

Report

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Report to: **Executive Committee**
 Date of Meeting: **16 May 2018**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Local Child Poverty Action Report**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Executive Committee with a report detailing the new statutory duty on the Council and NHS Lanarkshire to jointly produce an annual Local Child Poverty Action Report.

2. Recommendation(s)

2.1. The Executive Committee is asked to approve the following recommendation(s):-

- (1) that the contents of the report be noted;
- (2) that the understanding reached with NHS Lanarkshire on the production of a joint Local Child Poverty Action Report and that the first Local Child Poverty Action Report is to cover the period from 1st April 2018 to 31st March 2019 and be published by 30th June 2019 be noted;
- (3) that the intention to publish all subsequent reports by 30 June each year be noted;
- (4) that the latest guidance from the Scottish Government, the latest projections for the Scottish Government on child poverty and relevant comments made by the Poverty and Inequality Commission on Local Child Poverty Action Reports be noted;
- (5) that the proposal to deliver this statutory duty through a community planning partnership approach in order to enable all the partners whose activities impact on the circumstances that can tackle what drives child poverty and also mitigate its impact be noted; and
- (6) that the proposed outline of an annual South Lanarkshire Local Child Poverty Action Report be noted.

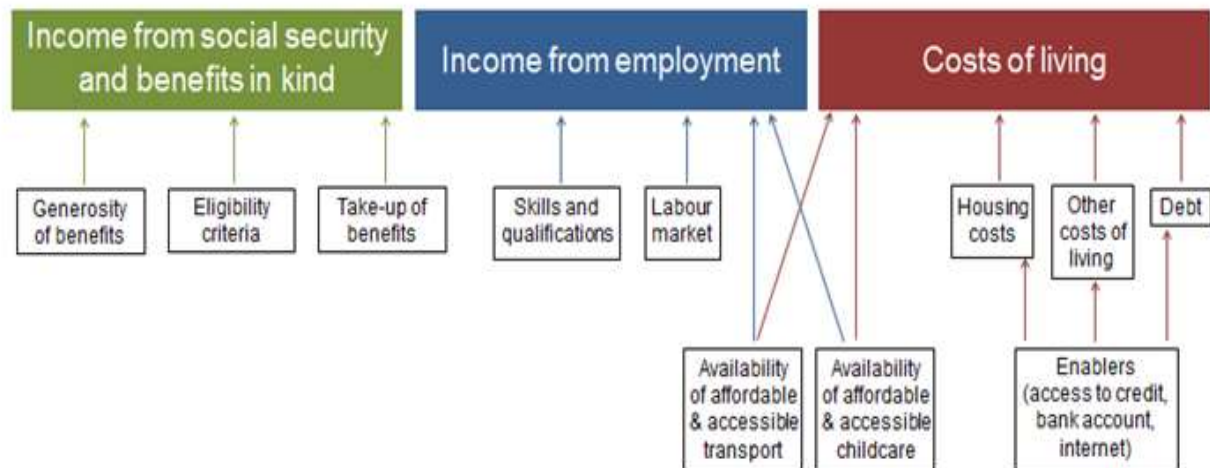
3. Background – Child Poverty Act 2017

- 3.1. In July 2015, the UK Government announced its intention to repeal significant parts of the Child Poverty Act 2010 via what eventually became the Welfare Reform and Work Act 2016. The UK Government proposed to replace the four income-based targets with measures on worklessness and educational attainment; to remove the child poverty aspects of the Social Mobility and Child Poverty Commission's remit; and to rename the legislation the "Life Chances Act".
- 3.2. The Scottish Government does not agree with this approach: in particular, the removal of income-based targets, and the use of alternative measures that do not take income into account. In the Scottish Government's view, this represents a shift towards characterising poverty as a lifestyle choice rather than addressing the social and economic drivers that cause people to fall into or remain in poverty. The Scottish

Government therefore requested an opt-out from the UK Government's approach, and are committed to bringing forward a Scottish approach to tackling child poverty.

- 3.3. The Act also introduces a new requirement for local authorities and each relevant Health Board to jointly prepare a **Local Child Poverty Action Report**, as soon as reasonably practicable after the end of each reporting year.
- 3.4. The legislation states that the report must “*describe any measures taken in the area of the local authority during the reporting year....for the purpose of contributing to the meeting of the child poverty targets.*”
- 3.5. The Act also requires local authorities and NHS Boards to set out - in their local Child Poverty Action Reports - information on measures that they plan to take to contribute to the meeting of the Child Poverty reduction targets set out in the Bill, with the aim of ensuring the reports provide a strategic forward look as well as an account of progress to date. The Scottish Government's expectation is that local authorities and NHS Boards will work together to produce the reports, and that the Community Planning Partnership process could provide a helpful vehicle for co-ordinating this work.
- 3.6. The first Local Child Poverty Action Report is to cover the period from 1st April 2018 to 31st March 2019 and be published by 30th June 2019. All subsequent annual reports are to be published by 30th June of the relevant year.
- 3.7. The new Poverty and Inequality Commission has been tasked by the Scottish Government to provide feedback on all the local action reports. Bearing in mind that 32 reports are to be produced, it is likely that feedback to local partners will be staged over the 2019-2020 financial year.
- 3.8. It is not intended that the introduction of the new local reporting duty on tackling child poverty will entail an excessive new burden on local partners; and wherever possible, it should be made clear in the Annual Report how links are being made to related statutory planning and reporting requirements. For example, there may be scope to use the same activity, such as consultation, needs assessment or progress reporting in other reports into the Local Child Poverty Action Report – in particular the Children Service Plan reports, reporting on Children's Rights (related to the UN Rights of the Child), activity to meet the requirements of the Socio-Economic Duty - now called the Fairer Scotland Duty - and under the Local Outcome Improvement Plan.
- 3.9. The Scottish Government has made it clear that the introduction of the requirement to produce Local Child Poverty Action Reports signals an imperative to undertake new activity and a new approach; effectively a step-change in tackling child poverty. Where local partners are continuing with existing activity, they should be clear about the supporting evidence base indicating its effectiveness.
- 3.10. Child poverty is caused by a complex blend of structural issues relating to macro-economic and political factors governing the labour market, employment and social security. Social factors make particular groups especially vulnerable to poverty, e.g. children, lone parents, disabled people and BME groups. The following diagram from the Scottish Government provides an overview of what its research indicates are the main drivers of child poverty.

Drivers of child poverty targets



3.11. Local Child Poverty Action Reports **must** set out any measures taken in the previous reporting year by the local authority and NHS Board for the purpose of contributing to the meeting of the child poverty targets set out in the Act. The Act also requires that local authorities and the NHS Board must set out any measures that they **propose to take** to contribute to the meeting of the targets. This means that the action reports should articulate how any activity which has been undertaken in the previous reporting year, or is proposed to be taken, has contributed or will contribute to the meeting of the targets.

3.12. There is also a requirement - in the context of reporting on activity that has been taken or is proposed in support of meeting the child poverty targets – that it includes reports in particular on income maximisation measures during the reporting year to provide pregnant women and families with children with:-

- a) information, advice and assistance about eligibility for financial support, and
- b) assistance to apply for financial support.

3.13. The report must also describe any measures taken during the reporting year, or which are proposed to be taken, in relation to children living in households whose income is adversely affected, or whose expenditure is increased, because a member of the household has one or more protected characteristics. In particular in terms of them being able to access a level of income which can sustain a family and having to meet costs linked to one or more family members having one or more protected characteristics, additional to the costs incurred in raising a family.

4. Developments to date in relation to the Child Poverty Act

4.1. The Child Poverty Act sets out four statutory, income-based targets (all after housing costs) for Child Poverty, to be achieved by 2030:-

- ◆ Less than 10% of children are in relative poverty
- ◆ Less than 5% of children are in absolute poverty
- ◆ Less than 5% of children are in combined low income and material deprivation
- ◆ Less than 5% of children are in persistent poverty

4.2. There are also interim targets set for 2023-2024:-

- ◆ Less than 18% of children are in relative poverty

- ◆ Less than 14% of children are in absolute poverty
- ◆ Less than 8% of children are in combined low income and material deprivation
- ◆ Less than 8% of children are in persistent poverty

- 4.3. The Scottish Government has also commissioned **projections of child poverty levels**. Table 1 shows the results of the modelling exercise for the central projected levels of child poverty. The first four rows relate to the four target measures. By 2030-31 the target is for less than 10% of children to be in Relative poverty and less than 5% of children being in poverty on the other three measures. As this table shows the projected levels are all significantly above the target levels. The following rows show the proportion of children in Relative poverty in respect of their life circumstances. As this shows, children in households where No adult is in work are projected to see significant levels of child poverty – potentially reaching over 90% by 2027-2028. Children in Lone Parent households, in households with Three or more children and where No adult works full time but one or both are in Part time work are all projected to experience significantly high levels of poverty than at present.
- 4.4. The increases in child poverty that they are projecting are being driven in the main by changes to the UK welfare system and the researchers have stated that despite acquiring additional powers over the social security system which are being operationalised in the Social Security (Scotland), the Scottish Government has limited social security powers to offset the reductions in social security incomes which are driving their central forecast of a substantial increase in child poverty over the next five years and it has stated that the recent changes by the Scottish Government to Income Tax and social security reforms will not fundamentally change the overall trajectory of child poverty in Scotland.

Table 1: Projected levels of Child poverty

	2017-2018	2020-2021	2027-2028	TARGET BY 2030
Relative Child Poverty	30.9%	34.5%	37.9%	Under 10%
Absolute Child Poverty	31.9%	33.1%	31.6%	Under 5%
Combined material poverty & low income	14.1%	16.0%	16.5%	Under 5%
Persistent Poverty	12.9%	15.5%	15.5%	Under 5%
RELATIVE POVERTY				
Lone Parents	48.0%	56.0%	60.0%	
Children with Couples	25.0%	28.0%	29.3%	
One child households	25.0%	28.0%	29.8%	
Two children households	28.0%	28.0%	30.1%	
Three or more children households	35.0%	47.0%	54.0%	
No adults in work	70.0%	80.0%	90.0%	
No adults in FT work but 1 or 2 in PT work	46.0%	50.0%	58.0%	
One adult in FT work and 1 not in work	36.0%	40.0%	49.0%	
Both adults in FT work	10.0%	11.0%	15.0%	

- 4.5. The researchers have stated that in order to reverse these trends in child poverty by 2030-31 and hit the child poverty targets in the Child Poverty (Scotland) Act, it will be necessary either to increase support for low-income families through the social security system substantially, or to find another mechanism for increasing net income for families in poverty (e.g. higher earnings and employment (or some other source of financial assistance such as a Citizens Income scheme).

- 4.6. The **Poverty & Inequality Commission (PIC)** – which has been tasked with providing feedback on the Local Child Poverty Action Report – has produced 40 recommendations for the Scottish Government on the production of the national Child Poverty Action Delivery Plan which may give some indication of the focus they will adopt in respect of their function in relation to the Local Child Poverty Action Report.
- 4.7. The report identifies a set of key principles it believes should underpin the Delivery Plan. These are likely to be considered appropriate in relation to Local Child Poverty Action Reports:-
- ◆ *Link actions to impact* – describing the effect of the measures that have been taken on progress towards meeting the child poverty targets.
 - ◆ *A cross-portfolio approach* focusing on actions that will have the biggest impact with an indication of the expected contribution of each policy towards meeting the targets or the estimated or actual impact of commitments.
 - ◆ *A focus on people as well as numbers* – in particular on particular groups where child poverty tends to have the biggest impact (single parents, young mothers, disabled households, minority ethnic community households) – and the Plan should describe the impact on protected characteristic households. It is important that the Delivery Plan reflects the reality of lived experience of poverty if it is to be effective. Not being heard can be both a cause and a symptom of poverty and compounds experiences of being disempowered.
 - ◆ Include *longer term actions* which might not help meet the target but will improve outcomes and reduce inequalities in the longer term. In the longer run maintaining a sustainably low level of child poverty will require action on future prospects as well as current income. Child development, educational attainment and skills for the labour market are all important factors to be considered in the national Delivery Plan.
 - ◆ Consider the geography of poverty. This can be complex, poverty can be concentrated in particular areas and place based initiatives have a role to play. On the other hand the majority of people living in poverty do not live in multiply deprived areas. It will be important for local authorities to understand the scale and experience of poverty for children in their area in order to develop local child poverty delivery plans.
- 4.8. The Commission believe that there are three **key mechanisms** that can increase household income and reduce costs in order to make the biggest impact on the child poverty targets through - *Work and Earnings* (tackling in-work poverty, employment support, work progression, quality training), *Social Security* (it has costed a range of benefit changes to impact on child poverty – preferred is changes to Universal Credit costing £350mn pa and taking 30,000 children out of poverty) and *Reducing Housing costs* (especially for private and social renters, around fuel poverty and accessibility of housing).
- 4.9. It makes 40 recommendations. but in terms of specific elements highlighted by the PIC that could relate to local authorities:-
- ◆ Holistic employability support focused on the needs of the individual;
 - ◆ Focus on quality of childcare and out of school care – not just hours;
 - ◆ City Deals should have tackling poverty & inequality as core aims and show how investment will impact on them;
 - ◆ Consideration on how public procurement can impact on poverty & inequality;

- ◆ Possible production of a child poverty assessment alongside the budget to reflect Fairer Scotland duty;
- ◆ Addressing housing costs has to be part of the plan to reach the child poverty targets. It is not clear which housing policies - especially in relation to private and social rented sectors - will reduce housing costs and so impact on child poverty. Issues around accessibility (including for wheelchair users) also need to be investigated. On Fuel poverty it calls for programmes to support those on low incomes and action to tackle the poverty premium in home energy costs.
- ◆ Including actions to improve the quality of life of families living in poverty and to help them manage the impacts of poverty and improve their children's prospects.

4.10. It has looked in detail at five areas – addressing barriers to education, income maximisation, transitions, supporting families and providing public services in a respectful way that preserves dignity:-

- ◆ *Barriers to education* – quality of early learning and childcare, the cost of the school day and schools shifting costs from them to families.
- ◆ *Income maximisation* - action to ensure that families are claiming all the benefits that they are entitled to and securing the best deals on services and products. In particular the work of the Family Financial Health Check Guarantee aimed at those on low incomes to support income maximisation and the Universal Health Visiting Pathway has been highlighted.
- ◆ On *transitions into and out of poverty* – moving from work to worklessness is a key driver and both life stage transition and life change transitions are important. It has suggested a potential new Transition Fund for those affected by life changes make financial support available to families to enable them to manage or reduce the impact of transitions such as relationship breakdown, move into/loss of employment, acquiring a health condition/impairment, relocation, or a tenancy ending. It believes that any new fund should complement the crisis grants and community care grants available through the Scottish Welfare Fund.
- ◆ On *Supporting Families*, learning from the Children, Young People and Families Early Intervention and Adult Learning and Empowering Communities Fund on what aspects of support are likely to be most effective in ameliorating the impact of poverty on children – and more support should be provided to children in poverty will live in families with complex needs – both to help them out of poverty but also support them in tackling these complex needs – mental health, substance abuse, domestic abuse, criminal justice issues, etc.
- ◆ In *respect of providing public services in a respectful way*, this requires a culture shift in organisations and training for staff on avoiding stigma and providing an inclusive service. Pre-employment and in-service training should include the importance of avoiding stigma and developing understanding of the challenges of living on a very low income.

5. **South Lanarkshire Local Child Poverty Action Report**

- 5.1. **NHS Lanarkshire** has indicated that Mr Gabe Docherty, its Director of Public Health will be taking the lead on delivering this statutory duty and has indicated that it agrees to a joint report being produced. In terms of the reporting structure within NHS Lanarkshire, the work will be coordinated through the newly established Population Health & Primary Care Committee which will report to the NHS Lanarkshire Board.
- 5.2. The latest guidance from the Scottish Government on Local Child Poverty Action Reports stated that they should set out the range of organisations who were involved in delivering the activity set out in the reports, outline the role played by each organisation in both planning and delivery of the activity outlined and how local

authorities and NHS Boards have engaged with partners on a strategic basis across key areas such as education (including further and higher), economic development, money advice services, childcare, housing, transport and children's services.

- 5.3. Local authorities and NHS Boards, when looking at the range of activity undertaken at local level which could contribute to tackling child poverty, should also look beyond services specifically aimed at children and families – such as organisations aimed at improving adult employability. The Scottish Government in its guidance suggests that
- 5.4. The Local Child Poverty Action Report should articulate how any activity which has been undertaken in the previous reporting year, or is proposed to be taken, has contributed or will contribute to the meeting of the reduction targets and what drivers of child poverty they are aimed at addressing. The local reporting process should be seen as an integral part of a plan-act-review-revise cycle. The local perspective should reflect the assets available to support effective implementation, such as organisational capacity, strong partnership working and practice networks, as well as areas for development.
- 5.5. As stated in paragraph 3.12 and 3.13 there are specific requirement to:-
 - ◆ report in on **income maximisation measures** taken in the area of the local authority during the reporting year to provide pregnant women and families with children with: a) information, advice and assistance about eligibility for financial support, and b) assistance to apply for financial support.; and also
 - ◆ to report on any measures taken during the reporting year, or which are proposed to be taken, in the area of the local authority in relation to children living in households whose income is adversely affected, or whose expenditure is increased, because a member of the household has one or more **protected characteristics**. In particular in respect of the challenges that they may face in being able to access a level of income which can sustain a family and having to meet costs linked to one or more family members having one or more protected characteristics, additional to the costs incurred in raising a family. In this context, the national Child Poverty Delivery Plan has identified 8 priority groups and the expectation is that councils and NHS Boards should consider them in the production of their local reports. These are:-
 - ◆ Lone parents
 - ◆ Families where a member of the household is disabled
 - ◆ Families with 3 or more children
 - ◆ Minority ethnic families
 - ◆ Families where the youngest child is under one
 - ◆ Mothers aged under 25
 - ◆ Those Living in areas of high material deprivation ; and
 - ◆ Those living in remote rural locations
- 5.6. The guidance from the Scottish Government also states that local partners should set out how the activity in their Local Action Reports will support children and families whose lives are impacted by Adverse Childhood Experiences. Adverse Childhood Experiences (ACEs) are stressful events occurring in childhood including domestic violence, parental abandonment through separation or divorce, a parent with a mental health condition, being the victim of abuse (physical, sexual and/or emotional), being the victim of neglect (physical and emotional), a member of the household being in prison or growing up in a household in which there are adults experiencing alcohol and drug use problems.

5.7. A proposed outline for the joint Local Child Poverty Action Report has been produced based on the guidance and is shown below:-

- Section 1 Background to the report, organisations involved and the role they played.
- Section 2 Analysis of the scale and experience of poverty for children in South Lanarkshire and within its communities.
- Section 3 Reporting situation, improvements focus and case studies around the 8 themes / drivers identified in the Community Plan's Overarching Objective to tackle inequality, deprivation and poverty. These 'nest' within the 3 drivers of child poverty identified by the Scottish Government and shown in the diagram on Page 2 of this report.

5.8. This section would focus on situations, the focus of improvement activities and reporting in respect of:-

- ◆ Promoting Inclusive Growth
- ◆ Developing a family focused financial inclusion strategy
- ◆ Supporting parental employment and childcare initiatives
- ◆ Improving the quality of housing
- ◆ Supporting education, skills and development of children and young people
- ◆ Tackling health inequalities
- ◆ Supporting safeguarding measures; and
- ◆ Improving the local environment - including community safety

5.9. This approach would mean that work in respect of tackling child poverty would be embedded in the work being undertaken to monitor and report on improvement activity around the Overarching Objective as a whole. However, unlike for the Overarching Objective with its focus on partnership activity, in the Local Child Poverty Action Report, it would be relevant to include actions by individual organisations.

5.10. The Scottish Government has also announced funding for a new National Child Poverty Coordinator in the Improvement Service – working closely with the Scottish Government, NHS Health Scotland and other stakeholders such as the Poverty Alliance to help local authorities and health boards plan and report on their own actions and help them think how to monitor progress. The co-ordinator will also play a key role in supporting the implementation of the Fairer Scotland Duty - focusing on links between the duty and public bodies' child poverty responsibilities - so that the duty genuinely improves outcomes for children who are living in households on low incomes. It will also part fund - £20,000 pa for 3 years - the new *Scottish Poverty and Inequality Research Unit* at Glasgow Caledonian University, to provide analytical expertise for local area child poverty planning. Over the three years SPIRU will seek to engage in all 32 local authority areas aiming, through collaborative working, to identify and share good practice on the ground. A key priority for the analytical partnership will be to engage with local partners who have historically had less capacity to participate in work to tackle child poverty.

6. Employee Implications

6.1. There are no employee implications at this stage but the Scottish Government has made it clear that it expects a "step change" in tackling child poverty at a local level with a new approach and new activity being undertaken to support the national commitment to achieving the planned reduction in child poverty levels. This will have

implications for both the activities being undertaken and how they are organised – including structural change.

7. Financial Implications

- 7.1. The costs associated with preparing a Local Child Poverty Action Plan were detailed in the Financial Memorandum to the Act, and were based on an estimate of council and health officer time of one month per year. The Council responded positively to the national estimate.
- 7.2. For the first year, 2018/2019, the Scottish Government have agreed to provide a total of £0.188m nationally to support local partners in the production of the first annual report, due end June 2019.
- 7.3. According to the Financial Memorandum, the Local Government share of this is £0.152 million and using normal funding allocations, the Council could receive a total of £0.009 million.
- 7.4. It is noted that the Financial Memorandum and the funding allocated refers only to costs associated with the reporting activity in relation to Child Poverty Action and not the costs relating to the delivery of relevant national and local policies and services.

8. Other Implications

- 8.1. There are no risk or sustainability implications in terms of the proposals contained within this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning

Executive Director (Finance & Corporate)

27 April 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Working with and respecting others
- ◆ People focused

Previous References

- ◆ None

List of Background Papers

- ◆ Child Poverty Act 2017
- ◆ Guidance on the production of Local Child Poverty Action Reports
- ◆ Poverty & Inequality Commission advice on the Child Poverty Delivery Plan 2018

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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