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Report on the Child Poverty Strategy for Scotland 2014-2017

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Executive Summary

This report examines the Scottish Government's Child Poverty Strategy 2014-2017, in the context of the child poverty targets set out in the Child Poverty (Scotland) Bill. This report is concerned in particular with analysing the 'Pockets' and 'Places' outcomes identified in the Strategy, as well as their associated policy measures. The aim is to provide a basis for assessment of the effectiveness of measures intended to reduce child poverty.

Child Poverty Targets

- The Child Poverty (Scotland) Bill establishes new Scotland-specific child poverty targets for 2030; they replace the UK-wide targets set out in the Child Poverty Act 2010 but withdrawn in the Welfare Reform and Work Act 2016.
- The new targets are relatively ambitious in that they are defined in terms of household income after housing costs (AHC) are taken into account, as opposed to the before housing costs (BHC) measures previously adopted.

Context on Child Poverty in Scotland

- Relative AHC child poverty in Scotland has fallen from 30% in 1994/5 to 26% in 2015/16, having reached a low of 19% in 2011/12.

- Relative AHC child poverty is lower in Scotland than in the UK as a whole, reflecting lower average housing costs in Scotland; the favourable difference has narrowed in recent years, however, due to emerging housing cost pressures.
- Projections indicate that child poverty in Scotland will rise over the coming years, driven by UK-level tax and benefit reforms.

Child Poverty Strategy for Scotland 2014-2017

- For each of the 'Pockets' and 'Places' outcomes, the Strategy identifies intermediate outcomes and a wide range of associated policy measures.
- Many of the policies are expected to have a significant positive impact on different aspects of child poverty; gaps are identified in relation to the private rented sector and in how the Living Wage campaign is targeted.
- Additional detail of the Strategy's logic modelling is required to specify the exact expected relationship between certain policies and child poverty.
- The indicators established in the 2014 measurement framework show signs of a maintained or improved performance; the affordability and quality of housing indicators should be discussed alongside alternate measures.

Introduction

The Child Poverty Strategy 2014-2017 set out the Scottish Government's approach to meeting the UK-wide targets that were established by the Child Poverty Act 2010. The targets were withdrawn by the UK government through the Welfare Reform and Work Act 2016, but are being reinstated in Scotland by the Child Poverty (Scotland) Bill. Given the new targets set for 2030 by that Bill, the 2014-17 Strategy is of continuing relevance to attempts to combat child poverty. The aim of this report is to examine the Child Poverty Strategy 2014-2017, in order to provide a basis for assessment of the effectiveness of measures intended to reduce child poverty by the Scottish Government.

To do so, this report considers current progress towards the various child poverty targets; it then analyses the content of the Child Poverty Strategy 2014-2017 and discusses recent available evidence on the outcomes defined and measured by the Strategy itself. The Strategy bases its approach to tackling child poverty around three outcomes; the '3Ps' of 'Pockets', 'Prospects' and 'Places'. This report is concerned in particular with analysing the 'Pockets' and 'Places' outcomes, as well as their associated policy measures.¹

The report is divided into three sections. Section 1 defines the four child poverty targets set out in the Child Poverty Act 2010 and Child Poverty (Scotland) Bill. Section 2 provides some brief background on child poverty in Scotland and considers the most recent evidence in relation to the four targets defined in Section 1. Child poverty in Scotland is affected by a mix of devolved and reserved policy measures, and so it is important to briefly consider the UK-level policy context. Section 3, finally, considers the outcomes established in the Child Poverty Strategy 2014-2017, as well as recent evidence regarding their progress.

¹ An earlier version of this report had a slightly narrower focus on 'Pockets' and the housing aspects of 'Places'.

Section 1. Child Poverty Targets

1.1 Child Poverty Act 2010

The Child Poverty Act 2010 established four targets relating to the eradication of child poverty, to be achieved by 2020. The Welfare Reform and Work Act 2016, however, withdrew the four targets and renamed the 2010 Act as the Life Chances Act 2010. The targets were defined largely in terms of household income – from employment, benefits, savings etc. – before housing costs (BHC) are taken into account, and are detailed in Table 1.

Table 1: Child poverty targets established in the Child Poverty Act 2010

	Definition	2020 target (BHC)
The proportion of children who live in relative poverty	An equivalised net household income below 60% of the median	<10%
The proportion of children who live in absolute poverty	An equivalised net household income below 60% of the median in 2010/11, adjusted for inflation	<5%
The proportion of children who live in both material deprivation and low income	An equivalised net household income below 70% of the median, combined with experiencing material deprivation	<5%
The proportion of children that experience long periods of relative poverty	Living in relative poverty for 3 or more of the last 4 years	<5%

Source: Child Poverty Act 2010

1.2 Child Poverty (Scotland) Bill

The Child Poverty (Scotland) Bill, which passed Stage 3 of the legislative process in November 2017, will establish child poverty targets for 2030, as well as interim targets for 2023. The four income-based targets set out in the Bill use the same definitions of poverty adopted in the Child Poverty Act 2010. In contrast to the 2010 Act, however, the

targets are defined in terms of household income after housing costs (AHC) are taken into account. Housing costs include items such as rent, mortgage payments and council tax. Generally speaking, AHC measures of poverty lead to more families with children being counted as in poverty compared with BHC measures, meaning that the Child Poverty (Scotland) Bill targets are relatively ambitious compared with the 2010 Act. The targets themselves are detailed in Table 2.

Table 2: Child poverty targets in the Child Poverty (Scotland) Bill

	2023 target (AHC)	2030 target (AHC)
Relative poverty	<18%	<10%
Absolute poverty	<14%	<5%
Combined low income and material deprivation	<8%	<5%
Persistent poverty	<8%	<5%

Source: Child Poverty (Scotland) Bill

Section 2. Context on Child Poverty in Scotland

2.1 Background

Relative AHC child poverty in Scotland has fallen from 30% in 1994/5 to 26% in 2015/16 (Scottish Government, 2017a). The figure reached a low of 19% in 2011/12 and has since been rising, as has also been observed in the UK as a whole. The current child poverty rate in Scotland compares favourably with the UK as a whole, which stood at 30% in 2015/16 (DWP, 2017). This favourable comparison is a consistent feature of the AHC measure over the period, reflecting lower average housing costs for each tenure type in Scotland (JRF, 2017). This is in part attributable to policy efforts in Scotland, which have helped sustain the social rented sector and have kept social housing rents well below market levels (Bailey, 2014). In addition, Scotland has faced lower population growth pressures that have particularly affected the south of England (Bailey & McNulty, 2017). Since 2013/14, however, the gap between the BHC and AHC child poverty measures in Scotland has been larger than throughout the period from

1994/95, which is reflective of recent housing cost pressures. Indeed, the relatively favourable AHC measure in Scotland compared with the UK as a whole has narrowed from a difference of 8% in 2011/12 to 4% in 2015/16.

2.2 Child Poverty Targets – current progress

The most recent data regarding the first three child poverty targets relate to the 2015/16 financial year. There have only been two estimates of persistent poverty carried out to date, relating to the 2010-2014 and the 2011-2015 periods. The latest estimates are detailed in Table 3 and contrasted with their relevant targets.²

Table 3: Latest estimates of child poverty in Scotland

	2015/16 (BHC)	2020 target	2015/16 (AHC)	2023 target	2030 target
Relative poverty	19%	<10%	26%	<18%	<10%
Absolute poverty	16%	<5%	24%	<14%	<5%
Low income and material deprivation	10%	<5%	11%	<8%	<5%
Persistent poverty 2011-15	10%	<5%	12%	<8%	<5%

Source: Scottish Government (2017a; 2017b)

In attempting to assess the effectiveness of the 2014-2017 Strategy, it is useful to compare the 2014/15 financial year with the current figures. Admittedly, strong conclusions cannot be drawn from year-on-year changes, with trends over longer periods arguably being more informative. As previously indicated, furthermore,

² It should be noted that the absolute poverty measure is defined in relation to a reference year, currently 2010/11. That date was chosen to be 10 years before the original UK Act deadline of 2020. The Child Poverty (Scotland) Bill includes a power for ministers to alter the reference year, most likely to 2020 i.e. 10 years before the new deadline (Macpherson & Shaw, 2017).

progress towards the targets is affected by both devolved and reserved policy measures, making it difficult to attribute direct responsibility to the Strategy itself. In general, poverty indicators either made no progress or worsened between 2014/15 and 2015/16. In terms of relative poverty, the BHC measure increased from 17% to 19%, whilst the AHC measure increased from 22% to 26%. The BHC measure for absolute poverty was unchanged at 16% between the two years, whilst the AHC measure increased from 21% to 24%. With regards the combined low income and material deprivation measure, furthermore, the BHC rate was unchanged at 10% between the two years, whilst the AHC rate was also unchanged at 12%. The persistent poverty BHC measure, lastly, was the only indicator to improve, decreasing from 12% to 10% between 2010-2014 and 2011-2015. The AHC measure was unchanged at 12%.

According to additional commentary provided by the Scottish Government (2017a), the observed increases in poverty are partially attributable to benefit income being withdrawn as earnings increase and the fact that benefit up-rating is capped at one per cent. Low income households with children are generally more reliant on benefit income than other households, meaning that they gain less from real earnings growth than households around the median. This issue is likely to worsen in future years given that real earnings at the UK-level are projected to rise between now and 2021/22: this implies that median income will continue to grow faster than the incomes of low income households with children (IFS, 2017a). In addition, the Institute for Fiscal Studies (IFS, 2017a) notes that the combined impact of UK-level social security reforms represents a substantial cut to the real incomes of poor households that will exacerbate both relative and absolute poverty. Most working-age benefits, including child benefit, are frozen in cash terms between 2015 and 2020, whilst new claimants of the child element in tax credits and Universal Credit (UC) are now limited to the first two children in a family. In addition, the family element of child tax credits and UC will only be available to families with a child born before April 2017. Work allowances in UC – the amount a claimant can earn before their benefits start to be withdrawn – were cut in the 2015 Summer Budget, and only partially offset by the cut to the taper rate announced in the 2016 Autumn Statement.

In addition, the Scottish Government (2017a) notes that child poverty rates after housing costs rose by more than for working age adults between 2014/15 and 2015/16, which suggests that housing costs may have increased by more for low income households with children than for the latter group. Whilst increases in housing costs between the two years were moderate, they rose for some low income households in some areas at a faster rate than both inflation and benefits. As previously indicated, housing cost related issues are discussed in more depth in Section 3.4. Finally, the Scottish Government (2017a) notes that the combined low income and material deprivation rate remained unchanged despite the apparent rise in relative and absolute poverty. It speculates that this may be explained by the longer term reduction in the number of workless households; although many of these households secure part-time employment, this nevertheless provides better protection from material deprivation than being out of work.

It is worth noting that the IFS (2017b) projects that relative AHC child poverty in Scotland will rise to 29% by the 2019-2021 period, whilst absolute AHC child poverty will rise to 25%. The IFS (2017b) estimate that, without planned tax and benefit reforms at the UK-level, the figure for absolute AHC child poverty in Scotland would be 2% lower in 2019-21, at 23%. Both CPAG (2016) and the JRF (2017) argue that the Scottish Government should respond by topping up UK payments such as child tax credit or the child element of Universal Credit. Keung and Bradshaw (2016) estimate that it would cost the Scottish Government £256 million per year to increase child benefit by £5 per child per week, a move that could lift up to 30,000 children out of poverty.

Section 3. Child Poverty Strategy for Scotland 2014-2017

3.1 Outcomes

The Child Poverty Strategy 2014-2017 (Scottish Government, 2014a) sets out the Scottish Government's approach to meeting the UK-wide targets of the Child Poverty Act 2010, and represents an update of the Child Poverty Strategy 2011-2014 (Scottish

Government, 2011). Child poverty in Scotland is affected by a mix of devolved and reserved policy measures, and so the Strategy focuses specifically on policy matters that are devolved to the Scottish Parliament. In particular, the Strategy bases its approach to tackling child poverty around three outcomes; the ‘3Ps’ of Pockets, Prospects and Places. These are detailed in Table 4.

Table 4: The three outcomes identified in the Child Poverty Strategy 2014-2017

	Outcome	Aim
Pockets	Maximising household resources	To reduce income poverty and material deprivation by maximising financial entitlements and reducing pressure on household budgets among low income families, as well as by maximising the potential for parents to increase family incomes through good quality, sustained employment, and promoting greater financial inclusion and capability.
Prospects	Improving children’s wellbeing and life chances	To break inter-generational cycles of poverty, inequality and deprivation. This requires a focus on tackling the underlying social and economic determinants of poverty and improving the circumstances in which children grow up – recognising the particular importance of improving children’s outcomes in the early years.
Places	Children from low income households live in well-designed, sustainable places	To address area-based factors which currently exacerbate the effects of individual poverty for many families by continuing to improve the physical, social and economic environments in local areas, particularly in those areas of multiple deprivation in which child poverty is more prevalent.

Source: Child Poverty Strategy 2014-2017

This report is particularly concerned with analysing the ‘Pockets’ and ‘Places’ outcomes established in the 2014-17 Strategy. As the Strategy notes, progress for each outcome does not occur in isolation; the ‘Pockets’ and ‘Prospects’ outcomes, for example, could both be advanced through the provision of affordable high quality childcare. The Strategy argues, furthermore, that its approach to the ‘Places’ outcome underpins potential achievements relating to ‘Pockets’ and ‘Prospects’. Nevertheless, the Strategy itself maintains clear distinctions between the outcomes in order to aid the associated

logic modelling and formulation of an outcomes framework. The discussion in the remainder of Section 3 therefore mirrors these distinctions.

3.2 Intermediate Outcomes and Policies

The Strategy uses logic modelling to identify the policies that are expected to lead to the intermediate outcomes that need to be achieved in order to attain particular overall outcomes. The relevant policies and intermediate outcomes relating to the ‘Pockets’ and ‘Places’ outcomes are detailed in Table 5.

Table 5: intermediate outcomes and policies in the Child Poverty Strategy 2014-2017

Outcome	Intermediate Outcome	Policy
Pockets	Maximised financial entitlements for families on low incomes	Universal entitlements (social wage) Welfare reform mitigation Scottish Welfare Fund
	Reduced household spend of families on low incomes	Scottish Welfare Fund Fuel poverty programmes Free school meals and funding for school activities Financial capability and welfare rights advice / support
	Families on low incomes are managing their finances appropriately and accessing all eligible financial entitlements	Financial capability and welfare rights advice / support
	Parents are in good quality, sustained employment in line with their skills and ambitions	Living Wage Childcare for employment and education Economic Strategy Skills Strategy

Places	Children from low income households live in high quality sustainable housing	Affordable Housing Supply Programme (AHSP) Scotland's Sustainable Housing Strategy Fuel poverty programmes Homelessness prevention
	Children from low income households grow up in places that are socially sustainable	People and Communities Fund CashBack for Communities Programme Community Empowerment (Scotland) Act 2015
	Children from low income households grow up in places that are physically sustainable	Capital Investment Fund: Scottish Partnership for Regeneration in Urban Centres Fund Regeneration Capital Grant Fund Regeneration Strategy
	Children from low income households live in places that are economically sustainable	Digital Strategy: Digital Scotland Superfast Broadband programme Community Broadband Start-Up Fund Economic Strategy Skills Strategy

Source: Child Poverty Strategy 2014-2017

As Table 5 indicates, there are a wide range of policies identified in the Strategy that are intended to lead to achievement of the overall outcomes. Some policies, such as the Scottish Welfare Fund, apply to more than one intermediate outcome. Whilst logic modelling was applied in the development of these policies and intermediate outcomes,

there is little detail in the Strategy document regarding how this process was carried out, nor is there any indication of the expected contribution of each policy towards the child poverty targets. Nevertheless, the Strategy established an outcomes framework that was then developed into a full measurement framework in the Annual Report on Child Poverty 2014 (Scottish Government, 2014b). These indicators were designed to enable conclusions to be drawn regarding progress in tackling child poverty, and are discussed in more detail in Section 3.4. First, however, the next sub-section provides additional analysis of the policies identified in Table 5.

3.3 Policy Actions

Table 6 and Table 7 expand on the main policies detailed in Table 5, and provide supporting information regarding specific Scottish Government actions, funding commitments, and their expected impact on child poverty. Table 5 refers to a number of separate Scottish Government strategy documents, such as the regeneration, economic and skills strategies; in order to focus the current analysis, however, the discussion here limits itself to specific policies identified in the 2014-17 Strategy. A limited number of recent additional policies are included, nevertheless, where they straightforwardly relate to the framework detailed in Table 5. Table 6 considers the policies associated with the ‘Pockets’ outcome whilst Table 7 considers those associated with the ‘Places’ outcome.

Table 6: ‘Pockets’ outcome – policy actions and indicative impact on child poverty

Policy	Action	Impact
Baby Box Scheme	<p>Policy fully rolled out from August 2017 – voluntary opt-in scheme estimated to cost £35.3 million over the first four years.</p> <p>The Box includes essentials for babies, and the baby can sleep in the box itself.</p>	<p>Reduces the costs of providing for a child in the first months of life, particularly important for low income families – the boxes are worth approximately £160 including distribution costs.</p> <p>Arguably helps address some of the impact of living in poverty.</p>

Affordable Childcare	<p>Free early learning and childcare (ELC) provision (which covers 600 hours a year for all 3 and 4 year olds) extended to two year olds where parents are in receipt of qualifying benefits.</p> <p>The SG has provided local authorities with an additional £329 million to cover the increased costs associated with the implementation of the Children and Young People (Scotland) Act 2014.</p> <p>Pledge to increase the provision of free ELC to 1,140 hours per year by 2020 – for all 3 and 4 year olds, as well for qualifying 2 year olds.</p>	<p>In 2017, 99% of eligible 3 and 4 year olds were registered and approximately 40% of eligible 2 year olds were registered.</p> <p>Childcare is one of the most significant costs for parents that is not shared by other household types.</p> <p>Childcare also represents a major barrier to employment, the type of employment achievable and the number of hours worked for many parents.</p>
Free School Meals	<p>SG funds universal free school meals to children in Primary 1 to 3 – £54 million in funding in 2016/17.</p> <p>Universal Credit is now an eligibility criterion for free school meals to ensure that no child will lose their entitlement during the early stages of UC roll out.</p>	<p>This measure saves families approximately £380 a year per child who takes the meals and also ensures children have access to a healthy meal at school.</p> <p>Only available to children during term-time.</p>
Council Tax Reduction Scheme	<p>The scheme provides additional funding to local authorities to ensure those who previously received Council Tax Benefit (CTB) are protected from the 10% cut in funding for the successor Council Tax Reduction (CTR).</p> <p>SG has spent over £1 billion on the scheme since 2013/14, spread across all household types.</p> <p>The child allowance within the scheme has been increased by 25%.</p>	<p>The scheme assists almost half a million households each year to meet their council tax – average of £700 per year bill reduction.</p> <p>Child allowance provides additional support to families on low incomes across all Council Tax bands – estimated that this will benefit up to 77,000 low income families by an average of £173 per year, supporting up to 140,000 children.</p>

Bedroom Tax Mitigation	<p>The SG reimburses local authorities for the impact of the Removal of the Spare Room Subsidy (RSRS) – the so-called ‘bedroom tax’.</p> <p>In 2016/17, the SG provided £35 million for ‘bedroom tax’ mitigation.</p> <p>The SG is committed to using its Universal Credit powers to effectively abolish the bedroom tax.</p>	<p>An estimated 11,000 households with children are affected by the bedroom tax, though it is not known how many of these receive mitigation support through Discretionary Housing Payments.</p> <p>Housing Benefit recipients suffer an average weekly reduction of £12.12 due to the bedroom tax.</p>
Scottish Welfare Fund (SWF)	<p>SWF provides a safety net for people on low incomes through the provision of Community Care Grants and Crisis Grants.</p> <p>The SG provides an annual grant of £38 million to local authorities to deliver the scheme.</p>	<p>Since April 2013, more than 87,000 households with children received a grant – this implies direct short-term support for low income families with children.</p>
Living Wage	<p>The SG is an accredited Living Wage employer and also funds the</p>	<p>Target of 1,000 Accredited Living Wage employers</p>

	<p>charity, The Poverty Alliance, to promote the Living Wage and accredit employers – funding totals £336,000 since 2014.</p> <p>Statutory guidance under the Procurement Reform (Scotland) Act 2014 emphasises that payment of the Living Wage is a strong positive indicator.</p>	<p>reached in October 2017 – over 25,000 people are estimated to have had a pay rise as a consequence.</p> <p>Impact on child poverty depends on who receives a pay rise – the characteristics of the beneficiaries is not known.</p> <p>Poverty can persist for those earning above the Living Wage but who work few hours.</p>
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The Fairer Scotland Action Plan (Scottish Government, 2017d) makes commitments that complement those detailed in Table 6. The key pledge of relevance here is the plan to create a new Best Start Grant (BSG), which is intended to be delivered by summer 2019. The BSG replaces and expands upon the UK Government’s Sure Start Maternity Grant and will provide lower-income families with financial support during the key early years of children’s lives. Specifically, the BSG increases payments to the first child from £500 to £600, restores the £300 birth payments for second and subsequent children and introduces two additional payments of £250 for each child at key transition points – when they begin nursery and when they start school. Eligibility for the BSG will be extended to anyone on a tax credit or housing benefit (in addition to existing qualifying benefits), whilst parents under the age of 18 will not be required to be on a qualifying benefit.

It is useful, furthermore, to consider the views of organisations that monitor child poverty in Scotland and how they relate to Table 6, including their position on policy priorities. The Child Poverty Action Group (CPAG, 2016), for example, argues that low paid parents are finding themselves subject to increasing pressure to work as many hours as possible to make ends meet, regardless of the needs of their children. CPAG (2016) therefore advocates a shift away from an emphasis on long hours towards decent pay, affordable childcare and adequate levels of in-work benefits. Policies such as the Living Wage, therefore, are viewed positively when set within a broader approach. It is proposed, for example, that the Scottish Business Pledge should include a

core commitment to Family Friendliness; this would involve businesses demonstrating that they offer flexible working and support employees to access childcare.

As indicated in Table 6, there is little monitoring regarding who the beneficiaries of the Living Wage actually are, and how many hours they work, which makes it difficult to predict the impact of its uptake on child poverty. Relatedly, the JRF (2017) recommends that the Scottish Government should use the current City-Region and Growth Deals to help low paid workers progress into better-paid jobs, specifically through the creation of an Advancement Service. The hospitality sector has the highest proportion of staff paid below the Living Wage, and could therefore be targeted to improve skills, training and progression. Specifically, the JRF (2017) proposes that 10% of the revenue from the Apprenticeship Levy should be used to directly support 5,000 workers to make progress through careers advice, coaching, training and digital skills. The discussion now turns to the policy actions associated with the 'Places' outcome, as detailed in Table 7.

Table 7: 'Places' outcome – policy actions and indicative impact on child poverty

Policy	Action	Impact
Affordable Housing Supply Programme (AHSP)	<p>The AHSP 2011-16 surpassed its target of 30,000 affordable homes, by delivering 33,500 affordable homes, of which 22,500 were for social rent – the scheme cost over £1.7 billion.</p> <p>The AHSP 2016-21 will cost £3 billion and aims to deliver at least 50,000 affordable homes, of which 35,000 will be for social rent.</p>	<p>Shelter (2015) argues that the AHSP 2011-16 only built approximately half of the affordable housing needed, given housing market and demographic trends.</p> <p>The AHSP 2016-21 is more ambitious in overall house building numbers – 70% of the houses will be for social rent, which implies a targeting towards those on low incomes.</p>

Fuel Poverty Programmes	<p>Energy Efficiency Standard for Social Housing (ESSH) requires social landlords to achieve a minimum standard by 2020.</p> <p>SG is committed to spending £500 million over the next four years through Scotland's Energy Efficiency Programme (SEEP).</p>	<p>Attaining the ESSH is projected to provide benefits to social tenants of around £127m each year due to improved energy efficiency.</p> <p>SEEP is a 15 to 20 year programme – it is currently in a pilot stage.</p>
Housing (Scotland) Act 2014	Abolished the 'Right to Buy' – eligible tenants had until the end of July 2016 to exercise their right.	Expected to keep up to 15,500 homes in the social housing sector.
People and Communities Fund (PCF)	<p>£10.75 million funding for 2016/17.</p> <p>Since its launch in 2012, the PCF has invested more than £41 million.</p>	<p>The PCF focuses on projects that promote social inclusion and tackle poverty, including responding to welfare reform.</p> <p>Hundreds of community-led projects supported since 2012.</p>
CashBack for Communities Programme	<p>£92 million invested or committed to projects between 2008 and 2020 – £5.3 million spend in 2016/17.</p> <p>Programme invests money recovered through the Proceeds of Crime Act into free activities and programmes for young people.</p>	<p>Approximately 357,000 young people were involved in Phase 3 (2014-17).</p> <p>Phase 4 (2017-2020) has a stronger focus on tackling inequalities.</p>
Scottish Partnership for Regeneration in Urban Centres (SPRUCE) Fund	<p>£50 million fund that opened in 2011 – capitalised with resources from the SG and the European Regional Development Fund.</p> <p>Offers loans and equity investments to revenue generating infrastructure and energy efficiency projects.</p>	<p>Original fund has been invested in seven projects – funds will be recycled and can be used for future regeneration projects.</p> <p>Community Benefit in Procurement clauses are included in contracts.</p>

Regeneration Capital Grant Fund (RCGF)	<p>£25 million per year fund that began in 2014/15 – confirmed until 2021.</p> <p>Supports locally developed regeneration projects that involve local communities.</p>	<p>29 projects awarded funding in 2017/18 – estimated to support or create 2,300 jobs.</p> <p>Focus on areas that suffer from high levels of deprivation.</p>
Digital Scotland Superfast Broadband (DSSB)	<p>£428 million scheme – funding partners include local authorities, Broadband Delivery UK, BT, and the European Regional Development Fund.</p> <p>Project aims to provide fibre broadband infrastructure to areas where commercial providers have chosen not to develop.</p> <p>Additional support from the Community Broadband Start-Up Fund – £5 million, 2012-2014.</p>	<p>High speed fibre broadband will be extended to approximately 95% of Scotland by March 2018.</p> <p>Aim to achieve 100% coverage by 2021.</p>

In terms of affordable housing, Table 7 details the policy actions relating to the Affordable Housing Supply Programme and the Housing (Scotland) Act 2014; arguably, nevertheless, more needs to be done to consider the role of the private rented sector (PRS) and its relationship to child poverty in Scotland. Shelter (2015) notes, for example, that the PRS has grown significantly in recent years and is becoming the default destination for many low income households that are unable to access the social rented sector. In addition to bedroom tax mitigation, the Scottish Government has recently introduced the new Private Residential Tenancy, applicable to all new tenancies from December 2017. This aims to give tenants greater security and stability with a route of redress, though its effectiveness – and contribution to child poverty reduction – will require time to be measured and demonstrated. Finally, the JRF (2017) estimates that 180,000 private-rented homes in Scotland are sub-standard, and that the Scottish Government should boost its rolling loans fund for improvements, which would allow private landlords to make improvements that would improve energy efficiency and reduce heating bills.

Additional work, furthermore, is arguably required to specify the exact relationship between child poverty and the remaining 'Places' intermediate outcomes – sustainable places in terms of social, physical and economic assets. The logic modelling carried out in the 2014-17 Strategy identifies 'Regeneration Strategy' and 'Transport Links' as the two key policies that drive potential achievements in these areas, but it does not provide supplementary analysis to explain how they are expected to relate specifically to child poverty. Other than in the logic modelling, furthermore, no additional mention of transport-related policies is made in the Strategy, which explains the absence of any transport policies in Table 7. A more explicit recognition of place-based policy is one of the key differences between the 2011-14 and the 2014-17 strategies, which the latter Strategy considers the underpinning factor behind the 'Pockets' and 'Prospects' outcomes. It would therefore appear necessary to specify in much greater detail how child poverty and place-based policies are expected to interact, beyond targeting policies at deprived areas. The next and final sub-section turns to the indicators established in the 2014 measurement framework (Scottish Government, 2014b).

3.4 Indicators

A combined total of 20 indicators were established in the 2014 measurement framework for the 'Pockets' and 'Places' outcomes, which have been updated in the most recent 2016 Annual Report (Scottish Government, 2016). It is not known if or when the 2017 Annual Report is due to be published. Table 8 details the relevant indicators for the 'Pockets' outcome and Table 9 relates to the 'Places' outcome. The statistics for each indicator correspond to different years depending on the data that was available for each annual report; more specific year-related information is provided in the discussion accompanying the tables. The 2016 Annual Report compares progress against the 2014 baseline, as opposed to against the 2015 Annual Report, and so the discussion here reflects this approach. In addition, the tables indicate whether progress has been made for each indicator since the last report, based on statistical significance tests carried out in the 2016 Annual Report. The assessment of performance in Table 8 and Table 9 indicates the following:

- performance improving (✓) – a statistically significant change in the desired direction
- performance worsening (✗) – a statistically significant change in the opposite direction
- performance maintaining (↔) – no statistically significant change

Table 8: ‘Pockets’ outcome – summary of performance against indicators

Intermediate Outcome	Indicator	2014 Report	2016 Report	Performance
Maximised financial entitlements for families on low incomes	Percentage of working people earning less than the Living Wage	18.6%	18.4% ³	↔
Reduced household spend of families on low incomes	Average weekly cost of 25 hours private nursery care for children over two, in real terms	£100.07	£104.06	↔
Families on low incomes are managing finances appropriately and are accessing all financial entitlements	Percentage of poorest households (with children) that are not managing well financially	35%	25%	✓
	Percentage of poorest households (with children) where someone has a bank account	90%	95%	↔
Parents are in good quality, sustained employment in line with their skills and ambitions	Employment rate of adults with dependent children	79.3%	81.8%	✓
	Underemployment rate of adults with dependent children	8.4%	6.8%	✓

³ The Living Wage figure has been updated using data from 2017.

	Earnings that go to the top 10% of earners, divided by the earnings of the bottom 10%	16.4	15.4	↔
	Percentage of adults with dependent children with low or no qualifications (SCQF level 4 or below)	9.2%	8.1%	✓

Source: Annual Report on Child Poverty 2016

There are eight indicators relating to the 'Pockets' outcome, as displayed in Table 8. As previously indicated, the Scottish Government is committed to promoting the Living Wage, a voluntary initiative whereby employers choose to pay their employees above the National Living Wage. Indicator (1) improves slightly from 18.6% in 2013 to 18.4% in 2017, having worsened to 20.1% in 2016. It is a positive sign, furthermore, that Indicator (6), which measures the underemployment rate for parents with dependent children, fell from 8.4% in 2012 to 6.8% in 2014. Underemployment is still slightly higher than it was in 2007, but has been falling since 2011. In addition, Indicator (5), relating to the employment rate of adults with dependent children, improved slightly from 79.3% in 2013 to 81.8% in 2016, though it has essentially flat-lined since 2007. Given the relationship between affordable childcare and ability to work, however, it is problematic that Indicator (2), relating to private nursery care, increased in real terms from £100.07 in 2013 to £104.06 in 2015, having fallen to £99.60 in the interim. It is unclear from the Strategy or Annual Reports what the Scottish Government is doing in policy terms to bring down the cost of private nursery care, though Section 3.3 detailed the efforts being made to promote free early learning and childcare provision.

Indicator (3) measures the perceptions of those on low incomes regarding their ability to manage financially. It improved from 35% not managing financially in 2012 to 25% in 2015. Indicator (4), relating to bank account access, improved from 90% in 2011 to 95% in 2015. Households without a bank account are unable to take advantage of features like direct debits, which can result in lower outgoings. The gap between households with children in the bottom three income deciles compared with those in the remaining seven income deciles, furthermore, has also narrowed in recent years,

and stands at 3 percentage points in 2015 compared with 7 percentage points in 2011. Indicator (7) relates to earnings inequality between the top and bottom 10% of earners, and improved from a ratio of 16.4 in 2013 to 15.4 in 2016. This improvement, however, ignores the year-on-year increase from 15.2 in 2015. Earning inequality rose between 2007 and 2011, largely due to an increasing share of earnings going to the top 10% of earners. The falls since 2011 are largely due to decreases in the share of earnings going to the top 10% of earners, whilst it remains to be seen whether these improvements will continue. In a recent discussion paper, the Scottish Government (2017c) outlines four potential approaches to the income tax regime in Scotland, all of which involve rate rises for the better off. The final Indicator (8) for the 'Pockets' outcome relates to parental qualification levels, which are intended to indicate whether individuals have the required skills to take up good quality employment. The indicator improved from 9.2% to 8.1% between 2012 and 2014, having dropped year-on-year from 13.5% in 2007.

There are 12 indicators relating to the 'Places' outcome, as displayed in Table 9, which are intended to measure the characteristics of the areas in which children grow up, rather than the characteristics of the children or their families themselves. The indicators therefore use data for the 15% most deprived Scottish Index of Multiple Deprivation (SIMD) areas as a whole, and do not focus only on households with children.

Indicator (9) is a measure of the affordability of housing, which compares median housing costs for all tenures to median net unequivalised household incomes. This indicator improved from 9.8% in 2011/12 to 9.1% in 2014/15, having increased to 10% across 2012/13 and 2013/14. The overall trend is one of improvement, having decreased from 12.5% in 2007/8; this indicates that incomes are increasing at a slightly greater rate than housing costs. Using a different measure of housing affordability, the JRF (2017) paints a distinct picture. It notes that for the poorest fifth of the population in Scotland, 37% of these households spent more than a third of their income on housing costs in the years 2013-16. This rose from 24% in 1994-97, catching up with the level in the UK as a whole. Worryingly, the majority of this increase came in the last decade and has been particularly noticeable among social renters. The JRF (2017) notes

that, overall, housing costs remain lower in Scotland relative to the UK as a whole, though these benefits are being felt less by households with the lowest income in recent years. This analysis is in accordance with the evidence discussed in Section 2, which implies that Indicator (9) should not be considered in isolation. Section 3.3 discussed the Affordable Housing Supply Programme (AHSP) and its attempts to increase the supply of homes for social rent.

Table 9: 'Places' outcome – summary of performance against indicators

Intermediate Outcome	Indicator	2014 Report	2016 Report	Performance
Children from low income households live in high quality, sustainable housing	Average percentage of income spent on housing	9.8%	9.1%	↔
	Percentage of households in the most deprived areas satisfied with condition of home	69%	71%	↔
Children from low income households grow up in places that are socially sustainable	Percentage of adults in the most deprived areas who feel they can influence decisions	21%	24%	↔
	Percentage of children from the most deprived areas who agree that people in their area talk to each other on the street	63.8%	64.0%	↔
	Percentage of adults in the most deprived areas who have been the victim of crime in the past year	21.3%	21.2%	↔
	Percentage of adults in the most deprived areas who say drug misuse is common in their neighbourhood	34%	27%	✓

Children from low income households grow up in places that are physically sustainable	Percentage of adults in the most deprived areas saying their neighbourhood is a good place to live	80%	84%	↔
	Percentage of households in the most deprived areas satisfied with quality of local public transport	76%	80%	↔
	Percentage of adults in the most deprived areas who are within a five-minute walk of green space	60%	59%	↔
Children from low income households grow up in places that are economically sustainable	Gap in the employment rate between the most deprived areas and the rest of Scotland	19.5 percentage points	16.0 percentage points	✓
	Gap in percentage of adults with low or no qualifications between the most deprived areas and the rest of Scotland	15.8 percentage points	14.2 percentage points	↔
	Gap in personal internet use between the most deprived areas and the rest of Scotland	12 percentage points	12 percentage points	↔

Source: Annual Report on Child Poverty 2016

Indicator (10) is intended as a proxy for housing quality, and measures the percentage of households in the 15% most deprived SIMD areas who are satisfied with the condition of their home. This indicator improved from 69% in 2012 to 71% in 2014, though has fluctuated from lows of 69% to a high of 76% in 2009. Throughout this period, furthermore, housing condition satisfaction has been lower for households in the 15% most deprived areas compared with the rest of Scotland, with a 12 percentage

point gap in 2014. Using a different measure of housing quality, the JRF (2017) notes that households in the poorest fifth of the population in Scotland are more likely to be living in housing which fails to meet the Scottish Housing Quality Standard (SHQS) compared with the richest fifth, 51% compared with 32%. Unfortunately, furthermore, the gap has widened over time, increasing from 8 percentage points in 2004/5, to 13 points in 2010 and 19 points in 2015. In policy terms, the 2014-17 Strategy points to the Sustainable Housing Strategy (Scottish Government, 2013), which set out a route-map to 2030 for warm, high quality, affordable, low carbon homes. Section 3.3 provides further details of relevant policy initiatives.

Indicator (11) measures the percentage of adults in the 15% most deprived SIMD areas who agree that they can influence decisions affecting their local area. This indicator improved from 21% in 2012 to 24% in 2015, though the calculation excludes those who expressed no opinion. The overall trend is one of improvement, having increased from 19% in 2007, though this is also true of the rest of Scotland. Indicator (12) is a measure of community interaction and supportiveness from the perspective of children, relating to the percentage of 13 and 15 years olds in the 15% most deprived SIMD areas who agree that people in their area say hello and talk to each other on the street.

Unfortunately, 26% of survey respondents are excluded from this measure, which undermines its use as an estimate. This indicator essentially remained static from 63.8% in 2010 to 64.0% in 2014, approximately 10 percentage points lower than in the rest of Scotland. Indicator (13) measures the percentage of adults in the 15% most deprived SIMD areas who have been the victim of one or more crimes in the past year, which also remained static from 21.3% in 2012/13 to 21.2% in 2014/15. Experiences of crime have been consistently higher for these adults compared with the rest of Scotland since 2008/9; the gap reduced to 4 percentage points in 2010/11 but has since increased to approximately 7 percentage points. Indicator (14) measures the percentage of adults in the 15% most deprived SIMD areas who say that drug misuse or dealing is common in their neighbourhood. This measure improved from 34% in 2012 to 27% in 2015, approximately 18 percentage points higher than in the rest of Scotland.

Indicator (15) measures the percentage of adults in the 15% most deprived SIMD areas who say their neighbourhood is a good place to live, and improved from 80% in 2012 to

84% in 2015. This reflects a gradual upward trend from 78% in 2007; across this period, positive perceptions in the rest of Scotland have maintained at approximately 96%. Indicator (16) measures the percentage of households in the 15% most deprived SIMD areas who are satisfied with the quality of local public transport, which is viewed as a key determinant of economic sustainability in terms of facilitating access to employment opportunities in other areas. This indicator improved from 76% in 2012 to 80% in 2015, though it peaked at 83% in 2010. Interestingly, satisfaction with local public transport has been consistently higher for this group than in the rest of Scotland since 2007, and currently stands 8 percentage points higher than the latter group. Indicator (17) measures the percentage of adults in the 15% most deprived SIMD areas who can access green space within a five-minute walk or less. This indicator remained essentially static from 60% in 2013 to 59% in 2015. The figure for the rest of Scotland is 10 percentage points higher.

As previously detailed, the final intermediate outcome under the 'Places' outcome is 'children from low income households grow up in places that are economically sustainable'. The indicators under this intermediate outcome measure inequality between areas by looking at the gap between the outcomes of adults living in the 15% most deprived SIMD areas and the outcomes for adults in the rest of Scotland. Indicator (18) measures the gap in employment rate, which improved from a 19.5 percentage point gap in 2012 to a 16.0 percentage point gap in 2015. The gap stood at a low of 15.5 percentage points in 2011. Indicator (19) measures the gap in the percentage of adults with low or no qualifications (SCQF level 4 or below), which improved from 15.8 percentage points in 2012 to 14.2 percentage points in 2015. The gap has gradually decreased from a gap of 21.0 percentage points in 2007, due to larger reductions in the percentage of adults with low or no qualifications in the 15% most deprived SIMD areas than in the rest of Scotland. Finally, Indicator (20) measures the gap in personal internet use, which maintained static at 12 percentage points in 2012 and 2015. The gap has decreased from 20 percentage points in 2007, having reached a low of 8 percentage points in 2014.

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