

PE1683/I

Cabinet Secretary for Social Security and Older People submission of 8 August 2019

Thank you for the Committee's recent correspondence regarding the above petition, and requesting further comments on the social security related aspects, and our work to develop a new 'income supplement' in particular.

At the time of my previous letter, the Scottish Government was just starting the process of developing a new income supplement – a significant commitment in our Tackling Child Poverty Delivery Plan (TCPDP), to introduce a new benefit to provide additional financial support for low income families.

Since publication of the TCPDP, significant work has been undertaken to develop an income supplement, led jointly by the Cabinet Secretary for Communities and Local Government and I. The detail of this work is set out in a policy position paper and an Analysis of Options for the Income Supplement report. At the time of the petition, there was a specific recommendation regarding additional, higher child benefit payments for twins, triplets and Higher Order Multiples, through a top-up of child benefit. A general top-up to child benefit was considered in our work, but, as the analysis demonstrates, it would be poorly targeted and not cost-effective, failing to deliver the necessary reduction in child poverty.

Instead on 26 June Aileen Campbell announced in Parliament the details of how we will deliver early on our commitment for an income supplement, and introduce a new benefit – the Scottish Child Payment – which has the potential to be a transformative measure for children and families in poverty.

The £10 a week payment will be delivered by Social Security Scotland for children under the age of 6 before the end of this parliamentary term, benefitting around 170,000 children and ensuring we make good progress towards our interim child poverty targets. We know that almost 60% of children in poverty live in a household with a child under 6 years old, and policies that help families with children in the early year's age group are likely to be very impactful. It will then be rolled out to all eligible children aged under 16 by the end of 2022, when an estimated 410,000 children will be eligible, with the potential to bring 30,000 children out of poverty and reduce relative child poverty by 3 percentage points.

Importantly for the petition, we will not cap the number of children – payments will be for every eligible child in a household, including those born in a multiple birth, at the same rate.

Delivery of the Scottish Child Payment will take place at the same time that the Scottish Government is also taking over delivery responsibility for many of the benefits devolved under the Scotland Act 2016, including the complex disability and carer benefits. In deciding to take forward such a substantial commitment, sooner than planned, we know that we will need to make adjustments to delivery of the current social security programme to accommodate the introduction of this new benefit. This is the only realistic and safe way to introduce the Scottish Child Payment early. We are currently testing these and our other assumptions over the summer as we assess the detailed impact of the new Scottish Child Payment. An update on this work will be provided to Parliament following recess.

Key to your recent questions, and as with all our benefits, this will require close working and regular engagement with the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC), and we have commissioned DWP officials to assess the expected impact of the Scottish Child Payment on their business processes. This continues engagement officials in the UK Government and Scottish Government had during the development of the Scottish Child Payment. For many of the devolved benefits – including

the Scottish Child Payment – we are dependent on close working relationships, and the sharing of data. Both governments will also be working together to ensure that the Scottish Child Payment interacts positively with reserved benefits – for example, ensuring our payment does not count as income for the purposes of means-tested reserved benefits. This delivery of the Payment will require legislative changes by both the UK and Scottish Government which is being undertaken as part of the next phase of work.

The Scottish Child Payment is a significant commitment on the part of the Scottish Government – the Child Poverty Action Group has hailed it as a ‘game changer’ in our efforts to tackle child poverty. We are also taking significant action across all portfolios to ensure children have the best start in life, and tackle child poverty, not least through our ambitious social security policies. We have now fully introduced the Best Start Grant (BSG), which consists of three possible payments. The Pregnancy and Baby Payment, which launched in December 2018, provides £600 for a first child and £300 for subsequent children – importantly, it also delivers a multiple birth supplement of £300. The BSG also includes an Early Learning Payment (£250) and School Age Payment (£250) to provide financial support for low income parents and carers during key transitional stages of a child’s life, and these payments opened in April and June 2019 respectively. Official statistics released in July 2019 indicate that Social Security Scotland have paid out a total of £8.7 million to 27,300 applicants by 31 May 2019, and Scottish Fiscal Commission (SFC) projections show that the BSG will provide support to 40,000 to 50,000 families in 2019-20, backed by investment of around £21 million - £19 million more than previously provided by the UK Government.

Taken together, these initiatives represent a significant investment in families and children. I trust my response provides a helpful update on this work, and the wider action we are taking to support children and families, including those with complex and unique circumstances.