

# Briefing for First Minister's Statement: Our priorities for Scotland



18 April 2023

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## About us

The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

## 1. Introduction

At the Scottish Poverty and Inequality Hustings, hosted by the Poverty Alliance and the Robertson Trust, the new First Minister outlined his commitment to tackling poverty. Humza Yousaf stated that the defining mission of his leadership should be to reduce, if not eradicate, the injustice of poverty. **We agree that tackling poverty and inequality should be the key priority for the Scottish Government.**

We welcome the First Minister's statement on the priorities for the Scottish Government. **This is an early opportunity for the Scottish Government to outline their refreshed strategy for building a more equal Scotland, where poverty is a thing of the past.** We hope that there will be opportunities to discuss, and critique, the strategies outlined today at the First Minister's proposed summit on poverty. This summit will provide a vital opportunity to initiate the collaborative working that is necessary to tackle poverty in Scotland.

This briefing highlights the key areas where our network would like to see action in the coming weeks and months, including employability; taxation; the Scottish Child Payment and fair work. **We hope that the First Minister will turn Scotland's shared values of justice and compassion into concrete action to tackle the ongoing injustice of poverty.**

## 2. Turning rhetoric into action

The Poverty Alliance has welcomed the development of key strategies designed to tackle poverty and inequality in Scotland, including the Tackling Child Poverty Delivery Plans; the Fair Work Action Plan; and A Fairer Scotland for Disabled People. These strategies have been accompanied by the introduction of statutory child poverty targets and the designation that tackling child poverty was the national

mission of the Scottish Government.

**While this leadership on the issue is extremely important, it has not yet facilitated a meaningful reduction in poverty rates in Scotland.** The latest Scottish Government figures showed how little progress has been made in addressing the injustice of poverty. **250,000 children, equivalent to around one in four children, continue to have their life chances restricted because they live in the grip of unjust, preventable poverty.**

The new First Minister must make clear his commitment to turning the Government's positive rhetoric into tangible action. A key aspect of this must be greater accountability on the strategies that are already in place, with robust evaluation as to how these actions are addressing poverty in Scotland.

### **3. Broadening our focus on poverty and inequality**

The Scottish Government's leadership on child poverty is extremely welcome. However, it is also important to broaden our focus in order to tackle poverty and inequality across Scottish society. The latest data highlights that disabled people and Black and minority ethnic people continue to experience higher risk of poverty. **The poverty rate after housing costs for people in a household with a disabled person is 24%, compared to 18% for households without a disabled member.** Another key concern is poverty rates among single adult households with **31% of single adults (290,000 adults) living in relative poverty after housing costs.**

In addition, recent research from Independent Age highlighted that **one in seven people over State Pension age lives in poverty in Scotland.**<sup>1</sup> This means that the number of people in later life living in poverty is now 25% higher than it was in 2012. **Almost two-thirds (63%) of people participating in Independent Age's research agreed or strongly agreed that managing money is a concern for them.** One participant said *"I haven't put the heating on yet this year... It's quite frightening when you read in the papers it's going to be three, four or five thousand pounds... The government giving you two or three hundred isn't going to help... I've stopped buying the papers because it actually scares me."*

**Data and research relating to poverty underscores the importance of broadening our focus.** Levels of child poverty in Scotland are unacceptable, but it is important that our policy responses to poverty address the breadth, depth and interconnected nature of the problem as it affects individuals and groups across the life course. **We must ensure that our efforts to tackle poverty and inequality do not leave anyone behind, and we build a more equal Scotland for everyone.**

### **4. Delivering fair work for all**

The latest data shows that over **two-thirds (69%) of children, and 57% of working-age adults experiencing poverty live in a household where someone is in paid work.** This demonstrates that work is not a guaranteed route out of

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<sup>1</sup> Independent Age (2023) *Not Enough to Live On* available at <https://www.independentage.org/pensioner-poverty-scotland-report>

poverty, and the emphasis must be on getting more parents into fair work that pays the real Living Wage.<sup>2</sup>

Living Wage Scotland was established in April 2014 by the Poverty Alliance in partnership with the Living Wage Foundation with the aim of increasing the number of employers in Scotland who pay and are recognised for paying their staff the real Living Wage. Since 2014, we have:

- **Accredited more than 3,100 employers** in the private, public and voluntary sectors, recognising their commitment to pay the real Living Wage.
- Ensured that **more than 60,000 workers have received a pay increase because of their employer's accreditation.**
- **Put more than £365million into the pockets of Scottish workers** as a result of Living Wage employer accreditation.

This activity has helped ensure that the real Living Wage is the cornerstone of Scotland's approach to Fair Work. Scotland now has the second highest total of accredited Living Wage employers of any of the nations and regions of the UK, behind only London. This means that **Scotland has the highest rate of accredited Living Wage employers per head of population in the UK.** However, there is more to do to help create an economy and labour market that addresses poverty and supports wellbeing.

Coverage of the real Living Wage continues to be lower within certain sectors such as care, retail and hospitality. As these sectors are heavily female-dominated, lower coverage of the Living Wage in these sectors contributes to women's higher rates of poverty. Across the UK, one-fifth of women in work are paid below the real Living Wage compared to 14% of men. **Jobs held by women account for 60% of all jobs paid below the Living Wage.**<sup>3</sup> The Scottish Government must embed fair work and the real Living Wage in their engagement with these sectors, including in the creation of the National Care Service and the implementation of the retail strategy.

Living Hours, developed by the Living Wage Foundation, calls for a decent notice period for shifts of at least four weeks, with guaranteed payment if shifts are cancelled within this notice period, and the right to a contract that reflects actual hours worked.<sup>4</sup> Living Wage Scotland began delivering the Living Hours programme in April 2021. Living Hours measures are designed to tackle the problems of underemployment and insecurity around working hours, highlighting the importance of reliable working hours that provide for a stable income. In the recently refreshed Fair Work Action Plan, the **Scottish Government have restated their commitment to Living Hours accreditation<sup>5</sup> and it is important that this becomes a core aspect of fair work in Scotland.**

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<sup>2</sup> Poverty and Income Inequality in Scotland 2019-2022. Scottish Government (2023). Available at <https://data.gov.scot/poverty/>

<sup>3</sup> Living Wage (2022) 'Low paid work and cost of living crisis disproportionately affecting women' available at <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women>

<sup>4</sup> Ibid.

<sup>5</sup> Scottish Government (2022) *Fair Work Action Plan* available at <https://www.gov.scot/publications/fair-work-action-plan/>

## 5. Parental employability and child poverty

Employability support is a key area of activity in the Tackling Child Poverty Delivery Plan. However, it is also the area of *Best Start, Bright Futures* where the implementation gap is most apparent. In September 2022, **the Scottish Government announced a cut of £53m in proposed employability support spending. According to analysis by the Fraser of Allander Institute, this cut represents 43% of the amount named in 2022-23 budget.**<sup>6</sup> While the Scottish Government have acknowledged that this budgetary change means fewer parents will be supported, there is no indication of how many parents will be affected.<sup>7</sup> These cuts are concerning in the context of child poverty, as data highlights that mainstream programmes are not delivering for the priority family groups outlined in the Tackling Child Poverty Delivery Plan.

The Poverty Alliance welcomed the introduction of the Parental Employability Support Fund. However, to date, there has been insufficient data on outcomes to assess the extent to which this was meeting parents needs or making progress towards Scotland's child poverty targets. Similarly, *Best Start, Bright Futures* included a commitment to deliver a new Parental Transition Fund intended to tackle the financial barriers parents face in entering the labour market, particularly over the initial period of employment. However, there has been a significant delay in implementation.

The Poverty Alliance support the Scottish Government's analysis in *Best Start, Bright Futures* about what is required in the realm of employability. However, the implementation gap means that these policy commitments are not yet enabling parents to escape the grip of poverty. In December 2022, ahead of the Scottish Budget, the End Child Poverty Coalition called for the allocation of sufficient funding for the implementation of the employability commitments in the Tackling Child Poverty Delivery Plan to ensure that employability support meets the needs of priority families.<sup>8</sup> This should be an early priority for the new First Minister.

## 6. Using Scotland's devolved taxation powers to fund better public services and social security support

Tackling poverty in Scotland requires greater investment in our social security safety net and the public services that we all rely on, but that are a vital lifeline for people on low incomes. **Utilising Scotland's powers over taxation is a critical tool in building a fairer Scotland and raising the revenue needed for this investment.** The Scottish Social Attitudes Survey found that there is public support for changes to taxation, with **nearly two-thirds of people in Scotland supporting increased taxation and spending on health, education and social security**, and some **68%**

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<sup>6</sup> Scottish Government (2021) *Scottish Budget 2022 to 2023* available at <https://www.gov.scot/publications/scottish-budget-2022-23/pages/7/>

<sup>7</sup> Fraser of Allander (2022) *First thoughts on the Scottish Emergency Budget Review* available at <https://fraserofallander.org/first-thoughts-on-the-scottish-emergency-budget-review/>

<sup>8</sup> End Child Poverty Coalition (2022) *Scottish Budget Briefing 2023* available at <https://cpag.org.uk/policy-and-campaigns/briefing/end-child-poverty-scotlands-scottish-budget-2023-briefing>

said that income should be redistributed from the better-off to those who are less well-off.<sup>9</sup>

We have welcomed the First Minister's commitment to considering the introduction of wealth taxes and a new income tax band in Scotland. **Analysis by IPPR Scotland has found that the new First Minister's proposal to introduce a new tax band would raise an additional £257 million.**<sup>10</sup> This revenue could be utilised to invest in the action required to tackle poverty and inequality, including being almost sufficient to fund further increases to the Scottish Child Payment to £40 per week.

The Scottish Government must explore opportunities to harness Scotland's wealth to tackle poverty and utilise all of the taxation powers at their disposal to raise the revenue necessary to tackle poverty and inequality. This should include the long-awaited reform of our unjust system of council tax.

## 7. Social security support and the Scottish Child Payment

The Scottish Government have utilised their devolved powers to improve our social security safety net, including the introduction of the Carer's Allowance Supplement and mitigating the unjust benefit cap. We believe **that the Scottish Government should continue to prioritise putting compassion at the heart of our social security system** with the prompt implementation of Scottish Carer's Assistance; introducing a dedicated 'Carers Hardship Fund' that could be delivered via the Scottish Welfare Fund; the introduction of split payments for Universal Credit; further investment in the Scottish Welfare Fund;<sup>11</sup> and providing a 'top-up' through the Scottish Child Payment to all households with parents under 25 in receipt of Universal Credit.

Of particular importance to the Scottish Government's efforts to tackle child poverty has been the introduction of the Scottish Child Payment. Data shows that 184,000 children were actively in receipt of Scottish Child Payment in December 2022.<sup>12</sup> However, further increases to the value of the Scottish Child Payment are critical to meeting Scotland's child poverty targets. **We were disappointed that the Scottish Child Payment was not uprated in line with inflation, as per other Scottish benefits, in the last Scottish Government budget. This means that the value of the payment has declined in real terms.**

We have welcomed the commitment by the new First Minister to increase the payment to £30 per week in his Government's first budget. However, recent modelling from IPPR Scotland for Save the Children and the Trussell Trust shows that **an increase to the Scottish Child Payment to £40 per week would lift**

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<sup>9</sup> Scottish Government (2022) *Scottish Social Attitudes Survey 2021-22* available at <https://www.gov.scot/publications/scottish-social-attitudes-2021-22/pages/5/>

<sup>10</sup> IPPR Scotland (2023) 'Humza Yousaf's tax pledge could help to lift 20000 children out of poverty' available at <https://www.ippr.org/news-and-media/press-releases/humza-yousaf-s-tax-pledge-could-help-to-lift-20-000-children-out-of-poverty-leading-think-tank-finds>

<sup>11</sup> Scottish Government (2023) *Scottish Welfare Fund – Final Report* available at <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/>

<sup>12</sup> Social Security Scotland (2023) *Scottish Child Payment Statistics* available at <https://www.socialsecurity.gov.scot/asset-storage/production/downloads/Scottish-Child-Payment-publication-Feb-2023.pdf>

**60,000 children out of poverty and surpass the interim targets, making good progress towards the 2030 goal.**<sup>13</sup> Increasing the Scottish Child Payment to at least £40 a week is a step the Scottish Government can take to immediately inject cash into people's pockets and lessen the impact of the cost of living crisis.

## **8. Debt and the cost of living crisis**

Increased problem debt is likely to be a long-term implication of the cost of living crisis, with households managing extremely limited finances or negative incomes. Our joint research with the Scottish Women's Budget Group highlights that women are falling into deeper poverty as a result of the cost of living crisis, with women being unable to pay existing debt and being at risk of accumulating more debt.

Joseph Rowntree Foundation's most recent **Poverty in Scotland report showed that nearly half (45%) of single-parent families, over 90% of whom are headed by women, are behind on at least one bill or payment.**<sup>14</sup> Christians Against Poverty have highlighted that their clients are struggling to remain debt free over the longer-term, with many clients operating a deficit budget which forces them into destitution or back into problem debt. **Demand for Christians Against Poverty's emergency aid for food and energy is also at an all-time high, with an 80% increase in requests for food aid in the last 6 months of 2022 compared to the same period the previous year.**

Recent research by Aberlour has highlighted that more **than half of Scottish families with children in receipt of Universal Credit have their monthly income reduced by around 10%, equating to £80 on average, as a result of deductions by DWP to recover debts.** This means that tens of thousands of families eligible for the Scottish Child Payment are not feeling the full benefit of that financial help, with most of the increase in income cancelled out by deductions to cover these debts. Making repayments on debts means even less money available for essential needs, whilst concurrently causing significant stress and poor mental health. As a response, **the Scottish Government should immediately stop collection of public sector debt for a period of at least six months, helping households to use money on essentials like food, energy and housing costs.**

### **For more information, please contact:**

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<sup>13</sup> Institute for Public Policy Research (2023). *Poverty doesn't have to be inevitable – it needs political will and investment to eradicate*. Available at: <https://www.ippr.org/blog/poverty-doesn-t-have-to-be-inevitable-it-needs-political-will-and-investment-to-eradicate>

<sup>14</sup> Joseph Rowntree Foundation (2022) *Poverty in Scotland 2022*.