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The Information Centre
An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

**20th Meeting, 2023 (Session 6), Thursday,
14 September**

Parental Employment and Child Poverty: Scottish Government

Introduction

This is the final evidence session in the Committee's inquiry into how to address child poverty through parental employment. Reflecting the cross-cutting nature of the issue, the Committee will hear from:

- Shirley-Anne Somerville, Cabinet Secretary for Social Justice

For discussion of childcare and education the Cabinet Secretary will be joined by:

- Natalie Don, Minister for Children, Young People and Keeping the Promise
- Graeme Dey, Minister for Higher and Further Education

For discussion of employability and fair, family friendly work, the Cabinet Secretary will be joined by:

- Neil Gray, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

The Committee has held sessions on childcare, employability, education, fair and flexible working, and transport. Visits were held in Glasgow (summer 2022), North Ayrshire and South Uist (early 2023). A call for views in spring 2023 attracted 108 responses. Further background on the inquiry is [available here](#).

This paper looks at child poverty statistics, summarises the key themes in the inquiry and progress on the 'employment offer' in Best Start Bright Futures before suggesting **six themes for discussion from p.7 onwards**.

Child Poverty Statistics

The Child Poverty (Scotland) Act 2017 sets targets for reducing child poverty. The targets and progress towards them are summarised in table 1 below.

Table 1: Child poverty data and targets

	2017-18	LATEST DATA 2021-22	Interim target (2023/24)	Final target (2030)
Relative poverty	24%	23%	18%	10%
Low income and material deprivation	14%	9%	8%	5%
Absolute poverty	22%	19%	14%	5%
	2013-17	2017-21		
Persistent poverty	16%	18%	8%	5%

Source: Scottish Government [Child Poverty update 2023](#)

[Scottish Government analysis](#) suggests that their policies (primarily the Scottish Child Payment) mean that, in 2023-24, relative child poverty will be nine percentage points lower than it otherwise would have been. However, this is not enough to meet the interim targets:

“In 2023-24 around 19% of children could be living in relative poverty and 16% of children could be living in absolute poverty.”

Inquiry key themes

This inquiry has looked across a range of policy areas that impact on the ability of parents to improve their income through work. The Committee has considered six major policy areas:

1. **Childcare** is key, but recruitment issues in the childcare sector will make it challenging to achieve further significant expansion in a short time frame. There are particular challenges for those with additional support needs and in rural areas.
2. **Lifelong learning** improves people’s employment prospects. Short courses, community-based college provision and partnership working are all key to this. The Committee heard that we need better support for part time students and better childcare and transport infrastructure to support access to lifelong learning.
3. **Employability**. Achieving the employment aims in Best Start Bright Futures will require a huge increase in the scale of employability activity. The delay in funding has had an impact. Employment is still the best route out of poverty if it’s the right job. It needs to be sustainable, not just ‘any job’. There needs to be more flexible eligibility criteria in employability programmes.
4. **Fair, flexible and family friendly working** are crucial. It’s not just about home working – flexi-time and predictable shifts are important so people can plan childcare. Good line management and clear, practical advice from

government for employers support flexible working. Procurement conditions are part of the answer, but businesses need support to be able to comply.

5. **Transport:** The National Transport Strategy recognises that an improved transport infrastructure could make it easier for those on low incomes to access employment.
6. **Social security** rules can be a barrier to both education and employment

Best Start Bright Futures – employment offer

[Best Start Bright Futures](#) – the Scottish Government’s second delivery plan for tackling child poverty, covers the period 2022-26. It is the second of three delivery plans for tackling child poverty. The first, [Every Child Every Chance](#), ran from 2018-2022 and the third will run from 2026-2030. These plans are required under the Child Poverty (Scotland) Act 2017.

In Best Start Bright Futures policies are focused on:

- Increasing income through employment
- Maximising support available to meet basic needs, and
- Supporting the next generation

Increasing income through employment is to be achieved through a ‘strengthened employment offer to parents.’ This comprises:

- New employability offer to parents
- Child poverty as a central pillar of the lifetime skills offer
- Expanding funded early learning and school age childcare
- Reviewing Demand Responsive Transport (a system that operates in areas where there are no regular bus routes)
- Bringing 300,000 people online by the end of 2026 through Connecting Scotland
- Up to 200 funded placements for parents in the NHS in 2022-23
- Refreshing the Fair Work Action Plan.

The [2022 plan states that](#):

“We anticipate that these actions will have the following impact. Up to 12,000 parents to access and sustain employment and up to 3,000 in-work parents to increase their earnings.”

These actions are expected to achieve “up to a 2 percentage point reduction in child poverty.”

Best Start Bright Futures – progress report

In June 2023, the Scottish Government published its first [annual progress report on Best Start Bright Futures](#). The [Parliament debated the report on 13 June 2023](#).

The progress report does not update progress against the above employment target. Instead there is a cumulative impact assessment looking primarily at the impact of the Scottish Child Payment and narrative updates on over 100 policy actions.

These actions are an eclectic mix of well established, recent and new policies. They vary by type and in whether they are exclusively focused on child poverty or have wider aims. The policies also vary by how they will impact on child poverty – whether through employment, social security, improved life chances, etc...

Chart 1 below summarises progress according to whether a policy is expected to impact:

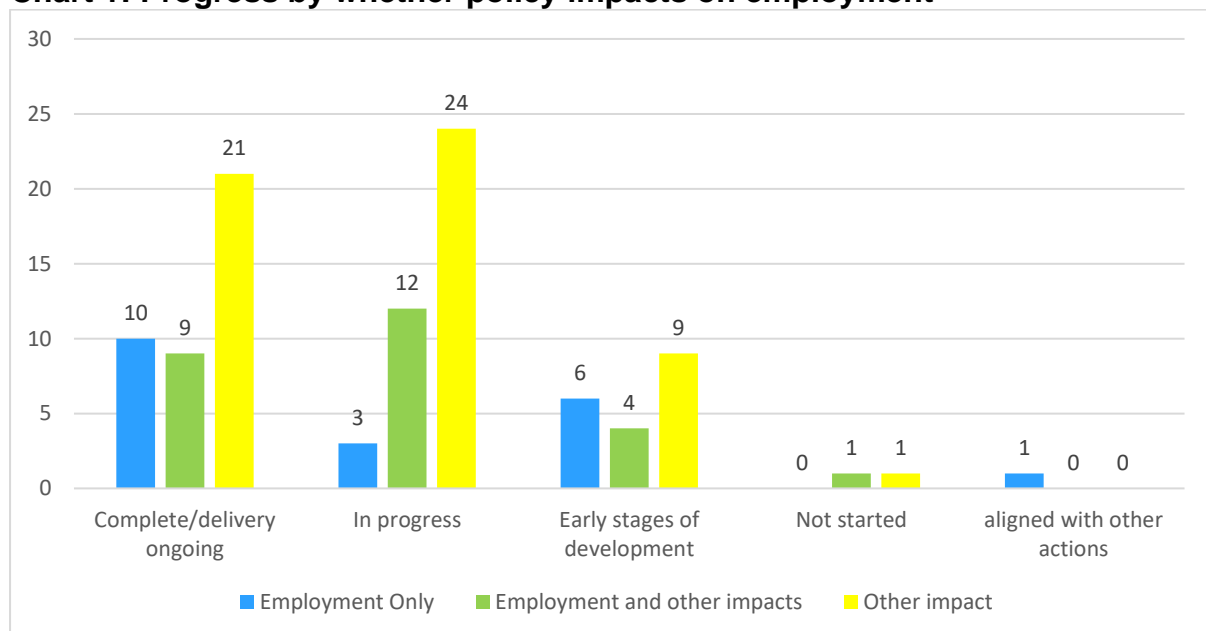
- Mainly on employment
- On employment as well as other areas such as life chances,
- Other impacts – not on employment.

Of the 101 actions, 20 are focused specifically on employment. Of these:

- 10 are complete or delivery is ongoing
- 3 are in progress
- 6 are in the early stages of development.

In addition, a further 26 impact on employment as well as other areas. Of these 9 are complete or delivery is ongoing.

Chart 1: Progress by whether policy impacts on employment



Source: SPICe analysis of [“at a glance summaries” of Tackling child poverty delivery plan: progress report 2022-23](#)

Of course, not all these actions have the same impact. [Annex 5 to Best Start Bright Futures](#) included an assessment those policies expected to have the largest impact. Those with a particular relevance to employment were:

- **Employability offer to parents.** The progress report said this is “in early stages of development”.
- **Early Learning and Childcare, school age childcare and holiday childcare.** This is in the “early stages of development”
- **Affordable Transport.** Concessionary fares for under 22s has been delivered. The Fair Fares Review is ‘in progress’.
- **Transport – accessibility and connectivity:** The review of Demand Responsive Transport is ‘in progress’, the Community Bus Fund is ‘not started’.

It appears then, that the policies expected to have the greatest impact on increasing income from employment are still in the early stages of development.

In the [Parliamentary debate on 13 June](#) the Cabinet Secretary acknowledged that:

“The challenging circumstances of the past year have meant that it has not been possible to deliver the levels of investment in key measures that were anticipated when “Best Start, Bright Futures” was published. That included making the difficult decision to reallocate funds from our employability services to enable us to respond to the cost of living crisis. However, in the year ahead, we will make up to £108 million available for the delivery of employability support and will work with partners to significantly increase the reach of our services.”

Priorities for 2023-24

The progress report set out the priorities for 2023-24. Under ‘supporting parents to increase their earned incomes’, priorities are:

- Scale up delivery of employment support to parents, providing £108million in 2023-24
- “Work with partners to deliver on the ambition of the Parental Transition Fund” (Best Start Bright Futures had said: “we will deliver a new Parental Transition Fund to tackle the financial barriers parents face in entering the labour market, particularly over the initial period of employment, investing up to £15 million each year.”)
- Support more parents into employment within the NHS
- Develop the lifetime skills offer, “integrating this work within wider reforms [...], ensuring that child poverty remains central to its development.”

A £2m Challenge Fund had been intended to: “test innovative approaches to supporting parents from priority family types into work”. This “will now be explored through the wider transformation of the employability system” through No-one Left Behind.

Childcare priorities include:

- Further developing plans for funded childcare for 1 and 2 year olds and school age childcare
- £15m for school age childcare
- £4.5m capital fund for school age childcare

Priorities for ‘transforming our economy’ include:

- From July 2023, paying the real living wage is a condition of public sector grants.
- Late summer 2023, publish an evidence plan for the refreshed Fair Work Action Plan
- By summer 2023, agree actions that business can take to support a wellbeing economy

Transport priorities include;

- Scotrail pilot removing peak time fares October 2023 to April 2024
- Consider effectiveness of free bus travel for under 22s
- Fair Fares Review report by end 2023 with measures for implementation from 2024-25.
- Develop Community Bus Fund, £0.75m resource and £5m capital funding in 2023-24.

Poverty and Inequality Commission Report

The Poverty and Inequality Commission are [required to monitor](#) the Scottish Government’s progress. In their [report on the 2022-23 progress report](#) they say that while they recognise the difficult financial context, there is a lack of urgency around key policies such as employability and childcare:

“Despite already being five years into the 12 year delivery period, there seems to be a lack of urgency in delivering the actions that have been committed to.

Some important actions were set out in Best Start, Bright Futures, including investment in employability support, and childcare in particular, but the rate of progress in delivering these is slow.

The funding being allocated to actions to tackle child poverty, excluding the Scottish Child Payment, does not seem to match the ambitions set out in Best Start, Bright Futures. Further transformative action, beyond the existing commitments, will also be needed, but the Commission has not seen any real evidence of substantive thinking about what more action can be taken in order to meet the 2030 targets.”

Funding challenges mean that:

“There is a focus on research, engagement and piloting, rather than delivering at scale.”

[...]

“On some of its commitments there is a risk that Scottish Government is not moving beyond research, engagement and small-scale project funding.”

Suggested themes

Six themes are suggested covering five key policy issues in addition to an overarching theme on how these contribute to the employment target and how to co-ordinate action across disparate policy areas.

Theme 1: Childcare

The [Cabinet Secretary for Education and Skills](#), Jenny Gilruth MSP, has responsibility for childcare and wraparound care. Natalie Don, Minister for Children, Young People and Keeping the Promise is appearing today on her behalf.

Lack of childcare was the most common barrier to employment raised in responses to our call for views and on our visits. This is an issue that has been recognised by policy makers for many years. The progress report on Best Start Bright Futures highlighted the importance of longer-term, systemic change including improved childcare, referring to:

“The need for **more accessible, flexible and high quality childcare**. A recent review of the impact of childcare on parental poverty noted that formal childcare is an 'indispensable part of a policy toolkit' to tackle child and in-work poverty”

Funded childcare currently comprises 1,140 hours per year for 3 and 4 year olds and some two year olds. The Scottish Government has made commitments to further expansion:

- Develop a funded early learning and childcare offer for one and two year olds, focusing on those who need it most; and
- build a system of school age childcare, by the end of this Parliament, providing care before and after school, all year round, supporting parents and carers – particularly on low incomes – to have secure and stable employment. Those on the lowest incomes will pay nothing.

[In England, the Spring Budget 2023](#) announced a large expansion of free childcare – focused on working parents.

“On top of the existing offers, from April 2024, eligible working parents will get 15 free hours for two-year-olds, from September 2024, 15 free hours will be available from nine months, and from September 2025, 30 free hours will be available from nine months until the start of school.”

The UK spring budget also increased support for childcare costs in Universal Credit (UC).

In Scotland, the general policy direction was set out nearly a year ago in [Best Start – strategic early learning and school age childcare plan 2022 to 2026](#) (October 2022). Although more detail was provided in the Programme for Government, the exact timing, hours of provision, eligibility and income thresholds have yet to be announced.

The Poverty and Inequality Commission, in their scrutiny of progress during 2022-23 has commented that in relation to expanding childcare for one and two year olds:

“the Scottish Government is not yet making the progress that will be needed to deliver this commitment, probably due in large part to a lack of committed funding.”

Similarly, on school age childcare:

“the pace of action on school age childcare has been slow [...] is now 2023 and Scottish Government has not defined who will be eligible for free childcare and there does not appear to be a clear path as to how access to school age childcare can be delivered at scale. There also does not seem to be sufficient focus on a plan for children with disabilities and additional support needs.”

The Commission recommend that:

“Links should be strengthened between Scottish Government employability and skills investment and delivery of childcare policy to ensure that parents are able to benefit from new opportunities that are created by the expansion of the childcare workforce”

[The Rapid review of Evidence on the Impact of Childcare on Parental Poverty, Employment and Household Costs in Low-income Families](#) (Glasgow Caledonian University, December 2022) reported:

“it would be prudent to clarify expectations pertaining to the contribution of childcare in tackling poverty, and to understand the co-dependencies of childcare on other aspects of an anti-poverty strategy (such as decent wages, flexibility in employment and a facilitating public transport system).”

The Committee took oral evidence on childcare on [25 May](#) and [8 June](#). The [SPICe paper to the meeting of 25 May](#) sets out the policy background.

The Committee heard that lack of suitable, affordable childcare was a big barrier to employment but that recruitment issues in the childcare sector will make it challenging to achieve further significant expansion in a short time frame.

In a letter to the Cabinet Secretary, the First Minister set out the priorities for childcare:

For this financial year we have agreed that you will deliver on the following outcomes:

- You will take forward work to build the system infrastructure for School Age Childcare, including through investing in a range of projects across the country to test and refine approaches.
- You will begin to build the evidence base and start work to trial and evaluate models to deliver funded childcare for 1 and 2 year olds, focusing on those who need it most.

The [Programme for Government](#) included:

- Six local authorities to develop childcare from nine months to end of primary school
- Test a new digital service to help parents find and pay for childcare
- Minimum £12 per hour for staff delivering funded early learning and childcare in the private and voluntary sector
- Pilots aiming to recruit 1,000 childminders
- Expand eligibility of two-year-olds for early learning and childcare

Members may wish to discuss:

1. **To what extent does the Scottish Government expect its childcare policy to reduce child poverty in time to meet the 2030 targets?**
2. **How will the Scottish Government ensure that there is a sufficient number of childcare workers to achieve further childcare expansion?**
3. **There will be Barnett consequential from the UK Government's childcare expansion. Will the Scottish Government earmark these for childcare?**

Theme 2: Education and training

The ability of parents – particularly low-income parents - to engage in lifelong learning is impacted by a range of broader policies including childcare, transport and social security.

Committee evidence

The call for views asked respondents if there was enough education and training in their area for parents looking to enter or progress in work. Most of the organisations (19 of 33 responding) said there wasn't, as did many of the individuals (24 of the 56 responding).

Suggestions for improvements tended to focus on structural barriers to access, particularly:

- Childcare provision
- Social security rules
- Course structures
- Lack of local provision / lack of transport to attend further away
- Lack of knowledge about what is available
- Lack of options for those unable to work due to being an unpaid carer and/or disabled.

One issue raised in the call for views and the visits was that course structure and timetabling were barriers for parents trying to access education and training. Some individuals suggested that online learning would be more accessible, particularly in rural areas. Another noted that evening classes would work better for people with a family.

The Committee took oral evidence on lifelong learning on [15 June](#). The [SPICe briefing](#) sets out the policy background. Members heard about the importance of lifelong learning, the need for better financial support for part time students and better childcare and transport infrastructure to support access to lifelong learning.

Best Start Bright Futures

In Best Start Bright Futures the following education and training policies are included as impacting specifically on employment:

- Publish [adult learning strategy](#) (published May 2022)
- Lifetime skills offer (noted as being in the ‘early stages of development’)
- Adult upskilling and reskilling offer (noted as being in the ‘early stages of development’)

Withers Review

There has been a number of reviews in this policy area, including the independent review of the skills delivery landscape – the “Withers review”, which reported in June 2023. [Fit for the Future: developing a post-school learning system to fuel economic transformation](#) made 15 recommendations. It noted that: “lack of consensus in the system means that change will not be easy. It will be uncomfortable for many people.” Recommendations included that the Scottish Government must take a clearer leadership role in post-school learning. Organisational changes include moving responsibility for national skills planning from SDS to the Scottish Government. Operational changes include a new model of funding for post-school learning and exploring more in-work learning opportunities.

Other recent reviews include:

- [the Review of Coherent Provision and Sustainability](#) published by Scottish Funding Council in 2021
- [the Career Review](#), by SDS reporting in March 2023
- [the Evaluation of Flexible Workforce Development Fund](#) reported in January 2023.

Lifetime Skills Offer

The progress report on Best Start Bright Futures stated that, in 2023-24:

“We will develop our lifetime skills offer, integrating this work within wider reforms across the post-school education and skills landscape, ensuring that child poverty remains central to its development.”

The National Strategy for Economic Transformation [delivery plans \(October 2022\)](#) stated that an initial **lifetime skills offer** would be developed by December 2023. This offer would “help address in-work poverty”.

The Scottish Government told SPICe in June that while the focus of the Lifetime Skills Offer will likely be upskilling and retraining for adults in work and/or at risk of redundancy, other groups are also being considered. These include working age adults in poverty or at risk of poverty, people on zero hour contracts or insecure employment, and self-employed people.

Students and social security

In the call for views, the interactions between student funding and social security was cited as a barrier to accessing education.

Students have limited benefit entitlement. Although students who are parents are able to claim Universal Credit (UC), they may not actually receive any once their student income is taken into account.

In their submission [Child Poverty Action Group](#) (CPAG) highlight the SNP manifesto commitment on student finance, saying:

“The SNP’s 2021 Manifesto includes a commitment which could address this issue if implemented, ‘No student should lose their benefit entitlements because they are in receipt of student funding. We will introduce a special support payment so that students who are in receipt of benefits do not lose out because they are in receipt of, or entitled to, student support’

[...]

The way in which the Scottish Government could deliver the payment without requiring legislative changes to UC would be to increase the levels of non-repayable support that will not count as student income for UC, for example: study expenses allowance for books and travel; childcare grant; disabled students’ allowance; additional support for learning amounts. These are disregarded for the purposes of UC.”

Members may wish to discuss:

4. **When will the Scottish Government deliver its’ ‘lifelong learning’ offer and how will it ensure that life-long learning is accessible to low-income parents?**
5. **What progress is being made on the manifesto commitment to “introduce a special support payment so that students who are in receipt of benefits do not lose out because they are in receipt of, or entitled to, student support”?**

Theme 3: Employability

The [Cabinet Secretary for Wellbeing Economy, Fair Work and Energy](#), Neil Gray MSP, has responsibility for employability.

Employability is a key plank of Best Start Bright Futures (BSBF). It is part of a broader ‘employment offer’ which, as a whole, aims to move up to 10,000 parents

into sustained work ('stretch' target of up to 12,000) and support up to 3,000 to increase their earnings.

The two main employability programmes are:

- [No-one Left Behind](#) (NOLB), a partnership approach delivered with local authorities
- [Fair Start Scotland](#) (FSS), delivered by regional contractors. The current contracts have been extended for a year to April 2024.

The two charts below show how the number of parents participating in these two programmes has more than doubled over the last three years from 3,630 to 7,570 in total. However, they are still in the minority making up 24% of NOLB participants and 27% of Fair Start Scotland participants in 2022-23.

Chart 2: No One Left Behind participants: parents and non-parents

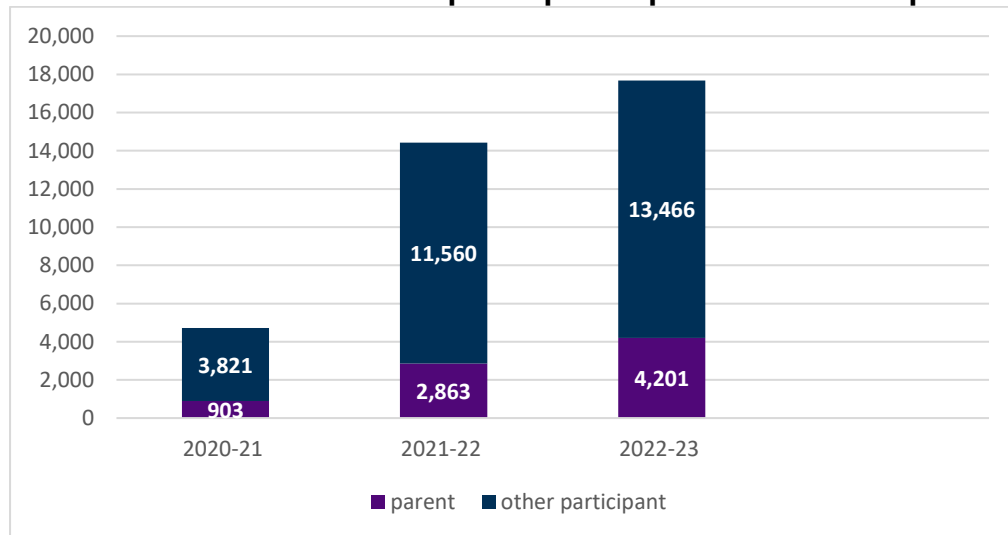
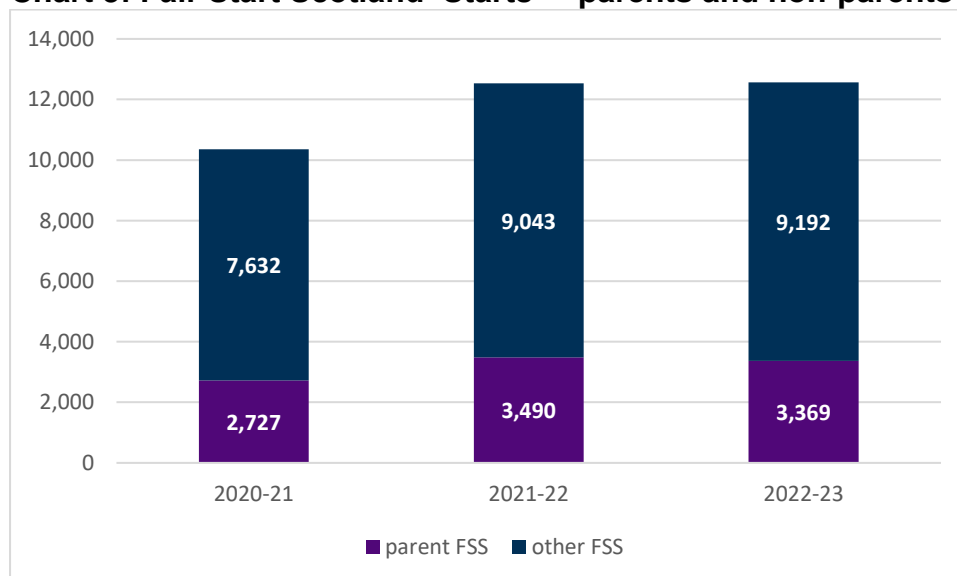


Chart 3: Fair Start Scotland 'Starts' – parents and non-parents



Source: [Scottish Government Devolved Employment Services statistical summary July 2023](#)

Employment outcomes in No One Left Behind and Fair Start Scotland

Between them, the two programmes have so far achieved just over 6,000 job starts for parents.

- Of the 7,967 parents participating in NOLB over the three years from April 2020 to March 2023, 1,918 (24%) had entered employment by April 2023.
- Of the 12,260 parents starting in Fair Start Scotland over the five years to March 2023, 4,207 had started employment by April 2023.

The target is for 'sustained work'. We don't have 'sustained work' figures for NOLB. For FSS, of the 5,401 parents joining in the first three years of the programme, 1,029 (19%) had sustained a job for a year or more.

In their [submission to the inquiry IPPR Scotland](#) stated that a stronger employability offer will be needed:

“While current employability provision clearly provides meaningful results for some individuals, its impact is still not at the scale required to genuinely shift the curve”

Funding Reductions

Expected employability funding of “up to £81m” in 2022-23 was reduced in-year by £53m following the emergency budget review.

In a [letter to this Committee in January 2023](#), the then Cabinet Secretary for Social Justice, Housing and Local Government, Shona Robison MSP stated that:

“The decision to make a £53 million reduction to parental employability funding in 2022/23 has not been easy and will not be without consequence, but given the financial challenges we face as a result of inflation and a lack of additional funding from the UK Government they were unavoidable. At a time of acute labour shortages, historically low unemployment and soaring inflation, we have taken the view that we must prioritise money in people's pockets now over spending on employability which is unlikely to result in immediate benefits for individuals, but this is not a decision we have taken lightly

However, for 2023/24, we will reinstate funding to support the employability response to child poverty, with £69.7 million committed in recognition of the important role that employability support has to play in tackling child poverty.”

The Progress report states that:

“In 2023-24, we will make over £108 million available for employability support, enabling additional capacity in services for parents who are both out of work and in low-income employment.”

Philip Whyte (IPPR) told the Committee that more funding was needed for employability to make a significant contribution to the employment target in Best Start Bright Futures:

“It is not enough to simply reverse and add a little bit on to the in-year cuts. Something has to go much further if we are to achieve those ambitions during this parliamentary session.” ([Committee Official Report, 15 June 2023, col 32](#)).

At that same meeting Sarah McCulley (Scottish Local Authorities Economic Development) noted that employability was also funded through local authority core budgets, and “as we know, local authorities are trying to make significant internal savings.” ([Committee Official Report 15 June col 33](#)).

Progress

The progress report described how:

“Work has continued with our partners to prepare to scale support for parents across the life of ‘Best Start, Bright Futures’, and improvements have been made to data collection and reporting processes to ensure a more accurate understanding of the reach and impact of our support for parents.”

The Poverty and Inequality Commission are concerned about the lack of progress, saying:

“The Commission is concerned about the lack of progress over the last year and that five years after the original commitment to a parental employability programme there is still not enough clarity about how to effectively target and deliver employment support that meets the needs of parents at the scale that is needed across Scotland. There has been a lack of urgency about the delivery of this commitment.” ([Child Poverty Scrutiny Report, June 23](#))

In August, a [joint communication from COSLA and the Scottish Government](#) was issued to employability partners and referred to:

“exploring opportunities to scale up employability support for parents, in recognition of the key role that employability can play in eradicating child poverty”.

Parental Transition Fund

Best Start Bright Futures included a commitment to a £15m per year Parental Transitions Fund. This was intended to help parents with initial costs of taking up employment – such as childcare and transport.

The [UK Spring Budget increased support for childcare costs in Universal Credit](#) and allowed parents to receive payments upfront rather than in arrears. This is part of a [wider package of reforms on childcare aimed at working parents](#).

The [Poverty and Inequality Commission](#) comment that:

“Delivery challenges meant that the Parental Transition Fund could not be implemented. The Commission recognises that the Scottish Government was committed to the policy intention behind the Parental Transition Fund and has put in a lot of work to try to make this happen but has faced major challenges in relation to reserved benefit and tax rules. This does, however, highlight the need for the Scottish Government to think more about delivery challenges in advance of announcing new commitments.”

Members may wish to discuss:

- 6. Employability programmes have other priority client groups as well as parents. How are you ensuring that parents become a high priority for all delivery partners of ‘No-one Left Behind’?**
- 7. Two thirds of children in poverty are in families where someone works. Will employability programmes support more working families or do you expect that other policies will be more relevant for tackling poverty in working families?**
- 8. Now that the UK Government is providing upfront support with childcare costs in Universal Credit, is the Scottish Government still planning to introduce the £15m Parental Transition Fund?**

Theme 4: Fair, family friendly working

The Scottish Government recognises the need for good jobs rather than just ‘any’ job, in order to tackle poverty:

“It is well known that being in work can have a positive impact on poverty outcomes. However, evidence shows that it is not only a matter of having a job. Many families living in poverty are already working. Instead, what is needed, is well-paid, stable and secure contracts that allow families to not live in poverty.” (Scottish Government, 2023, [Tackling Child Poverty progress report](#))

The progress report highlighted that in 2022-23:

- 91% of all employees aged 18 and over earned at least the real Living Wage in 2022 in Scotland, an increase from 85.5% in 2021
- There are 3,000 living wage and 20 ‘living hours’ employers in Scotland
- “Leading by example, we committed over £700 million through the Emergency Budget Review to fund enhanced pay settlements for public sector employees.”
- Refreshed Fair Work Action Plan published

Priorities for 2023-24 include:

- From July 2023, organisations applying for public sector grants must pay at least the real living wage.
- Support adoption of community wealth building approaches

- Deliver the actions in the Fair Work Action plan, including a measurement framework due late 2023
- By summer 2023 – we will have worked with business, to agree a set of actions with a focus on parents and those leaving the workplace prematurely due to ill-health.

The Committee discussed fair and flexible working on 22 and 29 June. Points made included:

- Employers need examples, ideas and knowledge about flexible working – but “if you give them nebulous or vague ideas, they are less likely to follow.” (Jack Evans, Joseph Rowntree Foundation) ([Committee Official Report 22 June, col 16](#))
- It’s not just (or even predominately) about home-working. A key issue for those whose jobs cannot be done from home is predictability of shifts and availability of flexi-time.
- Flexible working would reduce the need for childcare and predictable working hours would make childcare easier to arrange. “What is needed is a combination of affordable care, not just childcare, with flexible working options.” (Heather Melville-Hume, Independent Living Fund Scotland) ([Committee Official Report 29 June, col 4](#))
- Good line management is key. The Scottish Government can help through business support services.

There was discussion around a four day week and devolving employment law – supported by the STUC. On the other hand Nikki Slowey (Flexibility Works) said: “It doesn’t need to be huge changes, but employers tell us that they need support.” ([Committee Official Report 22 June, col 20](#))

Members may wish to discuss:

- 9. The Scottish Government is ‘resetting’ its relationship with business – how is it using its influence to encourage fair and family friendly working in the private sector?**
- 10. How is the Scottish Government enabling flexible working throughout the public sector – particularly for those whose jobs cannot be done from home?**
- 11. The Scottish Government is using procurement to encourage fair work. What is the potential of using procurement to encourage flexible and family friendly working?**

Theme 5: Social Security

Throughout the inquiry social security rules have been raised as a potential barrier to education and employment. In particular:

- A small increase in pay can result in being less well-off as benefits are reduced.

- Some benefits have a ‘cliff-edge’ as the entire benefit is lost once income or earnings are over a set threshold. For example, the Scottish Child Payment is lost in its entirety once a family is no longer in receipt of Universal Credit.
- Other benefits are ‘tapered’. They reduce gradually as income increases. For example, Universal Credit is reduced by 55 pence for every £1 earned
- The interaction of student finance and social security is complex. Although parents are eligible to apply for social security, receipt of student funding, such as a student loan, may mean that their income is considered too high.

Call for Views

In the call for views social security was often raised as a barrier to employment and education. For example, one parent described her own situation where a £7,000 pay rise resulted in less than £2,100 actual increased income due to the combined effect of getting less Universal Credit and paying more tax and national insurance.

Others suggested that Universal Credit should pay 100% of childcare costs rather than the current 85%.

The conditionality regime in Universal Credit was also criticised as pushing parents into low paid jobs.

Conditionality

Conditionality in Universal Credit is the requirement to undertake specified actions, such as job-search, or risk losing benefit under a sanction.

CPAG quote the [Institute for Fiscal Studies](#):

“Decades of benefit reforms have pushed more people into work – but very often into part-time, low-paid work with little prospect of progression.”

The UK spring budget, announced measures that will bring more people into a stricter conditionality regime (for details see [UK Government Spring Budget Labour Market Factsheet](#)). [Policy in Practice](#) commented on the two-pronged approach of childcare and conditionality:

“Increased support for childcare, the revival of Universal Support and ending the WCA will help claimants back into work. Conversely, increasing conditionality and sanctions risk claimants falling into destitution and moving further from work through harsher punitive measures.”

Passported benefits and ‘cliff-edges’

CPAG’s submission notes that:

“Many families will be better off with a parent in work, or if a parent increases their hours. However, in some circumstances, a small increase in income through earnings, could result in a larger loss of income from passported benefits.”

In terms of Social Security Scotland benefits, benefits and payments passported from Universal Credit include:

- [Scottish Child Payment](#)
- [Best Start Grants](#)
- [Best Start Foods](#)
- [Free school meals for older children](#)

Scottish Child Payment

Universal Credit reduces gradually as wages increase. However, Scottish Child Payment (SCP) is lost in its entirety once a family stops getting Universal Credit. In some situations, this could mean that increased wages result in a reduction in overall income, once the loss of SCP is taken into account. [CPAG's inquiry submission](#) gives an example:

“Susan is a lone parent who is currently working. She has one child. She has gross earnings of £600 per week and receives £9 per week universal credit and £25 per week Scottish child payment. She gets a 6% pay increase and due to her increased wages, she is no longer entitled to UC. She will lose £9 per week universal credit and stop receiving £25 a week Scottish child payment. Her financial loss, £36, will be more than the increase of her take home pay.”

The Scottish Child Payment is a ‘top-up’ to Universal Credit and similar benefits. It cannot be paid unless the family receive a passporting benefit such as Universal Credit. The Scottish Government has [consulted](#) on changing the legislative basis of SCP to make it a ‘stand-alone’ benefit. This would give them the option of extending eligibility for SCP. CPAG comment that this would:

“allow ministers to make changes to the rules, allowing, for example, run-ons of Scottish child payment, or rates to be tapered, when a claimant’s entitlement to universal credit ends. This would reduce ‘cliff edges’ or provide people with transitional support when they move into higher paid employment.”

Members may wish to discuss:

- 12. Does the Scottish Government intend to introduce a taper or ‘run-on’ to Scottish Child Payment? Would such a measure support parents seeking to increase their earnings?**
- 13. Does UK Government policy on conditionality impact on how the Scottish Government seeks to support parents who want to increase their income from work?**

Theme 6: Governance, policy coherence and evaluating policy impact

Tackling child poverty impacts on a broad range of policy areas, creating a challenge for maintaining focus and ensuring all policy is aligned to this national mission. On the day of the [child poverty summit in May, the First Minister told](#) journalists:

“We have statutory targets in relation to reducing child poverty and I should be held to account, and the government I lead should be judged by whether or not we shift that dial on child poverty considerably.”

Linking policies

The focus of this inquiry is tackling child poverty through increasing income from work. As this inquiry has shown, a broad range of policies are relevant to this. The ‘employment target’ of moving up to 12000 parents into sustained work is not just about employability. The [revised evaluation strategy](#) (2022) described how:

“Rather than an employability policy there is an employability offer which is linked into other services such as childcare and transport. Cumulative impact work will be critical as we move forward.”

Governance arrangements

Delivery of many of those actions are for other Scottish Government directorates and local government. The [Programme for Government](#) confirmed the establishment of a new Ministerial group to deliver the actions of Best Start Bright Futures.

This adds to existing arrangements. In January a [letter from Paul Johnston \(Director-General Communities\) to the Public Audit Committee](#) described:

- The tackling Child Poverty Programme Board, includes external members from local government, third sector, academia and business
- Internal quarterly performance reporting which seeks information on impact, performance against outcomes and progress on evaluation
- Advice from the Poverty and Inequality Commission

“This means that we build on the desire to collaborate, communicate and work through cross-cutting risks and blockages – stepping out of silo working to achieve shared outcomes.” ([Letter dated 12 January 2023, Paul Johnston to Richard Leonard, MSP](#)).

The [progress report](#) refers to governance arrangements saying:

“The approach we have taken is one of the first transformational change programmes of this size in the Scottish Government, driving collective leadership, collaboration and accountability.”

It notes that:

“Supported by our governance structures, there is close working across policy teams to identify and forge connections”

A review of the first year of the cross-government Tackling Child Poverty Programme Board suggested that:

“The Board has improved cross-government accountability and ownership of actions in the Plan, with the Board implementing recommendations to further strengthen governance in the year ahead in order to support greater cross government working to deliver on commitments at the pace and scale required.”

Local Arrangements

Many of the policies in Best Start Bright Futures will be delivered by local authorities and their partners. The [Local Child Poverty Co-ordination Group](#) includes the Improvement service, COSLA, SPIRU, CPAG, the Poverty Alliance and Public Health Scotland. The [January letter](#) from the then Director General of Communities described how:

“The group is currently developing and testing a revised approach to delivering this support and ensuring local child poverty leads are aware of the package of improvement tools and resources available, and that local learning and feedback is informing national policy and practice.”

It also noted that a rural child poverty network was being established.

However, in their June report, the Poverty and Inequality Commission stated that:

“The Scottish Government is not yet taking advantage of some of the opportunities to join up policies to maximise their impact on reducing child poverty. Examples include the need for careful consideration of how policies on skills, apprenticeships and parental employability can be aligned with investment in affordable housing, childcare expansion and the transition to net zero in order to create more opportunities for parents.”

Budget priorities

There is a challenging economic and financial context for the Scottish budget. The progress report states that:

“We fully recognise that tough choices will need to be made about existing budgets in order to drive the progress needed. We will not shy away from the hard choices and decisions that will be needed to reduce poverty.”

In the Programme for Government, the First Minister wrote to each Cabinet Secretary on policy and budget priorities and emphasising collective Cabinet

responsibility. Tackling poverty is one of three missions “which will define our work as a government.”

“We must prioritise, to ensure that we use our finite resources in the most effective way. That prioritisation work is significant, but it will also be demanding, and will require us to make hard decisions.”

Members may wish to discuss:

- 14. Does the Scottish Government expect its ‘employment offer’ to support up to 12,000 parents and achieve a 2 percentage point reduction in child poverty by 2026? How is its impact being evaluated – given it includes other services such as childcare and transport as well as employability?**
- 15. What is being done to ensure that tackling child poverty is firmly embedded in policy implementation and evaluation across the whole of government – including local government? In the current financial context and recognising delivery partners have other priorities, how will you keep the focus on child poverty?**

Camilla Kidner
SPICe
05 September 2023