

Child Poverty (Scotland) Act 2017

Lesley Fraser, Director of Housing and
Social Justice

Why introduce a Child Poverty Act?

- In order to ensure Scotland is the best place in the world to grow up, and lives up to the Fairer Scotland vision, eradicating child poverty is fundamental.
- Child poverty can undermine the health, wellbeing and educational attainment of the children who experience it.
- And it also has a wider cost for society. A 2013 study found that child poverty in the UK was costing at least £29 billion a year.
- The Child Poverty (Scotland) Act sets out four ambitious headline targets for 2030 that will establish Scotland as the only part of the UK with statutory income targets on child poverty
- Child Poverty Bill was **unanimously** passed in November, and given Royal Assent to become an Act in December

Child Poverty (Scotland) Act 2017

The Act has the following key elements:

- Four statutory income **targets to be met by 2030**, based on the 2010 Act targets. Key difference: After Housing Costs
- Four statutory **interim targets to be met by 2023**, based on the same measures
- Duties on Scottish Ministers to publish:
 - **Delivery Plans by April 2018, 2022, and 2026**
 - Annual progress reports
 - A final progress report setting out whether the targets have been met
- Duty on **local authorities and health boards** to produce annual reports on activity they are taking to reduce child poverty; both retrospective and forward looking
- Provisions for a **statutory Poverty & Inequality Commission**

Child Poverty Bill

The Child Poverty Bill contains 4 ambitious income-based targets to reduce child poverty in Scotland by 2030. All 4 are based on the income left to a household after they have paid their rent or mortgage – i.e. **After Housing Costs**.

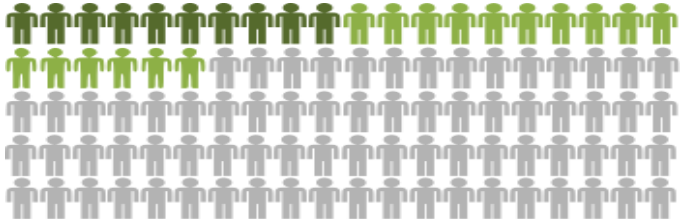
Relative poverty

This measures poverty relative to the rest of society.

It is the proportion of children living in households with equivalised incomes below 60% of the median (middle) UK income in the current year.

Current level (👤 + 👤): 26% (260,000 children)

2030 target level (👤): <10%



Absolute poverty

This measures changes in poverty relative to a point in time

It is the number of children living in households with equivalised incomes below 60% of the median UK income in a base year – currently 2010/11 - adjusted for inflation.

Current level (👤 + 👤): 24% (230,000 children)

2030 target level (👤): <5%



Combined low income and material deprivation

Measures whether households are able to afford basic necessities

The number of children living in households with equivalised incomes below 70% of the median UK income AND going without certain basic goods and services.

Current level (👤 + 👤): 12% (110,000 children)

2030 target level (👤): <5%



Persistent poverty

Measures whether people have been living in poverty for a number of years

The number of children who have lived in relative poverty in 3 of the last 4 years.

Current level (👤 + 👤): 12%

2030 target level (👤): <5%



Measuring Poverty

What counts as income?
Earnings from employment and self-employment
Social security income (including Council Tax Reduction)
Cash value of certain benefits in kind (including Free School Meals and Healthy Start Vouchers)
Other cash income (including investment income, child maintenance, educational maintenance allowance)
Income is net of the following items:
Income tax and national insurance
Council Tax
Other payments (pension contributions, all maintenance and child support payments, parental contributions to students living away from home, student loan repayments)
Other cash income (including investment income, child maintenance, educational maintenance allowance)
Income is also net of Housing Costs:
Housing Costs (rent, water rates, mortgage interest payments, structural insurance premiums, ground rent and service charges)

Delivery Plans

The first Delivery Plan will be published by the end of March 2018

Child Poverty (Scotland) Act requires that the following key areas be considered:

- The provision of financial support for children and parents
- Children living in households whose income is adversely affected, or whose expenditure is increased, because a member of the household has one or more protected characteristics
- Supporting local authorities to consider the automatic payment of benefits and support
- The provision and accessibility of information, advice and assistance to parents in relation to social security matters, income maximisation and financial support
- Education and, in particular, closing the attainment gap
- **Availability and affordability of housing**
- Availability and affordability of childcare
- Facilitation of the employment of parents (with remuneration enough to secure an adequate standard of living) and supporting the development of employment-related skills of parents
- Physical and mental health
- Children living in single-parent households
- Arrangements for setting the amount of revenue support grant payable to each local authority in order to ensure that resources are targeted for the purpose of contributing to the meeting of the child poverty targets
- Whether Scottish Ministers intend to bring forward legislation to top-up Child Benefit