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Dear Sandra,

Thank you for the Committee's comprehensive Stage 1 report on the Child Poverty (Scotland) Bill. I welcome your support for the general principles of this critical legislation.

The Committee has provided very useful and constructive feedback within its report and the evidence sessions also provided some valuable suggestions. The Scottish Government will now consider these and where appropriate will bring forward amendments to strengthen the legislation at Stage 2.

I enclose the Scottish Government's response to the Committee's report.

A copy of this letter and response to your report has also been sent to the Convener of the Delegated Powers Committee.

**ANGELA CONSTANCE**



## CHILD POVERTY (SCOTLAND) BILL

### SCOTTISH GOVERNMENT RESPONSE TO THE SOCIAL SECURITY COMMITTEE'S STAGE ONE REPORT

#### INTRODUCTION

The Scottish Government welcomes the Committee's report and its comprehensive scrutiny of the Child Poverty (Scotland) Bill proposals at Stage 1. This Bill sets out our ambition to eradicate child poverty in Scotland, and provides a robust framework to ensure delivery, reporting, and monitoring, at a national and local level.

The numbers are stark. Over one in four children in Scotland today are living in poverty and we've consistently said that this is completely unacceptable. Against the backdrop of changes at the UK level, such as repealing the previous UK-wide income targets, this Bill is our clear, public commitment to taking action to tackle child poverty. The Committee has heard evidence from a range of stakeholders who supported the Scottish Government's view that action is needed, and that the Bill is both necessary and welcome.

This response will address the Committee's specific recommendations in turn.

#### TARGETS

*1. The Committee noted that setting targets will not, of itself, reduce child poverty, but believes that the reinstatement of statutory targets to tackle child poverty serves several important purposes. It sends a message about the importance the Scottish Government and the Scottish Parliament attach to addressing child poverty. It serves to focus minds and resources and sets a clear vision of where, as a society, we want to be.*

The Scottish Government welcomes the Committee's assessment, and wholly agrees. This Bill is a clear statement of intent. It will establish Scotland as the only part of the UK with statutory income targets on child poverty. It will set the framework for our ambition to eradicate child poverty, and it will allow us to be held to account for our efforts.

The Bill as introduced set out four income-based targets. These are broadly based on the targets repealed by the UK Government.

#### PERSISTENT POVERTY

*2. The Committee recommended that the Bill should include a challenging target to address persistent poverty.*

Sections 1(2)(d) and 5 of the Bill set a clear target on persistent poverty: **fewer than 5% of children are in persistent poverty by 2030**. The persistent poverty target identifies children living in poverty for a prolonged period. Clearly, this is more damaging than brief periods spent with a low income.

In the Scottish Government's view, the level of the persistent poverty target is already extremely ambitious and challenging, for two key reasons. Firstly, it is two

percentage points lower than the previous UK-wide persistent poverty target. Secondly, as with all four of the Bill's targets, the calculation is made on an after housing costs basis. This in itself is more challenging and ambitious than the previous UK-wide targets, which were measured on a before housing costs basis. Disposable income after housing costs more realistically reflects the amount of money families and individuals have at their disposal. The reason that the Scottish Government has chosen to set the persistent poverty target both on after housing costs basis, and two percentage points lower than the previous target, is to reflect the fact that the impact of poverty is greater for those living in poverty for long periods of time.

**The Scottish Government believes that the persistent poverty target set out in the Bill is robust, stretching and appropriate, and is therefore not minded to bring forward an amendment on this issue.**

### **CALCULATION OF NET HOUSEHOLD INCOME**

*3. The Committee drew attention to the evidence on the extent of poverty in households where someone has a disability, and requested that further consideration be given to whether there are other deductions that should be made when calculating net household income.*

There is broad agreement from stakeholders and poverty experts across the UK that the Bill's set of targets captures the key components of income poverty very well. In their response to the Scottish Government's consultation on the Bill, Child Poverty Action Group said: *"CPAG strongly support the use of the four income-based targets described in the consultation. These measures are internationally recognised as robust measures of child poverty and are the product of more than four decades of consultation and development by successive governments at UK and Scotland level."*

Of course, there are other factors, and we have long been aware of the need to understand and monitor those. That is why 37 different indicators were presented in our 2014 Child Poverty Measurement Framework.

While we recognise that there are additional costs associated with disability, research shows that these vary greatly in level and nature. Perhaps because of this, there is no established approach to measure these costs. The combined low income and material deprivation measure, already in the Bill, already allows for a fuller assessment of the living standards of those households facing particular difficulties due to high living costs, including those associated with disability. However, the Department for Work and Pensions does publish other statistics on income and disability, and we will consider whether it is possible to provide these as an additional measure of disability poverty more generally in Scotland. Our current approach to measuring household incomes, as reflected in the child poverty, also provides us with the ability to compare Scottish and UK statistics.

Together, the child poverty targets in the Bill and the measurement framework provide a strong and diverse picture of the causes and consequences of poverty, and as set out below, we have committed to reviewing the framework and including it alongside the first Delivery Plan.

**We can confirm that in reviewing the measurement framework, the Scottish Government will work with stakeholders to consider whether factors such as rural poverty and disability could be better reflected. The Scottish Government therefore does not consider it appropriate to alter the income targets to reflect such costs.**

## **INTERIM TARGETS**

*4. The Committee expressed the view that placing interim targets on a statutory footing would aid focus and create greater immediacy.*

As the Cabinet Secretary for Communities, Social Security and Equalities set out in evidence to the Committee, the Scottish Government recognises that there is an appetite for interim targets, and agrees with many of the arguments put forward by stakeholders on this issue.

To be genuinely useful, interim measures need to meet two key tests. First, they need to be stretching to drive action and ensure that momentum towards meeting the 2030 targets is maintained. Second, they need to take account of the latest evidence and reflect the broader context (where UK projections are predicting increased child poverty over the period to 2020-21). As such, we take the view that an analytically-informed set of interim targets would be more useful and ultimately more meaningful than the simple approach of choosing a mid-point target level, half way through the period to 2030. For these reasons, detailed projections and appropriate target levels need time to prepare.

Therefore, our preference is to bring forward an amendment to include reference to interim targets on the face of the Bill and to allow regulations to be made under the Bill which specify the levels of the interim targets. We are committed to parliamentary approval being required for the levels at which the interim targets are to be set in regulations.

**The Scottish Government will bring forward an amendment at Stage 2 to place the principle of interim targets on a statutory footing.**

## **AREAS FOR INCLUSION IN DELIVERY PLANS**

*5. The Committee recommended that the Scottish Government bring forward an amendment at stage 2 to include the five areas suggested by End Child Poverty coalition as being a requirement for inclusion in delivery plans.*

*6. The Committee recommended that the Scottish Government consider evidence received suggesting other issues to be covered in Delivery Plans.*

The Bill as introduced did not include a specific list of areas that Delivery Plans would be expected to cover. The rationale for this was that the Scottish Government has committed to taking advice from a wide range of partners in developing each specific Delivery Plan. In particular, we are keen that the Poverty and Inequality Commission that we have committed to establish this year will play a key role in advising us on the Plans.

The Scottish Government recognises that the balance of opinion we have heard during Stage 1 proceedings is in favour of more detail being set out in the Bill. In particular, we note the specific recommendations of the End Child Poverty Coalition, and the additional areas set out by the Committee.

**The Scottish Government notes Committee recommendations 5 and 6, and will bring forward an amendment at Stage 2 setting out appropriate areas to be taken account of in Delivery Plans.**

## **DATES OF DELIVERY PLANS**

*7. The Committee stated their view that Delivery Plans should be published to coincide with the start of Parliamentary terms, and sought further discussion of the case for three-year Delivery Plans.*

The Scottish Government accepts that the dates of Delivery Plans could be amended to better align with Parliamentary terms.

We note with interest and agree with the comments made by Jim McCormick of the Joseph Rowntree Foundation on the timing of Delivery Plans: *“it makes more sense to have that as an early act post-election so that... a newly formed Administration can decide what the best priorities are for the five years of that parliamentary session. In part, that would be about manifesto commitments, but it would also be about the thorough learning that has gone on in the previous session.”*

We have considered the Committee’s views on 3-year Delivery Plans. It is the Scottish Government’s view that a long-term, considered approach is needed to address the underlying causes of poverty in Scotland, and it is our strong view that 3 year plans would not lend themselves to the sort of strategic approach that we want to take. Responding to our consultation on the Bill, Barnardo’s Scotland said: *“Extending the period covered by the proposed ‘delivery plans’ will also provide a more realistic timeframe in which new policies can be developed, implemented and their impact assessed. It might also be helpful that the 5 year period is in-keeping with parliamentary term.”*

**As indicated by the Cabinet Secretary during evidence to the Committee, we will therefore review the publication dates of Delivery Plans and bring forward an amendment at Stage 2 to align them more closely to Parliamentary terms, whilst ensuring flexibility for future governments.**

## **REFERENCE GROUP**

*8. The Committee welcomed the establishment of a Reference Group, sought further detail on timing, remit and membership, and requested that the Group consider sharing best practice and data and what improvements could be made to available data.*

A Reference Group has now been established. This Group will advise the Scottish Government on the development of guidance on the duty within the Child Poverty Bill requiring local authorities and NHS boards to publish an annual report which sets out activity taken in each year to tackle child poverty.

The Group’s membership is as set out below:

- Helen Budge, Director of Children's Services, Shetland Islands Council
- Peter Allan, Community Planning Manager, Dundee City Council
- Nicola Dickie/Mike Callaghan, COSLA
- Robert McGregor, Policy Manager, Communities and Corporate Development, Fife Council
- Alison Clark, Acting Head of Policy, Highland Council
- Wendy Jesson, Anti-Poverty Officer, Dumfries and Galloway Council
- Jude Breslin, Co-ordinator, Children's Services, Falkirk Council
- Liz Nolan, Aberlour Service Manager and Chair, Falkirk Children's Commission Poverty Task Group
- Kerry McKenzie, Organisational Lead, Child Poverty, NHS Health Scotland
- Elaine Nisbet, Anti-Poverty and Welfare Advice Manager, West Lothian Council
- Sandra McDermott, Head of Financial Inclusion and Improving the Cancer Journey, Glasgow City Council
- Allyson McCollam, Associate Director of Public Health, NHS Borders
- Susan Webb, Director of Public Health, NHS Grampian
- Sonya Scott, Consultant in Public Health and Fiona Moss, Associate Director of Public Health – sharing representation for NHS Greater Glasgow and Clyde
- Alastair McAlpine, Statistician, Communities Analysis Division, Scottish Government.

The Terms of Reference which have been developed setting out the following duties for the Group:

- describing what an annual report should contain and subsequently advising on what form of guidance would be most useful to this end
- advising how best to involve all community planning partners in the development of the annual reports
- identifying best practice in relation to tackling, monitoring and reporting on child poverty, including, where applicable, successful tests of change using improvement methodology
- Identification and mapping of local analysis, indicators and outcomes relating to the measurement of, and tracking progress towards reducing, child poverty, ensuring alignment with the national Child Poverty Measurement Framework
- Identifying existing reporting duties on local authorities and NHS boards, and how the new reporting duty on child poverty can best align with these to avoid duplication at local level.

The Group met for the first time on 8 May 2017, when it was agreed that there should also be representation from the third sector, and that officials would approach the End Child Poverty Coalition for a suggested nomination. The Coalition is currently considering the request.

The next two meetings of the Group have been set for 4 July 2017 and 5 September 2017. We expect that the guidance for the local action plans duty will be published before the end of 2017.

## MEASUREMENT FRAMEWORK

*9. The Committee welcomed the Cabinet Secretary's commitment to reviewing the measurement framework, and recommended that Delivery Plans make specific reference to the framework.*

The Scottish Government notes the Committee's recommendation on the measurement framework, and reiterates our previous commitments to revising the framework in time for the first Delivery Plan. We have already begun initial discussions on this, and will be engaging further with relevant stakeholders over the summer to seek their views.

**The Scottish Government can confirm that the Delivery Plans will make specific reference to the measurement framework.**

## SCRUTINY

*10. The Committee recommended the establishment of a commission, on a statutory footing, with a duty to scrutinise Scottish Ministers' Delivery Plans and progress reports.*

The Scottish Government is absolutely committed to ensuring that Delivery Plans and annual reports are scrutinised thoroughly. We expect the Parliament and the Social Security Committee to play a key role in this, and that is why the Bill contains a requirement that Delivery Plans and annual reports will be published and laid before Parliament. We also note the view expressed by the Committee in recommendation 7 that comprehensive parliamentary scrutiny of the delivery plans is essential.

The Scottish Government is committed, as part of our Fairer Scotland Action Plan, to establish a Poverty and Inequality Commission this year. As set out in the Action Plan, a key role that we expect the Commission to play is in advising us on Child Poverty Delivery Plans. We are progressing our plans to establish the Commission shortly, so that they can play a key role in the development of the first Delivery Plan due in April 2018.

The Scottish Government is open to working with the Committee to ensure that the combination of Parliamentary scrutiny provided for in the Bill, and the scrutiny that will be provided by the Scottish Government's Poverty and Inequality Commission strikes the appropriate balance.

The Scottish Government supports the Committee's view that scrutiny arrangements should be at least as strong as those previously in place. However, we are not persuaded that this should be through a statutory Commission for a number of reasons. First, a statutory Commission would be a more costly and bureaucratic model. Second, a statutory Commission would not be in place to contribute to the first, crucial Delivery Plan, because of the inevitable time constraints associated with establishing a new quango. Finally, previous experience at UK level has demonstrated that setting a Commission in statute does not guarantee that body's long-term future or focus. The UK Social Mobility and Child Poverty Commission was established as an advisory non-departmental body in 2010 and was then comprehensively remodelled by the UK Government just years later, including the removal of its child poverty responsibilities.

## **AFFIRMATIVE PROCEDURE**

*11. The Committee supported the recommendation of the Delegated Powers and Law Reform Committee that any regulations specifying a change to the base year for absolute poverty should be subject to the affirmative procedure.*

The Scottish Government notes the report from the Delegated Powers and Law Reform Committee.

**We will bring forward a Stage 2 amendment to change the procedure from negative to affirmative procedure.**

## **LINK WITH BUDGET PROCESSES**

*12. The Committee recommended that the Scottish Government's budget plans make direct links with the Child Poverty Delivery Plans and progress reports.*

The Scottish Government has stated on a number of occasions that the Delivery Plans required by the Bill will be comprehensive, cross-Government documents. We know that if we are to tackle the deep rooted issue of poverty in Scotland, we will need to work across portfolios to develop a truly cross-Government approach.

The Equality Budget Statement in 2016 included analysis of the impact of budget decisions on inclusive growth and future statements will be required to include analysis of the socio-economic impact of budget decisions in line with the new socio-economic duty. Impact on child poverty will clearly be part of these deliberations moving forward.

Clearly, policy interventions that will help us to meet the targets set out in the Bill will involve difficult spending decisions, and we will need to think carefully about how we meet our obligations under this legislation against an economic future which is increasingly uncertain.

**The Scottish Government therefore confirms our Delivery Plans will take budget considerations into account.**

## **CONCLUSION**

*13. The Committee acknowledged that the Child Poverty (Scotland) Bill is a framework bill; noted that the Bill sends a message of intent and provides the foundations for ensuring focus at national and local level; and stated that a consistent and sustained effort at national and local level is required to tackle child poverty in Scotland and to bring about the necessary culture change across society. The Committee supports the general principles of the Bill.*

The Scottish Government welcomes the Committee's report, and its support for the general principles of the Bill. We look forward to further discussion of the Bill's proposals during the next stage of the Parliamentary process.