information and advice is vital.
- ▶ Transport costs can be significant for families, particularly in more remote and rural areas. Local authorities should consider what more they can do to support families, including maximising uptake of national entitlements such as free bus travel for under 22s. Uptake currently varies significantly across Scotland.
- ▶ Reducing the cost of the school day. The cost of uniform, school trips, charity days, pre and after school care and materials can be significant. As well as reducing the resources available to families they can also undermine participation and efforts to close the attainment gap. CPAG's Cost Of The School Day project provides practical tips, training and materials to reduce costs.

¹⁴ [Winter crisis in summer: Citizens Advice reveals latest insights as cost-of-living pressures pile on](#), Citizens Advice



Key messages

While local and national government should continue to address the long term drivers of child poverty many families are now facing acute points of crisis, due to both the systematic causes of poverty and sharply rising prices.

In providing support in response to the immediate cost of living crisis local authorities should be aware of the importance of taking a cash first, dignified approach. This might include, for example:

- ▶ Delivering additional cash transfers to low income families
- ▶ Investing to increase the generosity of existing local benefits for low income families
- ▶ Ensuring adequate welfare rights and income maximisation advice is available and accessible to families
- ▶ Reducing costs for families in relation to, for example, transport, childcare, housing and debt owed to the council.

More information

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Appendix 1

Through its Child Poverty Peer Support Network and Knowledge Hub, the Improvement Service asked local authorities, health boards and their community planning partners to highlight practical examples intended to support low income families many of whom are in even greater hardship due to increases in the cost of living.

The list below is by no means exhaustive – many local authorities are coming up with additional innovative ways of supporting households. It is important that these short terms measure supporter longer term preventative work to reduce child poverty.

If you would like to learn more about local activity to address the cost of living (or if you would like to add to or amend any of the examples below) please contact hanna.mcculloch@improvementservice.org.uk

Direct cash payments

Many local authorities are making direct cash payments to low-income families. This approach has a wider reach than discretionary payments, or payments that require an application process. When identifying which families to support local authorities should be aware of the families that may miss out. For example, payments to families in receipt of free school meals may miss out families with pre-school age children, and payments to those in receipt of council tax reduction may miss out on families not liable to pay council tax. Some local authorities have increased already existing payments, some have extended the criteria and some have created new payments.

- ▶ **North Ayrshire** has topped up the Bridging Payments, paid to all households in receipt of free school meals (FSM) by a further £100 per child for the payments in October and December. The £100 payments will also be extended to low-income families of children of pre-school age with approximately 3,300 families (5,700 children) across North Ayrshire receiving the payment.
- ▶ **East Ayrshire** too is investing £390,000 to augment the Scottish Child Bridging payment by an additional £100 in December 2022.
- ▶ **Edinburgh** have made an additional one off direct cash payments to low income families who have largely been identified through FSM eligibility.
- ▶ **Scottish Borders Council** is making a Warm Clothing Payment of £100 to each child entitled to either Free School Meals or Clothing Grants (approx. 2350 children) and East Renfrewshire Council has made direct payments to families in receipt of FSM and School Clothing Grants.

- ▶ **Inverclyde Council** are making a £350 cost of living award to almost 10,000 low-income households who claim Council Tax Reduction or who qualify for certain Council Tax exemptions, funded using LACER funding.
- ▶ **Falkirk Council** have extended FSM to any household who receives Council Tax Reduction, therefore these households also received payments over summer and will have received the Bridging Payments. It is also hoped that this approach will incentivize council tax reduction take up.

“Provided Scottish Child Bridging payments to a wider cohort of pupils than were entitled under the national scheme resulting in a further 1500 pupils from low-income households benefitting from these payments.”

- ▶ Several local authorities have increased the value of the school clothing grant to provide families with additional financial support. For example, **West Dunbartonshire** has doubled its School Clothing Grant from £150 a year to £300 a year for both primary and secondary school pupils (this is now paid in 2 instalments) and **East Dunbartonshire** has increase its School Clothing Grants to £240 per eligible primary school child and £300 per eligible secondary school child.
- ▶ In **North Lanarkshire**, 5,774 households were assisted with a £150 fuel hardship payment, totalling £866,100 to help vulnerable residents meet the costs of their rising fuel payments.
- ▶ As well as providing a wider package of support and assistance, eligible citizens have been able to access the Glasgow City Fuel Support Grant since October 3rd 2022 by contacting Glasgow Helps. The **Glasgow City Council** Fuel Support provides eligible citizens access to a £49 fuel top-up payment, as well as energy advice and assistance through our partners at HEAT.

Discretionary cash payments.

Many local authorities are investing additional resources into discretionary cash funds to support households when they are in crisis. These funds can provide a vital safety net for households. Local authorities should consider any unintentional barriers to making application for discretionary, for example can someone without digital access make an application. Where funds are accessed by referrals are there any groups underrepresented, or missing out, on the referral process?

Many local authorities, including Edinburgh, Scottish Borders, Fife, Inverclyde and East Renfrewshire council are providing additional funding to their Scottish Welfare Fund. **Scottish Borders Council** are providing an additional £50k to top up the fund and **Inverclyde Council** have boosted the Scottish Welfare Fund by £60k in 2022/23.

Many local authorities have provided additional discretionary hardship funds.

- ▶ **East Lothian** are providing a £100 top up cash payment for SWF crisis grants.
- ▶ **Fife Council** are providing hardship support payments for those who are not eligible for the Scottish Welfare Fund and need basic needs covered such as fuel top ups, weekly shopping, and other emergencies.
- ▶ **East Renfrewshire Council** have set up a 'discretionary fund' for those who don't meet criteria for SWF but still have a need. They have also invested in topping up the social work administered 'Section 22' budget.
- ▶ **East Ayrshire** have introduced an Employability Hardship Fund - £25k to Financial Inclusion Employability Team to pay hardship payments to clients to assist people to remain in or commence employment.
- ▶ **Midlothian Council** have approved the allocation of the LACER funds to include a Heat and Eat Fund administered by Children's Services for those unsuccessful in Welfare Fund applications.
- ▶ **Argyll and Bute's Flexible Food Fund** offers financial support and wider confidential professional help. Households with low incomes and no access to cash savings can apply for immediate financial support. The Fund will help support daily living expenses. The programme also provided referrals to further support, and has resulted in clients gaining over £1m in last year.
- ▶ **Dundee's 'Fuel Well 3'** provided both financial support and advice. Initially the Welfare Advice Team contacted those who have previously received support from the Fuel Well fund. Subsequently the fund was opened up to a wider audience.

Public debt

- ▶ **Moray Council** have written off school meal debt and **Stirling Council** have asked a Cost of Living Member and Officer Group to identify a mechanism for identifying those who are struggling to pay school meal debt and to write off their debts in full.
- ▶ **Falkirk Council** have described their intention to proactively engage with households in council tax arrears to help them manage their debt and support them to maximise their income from other benefits.

Awareness raising activity

Several areas have produced publications to raise awareness of entitlement amongst both the public and their staff.

- ▶ **West Dunbartonshire** produced a 16 point [support guide](#) for local residents on rising cost of living.
- ▶ **Edinburgh** has introduced campaigns to promote access to support and advice, including messaging for the council workforce. There will also be workshops and

training for frontline council staff on how to support clients who are in financial crisis.

- ▶ **NHS Orkney** has co-designed ‘Worrying About Money’ cash first referral leaflets for people facing money worries or financial crises, and their support workers, to quickly see which local agencies are best placed to help with available cash first options.
- ▶ In **Renfrewshire** a ‘Spotlight Session’ was organised to clarify where those worried about energy costs could seek help and financial support within Renfrewshire. A further ‘Ren Talk’ session was arranged for Council, HSCP and OneRen staff. The Health Board also include messages around advice on their payslips.
- ▶ **Argyll and Bute** distributed “[Have You Got Money Worries?](#)” resource. Argyll and Bute also delivered training, related to understanding and tackling child poverty, for a wide range of staff groups including the HSCP, Education and the Third Sector and Housing. This was made possible by monies from the Flexible Fund which enabled the council to commission the Poverty Alliance, Child Poverty Action Group and One Parent Scotland.

Colocation of advice services and referral pathways

The vast majority of local child poverty action reports highlight the importance of having effective referral pathways to income maximisation and welfare rights advice from frontline services. Increasingly, LCPARs also mention the benefits of embedding advisors within frontline services. The initiatives listed below are by no means exhaustive and are intended as illustrations only.

- ▶ **GP practices:** In Dundee the co-location of [welfare rights services within GP practices](#) has been extended from 8 to 10 practices with funding provided to 3rd sector advice agencies to increase capacity. Stirling Council is also introducing co-location of Money, Debt & Benefit Adviser within 4-6 GP practices across Stirling.
- ▶ **Early Learning and Childcare Settings:** In Glasgow eight nurseries in the Govan area which accommodate eligible 2 places are working with the Health and Social Care Partnership to create a referral pathway to Glasgow Helps for support under the three main tackling child poverty drivers.
- ▶ **Midwifery and health visiting:** Numerous health boards, including NHS Grampian, are [embedding pathways](#) to ensure parents with babies and young children can access the advice and support they need.
- ▶ **Schools:** Glasgow’s [FISO](#) (Financial Inclusion in Schools Officers) programme has embedded named financial inclusion officers in primary and secondary schools across Glasgow, with evaluation showing significant boosts to household income. **East Ayrshire** has also seen expansion of a Schools Based Financial Inclusion Pathfinder to be rolled out to all seven secondary schools in East Ayrshire for one year, covering not only secondary schools but

all the primary schools, **early years establishments and Assisted Learning establishments** linked to those secondary schools.

- ▶ **Flu Clinics:** NHS Lothian works in partnership with Home Energy Scotland (HES) at flu clinics taking a prevention/long term approach as well as support with the cost of living crisis. HES Advisors have completed 55 days of engagement at four of the clinics in Edinburgh. During this time they engaged with 3027 patients.

Governance arrangements

Several local authority areas reports putting new governance arrangements in place to ensure holistic, joined up approaches to the cost of living.

- ▶ **Scottish Borders Council** has established two short life multi-agency groups. The first is a Multi-Agency Anti-Poverty Strategic Group which will provide strategic direction to the Cost of Living Operational Group. The Multi-Agency Cost of Living Operational Group will generate rapid response proposals/ideas/actions to alleviate the current cost of living crisis as well as identify data gaps and raise awareness of existing support.
- ▶ In **Dundee** a short-life working group is to be set up with relevant Dundee Partnership agencies to concentrate efforts on tackling cost of living. Each partner will pull together a list of targeted actions which will be co-ordinated by the Dundee Community Planning Partnership.

Tackling the stigma of poverty

Dundee ran Dignity and the Right to Food workshops throughout September. The workshop focused on embedding dignity at the root of responses to poverty and food insecurity and were aimed at anyone who supports those facing food insecurity.

Argyll and Bute has worked with local and national partners to deliver a comprehensive package of training for both officers and councillors around understanding and tackling the stigma attached to poverty. As well as covering Benefit Basics in Scotland, Payments for Children in Scotland, Supporting Low-income Families and Scottish Social Security – an Introduction.

Understanding the impact of changes in the cost of living

Perth and Kinross Council has published [an analysis](#) of how it expects changes in the cost of living to impact locally at community and household level.

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