

Fairer Scotland Duty Impact Assessment

Scottish Child Payment

September 2020

FAIRER SCOTLAND DUTY SUMMARY

Title of Policy, Strategy, Programme etc	Scottish Child Payment
<p>Summary of aims and expected outcomes of strategy, proposal, programme or policy</p>	<p>The vision for a fairer Scotland has been at the heart of the Scottish Government’s plans to develop the Scottish Child Payment (SCP), a new benefit being introduced to tackle child poverty for low income families in receipt of reserved benefits. It will pay the equivalent of £10 a week per child every four weeks in arrears to eligible families with no cap on the number of children under 16 a family can claim for.</p> <p>Early payments of the SCP will be made to families with children under the age of 6 – recognising that, of all children in poverty, almost 60% live in a household where the youngest child is aged under 6, and the early years are key to improving long term outcomes¹. This Fairer Scotland Duty will focus on this early payment, and a further suite of impact assessments will be published to accompany the regulations for the under 16s payment.</p> <p>The impetus for the SCP began with the Child Poverty (Scotland) Act 2017², which sets ambitious interim (2023) and final (2030) targets for the reduction of child poverty, as well as committing Scottish Ministers to publishing child poverty delivery plans at regular intervals, with annual reports to measure progress. The SCP policy forms part of the first Tackling Child Poverty Delivery Plan³ (TCPDP), where a commitment was made to introduce a new income supplement for families as part of a range of policies and measures to tackle child poverty.</p> <p>The Analysis of Options for the Income Supplement report⁴ followed the TCPDP and considered a range of delivery options for the SCP setting policy objectives to help guide its development, these are set out below.</p>

¹ [Children in poverty or material deprivation by age of children in household](#)

² [Child Poverty \(Scotland\) Act 2017](#)

³ [Tackling Child Poverty Delivery Plan](#)

⁴ [Analysis of Options for the Income Supplement report](#)

- Achieve a minimum reduction in child poverty (relative, after housing costs) of 3 percentage points when the income supplement is fully rolled out.
- Reduce the depth of poverty and provide support to those who need it most. This ensures we support people across the lower deciles of the income distribution, rather than simply getting those closest to the poverty line over the threshold.
- Help to support a sustainable and lasting reduction in poverty for families with children. This ensures outcomes beyond redistribution, supporting people to access wider services and support should they want and require it – for example, fast-tracked access to a financial health check or employment support.

These objectives demonstrate a commitment to addressing inequalities of outcome and reducing the depth of poverty for those groups most in need.

The SCP is being delivered utilising the power to top up a reserved benefit that has been devolved to Scotland under Section 79 of the Social Security (Scotland) Act 2018. Poverty reduction is a central principle of these new powers with Section 1 of the Act stating that the new social security system should contribute to this⁵.

Eligibility for the SCP will be based upon being in receipt of one of the following qualifying, reserved benefits:

- Child Tax Credit
- Universal Credit
- Income Support
- Pension Credit
- Working Tax Credit
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)

As a result of COVID-19, the Scottish Fiscal Commission (SFC) expect there to be more eligible children than previously projected due to the increase in numbers of families applying for qualifying benefits, such as Universal Credit. As of 9 July 2020 there were around 470,000 people on Universal Credit. This compares to 243,000 people claiming Universal Credit in January 2020, meaning that the caseload has almost doubled in that

⁵ [Social Security \(Scotland\) Act, Part 1 Section 1](#)

	<p>time⁶. The SFC have published a new set of forecasts (including numbers eligible and expenditure) to accompany the SCP regulations, these can be found here. As a demand led benefit, the SG guarantees that all those who are eligible and apply for the payment will receive their entitlement.</p> <p>The SCP is being delivered by Social Security Scotland, which published Our Charter⁷, setting out the service standards clients can expect, including a commitment to advancing equality and human rights. The Scottish Parliament and Scottish Commission on Social Security will monitor its implementation, and make recommendations for improvements if required.</p> <p>Further information on the policy and delivery detail, including three position papers published by the Scottish Government, is available on the Scottish Government's website⁸.</p>
<p>Summary of evidence</p>	<p>Policy Context</p> <p>Tackling child poverty is a Scottish Government priority with 24% of Scotland's children (230,000 children each year) living in relative poverty after housing costs in 2016-19⁹. Prior to the outbreak of COVID-19 it was predicted that if no further action were taken to tackle child poverty one in three children in Scotland would grow up in poverty by 2030, damaging society and the economy¹⁰. Whilst the full impacts of the pandemic are not yet known, it is likely to have a negative impact on child poverty levels.</p> <p>Children in low income households tend to experience a range of disadvantages including lower educational attainment and poorer health. Poverty can have lasting impacts long into adulthood such as increased risk of homelessness, lower earning potential and greater likelihood of limiting illness. The growing evidence in developed economies suggests that gaining additional income has positive causal effects on health, behavioural development and educational attainment for children in households at the lower end of income distribution¹¹.</p>

⁶ [Universal Credit Scotland dashboard: August 2020](#)

⁷ [Our Charter](#)

⁸ [Scottish Government website - Scottish Child Payment](#)

⁹ [Poverty and Inequality in Scotland 2016-2019, Figure 3](#)

¹⁰ [Tackling Child Poverty Delivery Plan, page 15](#)

¹¹ Cooper and Stewart (2017), [Does money affect children's outcomes?](#), Centre for Analysis of Social Exclusion

The TCPDP identifies three main drivers of child poverty reduction: increasing incomes from work and earnings; reducing household costs; and maximising incomes from social security and benefits in kind¹². The SCP will tackle the cuts to social security entitlements made by the UK Government, providing additional financial support to low income families in receipt of reserved benefits.

The COVID-19 pandemic has only increased the importance of using the devolved social security powers to tackle child poverty, with early data showing an increased reliance on the social security system as evidenced by a sharp increase in Universal Credit claims.

The TCPDP identifies priority groups, which are more likely to experience poverty and are therefore more likely to require social security support: lone parents; disabled people; families with more than three children; minority ethnic groups; families with a child under one; and mothers under 25¹³. The TCPDP commits to addressing these socioeconomic inequalities through its child poverty reduction policies and measures (including the SCP), stating that they must impact positively on each of these groups.

Early introduction for under 6s

The Scottish Government is committed to tackling child poverty as quickly as possible and so the SCP is being introduced early for children under 6 – recognising that, of all children in poverty, almost 60% live in a household where the youngest child is aged under 6¹⁴.

Stakeholder Engagement

To ensure the SCP contributes to the reduction of inequalities caused by socio-economic disadvantage a wide range of stakeholders have been consulted representing disadvantaged groups and extensive user research has been conducted amongst those with lived experience of the benefit system to help shape the design of the Payment. This has fed in to the development of the policy, service design and communications.

The views of people with lived experience of applying for and receiving benefits have been captured through a range of user research activities across Scotland. To date over 300 users have been engaged, including charity

¹² [Tackling Child Poverty Delivery Plan, page 16](#)

¹³ [Tackling Child Poverty Delivery Plan, page 110](#)

¹⁴ [Children in poverty or material deprivation by age of children in household](#)

workers, welfare officers, kinship carers and groups representing the priority groups in the TCPDP. We have issued a survey to Experience Panel members seeking views on the design of the SCP and engaged with individual members to test the prototype and paper forms. Broadly, this user research has told us that people are supportive of the Payment and that an accessible application process, with multiple ways of applying is extremely important.

There has also been policy engagement with stakeholders throughout the SCP's development. This has included workshops with anti-poverty organisations, think tanks, academia and local authorities to develop the policy and delivery model for the SCP. We have held one to one meetings and attended a number of member events organised by the Scottish Campaign for Welfare Reform, the Social Security Consortium in Scotland and the Poverty Alliance, amongst others. These events have been designed to seek views on the policy for the SCP, identify any barriers towards claiming and consider how we can best maximise uptake of the benefit. The Cabinet Secretary for Social Security and Older People hosted a stakeholder roundtable in January 2020, which was an open discussion with key stakeholders about the policy and delivery of the benefit.

In the workshops that supported the early development of the policy options stakeholders noted that:

- The policy options should align with the wider aims in the TCPDP;
- The three percentage point reduction in poverty should be set as a the minimum reduction the policy should achieve; and
- There was broad support for the objective to reduce the depth of poverty.

Since then, stakeholders have been supportive of the development of the SCP. The main feedback has been that we should look to deliver the policy as swiftly as possible, particularly given the challenges families face due to COVID-19.

We have also hosted a series of specific equalities events to consider the impact of the policy on those with protected characteristics and those in the TCPDP's priority groups, including with: Inclusion Scotland; Fife Gingerbread; Engender; Women's Aid; Who Cares?; CEMVO Scotland; and religious groups.

Accessibility

To ensure the SCP contributes to a reduction in socioeconomic inequality it must be accessible. The SCP application process will follow established procedures within Social Security Scotland, ensuring we reduce the barriers to claiming, and thus socio-economic inequality. The SCP is being delivered through an application based process available online, by phone, or via paper form.

In addition, local delivery is the face to face channel of Social Security Scotland, providing pre-claim support to clients accessing the Scottish benefits system. This allows clients to apply in a manner best suited to their individual needs. Although the preference is to have Local Delivery support in place for the launch of SCP, at this point it is unlikely that this will be fully functional due to COVID-19 restrictions. This is because it is not yet known which external locations/offices will be available to allow face to face contact nor the impact on clients allowing access to their households. In addition, supporting products and kit, such as a lone working solution, booking tool and pdf document access, need to be in place to enable a successful launch. This situation will be kept under close review in the coming months and alternative solutions found for clients with specific needs.

The application form can be combined with the application for Best Start Grant (BSG) and Best Start Foods (BSF), if the client chooses making it as simple as possible for people on low incomes to access their entitlements.

It is recognised that those on low incomes may experience fluctuations in income and so there will be a 12 week period during which people stay on Social Security Scotland's systems. This means they do not have to reapply for the SCP, instead notifying if they subsequently come back into qualifying benefit or child responsibility benefit entitlement.

The SCP will be promoted via an extensive communication campaign to ensure take-up is high. This will include specific, tailored communications for groups less likely to access the benefits system, for example, gypsy travellers and young parents.

Policy impacts

It is expected that each of the priority groups identified in the TCPDP will benefit from the SCP and that it will have a positive impact upon socioeconomic inequality.

Lone parents

We know that lone parents (who are predominantly women) and households where only one adult works are at a higher risk of poverty: the poverty rates are highest for single women with children (39%)¹⁵. Welfare reforms at the UK level have been a significant driver of increased child poverty in single parent families¹⁶.

Estimates from the Labour Force Survey suggest that around 92% of lone parents with dependent children across Scotland are headed by women.¹⁷ This is reinforced by Tax Credit statistics which show that women make up the bulk of 'single tax credit recipients' (94%) as lone parents¹⁸. In addition, 51% of families receiving tax credits are headed by single women (44% by couples, and 3% by single men)¹⁹. Although Universal credit rollout is not complete yet and official statistics showing the gender of lone parents on Universal Credit are not available, these findings provide strong evidence that women are likely to make up the majority of lone parent Universal Credit recipients. Given that Universal Credit and tax credits are part of the eligibility criteria for the SCP, it is expected that women will benefit disproportionately from this policy.

Our user researchers spoke with a single parents group and a single fathers group. This led to improvements being made to the application for single parents, and the form being made more inclusive for single fathers i.e. changing the term 'birth mother' to 'birth parent', as some of them pointed out that it sounds like they cannot apply.

Disabled people

Poverty rates are higher for households when a family member is disabled, 31% of children living with a disabled person are in relative poverty compared to 24% of all children²⁰. The eligibility criteria for the SCP is based upon receipt of a qualifying benefit based upon a low income, the expectation is that the SCP will have a positive impact upon those families with a disabled person.

¹⁵ [Poverty and Income Inequality in Scotland 2016-2019, Figure 13](#)

¹⁶ [One Parent Families Scotland - The Scottish Affairs Committee Enquiry examine the impact of UK welfare policies in Scotland](#)

¹⁷ ONS (2019), [Families by family type, regions of England and UK constituent countries](#)

¹⁸ HMRC (2019) [Child and Working Tax Credits Statistics April 2019 \(Data Tables\), Table 3.1](#)

¹⁹ HMRC (2019) [Child and Working Tax Credits Statistics April 2019 \(Data Tables\), Table 3.1](#)

²⁰ [Supplementary child poverty tables - table 8 \(child poverty by whether there is a disabled family member\)](#)

The SCP application process has been designed to overcome the barriers disabled people can encounter when applying for benefits. Clients can choose the application method that best suits their needs: by telephone, clerically, online or face to face. In addition specific measures are being put in place for those with sensory, cognitive or physical accessibility needs, as outlined in our Benefit Take Up Strategy²¹.

Families with more than three children

The TCPDP identifies large families as a priority group with 30% of children in households with at least three children in relative poverty²². The SCP can be expected to benefit large families as there is no limit to the number of children the payment can be claimed for. User researchers tested the form with larger families, ensuring it was accessible and met their needs.

Minority ethnic groups

In 2014-19 people from non-white minority ethnic groups were more likely to be in relative poverty, with poverty rates at 39% for 'Asian or Asian British' ethnic groups, and 38% for Mixed, Black or Black British and Other' ethnic groups. This compares to 18% amongst the 'White British group'²³. Ethnicity correlates with family size, at the UK level, 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in large families (three or more children), compared to 30% of those in White British families²⁴. As a result minority ethnic groups are more likely to be eligible for a qualifying benefit and thus the SCP and are more likely to benefit from the fact there is no cap on the number of eligible children.

The language barriers that those in minority ethnic groups may encounter have been considered: as well as English, Social Security Scotland automatically creates all its promotional materials in seven languages – Farsi, Polish, Mandarin, Cantonese, Arabic, Gaelic and Urdu. The materials will also be translated into any other language upon request.

Families with a child under one

The TCPDP states that 32% of families where the youngest child is under a year old are in relative poverty²⁵.

²¹ [The Social Security Benefit Take-up Strategy](#)

²² [The Tackling Child Poverty Delivery Plan, page 110](#)

²³ [Poverty and Income Inequality in Scotland 2016-19, Figure 16](#)

²⁴ [Intersecting inequalities: the impact of austerity on black and minority ethnic women in the UK](#) a report by the Women's Budget Group and Runnymede Trust

²⁵ [Tackling Child Poverty Delivery Plan, page 19](#)

The decision to introduce the SCP early for those under 6 will positively impact this group. Mothers we spoke to as part of the policy development told us that the SCP would be of particular use when caring for young children, as they tend to grow out of clothes and shoes a lot more quickly.

Mother and baby groups have been extensively involved in the user research and their feedback has significantly shaped the SCP's development. We have endeavoured to make the SCP as straightforward for new parents as possible. While we do not use birth certificates as evidence (as they do not necessarily indicate legal responsibility), regulations will be put in place to give Social Security Scotland the ability to hold over an application for a certain period if they can see that the applicant is not yet entitled to the necessary benefit, but may soon be. In these instances, once the qualifying benefit is in place, the application can be processed and, importantly, the payment will be made from the point the person became eligible. In addition, the combining of the SCP application form with BSG and BSF ensures that the process for new parents is as straightforward as possible.

The Scottish Government will continue to engage with stakeholders to ensure that promotion of the payment is embedded in pregnancy and maternity service to make new parents aware of the support available.

Mothers under 25

Parental age has a significant impact on child poverty rates: 56% of children whose mother is aged under 25 are in relative poverty, compared with 23% of children whose mother is 25 or over²⁶. Young mothers we spoke to as part of the policy development highlighted how important the payment would be for them, enabling them to pay for shoes, clothing and toys.

It is clear from our user testing that many young parents find accessing the welfare and income to which they are entitled confusing and difficult. We conducted user research workshops and tested the form with young parents (under 18) through a charity. The input we got from this group highlighted their preference towards a digital service, finding contact via phone daunting, and helped to shape the wording and design of the form e.g. we took forward their suggestion that pre-application content should be displayed over several pages. Through

²⁶ [Supplementary child poverty tables – table 5 \(child poverty by age of mother\)](#)

	<p>our policy engagement, some of the young mothers we spoke to highlighted the importance of being able to speak to someone about their entitlement. A multi-channel application process and promotion both digitally and through local services will help ensure young parents access the benefits that they are entitled to. In addition, we will continue to engage with stakeholders to ensure that promotion of the payment is embedded in pregnancy and maternity service to make young mothers aware of the support available.</p>
<p>Summary of assessment findings</p>	<p>The TCPDP committed to introducing an income supplement to contribute to the overall child poverty reduction targets set out in the Child Poverty (Scotland) Act 2017. The policy, that became the SCP, aims to reduce both relative poverty and the depth of poverty, whilst ensuring reductions are sustainable.</p> <p>The TCPDP identified a series of priority groups which are at the greatest risk of poverty, advising that they must be targeted in all of its child poverty reduction policies and measures. We have developed the policy and delivery options in consultation with stakeholders to understand the impact on socioeconomic inequalities and engaged with those with lived experience of the benefits system via user research.</p> <p>From this work we can conclude that the SCP will actively contribute to reducing hardship faced by low income families and mitigate inequalities of outcome by:</p> <ul style="list-style-type: none"> • Providing low income families on qualifying, reserved benefits with an additional £10 per week. • Recognising the increased risk of poverty for large families and not placing a cap on the number of children who can be claimed for. • Recognising that incomes can fluctuate, creating a 12 week period during which people remain on Social Security Scotland's systems and do not have to reapply for the SCP, instead notifying if they subsequently came back into qualifying benefit or child responsibility benefit entitlement. • Simplifying the application process, allowing clients to apply for BSG/BSF/SCP in one application • Prioritising accessibility, allowing clients to apply using the method most suited to their circumstances e.g. by telephone, post, online or face to face. • Ensuring the application process is accessible for those with disabilities and language barriers.

- Promoting take-up of the SCP via an extensive communications campaign.

These measures have been designed to optimise the SCP's impact and reduce inequalities of outcome, particularly amongst the priority groups identified in the TCPDP.

Cost

The SFC have published updated forecasts detailing expenditure to accompany the SCP regulations, these can be found [here](#).

Monitoring

The Scottish Government has established the independent Scottish Commission on Social Security (SCoSS) who have provided independent scrutiny of the Scottish Child Payment regulations. The Scottish Government will publish a response on 8 September.

The Social Security (Scotland) Act 2018 places a duty on the Scottish Ministers to report annually to the Scottish Parliament on the performance of the Scottish Social Security System during the previous financial year. The report is to describe what the Scottish Ministers have done in that year to meet the expectations on them set out in the Charter.

We have established a stakeholder take-up reference group. This group comprises key individuals and organisations representing academic, third-sector, and local authority interests. It is designed so that members can bring their experience, expertise, and extensive networks to bear in supporting the implementation and monitoring of the first Benefit Take-up Strategy, as well as feeding into the development of the second and subsequent strategies.

We have also committed to reviewing the SCP during the course of the next TCPDP (2022-2026) and continue to work closely with stakeholders, and people with experience of benefits, to ensure that support is targeted at those families that need it most.

Sign off

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This publication is available at www.gov.scot

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The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80004-051-9 (web only)

Published by The Scottish Government, September 2020

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS760366 (09/20)

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