Briefing

Briefing: making the most of the Scottish Child Payment

This briefing is the second report from a joint JRF and IPPR Scotland programme looking at the Scottish Government's proposals for a new social security payment to tackle child poverty in Scotland. Following the Scottish Government's announcement of a new Scottish Child Payment from 2020 this report outlines some key opportunities and challenges, and makes recommendations for the immediate, near and longer-term future.

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Making the most of the Scottish Child Payment

This report considers how we can build further on the Scottish Government's hugely welcome proposals for a Scottish Child Payment as it is implemented. The overriding message we heard from people with experience of low income was that the Scottish Child Payment must be a **predictable, flexible and high take-up payment**. The report outlines recommendations for further improving the Scottish Child Payment including:

- It should be paid **fortnightly**, not four-weekly as proposed, with a choice of frequency of payment for families developed over time.
- It should provide families with at least **three-months** of a rolling guarantee of budgeting certainty, avoiding the volatility found in the UK benefits system.
- A '**double-lock'** should protect the value of the Payment each year – increasing by the higher of earnings growth or the inflation rate faced by low-income families.
- It should be a **'gateway'** to other forms of support for low-income families.
- Consideration of retaining an **under-sixes premium**, increasing the age cut-off for eligible children from **16- to 18-years-old** and, over the longer-term, implementing an additional **school holiday lump-sum** payment.

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1. Introduction

Background

Earlier this year JRF and IPPR Scotland decided to join forces to look at how proposals for an Income Supplement in Scotland could have the greatest impact on reducing child poverty. Following the publication of our first report, the Scottish Government published its proposals for a new social security payment called the Scottish Child Payment.

This briefing outlines the second phase of our joint work, bringing together desk-based research which has looked at the evidence available from Scotland, the UK and internationally, in designing payments with the greatest potential for tackling child poverty alongside new modelling to understand how the Scottish Government's proposals could be further improved. Crucially, this briefing also brings together the views of people with direct experience of the social security system, building on our first report, to help to inform the implementation of the Scottish Child Payment. Alongside the support and steer we have been able to gain from our Advisory Panel for this project, this briefing provides an insight into how well the Scottish Government's proposals meet the priorities and principles set out in our first briefing report.

We started this project by engaging with people with experience of poverty to hear their priorities for what will be the Scottish Child Payment. We have continued and ended the project in a similar way, ensuring that these real experts when it comes to poverty are at the heart of this report, informing what will help to reduce poverty for the long-term.

Key principles – our first report

Alongside new modelling to understand the potential impact of a new income supplement in Scotland, our first report outlined a number of key principles against which any proposals from the Scottish Government would be measured. Child poverty is on the increase: a classroom of children every day is expected to be pulled into poverty in Scotland over the coming years. With statutory targets passed unanimously by the Scottish Parliament just over 18 months ago to reduce relative child poverty by 2030, the need for a new social security payment in Scotland is clear.

We know that ending child poverty is possible. We have seen significant reductions before, and we can do again. We know that social security alone will not be enough to meet these targets: that's why the Scottish Government is implementing a broad plan to tackle child poverty. However, if it doesn't use Scotland's new powers over benefits, it is unlikely that projected increases in child poverty would be stopped and very unlikely we would see the reductions necessary to meet Scotland's ambitious child poverty reduction targets.

Key principles for a Scottish Child Payment

JRF and IPPR Scotland's first report considered key questions around how a new payment should be designed and delivered, both in the short- and long-term, and outlined key principles against which we would assess any proposals from the Scottish Government.

These were:

- **Urgency**: start early, in this Parliament. Start small if necessary and build up. With the Programme for Government and the next Scottish Budget crucial to enabling this.
- **Impact**: we assessed a number of options for impact on child poverty and cost. Cost effectiveness is an important principle to ensure the maximum number of children are taken out of poverty.
- **Predictability**: high levels of predictability are highly valued by those with experience of the social security system. This should mean that reassessments are not over-frequent so that the payment can be a reliable source of income.
- **High take-up**: the Income Supplement must reach those in need. The application process should be accessible, straight-forward and automated if possible.
- **Ambition**: significant investment is needed to reduce child poverty. Whilst this cannot all be done by social security alone, it must play its full part.
- **Poverty depth**: to change all children's lives we need to ensure we tackle depth of poverty. The Income Supplement should include a focus on those in the deepest poverty, and the families we know have the highest poverty risk, to have impact.

Scottish Government announcement

Only a few weeks following the publication of our first report, on the 26 June 2019, the Scottish Government announced its plans for a Scottish Child Payment. We will outline the detail of the announcement later in this briefing, but in summary the Payment will see £10 per week paid to lower-income families in receipt of qualifying benefits[1] for every child aged under 16 years old. It is proposed that it will be paid every four weeks by Social Security Scotland rather than through the UK Government or local authorities. It will start by Christmas 2020[2] initially for children under the age of six before rolling out to all eligible children aged under 16 by the end of 2022. Once fully rolled-out it is expected to reach over 400,000 children in Scotland, lifting 30,000 children out of relative poverty at an estimated cost of £180 million per year (Scottish Government 2019).

Given the devolution and transfer of 10 other benefits[3] previously paid by the UK Government, one of the key concerns of the Scottish Government – alongside its primary aim of reducing child poverty – is to ensure that any proposals for new social security payments do not risk the safe and secure transition of these newly devolved payments. This is likely to mean that fewer options for how the Scottish Child Payment is designed and delivered may be available in the short-term up to 2022, than following roll-out over the medium- and long-term.

Reaction to the Scottish Child Payment proposals

Following a great deal of work in advance of the Scottish Government's announcement, including campaigning by a significant coalition of poverty-focused organisations in Scotland, we were pleased that the analysis and ideas in our first report had in many ways been reflected in the Scottish Government's announcement. We believe the Scottish Child Payment could make a significant contribution to tackling child poverty in Scotland.

However, the aim of this project has always been to work to maximise the impact from any Income Supplement, and as such we believe how it is implemented will be just as important as how it is designed. Our aims for this second report are therefore to:

1. Assess the Scottish Government's proposals against the six principles developed with people with direct experience of poverty.
2. Recommend any improvements possible and required in the short-term between now and full roll-out in 2022.
3. Outline potential longer-term improvements to the Scottish Child Payment.
4. Consider the Scottish Child Payment in the wider context of meeting the Scottish Parliament's interim and final targets for reducing child poverty by 2030.

Research methods

For this second briefing we undertook a literature review of academic and policy documents and additional modelling of the potential options around the Scottish Child Payment (see the Annex for a discussion on the difference between our modelling and the Scottish Government's modelling).

Crucially, we also continued as we began this project, with a series of meetings with groups of parents with experience of living in poverty. Across this phase of the project we have held eight research events, including ones focused on key groups such as families with a disability, lone parents and black, Asian and minority ethnic (BAME) families. Speaking with, hearing from, and listening to these real experts when it comes to poverty has been crucial to our work and without them it would have been impossible to arrive at the findings and recommendations in this report.

2. Scottish Child Payment proposals

The Scottish Government has outlined relatively detailed proposals for the Scottish Child Payment. In the first instance, this will see secondary legislation and an early roll-out phase, starting with children under-six by the end of 2020 before extending to under-16s by the end of 2022. In this section we outline some of the key aspects of the proposals in more detail and understand some of the implications of the Scottish Government's proposed approach.

The detail of current proposals for the Scottish Child Payment

- The Scottish Child Payment as proposed will see £10 per week paid to families in Scotland with children and in receipt of qualifying UK-wide benefits, such as Universal Credit (UC) and the legacy benefits being phased out as UC rolls-out. Those, with children, in receipt of Pension Credit will also be eligible.
- It is planned to be paid for each eligible child in the family with no cap or child limit.
- The aim is for the Payment to begin in late 2020, firstly for lower-income families with children under the age of six, before rolling-out to lower-income families with children aged under 16 by the end of 2022.
- It will be paid by Social Security Scotland, rather than by the UK Department for Work and Pensions (DWP).
- It is currently proposed that the Payment will be made every four weeks rather than in lump-sums or in more regular (weekly/fortnightly) payments seen elsewhere in the UK benefit system.
- There will be an application process for families, but it is planned that most details will not need to be supplied by families themselves, with information instead being verified with DWP. This should help to reduce administration for Social Security Scotland and for families applying for the Payment.
- The Payment will be made to the primary carer for the child, and so most commonly the mother (see next section for further details).
- The Payment as planned will cost an estimated £180 million per year when rolled-out, reaching over 400,000 children and reducing relative child poverty by 30,000 per year (around three percentage points).

(Scottish Government, 2019)

This will mean that recipients of the Scottish Child Payment will need to be in **receipt** of qualifying UK benefits rather than only being **eligible** for those benefits. Take-up figures are not yet available for Universal Credit and not produced for some of the other qualifying benefits. However, take-up of Child Tax Credit, a similar group of potential beneficiaries, stands at an estimated 83%, setting a ceiling on possible take-up for the Payment (Scottish Government 2019). Equally, in making being in receipt of a qualifying benefit the eligibility criterion for the Scottish Child Payment, there are some groups of low-income children who may not be able to access it. We will discuss this in later sections of this briefing, but these include parents who are a higher-education student who will be unlikely to qualify for Universal Credit, children in families with no recourse to public funds status, and likewise very young parents (under 14 years old).

As it stands the Scottish Government has no plans for a back-up application route for the Scottish Child Payment, like the one that exists for the Council Tax Reduction Scheme, to enable those eligible but not in receipt of a qualifying benefit to access the Scottish Child Payment. Likewise, there are no plans to expand eligibility criteria beyond those set by the UK Government. This follows the same approach seen for the Scottish Government's Best Start Grants.

Conditionality and sanctions

While only those in receipt of a qualifying benefit will be able to take-up the Scottish Child Payment this should not mean that the UK Government's sanctions regime effects the potential numbers of families eligible for the Payment in Scotland. This is because, in practice, those who see sanctions remove 100% of their benefit payments are provided with a 'zero award'. This means that technically they are in receipt of benefits, even if that means they receive no financial support at all. This will mean that even a 100% sanction of a qualifying UK benefit should not usually affect the payment of the Scottish Child Payment.

The Scottish Government is planning to use secondary legislation, using its new top-up powers, to implement the Payment (rather than primary legislation) in line with the process used for the current Carers' Allowance Supplement. Primary legislation may be possible in the next parliamentary term (between 2021 and 2026) which may open further flexibility for the design and delivery of the Payment over the medium-term.

Due to the use of secondary legislation, combined with the capacity constraints within Social Security Scotland as it focuses on delivering the devolution of 10 benefit payments and new social security payments, there is likely to be little if any scope for changes to the design or delivery of the Scottish Child Payment between now and its full roll-out in 2022. However, there may be more scope for change as devolved benefits are introduced and Social Security Scotland reaches full capacity over the next few years.

Universal Credit income cut-off points

Universal Credit (UC) is currently being rolled-out by the UK Government as a single payment, with a single set of allowances and tapers, to replace six 'legacy' income-assessed benefit payments. The UK Government's stated plans are for the roll-out to be complete by the end of 2023, but previous plans have been delayed repeatedly with dates pushed back. Once fully rolled-out, UC will be the main benefit that will determine eligibility for the Scottish Child Payment. This means the qualifying criteria for UC will be crucial in determining who can access the Payment.

In terms of income assessment, the UC includes work allowances, an amount of earnings you can keep before the UC begins to be withdrawn, and a taper rate, the amount by which UC entitlement is withdrawn for every additional pound of earnings. The income level at which UC is withdrawn therefore depends on both the work allowance and total UC entitlement.

Using current allowances and entitlements for 2019/20, we looked at the minimum level of earnings that a family would need to have in order to lose eligibility for the Scottish Child Payment. Table 1 shows some simple illustrations. In our example, families with one child, family earnings would need to be in the region of £30,000 (amounts depend on rent and local housing allowance) before eligibility for Scottish Child Payment would be lost. This amount will be higher depending on number of children and other factors.

This shows that families with income levels below these points would receive the Scottish Child Payment if it were in place in 2019/20. It also shows that while UC entitlement would likely fluctuate with changes in earnings beneath these income points, the Scottish Child Payment would not, providing greater certainty and security for greater numbers of recipients. It is only families whose income levels (or other changes in circumstances) take them fully out of UC entitlement that will lose entitlement to the Scottish Child Payment.

Table 1 – Family types still in receipt of Universal Credit at respective (gross) income levels (2019/20)

Family type	Rent	Salary
Lone parent, one child under 10 years old	£175 per week, two-bedroom flat in Edinburgh	£35,000 per year
	£100 per week, two-bedroom house in Melrose	£27,500 per year
Couple, both in full-time employment, one child under 10 years old	£175 per week, two-bed in Musselburgh	Both earn £17,250 per year (joint income of 35k)
	£100 per week, two-bed in Eyemouth	Both earn £13,750 per year (joint income of £27,500 a year)

Source: Entitledto benefit calculator – accessed at www.entitledto.co.uk by authors September 2019.

Notes: The income points in this table do not represent the exact point at which UC entitlement reaches zero, but do represent income points at which UC reaches close to zero. Calculations do not include any payments for disability, childcare, and assume no savings, pensions income, other income and no pension contributions. We assume earners are employed rather than self-employed. We have assumed each family type receives housing support and have used the areas in Scotland with the highest and lowest LHA for each family type. Given all of the 1st children in the family types outlined above were born prior to April 2017, they receive a higher 'first child' child element. This does not apply to first children born on or after 6 April 2017.

3. How well do the Scottish Child Payment proposals meet our principles?

In our first report, we outlined key principles for any income supplement in Scotland. These were developed alongside people with experience of the social security system and living on low incomes. The six principles we outlined were:

- **Urgency**:

  We wanted the Payment to start early and in this parliamentary term (by April 2021), starting small if necessary and building up.

- **Impact**:

  We wanted the Payment to be as cost-effective as possible, ensuring the maximum number of children are taken out of poverty for the funding invested.

- **Predictability**:

  We wanted the Payment to deliver high levels of predictability so that it can become a secure and reliable source of income for those that receive it.

- **High take-up**:

  We wanted the Payment to reach the maximum number of those in need with a short application process, or an automated process (without need for application) if possible.

- **Ambition**:

  We wanted the Payment to be backed by significant investment to reduce child poverty. While Scotland's poverty reduction targets cannot be met by social security alone, without significant investment in social security, meeting Scotland's targets will not be possible.

- **Poverty depth**:

  We wanted the Payment to change the lives of children in poverty with a focus on those in the deepest poverty, and the families we know have the highest risk of poverty.

For this second briefing report we undertook desk-based and face-to-face research to understand how well the Scottish Government's proposals for the Scottish Child Payment meet these principles. In this section we summarise our findings and the parents we engaged with.

Urgency and impact

Without question the Scottish Government has shown greater urgency in their proposals for the Scottish Child Payment, announcing initially that it would bring forward the initial payment to under-sixes to 2021 (over a year earlier than expected) and most recently, through the Scottish Government's September 2019 Programme for Government, bringing forward the initial payment to before Christmas 2020. Given increasing levels of child poverty in Scotland, and the significant coalition of organisations calling for the Payment to be introduced before the end of this parliamentary term, the Scottish Government has found a way to act with greater urgency.

Equally, in designing the Scottish Child Payment as a passported payment, paid to people in receipt of qualifying UK benefits (those in receipt of Universal Credit, legacy income-based benefits and Pension Credit) the cost-effectiveness of the proposals are also strong. Our analysis, from our first report, showed that passporting the Payment in this way would provide a significant impact per pound invested, while also offering the greatest coverage of children in poverty. While there are trade-offs to this approach, which we discuss below, in terms of cost-effectiveness the proposals for the Payment show high impact for the investment relative to other options considered in our first report.

Predictability

Ensuring the Scottish Child Payment is a predictable and stable source of income for low-income families was among the strongest priorities we heard from the parents we spoke with. This stemmed in part from their experience of the UK benefits system, or the experience of those around them, with a view that Universal Credit is over-responsive, with payments volatile from month to month, and encouraged a feeling of precariousness in the sense that payments could be reduced or withdrawn with little to no notice. Equally, there was a widespread negative experience from those we spoke to around over-payments and high deduction rates to cover arrears within the current UK benefit system.

This is reflected in international evidence of social security payments, which finds predictability and reliability of cash transfers improves the ability for beneficiaries to manage risk and plan (Bastagi and Hagen-Zanker, 2016), and is linked to improved financial security, which in turn reduces stress and anxiety (Samuels and Stavropoulo, 2016).

Universal Credit (over?) responsiveness

Eligibility for the Scottish Child Payment is contingent on receipt of Universal Credit, equivalent low-income legacy benefits or Pension Credit. Universal Credit operates on the basis of a monthly ‘assessment period’. Family circumstances (such as family composition) are assessed on the final day of the month following receipt of UC, and total income over the month in question is included in the assessment, including any back-pay, advances, or holiday pay. This is of particular concern for workers who are paid weekly or fortnightly, who may receive up to five pay-packets in a given month, and workers with volatile earnings, including increasing numbers of self-employed workers, as it can mean Universal Credit payments are extremely volatile, adding to financial insecurity and stress.

Research from the UK Child Poverty Action Group finds that under Universal Credit, a ‘whole month’ approach to eligibility assessment creates overpayments and underpayments by design, catering less well to changing circumstances than the previous legacy benefit system. CPAG describe the system as ‘a huge oversimplification which does not reflect the reality of people’s lives or work’ (Tucker and Norris, 2018).

There was a clear view from the parents we met that the Scottish Child Payment should offer a more stable and dependable source of income, providing some certainty and security for families receiving it. This could be achieved through less frequent reassessments once the Payment is in place, for example every three or six months, giving families certainty that they would receive the Scottish Child Payment for a period of time regardless of any changes in their circumstances. Equally, there was support for the idea of ‘run-ons’ (or a ‘grace period’) to cushion finances when families lose entitlement to the Payment, providing sufficient notice of the payment ending (for example up to three months). The design of the Payment as a flat payment should make overpayments less likely, and clawbacks less likely too. This is a key benefit of the Payment proposals that should be publicised widely to potential beneficiaries.

> "I have two jobs, one of them is zero-hours, you don't know what you've got coming in. I'm on Universal Credit and your money's all over the place."
>
> Lone mother, Dundee

There was a great deal of support from those we spoke to around building flexibility into how often the Scottish Child Payment is made to beneficiaries. The current proposals for a four-weekly payment might work for some, but for others lump-sum payments to coincide with costly school holidays would be more preferable, while for others more frequent weekly or fortnightly payments would help them to budget. Likewise, there was support for paying the Scottish Child Payment in advance rather than in arrears given the potential long waits for UK benefit payments to come on stream.

> "Like with Universal Credit, you can say: can I get it paid every two weeks instead. People should have the choice. Just because every month would work for us, it might not work for everybody. Circumstances are all different."
>
> Lone mother, Dundee

Equally, flexibility around backdating the Payment for those who have not taken-up their entitlement in the past was a key concern. We heard repeatedly that the idea of reciprocity should be at the core of the system in Scotland, between Social Security Scotland and beneficiaries, and in this sense the system should take some responsibility for those that do not take-up their entitlement. This would be through efforts to boost take-up (discussed in the next section), but also in allowing backdating of the Payment when families have not taken-up their entitlement.

There was widespread support for the Scottish Child Payment to be paid to the primary carer of the child(ren), most often the mother. Following the introduction of Universal Credit, with its single-payment design, there is a risk that greater proportions of household income are going to one parent, with the potential for financial dependency and abuse in some circumstances. Ensuring the Payment goes to the person with primary caring responsibilities may provide crucial income, often paid directly to the mother. However, some concern was expressed that the primary-carer test employed through the Payment (and elsewhere in the social security system in Scotland) should be designed and implemented correctly, and crucially that reassessments through this test should be quick to respond when caring responsibilities change between parents or to other guardians.

The Best Start Grant Primary-Carer Test

As it currently stands, the primary-carer test proposed for the Scottish Child Payment will be based on the test in operation for the Best Start Grant payments. To receive the Best Start Grant (BSG) you must be the main person looking after a child, which includes the child's birth mother, living with and in a relationship with the birth mother, or a single father. To evidence that you are the main person looking after a child, you must be getting one of the following benefits for the child in question:

- Child Tax Credit,
- Child Benefit,
- Universal Credit child payments,
- child addition part of Pension Credit.

If you do not get any of these, you need to have a legal order that shows you look after the child. Further information can be found at the My Gov website: www.mygov.scot/best-start-grant-best-start-foods

Lastly, some concern was expressed around an increasing 'cliff-edge' developing within the Scotland-based social security system. Alongside the Scottish Child Payment, the Best Start Grant has very similar qualifying criteria. Equally, School Clothing Grant and Free School Meals, while set at the local authority level, can often be paid on the same criteria. Likewise, beyond financial support, other entitlements such as free early learning and childcare hours for eligible two-year-olds have similar qualifying criteria. This means if families lose entitlement to Universal Credit or the legacy benefits, they will lose all this additional support. At certain income points (see above in Section 2), an additional £1 in earnings could mean losing between £620 and £1562 per year per child in additional payments through Scotland-based support, plus more in non-financial support (for example free nursery hours for two-year-olds, or free school meals for P4 children and older). As we recommend later in this report, this should be looked at in the near future to ensure we avoid damaging 'cliff-edges' forming within the Scotland-based support system. For example, a taper might potentially be required over the long-term and greater levels of income-maximisation support in the short-term.

High take-up

Through the Social Security (Scotland) Act 2018 the Scottish Government has a duty to maximise take-up of devolved benefits in Scotland. The Scottish Government is currently developing its first take-up strategy. We wanted to consider the evidence available for how we can maximise take-up of the Scottish Child Payment once it is introduced.

As currently proposed, only those in receipt of qualifying benefits will be eligible to apply for the Scottish Child Payment. This is known as passporting and is a crucial feature to minimise administration for those applying for the Payment, and for the Agency in delivering the Payment. It should mean that much of the financial assessment is only undertaken once, rather than for both UK benefits and the Payment. However, the disadvantage of this approach is that those who are eligible for a qualifying UK benefit that do not apply for it will not be able to apply for the Payment.

Risk of low take-up

The UK Government does not routinely collect or publish take-up rates for all UK benefits. The estimates available suggest current take-up rates are far below 100%, with qualifying benefits such as Child Tax Credit and Pension Credit at an estimated 83% and 60% take-up respectively (SPICE 2019). While other Scotland-based financial support, such as Council Tax Reduction, offer a means-tested application route alongside a passported application route, current proposals will not see this back-up route available for the Scottish Child Payment. This will cap the potential number of beneficiaries in line with take-up rates of relevant UK benefits. While it is hoped the introduction of Universal Credit may increase take-up rates, the Scottish Government will need to monitor take-up of the Scottish Child Payment against those eligible for qualifying UK benefits, rather than just those in receipt, both in general and by family groups. Equally, the passport-only route to receiving the Payment may need to be reviewed in the near-future.

Boosting take-up

The parents we spoke with outlined key insights into boosting take-up of the Payment. Short and simple application forms were seen as important, or better still, automation was seen as a key way to boost take-up rates. CPAG Scotland have suggested that, at the very least, adding a prompt to apply for the Scottish Child Payment, as part of Universal Credit, should be considered. Likewise, having multiple channels for application such as online, paper and face-to-face for example, was regarded as important to boosting take-up. Better links within and between the various bodies making payments to low-income families in Scotland, could be crucial to boosting take-up.

> "I applied for DLA and I didn't know I was entitled to Carers Allowance – the advice agency never told me – and I went months and months without knowing."
>
> Mother, Glasgow

Reaching out proactively to potential beneficiaries, working with DWP to identify those families in receipt of qualifying benefits, and contacting families (repeatedly if necessary) inviting them to apply, was seen as good practice, although the communication should be tailored to the families in question.

> "Brown letter doesn't get opened, but white letter you think it is junk and it goes in the bin!"
>
> Mother, Glasgow

Utilising existing and trusted contact points was one of the most consistent themes around boosting take-up. Health Visitors were mentioned frequently as a way to ensure we can maximise take-up through promotion of the Payment and other forms of support. Likewise, social media, local radio, local community groups, nurseries, schools, GPs, churches, mosques, and foodbanks were other existing trusted contact-points through which awareness and take-up of the Scottish Child Payment could be promoted. Likewise, common (and often universal) administrative points could be used, such as birth registration, starting at nursery or school, and key transitions should be targeted such as redundancy, graduation from Further Education or Higher Education.

There were clear concerns that some families may be more likely to miss out on the Scottish Child Payment than others. Those without digital skills or online access, older families, those experiencing isolation and mental ill-health, disabled people, and those with more chaotic circumstances may be at risk of low take-up while also having among the highest risk of poverty. Take-up activities should be based on clear evidence as to who is and who is not accessing the Payment, and who is at high risk of not doing so, with tailored activities for those population groups with lower take-up rates. This will require the correct data collection and monitoring arrangements from the point of implementation.

A clear view was that alongside the launching of any new initiatives, some investment of time and funding should be spent on coordinating existing schemes and, for example, ensuring that every family has a regular benefit check.

> "[Every family should receive a regular benefit check] then there wouldn't be nearly as big a child poverty problem."
>
> Mother, Glasgow

Alongside automating application for the Scottish Child Payment, there is also the option of automating payment of other forms of financial support to those in receipt of the Payment. Automating Scotland-based payments from receipt of the Scottish Child Payment could help to mutually improve take-up. For example, linking applications for the Scottish Child Payment to the Best Start Grant, and vice versa, could drive take-up for both. Likewise, aligning and automating payment of local payments such as School Clothing Grant, Free School Meals, and potentially the Educational Maintenance Allowance, could improve take-up of all.

What works for increasing take-up of means-tested benefits?

Simplicity of application

International studies exploring take-up describe barriers that can affect individual behaviour and decision-making when a potential claimant considers applying or enrolling in a programme (see Bhargava and Manoli, 2014). This can include the complexity of information about the social security programme on offer (Hastings and Weinstein, 2008), the way in which information about the programme is framed (Saez, 2009; Duáo et al., 2005), and the small 'hassle' cost associated with making a claim (Bertrand et al., 2006). The complexity of an application process has been identified as a key factor in non-take-up, both in the UK and internationally (Berthoud, 2010; Blumkin et al., 2018). Simplicity of application forms and careful use of accessible language have been shown to boost take-up of UK benefits (Finn and Goodship, 2014) and these lessons should be carried forward into the design of the Scottish Child Payment application.

Automation

The automatic payment of social security transfers to eligible families is the surest way to ensure take-up is maximised. As the Scottish Government's own options assessment for the Scottish Child Payment acknowledges, automated payments 'would, by definition, result in full take-up of the income supplement [the Scottish Child Payment]', although 'non-take-up of the qualifying benefits would remain an issue.' Evidence suggests that partial automation, which reduces the duplication in providing information, or in verifying circumstances, has a positive effect on take-up (Finn and Goodship, 2014).

Glasgow City Council's limited automation of benefits has demonstrated that this is both feasible and effective at the local level too. By introducing a single application form for entitlement to school clothing grant and free school meals, Glasgow City Council has streamlined the application process for income-tested child benefits. According to evidence given to the Scottish Parliament, by introducing a cross-check of housing benefit and council tax records against receipt of school clothing grant for eligible families, the council was able to identify a further 5,400 people who were eligible for, but not in receipt of, a school clothing grant and to arrange automated payment through a barcoded letter sent proactively to families without need for application.

Stigma

Stigma is associated with non-take-up and reluctance to claim benefits. A UK-wide study using data from 2012 found that as much as a third of benefit claimants experience some degree of stigma in claiming benefits (at the UK level) (Baumberg, 2015). Research published by Turn2Us has identified perceptions of claimants as 'undeserving' are key to perpetuating benefits stigma across the UK. Claimants of child-related benefits, however, are less likely to be perceived to be 'undeserving', with perceptions shifting in cases where children could be deprived of resources they could otherwise have access to (Baumberg, Bell and Gaffney, 2012). UK research exploring benefits stigma does, however, find increased stigmatisation relating to lone parents (Ibid).

What claimants stand to gain

Explorations of benefit take-up describe a 'trade-off' process, through which perceived benefits are weighed against perceived costs, or hassle, associated with completing the application process (see, for example, Bertrand et al., 2010; Vinck et al., 2019). UK research suggests benefit take-up is highest when potential benefit payments are high, and lowest where a claimant is eligible for a relatively small payment (Finn and Goodship, 2014). This presents a clear challenge to the Scottish Child Payment which, whilst not insubstantial, is a relatively small payment.

Awareness-raising campaigns

The most comprehensive existing review of the factors affecting benefit take-up in the UK finds that campaigns at the local level are amongst the most effective means of increasing take-up (Finn and Goodship, 2014). A 2006 evaluation of the £22 million Government campaign to boost take-up of Pension Credit through direct mail, TV and press advertising concluded it was successful in both raising awareness and take-up rates, and indeed was almost twice as effective in cost terms as a predecessor campaign (Finn and Goodship, 2014, p.45). The campaign has been widely linked to an increase in caseload of more than 50 % between 2002/3 and 2005/6.

Advice and support available throughout claim process, including face-to-face support

Evidence from a UK-wide review of what matters in maximising benefit take-up finds that providing advice in accessible local locations already familiar to families with children, such as children's centres, health-care centres and community and voluntary centres can be crucial in boosting take-up (Finn and Goodship, 2014).

Here, there's a clear opportunity to integrate signposting for the Scottish Child Payment into existing services that support eligible families to apply for Best Start Grant, including through ensuring families are informed of entitlements at key 'trigger' points when they become eligible: for example, when registering the birth of a child. Furthermore, the social security agency should consider how providers of free early-years education and care can host information and provide supported sign-posting to other services for low-income families with children.

There is evidence that a lack of cohesion across the social security offer made to particular family groups can have a detrimental effect on take-up (see, for example, Vinck et al. 2019). In the case of child entitlements, we can expect boosting benefit take-up for low-income families to be contingent, at least to some extent, on the coherence of the support package offered by Scotland's Social Security Agency.

Who may not qualify for the Scottish Child Payment?

Making the Scottish Child Payment contingent on being in receipt of a qualifying UK benefit, without a back-up means-tested application route, will mean those eligible for but not in receipt, will potentially miss out on financial support.

In addition, there are particular groups of parents that might not be eligible for Universal Credit, one of the key passporting benefits to the Scottish Child Payment. This could include parents who are also full-time higher-education students. Usually, students in Scotland eligible for higher-education support will lose eligibility for Universal Credit. This would mean they would not be able to claim the Scottish Child Payment. Furthermore, some very young parents, under the age of 14, are not eligible for Universal Credit (their parents or carers need to apply instead) meaning they may not be able to access a Scottish Child Payment. Finally, families with no recourse to public funds will not be able to access any benefits, including the Scottish Child Payment, though we heard that there may be some flexibility to make payments to this group through local government social work funds. Consideration should be given for how financial support can be provided to low-income parents unable to claim qualifying UK benefits and so unable to access the Payment.

Equally, we heard real concerns from those with direct experience of poverty concerning a small number of potential cases where the Payment may not be spent to help the child (instead enabling parents with addictions, or gambling issues, for example). While this risk will be very low in the context of all those eligible, for those children affected the consequences could be stark. The need for closer working between the wider education, care and social security system to identify and provide bespoke and personalised support to families in the most vulnerable circumstances, is both a challenge and opportunity as the Payment is implemented. The social security system in Scotland is rightly built on the principles of dignity, fairness and respect and rooted in a human rights approach. Therefore, we should do nothing to risk increasing stigma or undermining dignity across all families. However, all options should be considered to offer choices, support and advice to all families, including those in some of the most chaotic circumstances, to maximise the impact the Payment can have on the lives of children in poverty in Scotland.

Ambition

The Scottish Government has made the decision to invest a large sum into the new Scottish Child Payment. Without question, its expected budget of £180 million is a significant level of funding, particularly at a time when public funding is under strain. Once fully rolled-out the Scottish Government expects the Payment to reach over 400,000 children in Scotland and take 30,000 children out of relative child poverty (reducing relative child-poverty rates by around three percentage points) (Scottish Government 2019).

For an eligible family, £10 per week, or over £500 per year, per child could make a real difference. A consistent message from the conversations we held with people with direct experience of poverty across Scotland was that this could allow for improvements to the quality of life of many children in poverty in Scotland.

Poverty reduction

However, as welcome as the Scottish Child Payment is, on current projections it is likely that the Payment will be insufficient to meet Scotland's interim poverty targets.

Given UK Government decisions and the wider economic context, child poverty is likely to continue increasing in Scotland over the coming years despite the introduction of the Payment. Indeed, as we set out in our first report, prior to the announcement of the Scottish Child Payment, relative child poverty was projected to increase by 50,000 children between 2017/18 and 2023/24 – the year of the Scottish Government's interim targets. The Scottish Government estimates that the Payment will take 30,000 children out of poverty once fully rolled-out by the end of 2022 (Scottish Government 2019).

However, this will not be enough to even arrest the increase in relative child poverty in Scotland over this time. With this in mind we undertook analysis, using the IPPR tax benefit micro-simulation model, to understand what doubling the proposed Payment may do to child poverty levels. Table 2 below shows the results from our model, which is different to the one used by the Scottish Government in their own analysis (see the annex for fuller explanation of the differences between the two). It shows that doubling the payment would likely double the impact on relative child poverty, and double the estimated costs, getting close to bringing child poverty rates down to their 2017/18 levels, when Scotland's child poverty targets were adopted. Notably, it would also triple the impact on deep poverty. However, this would still not be enough to meet Scotland's interim targets of bringing relative child poverty down to no more than 18% by 2023/24.

Table 2 – the costs and effects of doubling the Scottish Child Payment

	Scotland: reduction in poverty		
Scottish Child Payment options	Child Poverty	Deep Child Poverty	Cost (millions of £)
£10 for all 0 – 16-year-olds	20,000	10,000	170
£20 for all 0 – 16-year-olds	40,000	30,000	340

Notes: Analysis using the IPPR Tax Benefit Model – see the annex for more information.

The age cut-off for the Scottish Child Payment

In addition to the amount offered through the Scottish Child Payment we wanted to look at the current proposal to pay the Scottish Child Payment only for children under-16. Analysis using the IPPR Tax Benefit Model suggests that this would cost as little as £10 million to extend the Scottish Child Payment to under-18s. Given the small numbers of children aged between 16 and 18 who would benefit from increasing the age cut-off it would not have a significant impact on child poverty.

The decision to end eligibility for the Payment at 16 was questioned by a number of parents we spoke to. While the Educational Maintenance Allowance (EMA) starts from the age of 16, it is paid directly to the child and only if they are in some forms of full-time education. Among the parents we spoke to, there was significant concern that the costs of children do not drop from the age of 16 (and indeed many felt they increased) but the additional support for the Scottish Child Payment will end.

> "Why is the cut off 16, when child benefit is available until 18 … so just at the time your kid is [currently] getting their DLA reviewed, we can't get this. That just makes no sense."
>
> Mother, Glasgow

The Scottish Child Payment as a 'gateway' to other support

There is an opportunity to deliver significant additional impact on poverty rates from the introduction of the Payment, by delivering smart linkages between those in receipt of the Payment and other forms of financial and non-financial support. By turning the Payment into a 'gateway' to further support, as we outlined in our first report, we could ensure that receipt of the Scottish Child Payment could not only be a form of income support, but also potentially a route to wider support such as health, employability and educational services for the whole family.

The Scottish Government's wider agendas such as expansion of early learning and childcare, work to narrow the school attainment gap, efforts to drive fairer access to post-16 education, and opportunities through the wider skills system, alongside financial health checks and employability support, could be furthered through linking to and targeting of those in receipt of the Payment. Equally, the impact of existing health, housing and wider educational services could be strengthened by using receipt of the Payment as a 'gateway' to the other payments and services offered through the public and voluntary sectors.

This could enable the Payment to not only provide support to people who need it now, but also offer a route to crowd-in services to support to prevent poverty and improve people's lives.

> "All the money in the world won't help you if your child has additional needs and there's no-one there to support you, with emotional and practical stuff, to be listened to and believed not judged by a professional."
>
> Lone father, Fife

A recurrent call amongst those we spoke to in the workshops was the need for more in-kind support through discounted leisure activities and travel, particularly for older children and in the holidays. Linking this payment to existing schemes and new initiatives to support these costs could be useful.

Developing the Scottish Child Payment as a gateway to other financial and non-financial support is likely to need well thought through data-sharing arrangements across government and beyond. In our work with people with experience of living in poverty we found significant support for this approach.

Poverty depth

The Scottish Government will begin with a streamlined Scottish Child Payment at the end of 2020, making payments initially to under-sixes in low-income families before rolling out to under-16s by the end of 2022. This makes good sense given we know that families with young children have higher rates of poverty and equally, paying to this target group overlaps with existing Best Start Grant payments, removing some of the administrative obstacles in beginning the Payment early.

However, the Payment as currently conceived will be a flat payment to low-income families who qualify for it, rather than one that provides higher amounts to those in the deepest poverty, or those from priority families at the highest risk of poverty. This flat approach received support from families we spoke to.

We wanted to model what the effects would be of a premium added to the core Scottish Child Payment for under-sixes. Table 3 outlines our modelling, using IPPR's tax benefit micro-simulation model looking at the costs and effects on child poverty of retaining the £10 per week under-six payment as a premium, in addition to the core Payment. It shows that adding a premium for children under six years old would be able to reduce child poverty in general and deep child poverty.

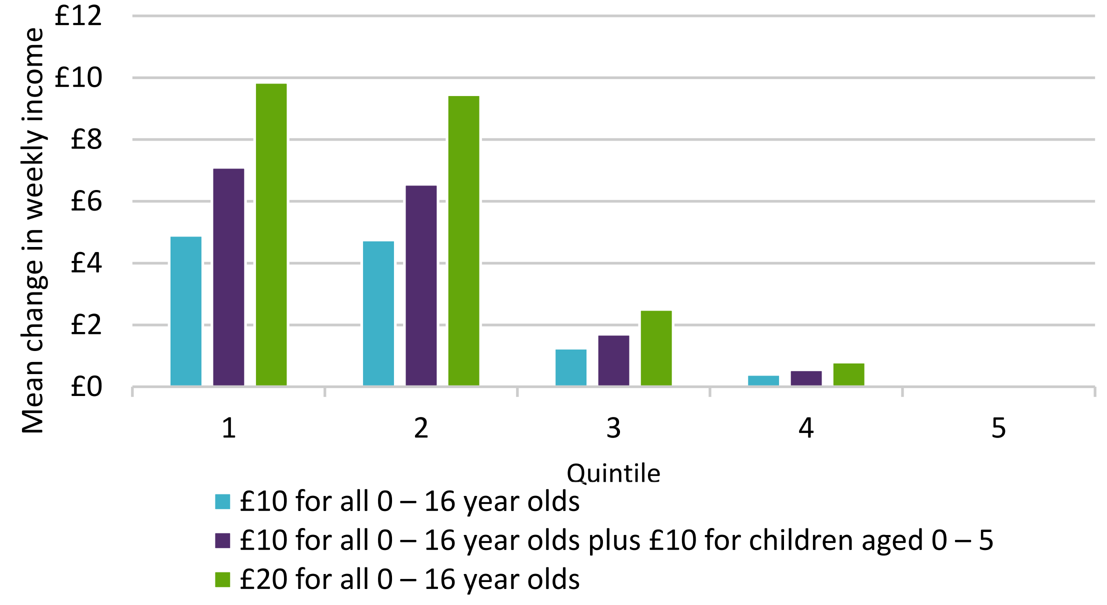
Table 3 – Costs and effects of options for Scottish Child Payment premiums

	Scotland: change in poverty		
Options for Scottish Child Payment premiums	Child Poverty	Deep Child Poverty	Cost (millions of £)
£10 for all 0 – 16-year-olds	20,000	10,000	170
£20 for all 0 – 16-year-olds	40,000	30,000	340
£10 for all 0 – 16-year-olds plus £10 for children aged 0 – 5	30,000	20,000	240

Notes: Analysis using the IPPR Tax Benefit Model – see the annex for more information.

Figure 1 below shows the distributional effects of the proposals as they stand, in addition to doubling the payment and retaining the under-six payment as a premium following roll-out. It shows that retaining the under-sixes payment as a premium would focus most increases in income on the poorest 40% of the population.

Figure 1 – Distributional impact of proposed Scottish Child Payment and alternatives



Source: Analysis using IPPR Tax Benefit Model

4. Building further on the Scottish Government's proposals for a Scottish Child Payment

Overall, the Scottish Child Payment is incredibly welcome. It will see significant public investment in tackling child poverty when public funds are scarce and without question will make a difference to the lives of children in poverty in Scotland. The proposals for the Payment in many ways respond to the principles we outlined in our first report. On urgency and impact, in terms of cost-effectiveness, we believe the proposals for the Payment fully meet the principles we developed. In relation to the others, the proposals for the Payment have a number of strengths. On ambition, depth, predictability and take-up the proposals have a number of positives. However, there are also potential areas for further design improvements, whether achievable in the short- or medium-term.

In this section we outline recommendations, developed through our desk-based research and face-to-face work with parents and those with direct experience of poverty.

We fully understand that implementing the Scottish Child Payment as planned, without risking the delivery of other payments currently transitioning from DWP to Social Security Scotland, is the highest of priorities. However, we believe there are further improvements that can be made to the proposals over the medium-term, if not the short-term, to maximise the impact of the Scottish Child Payment on the lives of children in poverty across Scotland.

Recommendations – prior to introduction of the Scottish Child Payment

1. The Scottish Child Payment should be designed as a ‘gateway’ to further financial and non-financial support from the start. Data agreements should be designed-in to implementation to ensure the Scottish Government, local government and voluntary sector support can be proactively offered to families in receipt of the Payment.
2. The Scottish Child Payment should deliver more regular payments than the four-weekly payment currently proposed. We heard a great deal of evidence from people with direct experience of poverty that fortnightly payments would help low-income families to budget and make the biggest difference. Over time, choice should be offered around how often people receive payment ranging from regular to lump-sums.
3. The Scottish Child Payment should be designed to avoid the volatility and insecurity experienced by families in receipt of Universal Credit payments. Families should be able to apply for the Payment as soon as they need it and know that they will receive it for a set period without fear of it being suddenly withdrawn. Once in receipt, families that lose eligibility for the Payment should receive three-month’s notice before the Payment is stopped. A three-month rolling guarantee of this sort would provide the certainty and security that families can depend on. If this is not possible through secondary legislation then the Scottish Government should outline plans to offer the predictability low-income families need through primary legislation.
4. We welcome that the Scottish Child Payment will be uprated with inflation. However, consideration should be given to uprating the Scottish Child Payment through a ‘double-lock’ of the higher of earnings growth, given poverty is an income-based measure, or the increases in cost of living faced by low-income families.
5. From its introduction, take-up of the Scottish Child Payment should be monitored against both those eligible and those in receipt of qualifying UK-wide benefits.

These efforts should support a data-led take-up strategy and tailored take-up activities for those family groups with lower take-up. This should also include monitoring of how the Primary Carer Test is working and the breakdown of who within the family is receiving the support offered by the Payment.

6. In developing a take-up plan for the Payment, as part of the Scottish Government's wider take-up strategy, best practice should be adhered to, including simple and short application processes, automation where possible, provision of extensive advice services, and use of trusted contact points to raise awareness and promote positive word of mouth around the Payment. In addition, as part of its wider strategy, consideration should be given to an ongoing, and evaluated, rolling awareness campaign to promote the Payment and wider payments for low-income families.
7. From implementation, data agreements between DWP and the Agency should be secured to ensure that every family in receipt of a child-related UK qualifying benefit or element (such as the Child Element of Universal Credit, or Child Tax Credit) is identified and proactively invited to apply for the Payment. This could include a prompt to apply for the Scottish Child Payment through the UC and legacy benefit systems. Over time, automation could be considered from these child-related benefits and elements.
8. The Scottish Child Payment should allow claims to be back-dated by at least three months, where families have not taken-up their entitlement. This would mirror arrangements within some of the relevant UK qualifying benefits.

Near-term recommendations – between now and 2022

9. In the short-term a review should be undertaken to consider aligning and automating other Scotland-based child-focused payments (such as Best Start Grant, School Clothing Grant, EMA and Free School Meals) to receipt of the Scottish Child Payment. Over time, a tapered withdrawal should be introduced across these payments (see below) to ensure 'cliff-edges' are minimised.
10. We repeatedly heard the view that early consideration should be given to paying the Scottish Child Payment up to the age of 18 years old rather than the current proposed cut-off age of 16 years old. Our modelling shows this could cost around £10 million per year. This would ensure children in poverty receive support throughout their childhood. Equally, consideration should be given to mirroring existing child-focused payments that continue while a child/young person is in full-time education.
11. Early consideration should be given to retaining the proposed under-sixes payment as an additional premium, when the Scottish Child Payment is fully rolled-out. This would see under-sixes receive £20 per week at a cost of around £70 million per year, taking an additional 10,000 children out of relative poverty and a further 10,000 out of deep poverty.
12. Consideration should be given to adding a lump-sum payment to the Scottish Child Payment for school-age children, timed to coincide with the school holidays. We know that low-income families face significant additional costs over the school holidays, and over time the Payment should be designed to reflect that in line with

advice from the Poverty and Inequality Commission (Poverty and Inequality Commission, 2019).

13. Given the decision to passport the Scottish Child Payment from existing UK benefits there will be some groups of low-income children who will not be eligible for the Payment. From roll-out, consideration should be given to additional routes to pay the Scottish Child Payment to those who cannot access qualifying benefits. For example, adding £10 per week to higher education student support for low-income student parents, would allow these parents to access the Payment. Likewise, consideration could be given to using social work powers via local government to provide a Payment to families with 'no recourse to public funds' status.

Medium- and long-term recommendations – by the end of the next parliamentary term (2021 to 2026)

14. The Scottish Government should bring forward primary legislation to provide the widest range of options in implementing the Payment and maximising its impact on child poverty over the long-term.
15. A back-up means-tested route to applying for the Scottish Child Payment should be available to ensure those eligible but not in receipt of UK qualifying benefits can still access the Scottish Child Payment. This could also enable the introduction of a taper to help to tackle the potentially large 'cliff-edge' for families who lose entitlement for the Payment, at the same time as other similarly passported payments (such as Best Start Grant, School Clothing Grant and Free School Meals).
16. Over the long-term, the Scottish Child Payment should provide the stronger degree of flexibility in the regularity of payments needed by low-income families. This should allow families to have options around regularity of payment ranging from those who need a regular weekly or fortnightly payment through to those who would prefer fewer lump-sum payments throughout the year.

Annex

Interpreting the numbers on the impact of the Scottish Child Payment

Tax benefit models are widely used to estimate the impact of policy changes. They use a sample of the population and simulate what happens if there is a direct change in their income as a result of a tax or benefit policy change. To do this it substitutes in a new income of the people affected by this change in the same sample and then, using population weights, aggregates this up to see the impact across the whole of the country.

There are lots of uncertainties present in this method – not least that the underlying sample may present a situation that is not true of the whole population. This is an inherent uncertainty in any survey sample, but particularly of concern where the sample size is relatively small and where one or two non-representative households could change the results significantly. To ameliorate this, we use a three-year sample in our modelling in order to increase our certainty. We always round the impact numbers to the nearest 10,000 people and costs to the nearest £10 million.

There are various assumptions[4] that are required to get to the final impact result, which can have an effect particularly where there are interdependencies. For example, with the Scottish Child Payment, one interdependency is the number of people eligible for qualifying benefits (UC, legacy benefits or Pension Credit). In order to qualify for the Scottish Child Payment, you must be in receipt of qualifying benefits and therefore we need to estimate take-up of these benefits. We also need to consider take-up of the Scottish Child Payment itself.

There are also assumptions built into the model on the population and how change to the tax and benefit system will evolve by 2023/24 (the year after full roll-out of the Scottish Child Payment) that can also change the final results.

We have been unable to fully match the results published by the Scottish Government in June 2019 (Scottish Government 2019). However, we are close enough to not believe there are any reasons to question the scale of impact estimated by the Scottish Government, only that some of the assumptions we are using must be different. However, we must be aware that any estimate using a tax benefit model methodology is uncertain due to the factors outlined above.

We have continued to use our tax benefit model to look at relative impacts of different options. This is only meant as a guide to the scale of impact and cost relative to the currently proposed Scottish Child Payment and hence where the Scottish Government might want to prioritise changes if they were seeking greatest impact. The numbers presented in this analysis should be used primarily to look at relative differences compared to other scenarios rather than absolute impact.

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Notes

[1] The qualifying benefits will be: Child Tax Credit, Universal Credit, Income Support, Pension Credit, Working Tax Credit, Housing Benefit, Income-based Jobseeker's Allowance (JSA), Income-related Employment and Support Allowance (ESA).
[2] This start date was announced in the Programme for Government in September 2019. The 26 June statement had the start date as 'early 2021'.
[3] UK Benefits devolved/being devolved to Scotland are: Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Industrial Injuries Disablement Benefit, Carers Allowance, Sure Start Maternity Grant (replaced by the Best Start Grant), Funeral Expenses, Cold Weather Payments and Winter Fuel Payments, Discretionary Housing Payments.
[4] Summary of assumptions: Policy year – 2023/24
Dataset – FRS 2015/16 - 2017/18
UC fully rolled-out for all non-pensioners
Partial Take-up – Universal Credit = 80% and Pension Credit = 60%
Scottish Child Payment – full take- up for those in receipt of UC/PC

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About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with direct experience of poverty, to build on the recommendations in our comprehensive strategy - We can solve poverty in the UK - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

This work is the outcome of a JRF / IPPR partnership, comprising Emma Congreve, Deborah Hay and Jim McCormick for JRF, Russell Gunson and Rachel Statham for IPPR Scotland.

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