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ELECTED MEMBER BRIEFING NOTE

Child Poverty and the Cost of Living



**CHILD
POVERTY
ACTION
GROUP**
IN SCOTLAND



Elected Members Briefing Series

The Improvement Service (IS) has developed an Elected Members Briefing Series to help elected members keep pace with key issues affecting local government.

Some briefing notes are directly produced by IS staff but we also make available material from a wide range of public bodies, commentators and observers of public services.

We will use the IS website and elected member e-bulletin to publicise and provide access to the briefing notes. [All briefing notes](#) in the series can be accessed on the IS website.

About this briefing note

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 Government, 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. You can read a previous briefing for elected members on [Local Child Poverty Action Reporting](#). 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 ongoing rises in the cost of living 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 elected members 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>



What is the issue and why does it matter?

One in four children in Scotland live in poverty. Indeed, recent research found that 53 per cent of children in Scotland have experienced poverty in the last 12 years.²

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 2017-2020.³

Experiencing poverty for any period 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. Research suggests that poverty costs the UK economy up to £78 billion a year as a result of increased spending on public services such as the NHS and education, social security, lost receipts and lost earnings.⁵

Many of these costs are met by local authorities and their community planning partners.

While child poverty rates are much higher in some local authority areas than others, there is nowhere in Scotland completely free from child poverty. You can use this [interactive map](#) to get an impression of how child poverty rates (before housing costs are taken into account) vary within your local authority area.

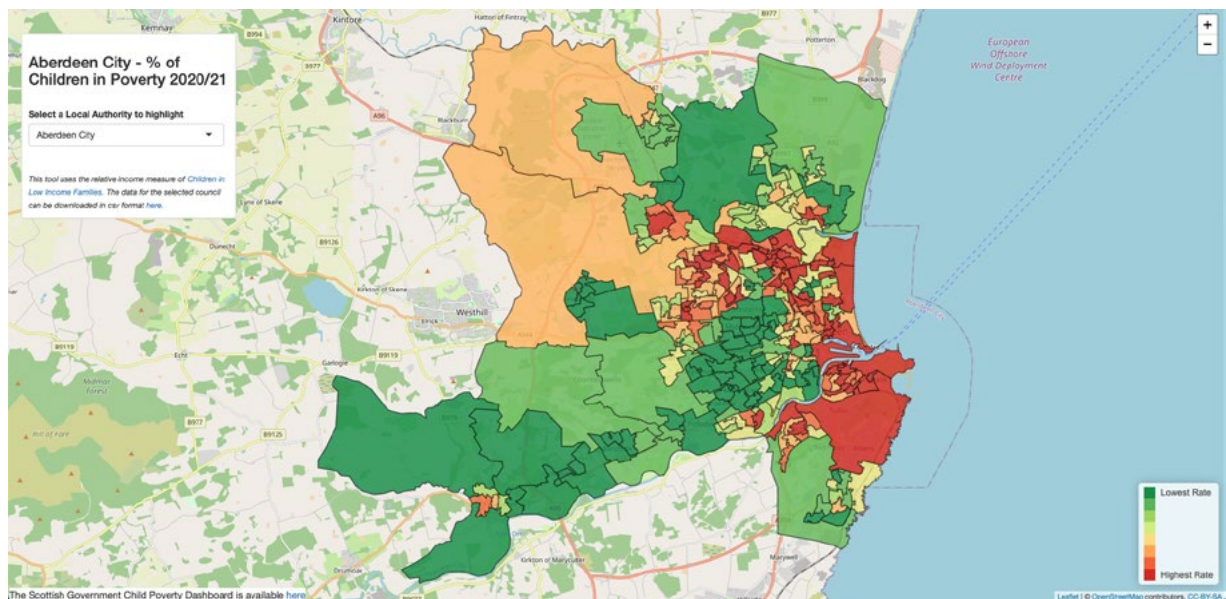
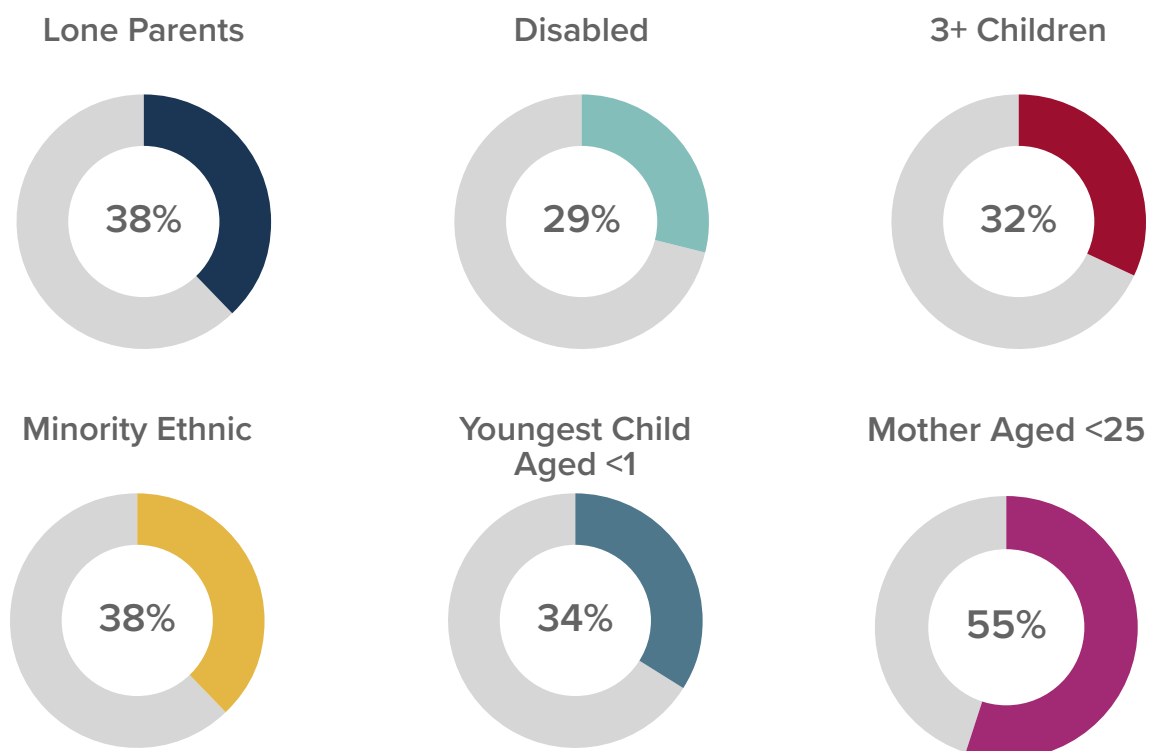
As well as varying geographically, the risk of experiencing child poverty varies significantly by household type (figure 2).

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

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

⁴ <https://www.healthscotland.scot/publications/child-poverty-and-low-income-health-impact-and-health-inequalities>

⁵ Bramley, G et al (2016), [Counting the Cost of UK Poverty](#), Joseph Rowntree Foundation.

Figure 1: Screenshot of Child Poverty Map**Figure 2: 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. Lone parent households and those with disabled or particularly young children are likely to have significant caring and financial responsibilities which may create additional barriers to employment or even 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.”

Indeed, there is serious concern that the impact of rising costs immediately following the pandemic will prove catastrophic, with inflation currently estimated to peak at around 11% in October 2022.⁸

Furthermore, research by CPAG⁹ and the Resolution Foundation¹⁰ has found that families with children face energy bills on average 30% higher than other households and 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*.

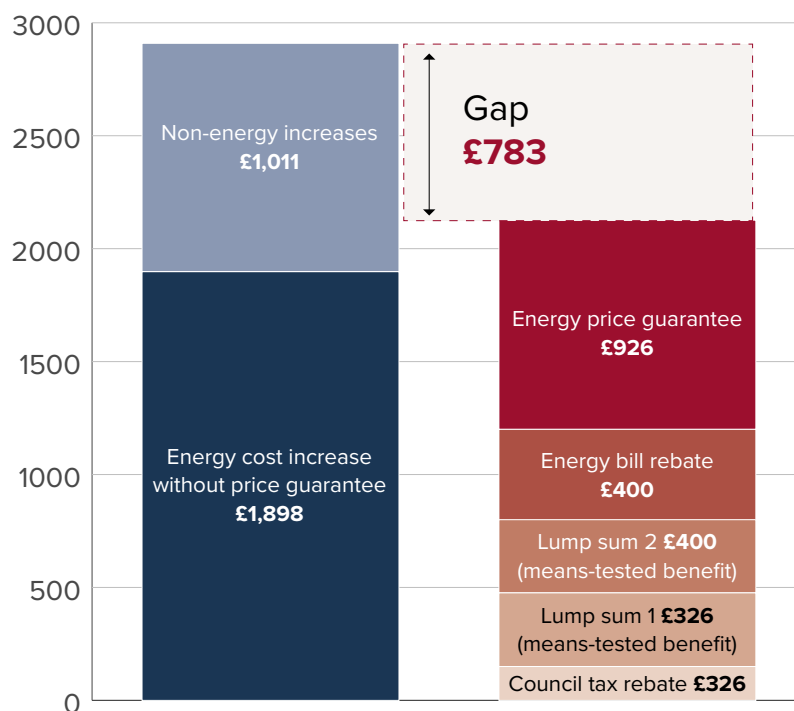
7 [Advice on the Scottish Government's Child Poverty Delivery Plan 2022-2026](#), Poverty and Inequality Commission

8 [Consumer Price Inflation June 2022](#), Office for National Statistics

9 [Fuel Poverty: Updated Estimates for the UK](#), Child Poverty Action Group

10 [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.¹¹

“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.”

¹¹ [Cost-of-living Impact Report](#), One Parent Families Scotland



The local role 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. The remainder of this briefing will consider what the most effective way for local authorities to support low income families might be.



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 dignified and effective 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. 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 those in receipt of council tax reduction will receive support.

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.

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 (FSM) 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 Scottish Welfare Fund and/or Discretionary Housing Payment to ensure more households experiencing financial crisis are given an award.

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:

- 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. Citizens Advice Scotland recently highlighted a significant increase in inquiries from people concerned about fuel costs, the cost of living and debt.¹²

Responding to crisis with longer term support

While one off cash payments are vital to keeping families afloat they need 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. Examples of this include:

- Asking all those frontline staff referring people to food banks to refer them to the Scottish Welfare Fund as well or instead and ensuring all those making an application to the Scottish Welfare Fund are offered a benefits check.

¹² [Winter crisis in summer: Citizens Advice reveals latest insights as cost-of-living pressures pile on](#), Citizens Advice

- 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.

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 free 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.



What does this mean for elected members?

You are likely to have a key role in decision making to ensure low income families can access the support they need in response to the cost of living crisis. This is an important opportunity to ensure investment is adequate and that it is reaching those in greatest need. Particular consideration should be given to households in the priority groups at highest risk of poverty (as listed above).

You are also well-placed to inquire as to whether a dignified, cash first approach is being taken to support from your local authority and what steps are being taken to 'plug families in' to longer term support.

As you work with your local communities, you can be an important ally to those who are living in poverty. Listen to your constituents and their stories, know what local and national services and sources of support are available to those who need them, and advocate for respectful responses to reduce poverty.

Be a champion for reducing child poverty. Talk about this issue with other elected members. Lead conversations that challenge, influence and support measures that address child poverty. If you hold a particular portfolio or Cabinet role, consider how you can address child poverty within your remit. Some areas have also recently established Child Poverty and Cost of Living Committees.

In addition to scrutinising crisis measures, you are likely to have a key role in scrutinising local child poverty action reports. This is an opportunity to ensure a robust, long-term and preventative approach is being taken to tackling child poverty at local level.

Under the Fairer Scotland Duty, local authorities must consider the socio-economic effects of their decisions and consider how they will impact upon those in poverty. Information on this may be presented to you alongside the Equality Impact Assessment. Ask 'how will this decision help protect and increase family incomes or reduce the costs families face?' and 'how might this decision be improved to reduce inequality of outcome caused by socio-economic disadvantage?'.



Key questions for elected members

Elected members may wish to ensure they are aware of:

- What arrangements are in place to address rises in the cost of living for low income families in your area?
- How are families in need of support being identified and reached?
- Is a 'cash first' approach being taken? If not, why not? What measures are in place to ensure support is being delivered in a dignified, non-stigmatising way?
- What has the impact of the cost of living crisis been on services that provide welfare rights and income maximisation advice in your area? Are those services adequately resourced?
- Does the local strategy for debt collection take a co-ordinated and compassionate response?
- Is there a 'No Wrong Door' approach to service delivery? Such an approach might help ensure people are directed to any longer term support they might need.
- To what extent have the views of those with lived experience been taken into account in the development of a response to the cost of living crisis?
- Have the needs of those in the priority groups (at highest risk of poverty) been considered?
- What opportunities will elected members have to inform and scrutinise the development and implementation of the LCPAR?



Summary

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

In providing support, local authorities should be aware of the importance of taking a cash first, dignified approach. This might include, for example:

- Delivering 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.

Further support and contacts

For more information on the support and information available to local partners in producing Local Child Poverty Action Reports please contact:

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