

# Aberlour

Scottish Government Debate: Supporting  
Scotland with Cost of Living and Reducing  
Child Poverty

Briefing for MSPs

18<sup>th</sup> April 2023



# Supporting Scotland with Cost of Living and Reducing Child Poverty

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## Key Messages

- 1 in 4 (24%) children in Scotland are living in poverty and that is unacceptable. Poverty is the single greatest issue faced by families that Aberlour works with.
- Growing up in poverty will have far reaching and long-term consequences for many children's physical and mental health and wellbeing, their education and learning and a limiting impact on their life opportunities. Children and their families living in poverty need the right help and support to mitigate the impact of poverty on their lives.
- Ending child poverty is the Scottish Government's stated 'national mission' but action taken so far has failed to reduce child poverty. Lifting families out of poverty and meeting child poverty targets demands much more action from the Scottish Government through reducing household costs and maximising use of devolved social security powers.
- Low income families are in the midst of a debt crisis and many are locked in a cycle of problem debt that they owe to public bodies, trapping many families in poverty. Debt recovery practices by public bodies can be punitive and hostile and often push families deeper into poverty.

## In order to reduce child poverty Aberlour is calling on the Scottish Government to:

- Increase the Scottish Child Payment to £40 per week to help combat cost of living rises, to increase low income families' household budgets and to meet interim child poverty targets
- Tackle the debt crisis and the role public debt plays in trapping families in poverty, including cancelling school meal debt for all low income families in Scotland
- #KeepThePromise and prioritise investment in holistic whole family support through the delivery of the Whole Family Wellbeing Fund in order to support all families needing extra help
- Invest in and improve the delivery of the Scottish Welfare Fund in order that it can effectively and urgently respond to the needs of those of who rely on it
- Develop a consistent national approach by working together in partnership with local authorities to support children and their families with No Recourse to Public Funds

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## About Aberlour

Aberlour is Scotland's largest, solely Scottish children's charity. We work with disadvantaged, marginalised and discriminated against children, young people and families throughout Scotland, providing services and support in communities around the country. We help to overcome significant challenges including the impact of drugs and alcohol on family life, growing up in and leaving care, poor mental health, living with a disability, or the impact of poverty and disadvantage. We aim to provide help and support at the earliest opportunity to prevent problems becoming intractable or spiralling out of control. We are committed to [#KeepThePromise](#) and to the incorporation of the UNCRC.

Aberlour is a member of the End Child Poverty coalition and is committed to combatting the impact of poverty and disadvantage on the children and families we work with, as well as actively campaigning to see a Scotland where no child grows up in poverty. We deliver the [Aberlour Urgent Assistance Fund](#) which provides financial support via small grants to families and young people aged 21 and under living anywhere in Scotland and experiencing extreme financial hardship.

## Tackling Child Poverty

Since child poverty targets were set in the Child Poverty (Scotland) Act 2017 child poverty has failed to reduce. Most recent official figures show that 1 in 4 children in Scotland continue to live in poverty<sup>1</sup>. It is clear that action taken in recent years hasn't yet been enough to begin to turn the tide on child poverty or to meet the Scottish Government's child poverty targets.

It is explicitly the 'national mission' of the Scottish Government to end child poverty. The most recent Child Poverty Delivery Plan 2022-26 recognises that more can and must be done to tackle child poverty, including reducing household costs for low income families and strengthening the social security safety net for those who rely on it.

Recent actions by the Scottish Government, such as the increase in the Scottish Child Payment to £25 per week and mitigating the unfair benefit cap for families in Scotland, are steps in the right direction and will provide some financial relief for families worried about whether they can pay their bills or feed their families.

However, with more and more families facing being pulled into poverty as living costs continue to rise, with energy bills at an all-time high and inflation at its highest level in 30 years, family budgets are being squeezed more than ever. The financial pressure families are feeling right now is overwhelming and the Scottish Government must now maximise all

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<sup>1</sup> <https://data.gov.scot/poverty/cpupdate.html>

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levers available to it to give families a helping hand by increasing household incomes further.

We welcome the positive and meaningful steps the Scottish Government has taken to date, but it is not yet enough to end or even reduce child poverty significantly. It is still far from certain that Scotland will meet its child poverty targets without greater and bolder action.

*"I feel like I'm doing the right thing. I'm honest and I'm working as hard as I can in my job but it's still not enough. When I didn't work...we struggled. Now I work, and we still struggle. So, what am I meant to do?"* (Parent supported by Aberlour)

## Scottish Child Payment

We welcome the Scottish Government's action so far in increasing the current value of the payment to £25 per week, as well as the roll out to all families with children under 16. The Scottish Child Payment has proven to be the best tool available to the Scottish Government to target direct financial support for families who have the least.

Nevertheless, demand on families' budgets has become ever more draining in the last eighteen months due to the cost of living crisis and the day-to-day cost of just 'getting by' becoming ever more unaffordable for families on the lowest incomes. The Scottish Government must do everything it can and use all the levers available to increase families' incomes to help respond to the cost of living crisis. We welcome the new First Minister's commitment to increasing the Scottish Child Payment to £30 per week.

However, the most up to date modelling has shown that the best chance the Scottish Government has of meeting the 2023/24 interim child poverty targets – and to lift a further 20,000 children out of poverty – is to increase the Scottish Child Payment to £40 per week<sup>2</sup>. Therefore, we urge the Scottish Government to commit to this in the coming year.

We believe the Scottish Government must:

- **Make full use of social security powers and increase the Scottish Child Payment further to £40 per child per week to mitigate further rises in inflation and to help meet interim child poverty targets.**

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<sup>2</sup> <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>

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## Public Debt

One of the biggest issues for the families Aberlour works with is debt they owe to public bodies – or public debt – such as councils tax arrears, Universal Credit advance payments and even school meal debt. Low income families across Scotland are facing a mounting debt crisis. Families tell us they simply can't absorb any more costs as they fall deeper into debt trying to make ends meet. For many, paying back public debt means they can't afford to pay the bills or buy the things they need for their children.

We are seeing more and more families burdened with unmanageable debt as they struggle to cope with many becoming destitute as they have nothing left to cover the essentials and basics that they need to live and function as families.

Last year Aberlour [published research](#) which highlights the scale of public debt for families on the lowest incomes in Scotland. Our report evidenced that **more than half of low-income families with children in Scotland who receive Universal Credit** are seeing their monthly income reduced by the DWP to cover public debt they owe. Many of these debts are 'third party deductions' collected on behalf of local authorities for council tax arrears or other charges.

Our research tells us that families who already rely on benefits to get by are seeing their **incomes reduced by 10% (£80)**, on average, and that **tens of thousands of families eligible for the Scottish Child Payment are not feeling the full impact of the payment**, as the majority of the boost to incomes it provides is being swallowed up by the cost of repaying public debt.

We need greater focus and concrete action to respond to families trapped in poverty as a result of debt, and in particular those with debt to public bodies.

We believe the Scottish Government must:

- **Pause public debt recovery in Scotland for all low income households for at least the next six months to give families on the lowest incomes breathing space**
- **Cancel all school meal debt owed by low income families across Scotland**
- **Provide flexibility and funding to local authorities to write off the debt of low income families with unsustainable levels of public debt**

*"[debt is] a shadow which is hanging over you...You just can't get away from it – how it affects the individual, how it affects children and society and I'm part of that society who are perhaps looked down on – we're just on benefits, we're scrounging off the state. I'm more than that. I come from stuff and lost it. I want to get back to not relying on the state... I will not be on benefits forever." (Parent supported by Aberlour)*

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## Whole Family Support

A core part of Keeping The Promise is making sure families get the help they need to prevent children being taken into care and to keep families together. It is well evidenced that is overwhelmingly children from the poorest backgrounds that are taken in to care<sup>3</sup>. The Independent Care Review reflect this in its recommendations (The Promise) highlighting: **“There must be a significant, ongoing and persistent commitment to ending poverty and mitigating its impacts for Scotland’s children, families and communities.”**

Investing in holistic, whole family support which provides practical, emotional and financial help and assistance to families who are struggling is a vital part of how we support families who need extra help and guarantee the help and support they need. Such support can: prevent challenges becoming entrenched; strengthen family relationships; and help to tackle the impact of poverty and disadvantage. Ensuring families have an adequate household income is a central element of holistic family support.

There must be a clear commitment to sustainable investment in holistic whole family support to ensure early and preventative help is available to all families who need it, and if we are to #KeepThePromise to Scotland’s children and families. This will go some way to reducing the likelihood of families’ problems developing into crises due to a lack of adequate help and support from systems that don’t work.

- **#KeepThePromise by prioritising the delivery of the Whole Family Wellbeing Fund and invest in transformative holistic, whole family support for all families who need extra help, that responds to families’ needs to help mitigate the impact of poverty on families’ lives**

## Scottish Welfare Fund

The Scottish Welfare Fund is a vital part of the welfare system in Scotland providing immediate and urgent help for those in financial crisis. However, [evidence from Aberlour and others](#) has shown that too often it isn’t working as it is supposed to and is failing to meet the needs or urgently respond to those experiencing financial crisis.

Through the delivery of Aberlour’s Urgent Assistance Fund we have continued to see significant numbers of low-income families in financial distress seeking assistance who have unsuccessfully applied to the Scottish Welfare Fund. Often it is unclear why applications have been rejected at the point when families are applying to our Urgent Assistance Fund when the level of need is clear and demonstrable.

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<sup>3</sup> <https://www.nuffieldfoundation.org/wp-content/uploads/2022/03/Full-report-relationship-between-poverty-child-abuse-and-neglect.pdf>

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Ongoing and persistent issues with the Scottish Welfare Fund we have seen from our work include: inconsistency in decision making from one area to another; lack of knowledge or awareness locally of the Scottish Welfare Fund for both families and practitioners; erroneous or hard to find information on local authority websites; accessibility and communication issues, particularly for those without digital access.

The Scottish Government commissioned an independent review of the Scottish Welfare Fund which published its final report earlier this year<sup>4</sup>. We welcome the findings of the review which highlight the need for improvements in relation to clarity of the purpose of the Fund, consistency in decision making, quality and timeliness of communication, and crucially an increase in the overall funding of the Fund in order that it can adequately meet demand and respond effectively at times of increased financial pressure for low income households, such as during the current cost of living crisis.

We must see urgent improvement in the delivery of the Scottish Welfare Fund now, so it can better meet the immediate needs of families in financial crisis.

We believe the Scottish Government must:

- **Invest in the Scottish Welfare Fund in order it can respond urgently and effectively for those who rely on it and meet increased demand during times of financial crisis, as well as to support local authorities to meet the increased costs of administering the Fund.**

## No Recourse to Public Funds

There is currently an absence of any meaningful help and support for families with No Recourse to Public Funds, who are most likely to be living in poverty in destitution, and so the Scottish Government must develop clear targeted actions to tackle this.

Families with No Recourse to Public Funds are not entitled to social security support. However, these families are some of those at greatest risk of experiencing extreme financial hardship. Immigration is a policy area reserved to the UK Government and current UK policy is controversial and hostile towards asylum seekers and refugees. There have been many calls for the Scottish Government to provide support to these families using devolved social security powers or other discretionary measures. The Poverty and Inequality Commission has previously called on the Scottish Government to work with

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<sup>4</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2023/03/review-scottish-welfare-fund-final-report/documents/review-scottish-welfare-fund-main-report/review-scottish-welfare-fund-main-report/govscot%3Adocument/review-scottish-welfare-fund-main-report.pdf>

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Cosla: ***“to develop a national policy on the provision of support to those with ‘No Recourse to Public Funds’ through local authorities”***<sup>5</sup>.

Aberlour has argued that local authority powers which allow for the discretionary use of cash assistance to ‘promote social welfare’ should be used to target financial and practical support for families with No Recourse to Public Funds<sup>6</sup>. Provisions included under s.12 of the Social Security (Scotland) Act and s.22 of the Children (Scotland) Act 1995<sup>7</sup> should be used to develop a national approach to provide support to families, promote children’s wellbeing and to prevent poverty and destitution.

We believe the Scottish Government must:

- **Work with local authorities to develop a consistent national approach using local government powers to target support, including discretionary financial assistance to the equivalent value of the Scottish Child Payment, to provide help and support and prevent families with No Recourse to Public Funds from falling into poverty and destitution.**

For further information contact **Martin Canavan (Head of Policy & Participation)**  
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<sup>5</sup> <https://povertyinequality.scot/wp-content/uploads/2020/08/Scottish-Welfare-Fund-briefing-.pdf>

<sup>6</sup> <https://socialworkscotland.org/wp-content/uploads/2018/12/SWS-Prevention.pdf>

<sup>7</sup> <https://www.gov.scot/publications/scotlands-children-children-scotland-act-1995-regulations-guidance-volume-1-support-protection-children-families/pages/2/>





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