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Child Poverty (Scotland) Bill

21 February 2017

17/10

Suzi Macpherson and Jon Shaw

The Child Poverty (Scotland) Bill is a Scottish Government Bill introduced in the Scottish Parliament on 9 February 2017 by the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance MSP. This briefing discusses the main provisions in the Bill and the policy intent that frames this legislation.



The Scottish Parliament
Pàrlamaid na h-Alba

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EXECUTIVE SUMMARY

The Child Poverty (Scotland) Bill is a Scottish Government bill that was introduced in the Scottish Parliament on 9 February 2017 by the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance MSP. The Bill has two main elements. The first is a set of income-based targets against which child poverty is to be measured. The second is a set of reporting mechanisms, which include requirements on the Scottish Ministers to set out their proposed actions to tackle child poverty and to report progress against these actions. Local authorities and partner health boards are also to jointly report on their activity to address child poverty at the local level.

The four statutory targets set out in the Bill are:

- Less than 10 per cent of children live in households that are in relative poverty.
- Less than 5 per cent of children live in households that are in absolute poverty.
- Less than 5 per cent of children live in households that are in combined low income and material deprivation.
- Less than 5 per cent of children live in households that are in persistent poverty.

The targets are to be met in financial year commencing 1 April 2030.

Each of the four targets is defined on the face of the Bill along with related terms necessary to understand the measures being adopted; specifically 'net household income' and 'child'.

The Bill has been brought forward as a direct response to the repeal of significant sections of the UK Child Poverty Act 2010, notably the previous income-based targets for child poverty. While the Bill mirrors many of the provisions that were previously in the Child Poverty Act 2010, the Scottish Government has made the decision that the new statutory targets for Scotland will be measured on an after housing costs basis, whereas the UK measure had been a before housing costs measure. After housing costs refers to the costs associated with rent, water charges and similar. It does not include mortgage capital, fuel costs or council tax.

The Scottish Government reported its performance against the UK targets through a three year strategy and an annual report, which included official statistics measuring relative and absolute poverty along with relevant survey data to capture information on material deprivation. The intention is to continue to report against the Scottish statutory requirements using the same methods.

The reporting mechanisms set out in the Bill are a 'delivery plan' to be published at three points during the life of the legislation: April 2018; April 2021; and April 2026 which sets out the activity that is to be pursued to achieve the child poverty targets. This is accompanied by an annual report setting out progress toward achieving the activities set out in the relevant delivery plan. Local authorities and partner health boards are also to report annually on activity at the local level to support the goal of eradicating child poverty. Finally, in financial year 2030-31 the Scottish Ministers are to produce a final report showing child poverty levels for the four measures as they stand at that point. Where a target has not been met, there is a requirement to explain why the target has not been met.

Comparing the targets for 2030 with child poverty levels for 2014-15 shows the following:

- Twenty two per cent of children live in a household in relative poverty after housing costs. This is 12 percentage points away from the 2030 target of 10 per cent.
- Twenty one per cent of children live in a household in absolute poverty after housing costs. This is 16 percentage points away from the 2030 target of five per cent.
- Twelve per cent of children live in relative poverty after housing costs and material deprivation. This is seven percentage points away from the 2030 target of five per cent.
- Currently there are no reliable statistics on levels of persistent poverty. The first set of statistics should be available in spring 2017.

THE UK CHILD POVERTY ACT 2010

In 1999, the then UK Prime Minister, Tony Blair, made a pledge to eradicate child poverty within a generation (BBC, 1999). The UK Government subsequently announced intermediate goals toward this pledge that stated its intention to reduce child poverty by: (a) a quarter by 2004-05; and (b) a half by 2010-11. These targets were based on a baseline level of child poverty as it stood in 1998-99 (Kennedy and Townsend, 2009).

In his speech to the Labour Party Conference on 23 September 2008, the then Prime Minister, Gordon Brown, announced the UK Government's intention to enshrine the target of eradicating child poverty by 2020 in legislation (Brown, 2008). The decision to set out these targets in legislation was intended, the UK Government said, to 'help to ensure that we stay on course and take action now to tackle the causes as well as the consequences of poverty' (Kennedy and Townsend, 2009).

At the time the legislation was being considered in Westminster (in 2008-09), Kennedy and Townsend (2009) noted that the former target – of reducing child poverty by a quarter – had been missed and the UK Government was beginning to acknowledge that the latter target – of halving child poverty by 2010-11 – was also unlikely to be met. Even with that, the Child Poverty Act 2010 passed with cross-party support, and received Royal Assent on 25 March 2010 (House of Lords, 2010).

The UK Child Poverty Act 2010 ("the 2010 Act") established four income-based targets to be met in financial year 2020-21. These were:

- a relative low income measure
- an absolute poverty measure
- a combined low income and material deprivation measure
- a persistent poverty measure.

The 2010 Act also required the UK Government to set up a Child Poverty Commission and to publish and lay before the UK Parliament its first UK strategy a year after enactment and then every three years from that point. The strategy was to be informed by advice from the Child Poverty Commission. The Scottish and Northern Irish devolved administrations were also required to produce child poverty strategies in the same timeframes as the UK Government, also taking advice from the Commission in so doing. In England, local authority and partner authorities were required to cooperate to ensure that they were working to tackle child poverty at the local level.

In 2011, when the UK Government produced its first child poverty strategy, the Child Poverty Commission had not yet been established. While there was no date set out in the legislation for when the Commission should be formed, the 2010 Act obliged the UK Government to request and have regard to advice from the Commission in preparing the child poverty strategy. This was the basis of the judicial review that the Child Poverty Action Group (CPAG) took against the UK Government. CPAG argued that the Commission should have been set up in order to inform the content of the first strategy. CPAG also pointed out that the strategy did not contain any statistical information or analysis of how the targets in the Act were to be achieved, so was not compliant with the provisions in the 2010 Act. It also argued that several of the policy measures referred to in the strategy (e.g. housing benefit cuts) were likely to lead to an increase in child poverty (CPAG, 2012). The court upheld CPAG's claim that the strategy was not compliant with the 2010 Act because it did not take advice from the Commission. However, the court found against CPAG on the matter of the content of the strategy as this was seen as a matter for Parliament, not the courts (CPAG, 2012).

The change in political administration at UK level from May 2010 meant that significant changes to the 2010 Act were brought forward first through the Welfare Reform Act 2012 then through the Welfare Reform and Work Act 2016. Through the 2012 Act, the proposal for a Child Poverty Commission was replaced with a Social Mobility and Child Poverty Commission. Kennedy (2014) notes that the Conservative party has long been of the view that tackling child poverty should be about addressing what it considers to be the underlying causes of poverty (e.g. youth unemployment and poor school attainment), rather than focusing specifically on income-inequality.

Through the Welfare Reform and Work Act 2016, the four income-based targets on child poverty set out in the 2010 Act were withdrawn and replaced by a duty to produce an annual report on levels of worklessness and educational attainment¹. The Child Poverty Act 2010 was also retitled the Life Chances Act 2010, the Social Mobility and Child Poverty Commission's (which had been established in 2012) remit was changed and its name changed to the Social Mobility Commission (Kennedy, 2015).

Section 4 of the Welfare Reform and Work Act 2016 places a duty on the Secretary of State for Work and Pensions to publish data annually on the number of children living in poverty, using the same four measures previously set out through the 2010 Act. The legislative duty to measure child poverty levels was introduced as a compromise position, to secure the House of Lords' agreement to the Welfare Reform and Work Bill. The Lords had amended the Bill to place a duty on the Secretary of State to report annually to Parliament on the four measures (McGuinness and Brown, 2016).

THE CHILD POVERTY BILL 2017

The Scottish Government has stated publicly its 'fundamental disagreement' with the UK Government repealing the four income-targets from the 2010 Act. The replacement of the income-based targets suggests, the Scottish Government argues, that the explanations for poverty lie with individuals and lifestyle issues "rather than addressing the social and economic drivers that cause people to fall into or remain in poverty" (The Scottish Parliament 2017c).

The Scottish Government responded to the removal of the income-based targets from the 2010 Act by requesting an opt-out from the UK Government's approach. The passing of the Welfare Reform and Work Act 2016 gave Scotland the requested opt-out. The Scottish Government was then able to bring forward proposals for a Scottish approach to tackling and measuring child poverty (Scottish Government, 2016a).

In August 2016, the Scottish Government published its consultation on a child poverty bill for Scotland (Scottish Government, 2016a). A set of questions were raised in the consultation, which are listed at [Annexe A](#). As the proposals set out in the consultation were largely carried through to the provisions now on the face of the Bill, the discussion below reflects the provisions in the Bill and relevant issues raised in consultation responses. Further detail of the consultation responses can be found in the Scottish Government's analysis of responses. (Scottish Government, 2016b).

¹ sA1A of the Life Chances Act 2010 requires that the data used, and how the meanings of these terms are interpreted, must be derived from official statistics if practicable.

PROPOSED CHILD POVERTY TARGETS

Provisions in the Bill

Section 1 sets out the four child poverty targets, and the reference year in which the targets must be met.

Section 2 defines the relative poverty target.

Section 3 defines the absolute poverty target. It also contains a regulation-making power to amend the reference year against which absolute poverty is to be judged.

Section 4 defines the combined low income and material deprivation target.

Section 5 defines the persistent poverty target.

The long title states that the intention of the Child Poverty Bill is to “set targets relating to the eradication of child poverty” as well as making provision for plans and reporting relating to achievement of these targets. Establishing a set of statutory income-based targets for Scotland is intended to mirror provisions that were previously in the UK Child Poverty Act 2010 (“the 2010 Act”).

Section 1 – Four Income-Based Targets

The four income-based targets set out on the face of the Bill use the same definitions of poverty that were previously in the UK Government’s Child Poverty Act 2010. The date by which they are to be achieved is financial year commencing 1 April 2030 (10 years later than in the 2010 Act). The date for achieving these targets has been chosen by the Scottish Government as it aligns with the Fairer Scotland Action Plan and other Scottish Government policy measures.

The targets in the Bill all relate to children living in Scottish households, and are that:

- Less than 10 per cent of children live in households that are in relative poverty
- Less than five per cent of children live in households that are in absolute poverty
- Less than five per cent of children live in households that are in combined low income and material deprivation
- Less than five per cent of children live in households that are in persistent poverty.

The Policy Memorandum (Scottish Parliament, 2017b) explains the rationale for choosing these income-based targets:

- They mirror the targets that were previously in the Child Poverty Act 2010.
- They are well-known and understood by stakeholders.
- They were chosen following extensive consultation.
- They “were designed to complement each other, with each capturing different aspects of poverty”.

The meaning of each target is considered further below.

Section 2 – Relative Poverty

Section 2 provides that a child is in relative poverty if they live in a household where equivalised income for the financial year in question is less than 60 per cent of the median equivalised net income for that financial year. This measure is “a recognition that individual and household needs are relative to societal standards of living” (Scottish Parliament, 2017c). “Equivalisation”

is the process of adjusting a household's income for size and composition, so that incomes of different types of household can be looked at on a comparable basis. The concept is discussed further below.

Based on 2014-15 figures, the median equivalised net income for a couple with two children aged 5 and 14 years (after housing costs) was £655 per week / £34,200 per annum. The relative poverty threshold for the same household type was thus £393 per week / £20,500 per annum. There is more information on the use of before and after housing costs measures in the discussion on housing costs later in this briefing.

Section 3 - Absolute Poverty

Section 3 provides that a child is in absolute poverty if they live in a household with an income below 60 per cent of the median equivalised net income in 2010-11. This measure is intended to “enable an assessment of whether the living standards at the bottom of the income distribution are rising or falling over time” (Scottish Parliament, 2017b). For example, the UK median equivalised net income for a couple with two children aged 5 and 14 years (after housing costs) in financial year 2010-11 was £582 per week (DWP, 2012).

The Bill provides that the 2010-11 median equivalised net household income must be “adjusted to take account of changes in the value of money since that financial year” (Scottish Parliament, 2017a). Using the current uprating methodology,² median equivalised net income in 2015-16 for a couple with two children aged 5 and 14 years (after housing costs) was £643 per week.

Table 1 shows the 2010-11 absolute poverty threshold (after housing costs) as it has changed between 2010-11 and 2015-16 in real terms (2015-16 prices).

Table 1: Equivalised 2010-11 median income and absolute poverty threshold, real terms (2015-16 prices), different family types

	Lone parent with one child aged 14 (or couple with no children)		Couple with 2 children, aged 5 and 14	
	Median income	Poverty threshold	Median income	Poverty threshold
2010-11	£359	£215	£582	£349
2011-12	£374	£225	£606	£364
2012-13	£384	£230	£622	£373
2013-14	£393	£236	£636	£382
2014-15	£397	£238	£643	£386
2015-16	£397	£238	£643	£386

Figures rounded to nearest £1

Source: SPICe calculations based on ONS (2016), and personal communication with Scottish Government

Section 3 also contains a regulation-making power to alter the reference year against which the absolute poverty target is to be measured. The Explanatory Notes (Scottish Parliament, 2017c) explain that the current reference year has been chosen to allow a 10 year comparison to be made with the base year that was originally set out in the Child Poverty Act 2010. The Delegated Powers Memorandum suggests that the reference year will at some time in the future change to 2020, and that this power is likely to only be exercised once (Scottish Parliament, 2017e). The proposal in the Delegated Powers Memorandum is for a negative procedure to be used to action this change.

² This takes the 2010-11 figure and uprates it using a modified Consumer Prices Index figure. For further details see the section of this briefing on equivalisation below, Scottish Government (2016c) and DWP (2016).

Section 4 - Combined Low Income and Material Deprivation

Section 4 provides that a child is in combined low income and material deprivation if they live in a household with an income below 70 per cent of the equivalised median net income for that year. In addition, the household must have experienced material deprivation in the same year. Material deprivation is not defined on the face of the Bill. However, the Explanatory Notes point out that this is to be measured using information collected through the UK Family Resources Survey (FRS). Information on the way that material deprivation is measured through FRS is provided at [Annexe D](#) of this briefing.³

The Explanatory Notes highlight that “households which, for example, need to spend a greater proportion of their income on health or education, or on servicing debts, are less likely to be able to access the essentials identified on the list of items used for measuring material deprivation.” (Scottish Parliament, 2017c).

This measure is important as expenditure on health costs, education and debt repayments are not taken into account when using income-based measures alone. Measures that assess poverty based on “net household income” measures therefore only offer a partial picture of the disposable income available to a household. A number of consultation responses stress the importance of this wider focus on material deprivation. For example:

“...the combined low income and material deprivation measure is important because it includes incomes below 70% of the median (the relative poverty threshold plus the next 10% at risk) and a ‘basket of essentials’ element. Each year, JRF publishes a Minimum Income Standard (MIS) for the UK based on public deliberation about the household budgets needed to cover the goods and services regarded as essential for a modest but adequate standard of living... (JRF, 2016)

Section 5 - Persistent Poverty

Section 5 provides that a child is in persistent poverty if they have been living in Scotland and in relative poverty (as defined in Section 2) for three of the past four years. The target of five per cent for children in persistent poverty after housing costs is more ambitious than the target in the 2010 Act, which was seven per cent before housing costs⁴.

While the other targets consider levels of child poverty in a single financial year, this measure is included as it offers an opportunity to capture trends in the number of children living in low income households over a longer time frame. The Scottish Government recognises that extended periods in poverty are likely to have a greater impact on a child’s life. By measuring persistent poverty the intention is to ensure that a particular year’s figures “are not a ‘snapshot’ of income at one time only” (Scottish Parliament, 2017c)

While many respondents to the consultation supported the inclusion of a measure of persistent poverty, there were those that suggested that the proposed target is not ambitious enough. For example, the JRF (2016) felt that “an ambitious persistence target for families in Scotland would be no more than two years out of three.”

³ The official source of income statistics for Scotland is the FRS. Analysis of low incomes households is derived by using the FRS to establish the Households Below Average Income (HBAI) dataset. Since 2002/03 the Scottish Government has paid for a doubling of [the FRS sample for Scotland to around 5,000 household interviews](#). Increasing the sample size allows more detailed analysis at Scottish level, including more robust estimates of the number of low-income households.

⁴ The rate for the UK was set in the Child Poverty Act 2010 (Persistent Poverty Target) Regulations 2014

Views on the Proposed Targets

Most respondents to the Scottish Government consultation on a child poverty bill agreed that child poverty targets should be placed in statute. End Child Poverty (2016a) said:

“Above all the legislation will provide a means of holding the Scottish Government and other public bodies to account. This will be achieved by making sure that the Bill contains provisions to scrutinise the performance of the Scottish Government and other public bodies in meeting targets to eradicate child poverty. We have seen with other legislative targets that media and stakeholder scrutiny also has an impact on increasing accountability and transparency and provides impetus to meet the target. This level of scrutiny will help to ensure that the scandal of child poverty remains high on the public and political agenda.”

A few local authorities that responded to the consultation expressed concern about putting the targets into statute. For Argyll and Bute Council (2016) the concern was that current levels of child poverty (discussed later) accompanied by changes to reserved social security benefits (e.g. the reduced benefit cap and limiting of some benefits to two children per household) mean: “including this ambition in statute is likely to be over-ambitious”. For Scottish Borders Council (2016) there was a question about the difference that setting the targets in legislation would make at the local level. It felt that it was not clear what “measurable difference this makes to levels of child poverty”.

Some respondents to the consultation suggested additional targets to accompany the four proposed targets that are now in the Bill:

- Citizens Advice Scotland (2016) “recommends the Scottish Government consider including the proportion of children in severe poverty to ensure that the depth of poverty is reflected in the targets.”
- JRF (2016), CPAG (2016) and Social Work Scotland (2016) suggested a target for the depth of poverty or “poverty gap”.
- NHS Greater Glasgow and Clyde (2016) suggested that “an additional measure could include financial insecurity to reflect the precarious financial position of families living in poverty, for example measuring debt and food and fuel poverty.”
- Glasgow Centre for Population Health (2016) questioned whether changes in income within a year should be measured. They “would like to see an additional measure of poverty that reflects inconsistency of income. This might be measured as a rate of people falling into and out of poverty more than once in a year.”

DEFINITIONS

Provisions in the Bill

Section 6 defines how net household income is to be calculated. Section 6(1) provides that a deduction must be made for housing costs. Section 6(2) defines two technical terms used in the legislation: “equivalised” and “median equivalised net household income”.

Section 11 defines the terms “child” and “child poverty targets” for the purposes of the Bill.

Definition of ‘Child’ in the Bill

Given the focus of the Bill, there are some important terms that are either defined in the Bill or that are considered further below for clarity. Firstly, at Section 11, ‘child poverty targets’ is defined as referring to the four income-based targets set out at Section 1(2) and explained in

Sections 2 to 5. The term ‘child’ is defined for the purposes of this legislation as a person under the age of 16 or who is a ‘qualifying young person’ for the purposes of Child Benefit entitlement.⁵

Defining who is a child in the context of measuring child poverty levels is important as children are generally treated as part of their parent(s) household when entitlement to means-tested benefits is being calculated. As poverty measures equivalised household income, in the vast majority of cases it is parental income that will determine whether a child is living in poverty. How equivalisation works is explained further below.

Median Equivalised Net Household Income

Median income is used in the Bill (as opposed to mean income),⁶ and this is also the approach used in both UK and Scottish income and poverty statistics. Median income is preferred to avoid the distorting effect of a small number of very high incomes on a mean income figure (Scottish Government, 2016c).

The use of the UK median income to calculate the poverty thresholds for Scotland appears to have the effect of making the targets slightly less challenging to achieve. Looking at the most recent available statistics, the Scottish equivalised median income is slightly higher than the equivalent UK figure (Scottish Government, 2016c).

Section 6(2) defines “equivalised” income as net household income that has been “adjusted to take account of variations in household size and composition”. This section also states that the targets are to be assessed against the median equivalised net income of the United Kingdom.

There is no definition in the Bill or in accompanying documents to explain what net income is, or how household income is to be equivalised. The Scottish Government (2016c) statistics currently measure income net of:

- income tax payments
- National Insurance contributions
- contributions to occupational, stakeholder and personal pension schemes
- council tax
- maintenance and child support payments made
- parental contributions to students living away from home.

Current DWP (2016) and Scottish Government (2016c) low income statistics use the modified OECD scale to equivalise household incomes. This gives a household composed of two adults a weighting of 1, and then adjust for the presence of more or less adults and/or children. The equivalisation method is slightly different for income figures before and after housing costs (see below), to reflect the fact that housing costs change differently to other expenditure as household size changes.⁷

⁵ Broadly this means someone aged under 20 who is in full-time, non-advanced education or certain types of training.

⁶ The median is the value at the midpoint of a series – in this case the income of the person who would be at the halfway point if the whole population were lined up from richest to poorest. The mean is a more traditional way of taking an average – the total income divided by the number of people.

⁷ For the full BHC and AHC equivalisation scales see DWP (2016).

Housing Costs

Section 6(1) provides that income is to be calculated including a deduction for housing costs, known as an after housing costs (AHC) measure. This is a departure from the approach used in the 2010 Act where the targets used a before housing costs (BHC) measure. As noted above, the UK Government is no longer required through statute to report on progress against a set of child poverty targets, but it will continue to report child poverty statistics.

To allow comparison with the former UK before housing costs targets, Table 2 provides figures on the weekly and annual household income (after tax and benefit transfers) for a couple household with school age children both before and after housing costs. It shows median income as well as the threshold at which a household would be classified as in relative poverty (on 2014-15 figures).

Table 2: Median income and poverty threshold for a couple household with children, before and after housing costs, 2014-15

Couple, children aged 5 and 14 years	Before housing costs		After housing costs	
	Week	Year	Week	Year
Median Income level	£724	£37,800	£655	£34,200
Relative poverty threshold	£435	£22,700	£393	£20,500

Source: [Poverty and Income Inequality in Scotland 2014/15](#), Tables 1 and 2

The Scottish Government (2016) has said that an AHC measure is “significantly more ambitious”, and that there is increasing agreement that AHC measures better reflect the actual disposable income of a household. The majority of responses to the consultation agreed with this approach.

Several respondents stressed that the Scottish Government should also continue to report on levels of child poverty before housing costs. A common reason was that BHC measures are “needed for international comparison” (Sinfield, 2016). Others have argued that reporting poverty levels both BHC and AHC “highlight[s] the relative contribution of housing costs to poverty” (JRF, 2016).

While the Scottish Government currently reports in its *Poverty and Income Inequality in Scotland* (2016c) statistics both BHC and AHC measures, the Bill only imposes a duty to measure and report on child poverty after housing costs.

Responding to the consultation, Orkney Council stated the view that:

“a change to an ‘After Housing Costs’ measure should only be contemplated if it is believed that such a change will substantially affect the broad conclusions reached (i.e. that housing costs have a disproportionate or unusual effect compared with other measures, and therefore need to be incorporated for valid conclusions to be reached).” (Orkney Council, 2016)

Some respondents to the consultation queried how housing costs were calculated. The costs reflected in an AHC measure were not explained in the consultation document, which simply stated that “after housing costs (AHC) measures the disposable income households have once they have paid their housing costs.” (Scottish Government, 2016a) Housing costs were not defined in any more detail on the face of the Bill or accompanying documentation. There is, however, an explanation of what constitutes housing costs available on the Scottish Government website:



Housing costs are made up of:

rent; water rates, community water charges and council water charges; mortgage interest payments; structural insurance premiums (for owner occupiers); and ground rent and service charges.

Housing costs do not include variable costs of running a house, such as gas and electricity, and home insurance.

Source: [Scottish Government \(2017\)](#)

This matches the methodology used in the DWP (2016) *Households Below Average Income* publication. While the above recognises the cost of rent, for owner occupiers only the interest on mortgage payments are included, not any capital payment that may be being made. Shelter Scotland (2016) argued in their response to the consultation that:

“While this may have provided a more accurate picture of expenditure on housing during the 1990s and early 2000s, when interest-only mortgages were common practice and the investment was meant to be covered by an endowment, it is less accurate today where capital and interest mortgage policies are the norm for owner occupiers.”

It is possible that people do not necessarily understand what is included in an AHC measure. The Equality and Human Rights Commission (2016), for example, in its response to the consultation, pointed out that that an after housing costs measure “will more accurately reflect the total monies available to families who may have higher heating costs (disabled people)”.

Other respondents explicitly stated that other costs beyond housing should be taken into account when measuring child poverty levels. For example, Community Planning West Dunbartonshire (2016) stated that: “the impact of geography and fuel poverty must also be considered” while JRF (2016) said:

“[We] would encourage the Scottish Government to develop a combined costs measure including but going further than housing – measuring poverty after essential costs (AEC) which should also be adjusted for disability. This would help to highlight the actual costs different households face and may drive a closer linkage with policy decisions (e.g. on the uprating of disability benefits, the impact of employment programmes and childcare costs).”

Eradication

An important term that is not explicitly defined on the face of the Bill is the “eradication of child poverty”. It is not clear whether the achievement of the four income-based targets in the Bill will mean that the Scottish Government will consider that child poverty has been eradicated. An alternative possibility is that the achievement of these targets will be followed by further statutory measures. The Policy Memorandum to the Bill says:

“The Scottish Government’s long term ambition is to eradicate child poverty. The UK Government’s austerity programme and economic uncertainty caused by the EU referendum result make this an increasingly difficult challenge. The Scottish Government recognise[s] that many of the necessary levers for change are not devolved under the current constitutional settlement. Nevertheless, the Scottish Government will set a bold direction of travel, by setting targets that are stretching and ambitious, but realistic, to ensure that all parties can sign up to playing a part in achieving them.”

The Children and Young People’s Commissioner (2016), in his response to the consultation noted that the targets now on the face of the Bill are in line with rates achieved in similar sized European countries. However, “these targets must not be the final aim of any poverty reduction strategy.” CPAG in Scotland (2016) made a similar point, that “the ambition to eradicate child poverty in Scotland must endure beyond the realisation of these targets and the government and its partners in Scotland must work toward a society in which no child experiences poverty beyond 2030.”

PROPOSED REPORTING MECHANISMS

Provisions in the Bill

Section 7 requires the Scottish Ministers to prepare periodic delivery plans. It also sets out the time frames for each delivery plan to be produced.

Section 8 requires the Scottish Ministers to prepare a progress report each year.

Section 9 relates to the requirements on Scottish Ministers regarding the final report for financial year beginning April 2030.

Section 10 requires local authorities and health boards to produce a local child poverty action plan each year.

As the above shows, there are a range of reporting provisions set out on the face of the Bill.

Section 7 is concerned with the delivery plan. The delivery plan is intended to set out the measures that the Scottish Ministers propose to take to meet the child poverty targets. The periods for producing delivery plans are as follows:

- 1 April 1918 to 31 March 2021 (three years)
- 1 April 2021 to 31 March 2026 (five years)
- 1 April 2026 to 31 March 2031 (five years).

In producing this plan, the Scottish Ministers are required to consult with a range of relevant stakeholders, including local authorities, people or organisations working with or representing children, people or organisations working with or representing parents and any other relevant persons. After its preparation, the delivery plan is to be laid before the Scottish Parliament and published.

Section 8 sets out the requirement to produce annual progress reports. This report is intended to set out the measures that have been taken to meet the child poverty targets including the implementation of the activity set out in the delivery plan. Section 8(2)(b) states that the annual progress report must “describe the effect of those measures [being taken through the delivery plan] on progress towards meeting the child poverty targets” (Scottish Parliament, 2017a). As with the delivery plan, after preparation of a progress report, the Scottish Ministers are required to lay the report before the Scottish Parliament and publish it.

Section 9 sets out a requirement for the Scottish Ministers to produce a final report for the financial year beginning 1 April 2030. This report should include statements on the percentage of children living in poverty in Scotland in that financial year, based on the four statutory targets. Section 9(4) states that, where a specific target has not been met: “the report must explain why it has not been met”.

Finally, at Section 10 there is a requirement on local authorities and health boards to prepare and publish annually a joint local child poverty action report. This report should describe

measures being taken in the area of the local authority by either the local authority or the relevant health board(s) that contribute to meeting the child poverty targets.

Meeting the Reporting Requirements

As part of the reporting required through the UK Child Poverty Act 2010⁸, the Scottish Government has developed, in consultation with its Ministerial Advisory Group, a Child Poverty Measurement Framework (CPMF). The CPMF includes a wide range of indicators said to reflect issues that impact on the lives of children and their families. The indicators and progress to date is summarised at [Annexe B](#) of this briefing.

In the consultation document (Scottish Government, 2016a) a question was asked about improving the CPMF. Respondents suggested a number of areas for improvement, including:

- Making more explicit the links to Scottish Government policy e.g. through the Children and Young People (Scotland) Act 2014 and Getting it Right for Every Child (GIRFEC).
- More emphasis on income based measures e.g. benefit information, debt, food poverty and alignment of indicators with SIMD indicators.
- A streamlining of the number of indicators being used.
- Clarity or removal of targets that are not clearly linked to child poverty e.g. the smoking indicator and perceptions of neighbourhood friendliness.
- Providing support / resources to enable greater access to local level data.

The Policy Memorandum notes that the responses to this question, along with further engagement with relevant stakeholders in 2017, will assist the Scottish Government to develop the CPMF and ultimately inform the content of the first delivery plan (to be published by 1 April 2018).

As well as the CPMF, there were consultation respondents that pointed to other measures not currently on the face of the Bill that are necessary to ensure adequate reporting on progress toward eradicating child poverty.

One such measure is the establishment of an independent body or commission to provide oversight and scrutiny of the Scottish Government and its partners in working towards achievement of the child poverty targets. While many of the provisions in the Bill mirror those in the UK Child Poverty Act 2010, there is no statutory equivalent to the Child Poverty Commission that offers external advice to the Scottish Government on its delivery plan or annual reports. That said, while not set out in statute, the Fairer Scotland Action Plan (Scottish Government, 2016e) states that the Scottish Government will establish a Poverty and Inequality Commission in 2017-18, with a remit for child poverty.

A second issue raised through consultation responses is the need for there to be interim targets in place. It was noted that interim targets are needed in order to maintain momentum, assess progress and make sure that measures being taken to reduce poverty were having an effect on children now (Scottish Government, 2016b). There is no requirement set out in the Bill for interim targets to be established and reported either to the Scottish Parliament or to any group that is established to oversee or advise the Scottish Government on child poverty. There is also no mention in the Bill or accompanying paperwork of the role that is to be played by the current Ministerial Advisory Group (MAG) either in its current form or any modified future form.

⁸ To publish a child poverty strategy every three years and produce an annual report setting out the measures being taken to address the priorities raised in the strategy.

Policy Activity

The Scottish Government recognises that legislation alone will not deliver the change that is required. The consultation document pointed to a number of specific policy activities that are already being supported by the Scottish Government, which it states contribute toward tackling child poverty. Examples include:

- The commitment to promote the Living Wage.
- Free school meals.
- Expanding provision of funded early learning and childcare.
- The proposed Best Start Grant.
- Increasing the Health Visitor workforce.
- Expanding the Family Nurse Partnership programme.
- Reducing reoffending and supporting families affected by parental imprisonment.

This broader policy activity gives context to the provisions in the Bill, which focuses narrowly on a set of statutory child poverty targets and reporting mechanisms. As is noted in the Policy Memorandum, alongside the provisions in the Bill, there are a number of other actions that are set out in the Fairer Scotland Action Plan that “will help deliver the ambition to eradicate child poverty”:

“For example, the Scottish Government will introduce a new socio-economic duty on public authorities, set up a new poverty and inequality commission, and make sure that people with experience of living in poverty have greater opportunities to influence national and local policy going forward.” (Scottish Parliament, 2017b)

An issue that was raised through the consultation responses was the importance of ensuring that the policy activity that is being driven by various partners at both national and local level is adequately linked up. For example, there were calls for greater clarity through the provisions in the Bill and the subsequent delivery plan on the role to be played by local authorities and Community Planning Partnerships (CPPs) in reducing child poverty. In a similar vein, there were those that felt there should be a clear read-across between national targets and local activity, with local level outcomes aligning with national level measures so that local activity can feed into achieving national targets (Scottish Government, 2016c).

Ministerial Advisory Group

The Scottish Government appointed a Ministerial Advisory Group (MAG) on child poverty in 2012. The remit of the MAG was to provide Scottish Ministers with advice on priorities and actions relating to child poverty. It has to date been acting as an advisory body for the child poverty strategy and related annual reports.

The consultation on the proposed child poverty bill noted that the MAG has provided a forum for discussion of evidence, dissemination of good practice and the development of new thinking to support delivery of the child poverty strategy. It has also been instrumental in developing the measurement framework that informs the reporting of progress in tackling child poverty.

The consultation cited the important role that has been played by the MAG to date and the need to retain the experience and expertise of its membership as Scotland makes progress in its work to tackle child poverty. The proposal put forward in the consultation was that the MAG continue to operate to support a Scottish approach to child poverty. The exact scope and role to be performed by the group in the future was the focus of the consultation question. The Children

and Young People’s Commissioner suggested that the role of the MAG could be developed to include monitoring and challenging the Scottish Government. One important aspect of that role could be setting and monitoring interim targets.

CHILD POVERTY IN SCOTLAND

The Scottish Government currently reports on three of the four proposed targets set out in the Bill. Figures for 2014-15 show:

- Seventeen per cent of children in Scotland were living in relative poverty before housing costs (BHC); 22 per cent after housing costs (AHC). Using the AHC measure, Scotland in 2014-15 was 12 percentage points away from achieving its relative poverty target.
- Sixteen per cent of children in Scotland were living in absolute poverty BHC; 21 per cent AHC. Using the AHC measure, Scotland in 2014-15 was 16 percentage points away from meeting its absolute poverty target⁹.
- Ten per cent of children in Scotland were living in combined relative poverty and material deprivation BHC; 12 per cent AHC. Scotland in 2014-15 was seven percentage points away from meeting this target.
- The target on persistent poverty was set at UK level at seven per cent BHC. The Scottish target is five per cent AHC. There are no data on persistent poverty as yet. The first trend data that can be used to measure persistent poverty is expected in spring 2017.

Table 3 shows the targets and the most recent figures available from the Scottish Government’s *Poverty and Income inequality in Scotland* series.

Table 3: Child poverty targets, compared to most recent statistics available

Measure (AHC)	2030-31 target	Levels at 2013-14	Levels at 2014-15
Relative poverty	10%	22% (210,000)	22% (220,000)
Absolute poverty	5%	24% (240,000)	21% (200,000)
Combined low income and material deprivation	5%	13% (130,000)	12% (120,000)
Persistent poverty	5%	N/A	N/A

Notes: Levels at 2013-14 and 2014-15 show both percentage and number of children (all figures rounded to nearest 10,000/1 per cent). N/A – there are currently no reliable data to measure persistent child poverty in Scotland. The Scottish Government will be publishing experimental statistics on this measure in spring 2017¹⁰

Sources: Child Poverty (Scotland) Bill 2016, [Poverty and Income Inequality in Scotland 2013-14](#), [Poverty and Income Inequality in Scotland 2014-15](#)

Three years ago, Browne, Hood and Joyce (2014) estimated the likely future levels of relative and absolute poverty under UK Government policy at that time. Their projection was that in Scotland, relative poverty AHC would reach 26%, and absolute poverty 30% by 2020-21. However, these projections should be treated with a great deal of caution, as they pre-date the 2015 Westminster general election and policy announcements made by both the UK and Scottish Governments since 2014.

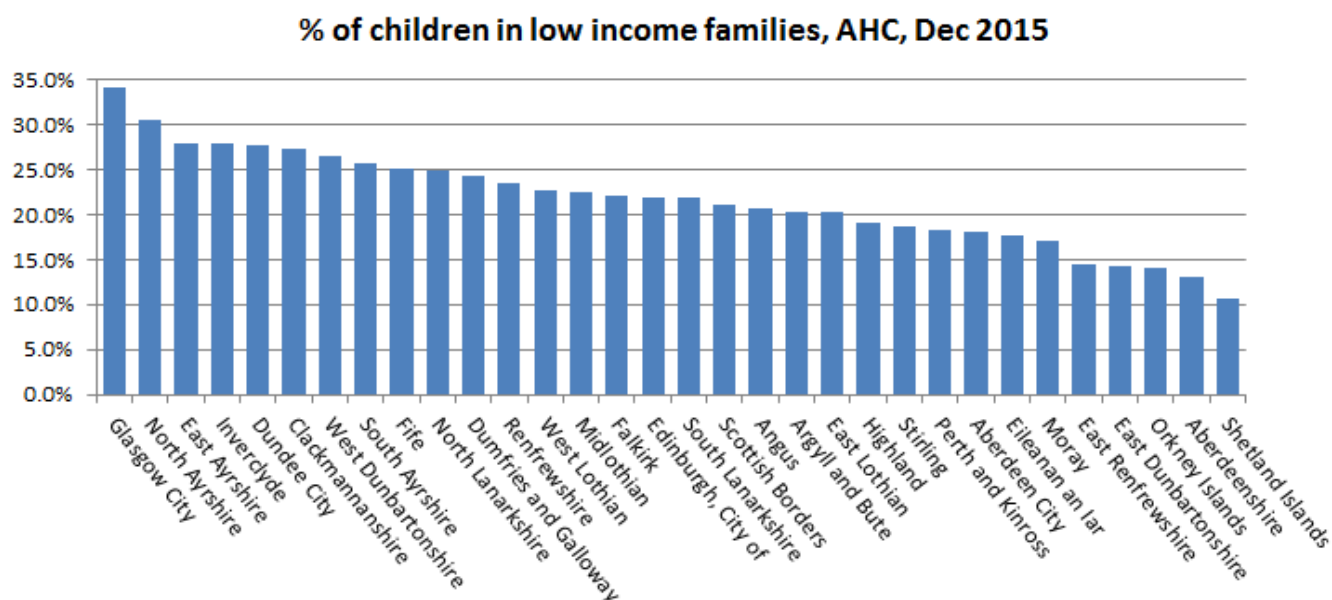
⁹ The gap referred to here is based on using equivalised income figures at 2010-11 levels. Equivalised incomes are discussed in the ‘definitions’ section of this briefing.

¹⁰ See information at this link: <http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/PersistentPoverty>

Figure 1 offers figures on the proportion of children living in low income households in 2015 by local authority area. These figures are produced by the End Child Poverty campaign. They do not use the same measures as those used by Scottish Government national statistics. The figures shown here are levels of child poverty after housing costs. They draw on tax credit data to estimate the percentage of children on low incomes at the local level. They also use national trends in “worklessness” to estimate recent changes in the number of children in poverty resulting from their parents being out of work (End Child Poverty, 2016b).

Figure 1 shows that the City of Glasgow has the highest levels of relative child poverty (34.1%) followed by North Ayrshire (30.4%). This compares with a Scotland average of 25.3 per cent. [Annexe C](#) has more detail on the number and percentage of children living in low income households, drawing on the End Child Poverty 2015 figures.

Figure 1: Percentage of children in Scotland living in low income families, AHC, December 2015



Source: End Child Poverty (2016b)

Under the provisions of the UK Child Poverty Act 2010, the Scottish Ministers have been required to publish a child poverty strategy every three years and to report annually on progress toward the child poverty targets. The current strategy runs from 2014 to 2017 (Scottish Government, 2014). It reported the progress that had been made in Scotland in reducing child poverty, using a before housing costs measure as was required under the terms of the 2010 Act.

The strategy noted that, between 2008-09 and 2011-12, there were reductions in child poverty levels across all three indicators (relative poverty, absolute poverty and combined low income and material deprivation). The most significant reductions in child poverty were reported as having occurred between 1998-99 and 2004-05, with much of this reduction having been driven by increased entitlements to state support with the introduction in 2003 of Child Tax Credit and Working Tax Credit. Support for low income working families had a significant impact on reducing the rate of child poverty at this point in time.

Rates of child poverty did not change significantly between 2004/05 and 2008/09, but declined again in the period 2008-09 to 2011-12. The strategy suggested that this downward trajectory was not likely to continue due to the impact of welfare reform. This has been borne out through the figures published in the 2016 annual report, which showed that:

- In 2014-15, 17 per cent of children in Scotland were in relative poverty before housing costs. This was an increase from 14 per cent in 2013-14.
- After housing costs, 22 per cent of children were in relative poverty, the same figure as for 2013-14.
- In 2014-15, 16 per cent of children in Scotland were living in absolute poverty before housing costs. This was an increase from 14 per cent in 2013-14.
- After housing costs, 21 per cent of children were living in absolute poverty. This was a decrease from 23 per cent the previous year.
- In 2014-15, 10 per cent of children were living in low income before housing costs and material deprivation. This was a decrease from 13 per cent in 2013-14. This follows two years of increasing child material deprivation.
- After housing costs, 12 per cent of children in Scotland were living in low income and material deprivation. This was a decrease from 14 per cent in 2013-14. This follows two years of increases.

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RELEVANT LEGISLATION

Child Poverty Act 2010, c.9 (Now renamed the Life Chances Act 2010.)

The Child Poverty Act 2010 (Persistent Poverty Target) Regulations 2014, No. 3232

Welfare Reform Act 2012, c.5

Welfare Reform and Work Act 2016, c.7

ANNEXE A: QUESTIONS IN THE CONSULTATION ON A CHILD POVERTY BILL FOR SCOTLAND

Question 1 Do you agree with the Scottish Government including in statute an ambition to eradicate child poverty?

Question 2 What are your views on making income targets statutory?

Question 3 How do you think the role of the Ministerial Advisory Group on Child Poverty can be developed to ensure that they play a key role in developing the legislation?

Question 4 How can links between the national strategy and local implementation be improved? What could local partners do to contribute to meeting these national goals? This might include reporting and sharing best practice or developing new strategic approaches.

Question 5 What are your views on the income based measures of poverty proposed for Scottish child poverty targets? For example, are there any additional income-based measures you think we should also use (and if so, why)? Are there any alternative approaches to measuring income – for example used in other countries – that you think could apply in Scotland?

Question 6 What are your views on the Scottish Government's proposals for the levels of child poverty that the targets will be set at?

Question 7 What are your views on the Scottish Government's proposal to set targets on an after housing costs basis? For example, are there any disadvantages to this approach that we have not already considered?






















Question 8 What are your views on the Scottish Government's proposal to set targets that are expected to be achieved by 2030?

















Question 9 What are your views on the proposal that Scottish Ministers will be required by the Bill to produce a Child Poverty Delivery Plan every five years, and to report on this plan annually?

Question 10 Do you have any suggestions for how the measurement framework could usefully be improve? For example, are there any influencing factors that are not covered by the measurement framework? Or are there any additional indicators that could be added?

Question 11 Do you have any additional views on a Child Poverty Bill for Scotland?

ANNEXE B: SCOTTISH GOVERNMENT CHILD POVERTY MEASUREMENT FRAMEWORK

INDICATORS	2014 report baseline	Latest figures (2016 report)	Scottish Government assessment of progress
POCKETS			
Percentage of working people earning less than the Living Wage	18.6%	20.1%	
Average private nursery costs in real terms	£100.07	£104.06	
Percentage of poorest households (with children) that are not managing well financially	35%	25%	
Percentage of poorest households (with children) where someone has a bank account	90%	95%	
Employment rate of adults with dependent children	79.3%	81.8%	
Underemployment rate of adults with dependent children	8.4%	6.8%	
Earnings that go to the top 10% of earners, divided by the earnings of the bottom 10%	16.4	15.4	
Percentage of adults with dependent children with low or no qualifications	9.2%	8.1%	
PROSPECTS			
Percentage of children from the poorest households with good or very good health	91.8%	91.3%	
Percentage of children from the most deprived areas with below average mental wellbeing scores	19%	18%	
Percentage of children from the poorest households eating five portions of fruit and veg per day	10.2%	9.2%	
Percentage of children from the poorest households spending four or more hours at a screen per day	14.1%	14.6%	
Percentage of 15 year olds from the most deprived areas smoking at least one cigarette a week	16%	10%	
Percentage of children from the poorest households who played sport in the last week	58.2%	56.4%	
Percentage of children from the poorest households that find it easy to talk to mother or stepmother*	80.0%	79.4%	
Percentage of children from the poorest households who agree pupils in class accept them*	71.1%	62.6%	
Percentage of P7 pupils from the most deprived areas performing well in numeracy	61.4%	54.3%	
Percentage of P7 pupils from the most deprived areas performing well in reading*	81.6%	81.4%	
Percentage of P7 pupils from the most deprived areas performing well in writing*	60.9%	56.3%	
Mean Strengths and Difficulties score for children from the poorest households	9.4	9.1	
Percentage of the poorest parent households that are satisfied with local schools	91%	86%	

INDICATORS	2014 report baseline	Latest figures (2016 report)	Scottish Government assessment of progress
Percentage of school leavers from the most deprived areas who are in positive destinations	82.4%	86.1%	
Percentage of 15 year olds from the poorest households who expect to be in positive destinations*	86.4%	86.6%	
Modern Apprenticeship starts	25,284	25,818	
Modern Apprenticeship completion rate	77%	76%	
PLACES			
Average percentage of income spent on housing	9.8%	9.1%	
Percentage of households in the most deprived areas satisfied with condition of home	69%	71%	
Percentage of adults in the most deprived areas who feel they can influence decisions	21%	24%	
Percentage of children from the most deprived areas who agree that people in their area talk to each other on the street	63.8%	64.0%	
Percentage of adults in the most deprived areas who have been the victim of crime in the past year	21.3%	21.2%	
Percentage of adults in the most deprived areas who say drug misuse is common in their neighbourhood	34%	27%	
Percentage of adults in the most deprived areas saying their neighbourhood is a good place to live	80%	84%	
Percentage of households in the most deprived areas satisfied with quality of local public transport	76%	80%	
Percentage of adults in the most deprived areas who are within a five-minute walk of green space	60%	59%	
Gap in the employment rate between the most deprived areas and the rest of Scotland	19.5 percentage points	16.0 percentage points	
Gap in percentage of adults with low or no qualifications between the most deprived areas and the rest of Scotland	15.8 percentage points	14.2 percentage points	
Gap in personal internet use between the most deprived areas and the rest of Scotland	12 percentage points	12 percentage points	

* There has been no new data published on these indicators since the 2015 Annual report, so the performance assessments are the same as in that report.

Source: Scottish Government (2016d)

ANNEXE C: CHILDREN IN LOW INCOME HOUSEHOLDS BY LOCAL AUTHORITY (AHC), 2015

	Number of children in low income households	Percentage of children in low income households
Glasgow City	37,387	34.1%
North Ayrshire	8,303	30.4%
East Ayrshire	6,826	28.0%
Inverclyde	4,340	27.9%
Dundee City	7,509	27.7%
Clackmannanshire	2,913	27.3%
West Dunbartonshire	4,927	26.5%
South Ayrshire	5,267	25.7%
Fife	18,217	25.0%
North Lanarkshire	18,112	25.0%
Dumfries and Galloway	6,713	24.3%
Renfrewshire	8,098	23.6%
West Lothian	8,930	22.8%
Midlothian	4,062	22.5%
Falkirk	6,981	22.0%
Edinburgh, City of	17,363	22.0%
South Lanarkshire	14,042	22.0%
Scottish Borders	4,556	21.0%
Angus	4,594	20.6%
Argyll and Bute	3,176	20.4%
East Lothian	4,276	20.3%
Highland	8,503	19.2%
Stirling	3,217	18.8%
Perth and Kinross	5,003	18.2%
Aberdeen City	6,266	18.2%
Eileanan an Iar	869	17.6%
Moray	3,049	17.2%
East Renfrewshire	2,841	14.5%
East Dunbartonshire	2,913	14.2%
Orkney Islands	544	14.1%
Aberdeenshire	6,722	13.1%
Shetland Islands	498	10.6%
Total Scotland		23.4%

Source: End Child Poverty (2016b)

ANNEXE D: MATERIAL DEPRIVATION

The following questions from the Family Resources Survey are used to assess whether a child is in material deprivation.

1. Do the child's parent(s) have enough money to:

- decorate their home
- take a holiday away from home one week a year (not with relatives)
- get home contents insurance
- save 10 pounds a month or more
- replace worn out furniture
- replace broken electrical goods
- spend something on themselves each week
- keep the house warm
- keep up to date with bills?

2. Does the child:

- have outdoor space / facilities to play safely
- have enough bedrooms at home for every child 10 years or over and of a different gender
- have celebrations on special occasions
- have leisure equipment such as sports equipment or a bicycle
- have at least one week's holiday away from home with family
- have a hobby or leisure activity
- have friends round for tea or a snack once a fortnight
- go on a school trip at least once a term
- go to a playgroup at least once a week
- attend an organised activity once a week
- eat fresh fruit and/or vegetables every day
- have a warm winter coat?

A family scores points for items that they don't have, but only if they cannot afford them. For example, a child who did not want to celebrate their birthday would not count as deprived of this item, but one whose parents could not afford a celebration would. The scores for each item lacking are weighted by the proportion of families who own them – the more common an item is, the higher the score given for not having it. The total points scored by a family are compared to a threshold, above which they are said to be experiencing material deprivation.

A full explanation of the methodology can be found in Appendix 3 of the DWP (2012) annual publication *Households Below Average Income*. This also explains how the list of items was updated in 2010-11 following a review by the DWP (McKay, 2011). For an accessible overview of the most recent UK statistics on material deprivation see McGuinness (2016).

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Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH99 1SP

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