

Scottish Parliament Social Justice and Social Security Committee

Social Justice and Social Security Pre-Budget Scrutiny 2024-25

Written submission by the Joseph Rowntree Foundation, 12 September 2023

Summary

1. The Scottish Government appear unlikely to meet the interim child poverty reduction targets set by the Child Poverty (Scotland) Act 2017. The 2024-25 budget is therefore one of only five budgets that can realistically impact on the 2030-31 targets. The time for action, and at scale, is now.
2. The recent Programme for Government, however, underlined how much of a bind the Scottish Government is in over its budget – with little additional spending for efforts to reduce child poverty.
3. If such an approach continues for the next few financial years we accelerate the risk of missing the child poverty targets as we will be constrained in our ability to increase investment on those areas where it is needed the most. As a result, this budget must be an opportunity for the Scottish Government and each of the opposition parties to engage in a debate on the priorities for the budget and start to match spending to those.
4. The Scottish Government note, on a number of occasions, in the Medium Term Financial Strategy that they will not “back away from tough choices or targeting” – this budget will judge whether or not that is the case. The “tough” choices, though, are nothing compared to the choices households across Scotland are having to make. Our analysis from earlier this year showed about a third of low income families¹ have skipped meals or cut down on meals while about 15% have visited a foodbank. These are the choices being forced on families in Scotland.
5. It is not a tough choice to eradicate those experiences from our society.

Priorities within the Social Justice Portfolio

6. For the reasons set out above, the Scottish Government’s mission around tackling poverty cannot be seen as purely sitting on the budget lines of the Social Justice portfolio. Having said that there are clear areas of concern that this budget must address:
 - a) Housing – the Affordable Housing Supply Programme faced a cut of over 15% in its available funding. In the latest quarterly housing

¹ <https://www.jrf.org.uk/blog/10-cold-hard-facts-low-income-scottish-families-grow-weary-after-another-winter-cost-living>

statistics² we have also seen a large falls in the number of approvals (over 20%) and starts (just below 10%). While inflation will have played a role in stifling construction this effect is heightened by the significant fall in funding. It is crucial, therefore, that this reduction is at least reversed to ensure that we continue to invest in social housing. This is also the longer term solution to the current crisis in homelessness levels and the gross overreliance on temporary accommodation.

- b) The Scottish Welfare Fund – the Scottish Welfare Fund provides vital support for people in crisis and as the analysis we highlight about from our cost of living surveys the level of crisis within our society is extremely high. There is a strong case for increasing the funds available for local government to provide crisis support through the Scottish Welfare Fund.
- c) Uprating of social security payments – social security payments, especially in such a generally inadequate system, should always keep up with inflation. For those payments, most notably those available to disabled people, that are equivalent to UK Government payments (such as PIP/DLA) it will clearly have a significant impact on the Scottish Government’s budget if the UK Government fail to commit to a real terms uplift in these payments. And as more people migrate from PIP/DLA to Scottish payments there is much less strength in the argument that it would be unfair for some people in receipt of these payments to get a proper uplift while others do not.
- d) The Scottish Child Payment – as with all payments the Scottish Child Payment should be uprated by inflation but the case for a further increase has been made both by the First Minister and the necessity to continue progress towards the targets.
- e) Disability payments’ adequacy – as we have raised previously, while the disability assistance payments system should be delivered in a more dignified way than the DWP administered payments it, this does not mask their fundamental inadequacy. It is welcome that the Scottish Government have endorsed the Essentials Guarantee relating to Universal Credit, that recognises that Universal Credit should be linked to the cost of living. They should apply the same principle of disability payment adequacy and accelerate their work to identify appropriate payment levels that genuinely reflect the additional costs that disabled people face.
- f) Minimum Income Guarantee – while the Expert Group continue and finalise their work in the next year it is crucial that the Scottish Government make provision for the early steps towards that aspiration. The limits of devolved competence are significant but they are not total

² <https://www.gov.scot/publications/quarterly-housing-statistics-september-2023/>

and do not prevent the Scottish Government for laying the groundwork for what could be a transformational change.

Broader priorities

7. As noted above, it is not just the Social Justice portfolio's budget that will impact on poverty levels. Indeed if the other portfolios fail to meet their responsibilities to contribute towards the child poverty targets the burden will fall on increases to social security spending to meet them. In that context it is important to consider the contribution of:

- a) Childcare – as the recent Programme for Government alluded to, childcare plays a significant role in preventing people, principally women, from accessing the labour market. It is a constant refrain of parents experiencing poverty that either the inaccessibility and/or unaffordability of childcare is one of the biggest barriers they face. While the modest expansion of

provision that the PfG committed to is welcome (although details are scant for now) it is not necessarily the level of public funding available that is the issue. We are currently exploring in detail the childcare system in Scotland and its potential to do more to reduce poverty and we will report early in the new year. But we think it could be time to have a serious discussion about the way in which childcare is currently funded and to consider whether we are getting the right balance between fully publicly funded provision and poverty reduction.

- b) Employability – having had its budget raised in Best Start Bright Futures the expansion of employability services was then cut in the Emergency Budget Review. We have raised on a number of occasions, most recently as regards minority ethnic people in Glasgow³, the failures in current employability support but there appears to be little will on the Scottish Government's part to change their approach. Best Start Bright Futures, for example, projected that the changes to employability could reduce child poverty by two percentage points. The prize then of employability support designed with and for the people who need it is significant. Any employability system that aspires to reducing child poverty must also be focussed on women. Women disproportionately carry the burden of care within households and disproportionately face low pay, insecure work and a lack of progression. Any poverty reducing employability programme must have those problems in its sights or it will fail.
- c) Getting it right where it is needed the most – the so-called “inverse care law” acts to ingrain inequalities within our communities. While the Scottish Government have two pathfinders in Glasgow and Dundee to explore providing better joined up services for low income families

³ <https://www.jrf.org.uk/report/glasgow-communities-colour-failed-employability-services-and-workplacercism>

this doesn't meet the immediacy and scale of the need that our communities face. It is, therefore, vital that all public spending and delivery is seen through the lens of poverty reduction if the Scottish Government's ambitions are to be met.

The longer term view

8. This latter point is also keen when seen through the prism of a longer term strategy to eradicate child poverty in Scotland. As we note, public services still tend to provide better services in better off areas. Health inequalities are also shocking in their scale – with around a 25 year difference between healthy life expectancy in our least and most well-off areas. This cannot be morally acceptable and as we reported with IPPR Scotland and Save the Children earlier this year it is costing us individuals and as a society⁴. Two findings from that report are worth repeating:
 - a) people over the age of 30 who had experienced poverty during their childhood have around 25 per cent lower income than those who didn't;
 - b) the unemployment rate among individuals over 25 who experienced child poverty is much higher (16 per cent) than the rate among those who had not (2 per cent).
9. By failing to tackle child poverty we are perpetuating the issues that our society faces. Creating a vicious circle that we choose to maintain. As a result it is incumbent on the Scottish Government and each of the opposition parties and MSPs to move the debate from single budget lines to more fundamental questions about how we raise and spend public money. We face an existential threat to our societies due to the climate challenge and one that we must meet. But that also creates an opportunity for us to create a society that is in greater harmony with our planet but also promotes a more equitable outcome for our people.

Chris Birt

JRF, September 2023

⁴ <https://www.ippr.org/files/2023-05/tipping-the-scales-may23.pdf>