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Child Poverty (Scotland) Bill: Consideration prior to stage 3

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The Child Poverty (Scotland) Bill will be debated at Stage 3 in Autumn 2017(date to be confirmed). This briefing summarises the key issues arising during consideration of the Bill at Stage 1 and Stage 2. It highlights the recommendations made by the Social Security Committee at Stage 1 and the main amendments debated at Stage 2.



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Introduction

The Child Poverty (Scotland) Bill ("the Bill")¹ was introduced in the Scottish Parliament on 9 February 2017 by the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance MSP ("the Cabinet Secretary").

The Bill contains two main provisions. The first is the establishment in statute of four income-based targets for tackling child poverty to be achieved in the financial year commencing 1 April 2030. These are:

- 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 second is a set of reporting mechanisms, including 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.

SPICe briefing SB17-10 provides more detail on the provisions in the Bill at introduction.²

Parliamentary Consideration

The Social Security Committee ("the Committee") was appointed lead committee for consideration of the Bill. Table 1 lists key dates for parliamentary consideration of the Bill. Links to the relevant documents are included in the table.

Table 1: Summary of Parliamentary Consideration

Stage	Date
Bill at introduction	9 February 2017 ¹
Stage 1 consideration	
Social Security Committee	27 March 2017 ³ ; 20 April 2017 ⁴ ; 27 April 2017 ⁵
Delegated Powers and Law Reform Committee	7 March 2017 ⁶
Delegated Powers and Law Reform Committee stage 1 report	18 April 2017 ⁷
Social Security Committee stage 1 report	22 May 2017 ⁸
Stage 1 debate	1 June 2017 ⁹
Stage 2 consideration	
Stage 2 Social Security Committee consideration of amendments	22 June 2017; ¹⁰ ; 29 June 2017 ¹¹
Bill as amended at stage 2	30 June 2017 ¹²

Stage 1 Key Issues

At stage 1 the Committee took oral evidence across three dates (noted in Table 1).

Stakeholders were supportive of the principles behind the Bill. The Scottish Government said of the Bill in its response to the Committee's stage 1 report:

" 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.¹³"

Measuring Poverty

Section six of the Bill at introduction set out the approach to calculating household income for the purposes of measuring poverty levels. It highlighted that the calculation of household income for the purposes of assessing the number of households in relative poverty should be based on an "after housing costs" basis. After housing costs refers to the costs associated with rent, water charges and similar. It does not include mortgage capital or fuel costs.

Those providing evidence to the Committee at stage 1 welcomed the use of an after housing costs measure. However, there were those that felt this measure does not go far enough in accurately reflecting the disposable income of different households. The Joseph Rowntree Foundation (JRF) suggested using an "after essential costs" approach to take account of other unavoidable expense such as heating, lighting or childcare, while both Inclusion Scotland and JRF suggested that account should be taken of the additional costs faced by households where there is a disabled person present. Inclusion Scotland made a specific call for the main disability benefits to be discounted when measuring household income.

Through written submissions, there was a range of other suggestions as to additional costs that could be considered as deductions calculating net income. Examples included mortgage capital payments (Shelter), household debt and other costs such as education (Scottish Youth Parliament) and childcare (Engender).

Persistent Poverty

Section Five of the Bill at introduction set out the measure used to assess levels of persistent poverty in Scotland. It stated that a child living in relative poverty in at least three of the most recent years for which data are available would be considered to be in persistent poverty.

While there was widespread agreement among those giving evidence at stage 1 that the targets on the face of the Bill are ambitious, there were those who called for changes to the persistent poverty target (e.g. Child Poverty Action Group, Joseph Rowntree Foundation and Shelter). Shelter specifically suggested that the persistent poverty measure should include those living in relative poverty in two out of four years. Shelter argued that child development and education are so important that a two year period

"more adequately reflects the devastating and long-term effects that poverty has on children than a three year period.¹⁴

Interim Targets

At introduction, the Bill made no provision for reporting against interim targets; only the final targets to be met in the financial year beginning April 2030 were included in the Bill.

The Committee received written submissions supporting the inclusion of interim targets on the face of the Bill. Proposals as to when these should be reported on were most commonly either the halfway point toward the final targets (2024) or at the end of each delivery plan period (2021 and 2026).

Interim targets were felt to be beneficial in allowing public and political scrutiny of progress toward achieving the 2030 targets, ensuring accountability and checking that the Scottish Government was on track in reducing child poverty in Scotland.

Andrew Hood from the Institute for Fiscal Studies, pointed out that any reporting against interim targets should sit alongside forecasting / projections, drawing on current economic forecasts to estimate poverty levels in future years. He argued that in holding a future government to account, it is important to ensure that there is an evidence-base informing the interim target that has been set.

Poverty and Inequality Commission

In parallel with the introduction of the Bill, the Scottish Government's Fairer Scotland Action Plan set out a commitment to establish a national Poverty and Inequality Commission ("the Commission") in 2017-18. This Commission is expected to include in its activities oversight of the measuring being taken to tackle child poverty as well as looking at "how government can help advance the prospects of those communities who feel left behind because of changing economic circumstances, low pay, and deprivation." ¹⁵

Members of the End Child Poverty coalition in written evidence argued that a statutory oversight body is necessary to ensure there is an expert source of independent scrutiny of the progress being made in tackling child poverty. Its legislative underpinning as independent from the Scottish Government was highlighted as important to ensure that Commissioners can speak freely, including being able to be critical of government when required. ¹⁶

In Committee on 27 April 2017, ⁵ the Cabinet Secretary noted that the Commission will play a central role in assisting with the development of Scottish Ministers' first child poverty delivery plan. It will also have an important role in relation to annual reports. A core part of the Commission's role will be to evaluate the Government's current and new policies.

The Cabinet Secretary emphasised that there are no plans to place the Commission on a statutory footing. There were two reasons for this. First, legislation establishing a statutory commission could be amended or repealed at a later date. Secondly, a statutory body

takes significant time to be established. The timescales involved would mean it would not be operational in time for the production of the first delivery plan.

Content of Delivery Plans

The Bill at introduction did not set out any detail on the intended content of delivery plans. This was something many stakeholders raised concern about at stage 1. A number of those who submitted views to the Committee suggested that delivery plans should consider the impact of the social security powers coming to the Scottish Government, as well as the powers retained by the UK Government, both of which could have a significant impact on measures to address child poverty.

Organisations involved in the End Child Poverty coalition suggested a list of issues that the Scottish Ministers should address in the delivery plans:

- The full use of Scottish social security powers.
- The provision of information, advice and assistance to parents and carers in relation to welfare rights and income maximisation.
- The provision of suitable and affordable housing.
- The availability of childcare.
- The facilitation of employment for parents and carers.

There were also stakeholders who argued that the proposed frequency and timing of delivery plans needed further consideration. Some felt that the plans should be produced every three years rather than every five. Others felt that the delivery plans should be produced early in each new parliamentary session, with the party that has come to power setting out its intended activity in this area.

Local Child Poverty Action Reports

The Bill requires local authorities and health boards to jointly prepare and publish an annual local child poverty action report "as soon as reasonably practicable after the end of each reporting year". These reports must describe measures taken during the reporting year by the local authority or the health board to contribute to meeting the child poverty targets.

Evidence heard at stage 1 highlighted a need for greater local level cross-organisation working and more sharing of ideas. There were those who suggested that all members of local Community Planning Partnerships should report their activities to tackle child poverty as part of the local child poverty action reporting requirements. There was also some concern raised that the focus of the local level reports was only retrospective; with a call for these reports to also set out proposals for future activity as well as what has already been done. Finally, there was recognition of a need for better data and better sharing of available data at the local level.

In oral evidence to the Committee, ⁵ the Cabinet Secretary said that the Scottish Government would shortly be consulting on a new socio-economic duty. The Scottish Government suggests that this new duty would impose a wider set of requirements on the Scottish Ministers and public bodies (e.g. local authorities and health boards) by requiring them to consider what more they can do to reduce poverty and inequality whenever they make major decisions. ¹⁷

In addition to the socio-economic duty, the Cabinet Secretary pointed out in evidence to the Committee that the Scottish Government is working to establish a reference group that will provide guidance to local authorities and health boards on their responsibilities under the child poverty legislation. ⁵

Table 2 below summarises the Committee's stage 1 recommendations and the Scottish Government's responses to these.

Committee Recommendations

Table 2 summarises the Committee's recommendations on the Bill at the end of stage 1 and the Scottish Government's responses to these recommendations.

Table 2: Committee Recommendations and Scottish Government response

Social Security Committee Recommendation	Scottish Government response
Measuring Poverty	· · · ·
The proposed after housing costs measure was welcomed. However, other costs e.g. childcare or disability would allow a more reliable measure of poverty.	Acknowledged the feedback on this point, and will consider whether a measure of disability poverty could be produced. Did not feel that this needed to be reflected on the face of the Bill.
Persistent Poverty	
The proposed targets were welcomed. However, the persistent poverty could be amended to include those in relative poverty over two (rather than three) of the last four years.	The Scottish Government felt the proposed target was ambitious and stretching; so it was not felt necessary to bring forward an amendment.
Interim Targets	
A set of interim targets should be included on the face of the Bill as this will aid focus and create greater immediacy in working towards achievement of the targets.	Time would be needed to develop appropriate proposals based on up to date evidence and longer term projections. An amendment to be brought forward at stage 2 to give the Scottish Ministers regulation making powers.
Statutory Commission	
A statutory commission should be established with a duty to scrutinise the Scottish Ministers' delivery and progress plans.	The Scottish Government noted its support for robust scrutiny arrangements. However, it was not persuaded that there was a case for a statutory commission.
Content of Delivery Plans	
The Bill should be amended so that delivery plans report on the five themes recommended by the End Child Poverty coalition. The Government also invited to consider other suggested themes for inclusion in delivery plans.	While wishing to develop content of the delivery plan with relevant partners, including the Poverty and Inequality Commission, an amendment setting out appropriate themes for delivery plans to be brought forward at stage 2.
Timing of Delivery Plans	
Delivery plans to be published by each newly elected political administration. Consideration also to be given to whether delivery plans should be triennial.	Three yearly reporting does not lend itself to the intended strategic approach. An amendment to align dates of delivery plans with Parliamentary terms to be brought forward at stage 2.
Guidance to Local Authorities and Health Boards	
More information on the newly established reference group about their responsibilities.	The group will advise the Scottish Government on development of guidance for local authorities and health boards to publish annual child poverty action reports. Guidance published before end 2017.
Child Poverty Measurement Framework (CPMF)	
Welcome the Scottish Government's commitment to review the CPMF, including a wider dashboard of indicators. Delivery plans should make specific reference to the measurement framework.	Initial discussions on review of the CPMF are ongoing. Delivery plans will make specific reference to the measurement framework.
Regulations	
Support for the Delegated Powers and Law Reform Committee recommendation that regulations to change the base year for the absolute poverty target should be subject to affirmative procedure.	Agreed to bring forward an amendment at stage 2 to change the procedure from negative to affirmative.
Budget Issues	
Recognising that activity to achieve the targets will cost more than the £227,000 estimated to meet reporting requirements, the Scottish Ministers' should link budget plans to child poverty delivery plans / progress reports.	Future Equality Budget Statements will include analysis of the socio-economic impact of budget decisions in line with the new socio-economic duty. Delivery plans will take budget considerations into account.

Stage 2: Key Amendments

A total of 59 amendments were lodged at stage 2. Of these:

- · 26 were agreed without division
- 10 were agreed by division
- · 2 were agreed with amendments
- 6 were disagreed by division
- 11 were not moved
- · 4 were withdrawn by agreement

Fourteen of the amendments came from the Cabinet Secretary (all agreed; two with amendments). Twenty four amendments came from Labour members (11 agreed; five by division). Ten amendments came from Adam Tomkins (Conservative) (three agreed by division). Seven amendments came from SNP members (all agreed without division) and the remaining four amendments came from Alison Johnstone (Greens) (three agreed; two by division).

The full list of amendments lodged at stage 2 can be found in the <u>Marshalled List of</u> <u>Amendments for Stage 2 [pdf document]</u> and the <u>Groupings of Amendments for Stage 2</u> [pdf document].

Amendments - agreed

The substantive amendments agreed at stage 2 are summarised in Table 3 below.

Table 3: key amendments agreed at stage 2

Interim Targets		
12A (Pauline McNeill) agreed by vote 5:4. 23 (Angela Constance) agreed to.	Amendment 12A proposes specific targets to be set out on the face of the Bill. Amendment 23 sets out a requirement on the Scottish Ministers to report on achievement of interim targets in financial year beginning 1 April 2024. Where an interim targets is not met, the report must explain why it has not been met.	
Statutory Poverty and In	equality Commission	
15 and 30 (Adam Tomkins) agreed by vote 5:4. 15A (Pauline McNeill) agreed by vote 5:4.	This group of amendments add a section to the Bill on the role and function of a statutory commission. The Scottish Government opposed these amendments as the non-statutory Poverty and Inequality Commission will oversee the development of the first delivery plan.	
Delivery Plans: periods	to be covered	
16-17 (Angela Constance) agreed to.	These amendments move the end date of the first delivery plan and the start date of the second delivery plan to after the date of the next Scottish elections to ensure that delivery plans all align with Parliamentary sessions.	
Delivery Plans: matters	to be considered	
18 (Angela Constance) as amended, agreed to. 18A (Pauline McNeill) agreed to. 18B-18E (Ruth Maguire) agreed to. 32 (Pauline McNeill) agreed by vote 5:4. 37 (Alison Johnstone) agreed by vote 5:4. 31 (Pauline McNeill) agreed to.	This group of amendments establish the matters to be considered in delivery plans. Amendment 18 includes the provision of information, advice and assistance on social security matters and measures relating to education, housing, health, childcare and employment. Further amendments include the use of new social security powers and supporting local authorities to consider automatic payment of benefits. The Scottish Government noted that many of the amendments in this group overlap, which may lead to further amendments at stage 3. Some go further than the Government think appropriate for the face of the Bill. Amendment 31 stands slightly separately by requiring that delivery plans include reflections on the expected contribution of each measure and how this has been established.	
Delivery Plans: procedu	res	
40-41 (Ben Macpherson) agreed to. 33 (Alison Johnstone) agreed to.	Amendments 40-41 require the Scottish Ministers to consult the Scottish Parliament during the preparation of a delivery plan and to make a statement in the Scottish Parliament on laying the delivery plan. Amendment 33 requires the Scottish Government to consult people with direct experience of poverty in developing the delivery plan.	
Progress Reports: proce	edures	
43 (Pauline McNeill) agreed to. 48 (Ben Macpherson) agreed to.	Amendment 43 adds a time frame by which the Scottish Government must produce its annual progress report. Amendment 48 adds a requirement on the Scottish Ministers to make a statement to the Scottish Parliament when laying a progress report.	
Progress Reports: matte	ers to be considered	
45-46 (Pauline McNeill) agreed to.	Amendment 45 creates a requirement for Scottish Ministers to describe in progress reports the measures being taken to support lone parents in poverty. Amendment 46 requires Scottish Ministers to set out in progress reports how they will work to address any shortfall in progress toward meeting the child poverty targets.	
Local Child Poverty Action Reports: content		
26 (Angela Constance) agreed to. 53 (Alison Johnstone) agreed by vote 5:4	Amendment 26 extends the focus of local child poverty action reports to measures planned as well as action already taken. Amendment 53 creates a requirement on local authorities and health boards to describe income maximisation measures being taken in the area to support pregnant women and families with children.	
Regulation Making Powers		
14 (Angela Constance) agreed to.	This amendment changes from negative to affirmative the regulation making power that Scottish Ministers may bring forward to change the base year against which absolute poverty is measured.	

Amendments - withdrawn, not agreed or not moved

The substantive amendments that were withdrawn, not agreed or not moved at stage 2 are summarised in Table 4 below.

Table 4: key amendments withdrawn, not agreed or not moved at stage 2

Issue	Effect		
Workless He	Workless Households		
3 (Adam Tomkins) not agreed, by vote 2:7. 4 not moved.	Intended to add rather than replace the income targets, these amendments proposed a target on the number of children living in workless households. Opposed on ideological grounds; the language suggesting that people themselves are responsible for being in poverty. Also concern that the focus is on being out of work rather on a low income.		
Educational	Attainment		
11 (Adam Tomkins) not agreed, by vote 2:7.	Similar to amendments 3-4, aimed to add a target focusing on numeracy and literacy among children living in deprived areas. The focus was not felt to be appropriate when the intention of the Bill is to measure low income. The CPMF was suggested as a mechanism for issues like this to be considered.		
Calculating	net income		
35 (Pauline McNeill) withdrawn. 36 (Pauline McNeill) not moved.	Amendments 35 and 36 respectively call for the inclusion in the calculation of net household income expenses relating to long term illness / disability and lone parenthood. The material deprivation measure was highlighted as capturing these issues rather than amending the Bill. There is no accepted methodology for assessing these costs; the Cabinet Secretary noted that she has asked statisticians in Government to consider how to make the statistics produced by the Scottish Government as useful as possible to inform the understanding of poverty and the debate about additional costs.		
Delivery Pla	ns: matters to be considered		
19 (Jackie Baillie) not moved. 21 (Jackie Baillie) not moved.	Amendment 19 calls for delivery plans to include measures to address poverty experienced by households including those from a protected characteristics covered by the Equality Act 2010. Amendment 21 similarly calls for consultation on delivery plans to include people / organisations representing people from a protected characteristic covered by the Equality Act 2010. The Cabinet Secretary argued that the Scottish Government is bound by the public sector equality duty; so progress reports will include sections on each of the protected characteristics. Further the amendment as drafted would not achieve its intended aims. Further amendments may be brought forward at stage 3 .		
Impact of bu	udget proposals on child poverty		
49 (Alison Johnstone) not agreed, by vote 3 for; 4 against; 2 abstentions	Scottish Ministers to set out when presenting budget proposals the direct and indirect impact on child poverty of proposed budget allocations. The Cabinet Secretary noted that relevant issues are picked up through the equality statement supporting the budget document. A budget process review group is due to report on proposed changes to the budget process; the timing of this amendment not seen as appropriate.		
Involving Co	ommunity Planning Partnerships in local child poverty reports		
50-52, 54 (Richard Leonard) not agreed, by vote 3 for; 4 against; 2 abstentions	These amendments propose extending responsibility for local child poverty reports from local authorities and health boards to all Community Planning Partnership (CPP) partners. The Cabinet Secretary was not minded to support these amendments partly as some partners in CPPs are only tangentially involved in issues that impact on child poverty. More importantly, community empowerment legislation puts power in the hands of communities with CPPs responsible for setting local priorities.		

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