Introduction

With the signing of the concordat between Local Government and the Scottish Government, for the first time, there is a firm commitment from both spheres of government to build a relationship of mutual respect and partnership. The Concordat underpins the funding for Local Government over the next three years, and aligns both the Scottish Government and ourselves to a new, and more democratically accountable, means of producing services for the people of Scotland.

The negotiations with the Scottish Government were clearly based on our costed understanding of our spending requirements, but took into account an expectation that the resources available to the public sector in Scotland would make this a very tight Spending Review. In addition, our participation in the negotiations was underpinned by a desire to achieve a satisfactory outcome on a number of non-cash issues. Clearly, while these can never be regarded as a replacement for adequate cash sums, they are nevertheless significant achievements within the context of an overall package. In short, our primary objective was to negotiate a balanced package between securing the maximum resources available alongside the greatest number of non-cash issues.

Key Aspects of the Concordat

The cash sums are tight - £34.7 billion for Local Government over the next three years - and acknowledged as such by the Scottish Government. Within this overall envelope, we have been very clear to negotiate the exact wording of what is expected from Local Government with regard to the Scottish Government’s manifesto commitments. These commitments are specifically worded in the Concordat.

We were very determined to deliver a satisfactory outcome on a number of non-cash issues, many of which have been long held by COSLA as signals of respect, a commitment to local democracy and a more equal relationship.

Those issues were:

- A clear statement from Government about the removal of the possibility of structural reform to Local Government
- A clear statement regarding the position of Local Government in the governance of Scotland and the nature of Local Government’s partnership with the Scottish Government
• Progress on the delivery of a Single Outcome Agreement as the process of joint accountability between the Scottish Government and Local Government
• A fundamental reduction in the level of ring-fencing within any financial settlement.
• An appropriate treatment of efficiency within Local Government which allowed Councils to retain resources released by their own efficiency work.
• A reversal of the trend over recent Spending Reviews which left Local Government with a decreasing share of public expenditure in Scotland.
• A commitment to regular meetings between COSLA’s leadership and Cabinet Secretaries and Cabinet itself.

We will review the Settlement on an on-going basis with the Scottish Government and will jointly address the framing of, and financial impact of, new policy development.

In this way, with both the Scottish Government and Local Government signed up as equal partners, both are equally accountable to the Scottish people.

While Local Government will have greater freedom in terms of how to deliver the services – something we have long fought for – arrangements will be put in place to jointly oversee and monitor the new partnership between ourselves and Government, and to assess the commitments made.

**Accountability**

One of the issues we have seen raised in relation to this new partnership is the issue of how Local Government will be held accountable. This clearly reflects a view that accountability is best delivered by ever tighter controls from Central Government. In contrast, we do not believe that this is appropriate. We welcome the tenor of the Concordat, which points out it is for the Scottish Government to set the direction of policy and then to jointly agree outcomes with Local Government.

The outcomes approach will ensure that together, we deliver what needs to be achieved, but that Local Government has the flexibility to decide how to achieve it in the way that best suits local needs.

Since the outcomes are jointly agreed, accountability is enhanced, not diminished: neither Central nor Local Government can avoid being held accountable by blaming the other sphere of governance in Scotland.
I understand that the Committee wishes to obtain any views that Energy Action Scotland (EAS) may have in relation to the Spending Review to assist Members in formulating any lines of questioning that they might wish to put to the Minister and/or the Cabinet Secretary. In this regard EAS would wish to make the following comments; the proposed budget for the financial years 2008-2009 to 2010-2011 are shown as being £45.9 million a year for each of the three years. This is equal to the current 2007-2008 allocation; however, there is no detail as yet on how this will be spread across the fuel poverty programmes.

EAS is concerned that this budget does not take into consideration inflation. As previously stated in evidence to the Committee in October 2007 the Warm Deal Grant of £500 is still set at the same level as it was when introduced in 1999. The grant is insufficient to cover all main measures for even the smallest of homes and will only provide for one of the two main measures of cavity wall or loft insulation but not both. This is irrespective of the households requirements

Similarly the Central Heating Programme (CHP) has moved to a capped grant of £3,500 with an option of a higher cap of £5000 when there is a requirement to fit an oil system. The CHP is now in a position where approximately only 40% of all installations are having any form of insulation fitted. EAS is also being made aware by its member organisations that there is pressure being brought to direct householders to take more expensive to run electric heating systems as opposed to oil central heating. EAS is concerned that an increasing number of householders are being asked for a financial contribution to the installation costs of their work.

Furthermore, the static budget will not allow for the inclusion of any new measures either in terms of new insulation products or micro renewables such as those being trialled under the current Scottish Government Micro Renewable trial. These technologies are traditionally more expensive than our existing suite of measures such as gas central heating and cavity wall insulation.

EAS’s view is that with a flat line budget the current programmes, unless urgently reviewed will ultimately fail the fuel poor. The current programmes are being mainly used as emergency repair and replacement for broken systems, something the CHP was never intended to do or be. The CHP programme is currently supplying less than 20% of its total delivery to fitting heating systems to households who do not have any form of central heating. The main thrust of the current programme is that of an emergency service and the increasing levels of negative publicity for the current managing agent will only increase unless the programme is reviewed.

Given the static budget over the next three years it is hard to understand how the Warm Deal and CHP might be able maintain even the current levels of activity. EAS’s view is that the budget as set will not move the Scottish Government towards the 2016 target of eradicating fuel poverty. Calculations made by EAS in
2006 suggested that there was a requirement to spend in the region of £170 million per year for ten years to eradicate fuel poverty by 2016. It was certainly never suggested that the Scottish Government should provide this complete level of funding and that it should come from a diverse range of funders. However the current budget is below our expectations of the Scottish Governments input and does little to support the drive towards achieving the 2016 target.

SUBMISSION FROM SAVE THE CHILDREN

Budget process 2008-09 (Stage 2)

The 2007 strategic spending review is a key opportunity to create the conditions for real change for the poorest and most vulnerable children in Scotland. Given the new funding arrangements with local authorities and the reduction in ring fenced funds it’s difficult at this stage to decipher whether these conditions have been created and thus whether the poorest children and young people will be the beneficiaries of this budget.

Save the Children welcomes the:
• Solidarity ‘purpose target’ on tackling income inequality. Progress on child poverty will be difficult without tackling underlying inequalities. However, identifying the policies that will translate this target into reality will be a challenge.
• National target of reducing the number of individuals living in poverty.
• Commitment to extending free school meals to the poorest children.
• £145 million fund to tackle poverty and deprivation to help more people overcome ‘barriers and get back into work’ and ‘offering the right support to people who want to enter, remain in or re-enter employment’.

Concerns

While these commitments are welcomed Save the Children is concerned that there are no clear budget lines attached to these specific commitments and targets.

Further, Save the Children is extremely concerned that there is no national target or indicator for reducing child poverty in Scotland. Figures published in 2007 showed that, for the first time in many years, progress in reducing child poverty in Scotland has stalled. There is real concern that Scotland will not meet the target to halve child poverty by 2010. Without significant investment now, child poverty will not be eradicated by 2020. Further investment and support for the households experiencing the most severe and persistent levels of poverty needs to be prioritised, as a first step in ending child poverty in Scotland by 2020. Initiatives such as Sure Start provide opportunities to target this support but, given that Sure Start is not mentioned in the spending review document, we are concerned about how this can be achieved.
In scrutinising the budget, Save the Children would urge the Committee to consider the following questions:

1. Whether the Scottish Government is committed to halving child poverty by 2010?

2. Without a national target/indicator specifically on reducing child poverty, what mechanisms will be in place to ensure that this is given priority, and how will progress in reaching the 2020 aim be measured and analysed?

3. What mechanisms will be in place to ensure anti-poverty commitments are resourced by local authorities?

4. How will budgets – national and local – be monitored and evaluated to ensure that the poorest children and their families are being lifted out of poverty?

5. How will the Scottish Government ensure that spending reaches parents living in poverty and removes barriers to employment, such as affordable and accessible childcare provision?

SUBMISSION FROM SCOTTISH FEDERATION OF HOUSING ASSOCIATIONS

Budget process 2008-09 (Stage 2)

The SFHA welcomes the opportunity to present evidence to the Local Government and Communities Committee on the Scottish Budget 2008-11

Introduction

The SFHA believes that the budget as it relates to housing should be seen in relation to the Government’s vision for housing as outlined in the Discussion Paper, “Firm Foundations”.

Summary of Main Points

Comparing this proposed housing budget with that of previous years is difficult because certain items previously included in central government budget heads are now transferred to local authorities.

Consideration below is given to the key components of the housing budget.

The Affordable Housing Investment Programme (AHIP)

The proposed programme for 2008-11 excludes funding for Glasgow and Edinburgh. These programmes are now contained in the local authority
settlement. The value of those Cities programmes are not yet set. On taking out the Edinburgh and Glasgow funding for years 2005-8 to equalise the data and rebasing using the Consumer Price Index, the AHIP for 2008-11 is increased by £133 million (11%) on the previous programme.

The SFHA alongside other housing bodies believes that 30,000 homes for affordable rent are needed in Scotland between 2008-2011. While we acknowledge many of the challenges outlined in “Firm Foundations” as to how affordable rented housing should be delivered, we do not believe that the proposed AHIP will result in the number of homes required.

**Housing Monies Distributed by Local Authorities/Central Government**

A significant outcome of the 2008-11 budget proposals is the giving of power back to local authorities. There are 11 housing related budget heads which form part of the agreement made between COSLA and the Government. These are divided into ring-fenced and non-ring fenced allocations. The non-ring fenced allocations give particular cause for concern. Supporting People (at £383 million in 2007/8) is a programme which had particular beneficial impact for those in the affordable housing sector.

Nationally administered programmes have been listed at best as standstill budgets or wrapped up into the local authority settlement. Wider Role (at £12 million in 2007/8) has been frozen at that level for years 2008-2011. This funding has been used constructively by Housing Associations to initiate health and employment programmes in some of the most disadvantaged communities in Scotland.

**Conclusions**

We note that the Affordable Housing Investment Programme does not in our view facilitate the delivery of 10,000 new affordable homes for rent over the period 2008-2011.

We note that overall comparison with previous funding regimes and the proposed housing budget as a whole is not possible at this stage due to funding shifts resulting from the agreement made with the Government and local authorities.

We note that the absence of ring fencing from programmes such as Supporting People will require dialogue and close working with our colleagues in local authority to ensure that high quality services are delivered to local communities. We suggest that because Single Outcome Agreements are expected to be in place with Councils during 2008-09, ring fencing should be retained for the next financial year at least.

We note the aspirations of the Government in relation to housing as outlined in “Firm Foundations”. The housing association sector does accept that we should
all look at improving the ways in which we deliver affordable housing in this country. We note that some of the key proposals contained in the vision such as the channelling of public subsidy for new build and the seeking of greater efficiencies will take time to develop and implement, and we strongly believe that the overall Housing Investment Programme should take account of this.

SUBMISSION FROM PUBLIC HEALTH AND WELLBEING DIRECTORATE, SCOTTISH GOVERNMENT

Budget process 2008-09 (Stage 2)

During our evidence session on the Glasgow Commonwealth Games Bill at the Committee’s meeting on 21 November 2007 we gave a commitment to respond in writing to a question raised by David McLetchie MSP. Mr McLetchie asked for clarification of what was contained within the Commonwealth Games Federation contribution to the Games Budget and if the expected revenue from the exploitation of Broadcasting Rights was capped.

The Commonwealth Games Federation contribution of £31.4 million comprises:

- £1.5 million in respect of fulfilling the transfer of knowledge obligations under the Host City Contract; and
- £29.9 million in respect of estimated income from the sale of broadcasting rights.

The £29.9 million figure is not capped, but neither is it guaranteed. The Commonwealth Games Federation has agreed to pay the Organising Committee the revenue it receives from the exploitation of the television broadcasting rights, the radio broadcasting rights and the internet rights (other than in relation to the Games website) net of any direct sales costs, commission or taxes. Based on guidance by Fasttrack (events consultants) to the Commonwealth Games Federation, broadcast revenues have been estimated at £29.9 million. By way of comparison, broadcast revenue reported by the 2006 Melbourne Games was £24.5 million. It is also worth noting that the host broadcasting costs and agency commission has been estimated at £19.3 million which is included within the IBC/HBO expenditure budget heading.

The Games budget includes a contingency of £40.536 million and a risk element around expected broadcasting revenue has been factored into this.

SUBMISSION FROM SHELTER

Budget process 2008-09 (Stage 2)

Shelter welcomes the invitation to provide evidence to the Local Government and Communities Committee on the 2007 budget and spending review. We would be
delighted to take the opportunity to do so orally since crucial budget details are still emerging.

**Summary of main points**

- Additional spending on affordable housing supply is, *at best*, less than 20% of what is needed. The budget is cut by 6% in real terms in year one, before recovering in later years.
- We support measures to increase value for money in housing programmes but argue that their impact remains unquantifiable as yet and cannot be implemented quickly enough to compensate for the shortfall in the budget.
- Our best estimate at this stage is that, far from meeting the target of 30,000 affordable rented homes, the output in the three-year period will be around 15,700.
- The budget has removed over half of what used to be in the housing portfolio into the local government portfolio: this makes comparison with earlier three-year budgets impossible.
- There is a high risk that homelessness and Supporting People budgets, now within overall local council budgets, will be seen as soft targets to fund other priorities. Shelter believes that they should be ring-fenced at least until Single Outcome Agreements are fully in place.

**Affordable housing supply**

The supply of affordable housing was the primary focus of lobbying in the run up to the 2007 budget. In February the main housing groups submitted detailed proposals to the Finance Minister. This submission, based on detailed research on housing needs, made the case for 30,000 affordable rented homes to be provided 2008-11, at an *additional* cost of £750 million. In May the proposal was resubmitted to the Cabinet Secretary for Finance and Sustainable Growth.

The housing settlement announced in November 2007 was a significant disappointment. As shown in table 1 below, the budget for the supply of affordable homes, on a like-for-like basis, has been cut by 6% in real terms next year.

| Table 1: Affordable Housing Supply 2007-08 to 2010-11 |
|---------------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Spend (£ million)                          | 2007-08                      | 2008-09                      | 2009-10                      | 2010-11                      |
| Change in £ million (from revised)         | 387.2                         | 373.9                        | 446.7                        | 472.1                        |

<table>
<thead>
<tr>
<th>2007-08 base)</th>
<th>% change from 2007-08 (cash terms)</th>
<th>3.5%</th>
<th>15%</th>
<th>22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% change from 2007-08 (real terms)</td>
<td>-6%</td>
<td>9%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Scottish Budget Table 21.03

Table 1 also shows that the budget then recovers in years two and three, such that the 2010-11 planned spend is 12% higher in real terms than the 2007-08 baseline. However, over the three years the additional spending on affordable housing is only £131 million, far short of the £750 million needed.

At best the additional money allocated is only 17% of what is needed: that might be as little as 11% if some of the new money is diverted into low cost home ownership initiatives.

The Scottish Government has countered that speculation about shortfalls in housing output as a result of the budget is based on the current ways in which housing subsidy is channelled and that its discussion paper, “Firm Foundations” signals greater efficiencies in investment such that more homes can be built for less public money.

Shelter supports this direction of policy. It is clearly correct to seek to ensure that increases in housing investment are not simply soaked up in above-inflation land price rises or building costs. It is justified to assess rigorously the performance of landlords in relation to spending and to secure the best deal for tenants and people in need of housing. However, we are sceptical about the extent to which this can be taken into account in the budget settlement, for two reasons:

- First of all, “Firm Foundations” sets out a clear direction of travel but there is little that would allow one to quantify the scope of potential efficiency savings.\(^2\)
- Secondly, even if and when these changes can be quantified, they cannot be simply switched on and delivered in full overnight. It is likely to be well into the three-year period, if not beyond, before the full benefits of any efficiencies are realised.\(^3\)

That means that the level of housing output in the spending review period will largely be determined by the finance arrangements in place at the start of the period. In our earlier responses to the budget we argued that the output of

\(^2\) The closest to this is the statement in “Firm Foundations” that prudential borrowing could allow councils to build an additional 500-600 houses per year. The main efficiency measure for RSLs is around appointing a single lead developer. It is impossible, at this stage to quantify the costs and benefits of this approach.

\(^3\) “Firm Foundations” recognises that the new regime cannot start until at least April 2009; however, it talks about efficiencies in the year beginning April 2008. How these can be secured when most of the programme is already committed is not clear.
affordable homes for rent over the period could struggle to reach 20,000. We now fear that it might fall short of the planned output of 16,500 in the CSR period 2005-08. Our estimate of 15,700 is just over half of what is needed.

Other identifiable areas for housing investment

As outlined below, one of the striking features of the budget settlement is what has been removed from what used to be the housing portfolio. Only one other significant area remains intact: the central heating initiative and warm deal. Spending on this area remains stable in cash terms (at £45.9 million): which means that spending will decline by 8% in real terms by 2010-11.

Because of the removals, making observations on the overall “housing” budget is much more limited than in the past. However, on a like-for-like basis the broad trends are shown in table 2.

<table>
<thead>
<tr>
<th>Table 2: Overall housing and regeneration budget (£ million)</th>
</tr>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Housing</td>
</tr>
<tr>
<td>% change in real terms from 2007-08</td>
</tr>
<tr>
<td>Housing and Regeneration</td>
</tr>
<tr>
<td>% change in real terms from 2007-08</td>
</tr>
<tr>
<td>Source: Scottish Budget Table 21.03</td>
</tr>
</tbody>
</table>

In looking at these trends, however, it is worth bearing in mind that the “housing budget”, as defined by the Scottish Government, is made up of only three lines (affordable housing investment – as detailed more fully in table 1 above; modernising private housing; and central heating initiative/warm deal) compared to at least 9 lines in 2007-08.

The housing and regeneration budget in table 2 above is derived by taking the core “housing” budget and adding other items such as: Communities Scotland

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4 This estimate has been derived by applying a 0.65 multiplier to the affordable homes figures given in table 1 (65% is the proportion of spend in the 2007-08 affordable homes programme which goes to renting). We then applied the same multiplier to the £119 million that is spent in Glasgow and Edinburgh (in the absence of data we assume that this level of spend will follow the same trajectory as the national development programme). Then we applied that figure to the average HAG per unit in 2006-07 of £79,000, assuming, in light of efficiency aspirations, that it does not increase during the spending period. Finally we added in the 1800 council homes that “Firm Foundations” gives as the maximum number that could be built using prudential borrowing over a three-year period. This gives a total of 15,700. There are a number of caveats around this estimate, not least the unprecedented lack of data at this stage; but these caveats would not affect the order of magnitude of the estimate.

5 An additional £7 million recently announced for the Central Heating Initiative is for the current financial year.
(and successor arrangements); wider role for RSLs; and regeneration programmes (ie that part of them not removed to the local government settlement).

The moving millions

As already highlighted, at least as significant as the absolute changes in the budget are the major shifts in the way the budget has been presented. This represents the most radical shift in the housing portfolio since devolution. This time last year, the planned housing portfolio for 2007-08 accounted for just under £1.1 billion. The revised figure for 2007-08, for comparative purposes, is £474.2 million. That is, over half (56%) of what used to be in the housing portfolio is no longer there, having been shifted into the local government budget from 2008-09 onwards.

This lack of transparency has been a regular refrain in Shelter submissions to various parliamentary committees since 1999; but is much more significantly so this time around, simply because of the scale of discontinuity with historical data and the fact that no numbers are attached to the spending programmes that have been moved. The significance of the “moving” millions is illustrated in table 3 below.

<table>
<thead>
<tr>
<th>Programme</th>
<th>Planned Spend in 07-08 (previous Executive’s figures)</th>
<th>Status in 08-09 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting People</td>
<td>383</td>
<td>Rolled up in Local Government settlement</td>
</tr>
<tr>
<td>Development funding for RSLs / others in Glasgow and Edinburgh</td>
<td>119</td>
<td>Ring-fenced until 2010-11</td>
</tr>
<tr>
<td>Housing Support Grant and Hostels Grant</td>
<td>8</td>
<td>Part of annual managed expenditure: allocated to LAs that need it</td>
</tr>
<tr>
<td>Private Sector Housing Grant</td>
<td>94</td>
<td>Ring-fenced until 2009-10</td>
</tr>
<tr>
<td>Assistance to Glasgow owners</td>
<td>Not separately identified</td>
<td>Ring-fenced until 2010-11</td>
</tr>
<tr>
<td>Tackling and preventing</td>
<td>39</td>
<td>Rolled up in Local Government</td>
</tr>
</tbody>
</table>

6 Most funding for new housing supply is managed by Communities Scotland and is therefore retained within the national housing portfolio. However, in Glasgow and Edinburgh, responsibility for development funding has been transferred to the local authorities. This explains why, in these 2 areas, spending is now part of the local government settlement, albeit ring-fenced throughout the spending period.
Of the identifiable £643 million in table 3 above, around two-thirds (£422 million) of the total is now part of the general settlement for local government. Other parts will be allocated within the local government portfolio, but subject to ring-fencing at least for part of the spending review period. These items, together with the ring-fencing details are listed above in table 3.

The main items to be merged with the overall local government pot are the Supporting People fund (up to £400 million per year) and the homelessness budget (around £40 million per year).

While local government generally may welcome the additional flexibility that comes with these changes, there is widespread concern within the housing sector that housing and related budgets which are not ring-fenced will be seen as soft targets.

The worry seems justified when one looks at the priorities set out in the Scottish Government / CoSLA concordat, published alongside the budget. Neither homelessness nor housing support are listed as specified commitments on pages 4 and 5 of that document. They do not feature as high level targets or, in any specific way, as national outcomes. It is only when the concordat lists indicators that homelessness features (indicator 22 relates to the 2012 homelessness target). Housing support does not feature specifically in any one indicator, although it could be argued that programmes or projects funded by Supporting People contribute to the achievement of up to 16 of the 45 indicators/targets.

Shelter is particularly dismayed that homelessness, in which Scotland is recognised as leading the way in Europe and beyond, is absent from the list of commitments. We cannot understand the logic of having an indicator for a policy area for which there is no commitment. It seems by including it as an indicator, homelessness is an implied commitment. If so, why not say so?

Given the current low level of priority attached to homelessness and housing support Shelter believes that there is a high risk that these already pressured budgets will be further “raided” to prop up other priorities.

So we believe that, in the short term, it is premature to remove ring-fencing while Single Outcome Agreements are not yet in place. The concordat says “SOAs will be expected to be in place across all councils during 2008-09”. Given that they
will not be in place at the start of the year Shelter argues that ring-fencing should be retained at least for year one.

In the medium term Shelter is not reassured by the lack of detail in the concordat as to how commitments are monitored and what action is taken to address deviations from priorities. We urge the Committee to press ministers for further explanation of the scrutiny mechanisms to be put in place to ensure that major public programmes are being delivered effectively.7

The final issue is in relation to actual numbers. As highlighted above, over half of what used to be in the housing portfolio has no actual spending commitments listed against it in the budget itself. The concordat suggests that these data may not be available until mid December, although we understand that this refers to programme details for each individual authority and that overall programme details for Scotland might be available by end of November. This needs clarified given the 19 December deadline for the Committee to report to Finance Committee.

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7 The concordat does seem to be particularly optimistic about public data collection systems. It says that local authorities will be expected to report on implementation of SOAs around the turn of the year which has just passed. However, in homelessness, for example, data that would allow progress to be judged is generally not available until 7 months after the year to which it applies.
SUBMISSION FROM CHILD POVERTY ACTION GROUP

Budget process 2008-09 (Stage 2)

Child Poverty Action Group in Scotland welcomes the opportunity to give evidence to the Local Government and Communities Committee on the Scottish Government Budget Spending Review. CPAG’s particular concern is with child poverty and our submission reflects that focus.

Child poverty in Scotland, as in the rest of the UK, remains extremely high. In recent historical terms, in relation to other European countries, and compared to adults, children in Scotland face unusually high risk of poverty. One in four are officially recognised as poor, compared to 20% of the population as a whole and almost double the 1979 rate\(^1\). Moreover Scotland’s children are more than twice as likely to be poor than their peers in Scandinavian countries\(^ii\).

Whilst child poverty remains high, the number of children in poverty has been decreasing. Unprecedented Scottish and UK government commitments to eradicate child poverty by 2020, and policy action from both Westminster and Holyrood to support those commitments, have had an impact. This provides an important lesson for anti-poverty ambitions generally, that, with political will and investment, government policy can reduce poverty.

Despite recent progress and welcome Scottish and UK Government commitments, progress in reducing the numbers of children in poverty has stalled. Renewed political vigour, increased resources and new policies are vital for future progress. Thousands of our children continue to miss out on the basics; on adequate clothes and shoes, on healthy food, on educational opportunities and on the social activities that bind children to their families, friends and wider communities and that allow them to develop to their full potential. Poverty continues to grind down the quality of children’s lives and stunt their life chances.

CPAG has previously argued\(^iii\) that for further progress toward the eradication of child poverty in Scotland government policy at Scotland and UK level needs to:

- focus on tackling the low pay, insecurity, discrimination and family unfriendly practice that too often make work an ineffective route out of poverty;
- balance the focus on work with increases in the benefit and tax credit package for families who are not in a position to undertake paid work;
- ensure that families, in and out of work, receive the benefit and tax credit financial supports to which they are entitled;
- balance the drive to target resources with the need to ensure support reaches all families that need it, for example balancing investment in tax credits with investment in child benefit, working toward a universal approach to providing childcare free at the point of delivery, and building on
improvements in the nutritional quality of school meals with a shift toward universal free provision;
  o seriously consider the role underlying income inequalities play in undermining further progress toward eradicating child poverty.

The Scottish Budget Comprehensive Spending Review

The Scottish Government has an important part to play in ensuring the policy action outlined above is delivered. CPAG in Scotland therefore particularly welcomes the commitments made in the Scottish Government Budget Spending Review to:

  o make reducing income inequality one of it’s six top level Purpose Targets;
  o make reducing the numbers of individuals living in poverty a National Indicator and Target;
  o offer “support to people who want to enter, remain in or re-enter employment”;
  o extend free school meal entitlement on a universal basis to all P1 to P3 school children and to all pupils, primary and secondary, in families in receipt of maximum working tax credit.

These commitments fit well with the direction CPAG believes government action must take if we are to see real progress in tackling child poverty, but, as outlined below, we believe significant additional detail is needed from the Scottish Government on how top level commitments, however welcome, will be implemented and resourced. The new funding relationship agreed with local authorities raise important questions as to how the Scottish Government will ensure spending is directed in such a way as to achieve the positive impact on poverty envisaged in the national performance framework. CPAG would welcome reassurance, for example, that proposed reductions in the Scottish Governments Promoting Social Inclusion budget do not lead to any reduction in the ability of the Scottish Government to undertake valuable cross-cutting work to tackle poverty and disadvantage, even where such reductions are explained by reference to redirection into Community Planning Partnership funds. Robust mechanisms to ensure spending reaches, and has a positive impact on, children and families will be essential. In addition, we are concerned that the apparent cut in the affordable housing budget for 2008/09 will have a negative impact on the Government’s ability to tackle the poor quality, cold, damp and overcrowded housing that too often blights the lives of children in poverty.

Reducing Income Inequality

Reducing income inequality, defined in the national performance framework supporting the Government’s spending plans as to increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017, is key to further progress on reducing child poverty. Those countries that have low levels of child poverty also have more equal income distributioniv.
CPAG would, however, welcome:

- further detail on what policies the Scottish Government believe will contribute to meeting this Purpose Target;
- proofing of any proposed changes to the local taxation system in order to ensure that the impact of any proposed changes is to contribute to reductions in income inequality;
- interim targets against which to assess the extent to which policy and spending is having an impact on income inequality.

**Decreasing the proportion of individuals living in poverty**

Making a “decrease in the proportion of individuals living in poverty” a National Indicator and Target is welcome. As well as being important for adults, child poverty cannot be tackled in isolation from adult poverty. The poverty of adults without children, particularly as it affect women’s ability to maintain health and well-being in and before pregnancy, impacts on children’s life chances. Nevertheless, CPAG would welcome;

- clarification that this target will be in addition to the current Scottish Government commitment to end child poverty by 2020;
- a Scottish Government commitment to, in partnership with UK government, meet the UK target to halve child poverty by 2010 in Scotland;
- commitment to maintain indicators to ensure progress in reducing child poverty continues to be measured, analysed and subject to the attention of Scottish Ministers on an annual basis;
- details on how local authorities will be supported, and held accountable, to ensure that spending reaches and benefits children and families living in poverty. Given the significant additional discretion on spending proposed for local authorities it is vital that the proposed Single Outcome Agreements clearly define expectations in relation to reducing child poverty and include mechanisms for measuring the impact of spending in relation to reducing child poverty.

**Providing additional support to people who want to enter, remain in or re-enter employment**

Providing additional support to people who want to enter, remain in or re-enter employment is vital in tackling child poverty. Specific work-focused Scottish Government initiatives, based on voluntary engagement, such as Working for Families, that target resources to help parents, particularly lone parents, toward employment have been welcomed by CPAG.
However low pay, combined with job insecurity, lack of flexibility for working parents and sparse in-work support for those with disability or long term illness, continues to undermine work as a route out of poverty. Nearly a quarter of children living in poverty are in households where an adult is already working full time. Furthermore 30% of low pay in Scotland is within the public sector over which the Scottish Government has substantial direct responsibility.

Affordable childcare provision is another key to overcoming barriers to employment. Despite significant improvements childcare is still not accessible to many families in Scotland with a patchwork pattern of provision reflecting national targeting of resources and local prioritisation.

CPAG would welcome:
- commitment, and funding, from the Scottish Government to ensure affordable childcare provision is accessible, in the right places and at the right times, to all parents seeking to move into education, training or employment related activity;
- a clearer focus within the Scottish Government’s Workforce Plus, enterprise and business support activity to tackling the low pay, insecurity, discrimination and family unfriendly practice that too often makes work an ineffective route out of poverty;
- specific commitments to ensuring high quality benefits and tax credits advice and information is available to parents across Scotland so that children with parents unable to work receive the support they are entitled to, parents trying to move into work are able to avoid poverty traps, and children with working parents benefit from the in-work benefit and tax credit support available;
- clear mechanisms put in place to ensure that spending on employment support reaches parents facing poverty and focuses on activity that removes barriers to employment such as lack of childcare, inflexible employment practices and in-work support for those with disability or long term illness.

Extending free school meal entitlement

Extending free school meal entitlement on a universal basis to all P1 to P3 school children is a commitment particularly welcomed by CPAG in Scotland, having long campaigned for a universal approach to the provision of healthy free school meals. The limitations of targeted approaches to tackling child poverty are apparent. A 2005 UNICEF report on Child Poverty in Rich Countries highlighted the problem targeted social expenditure creates across the developed world and concluded that benefits universally provided, though apparently more expensive, can avoid the poverty traps targeting creates. Furthermore, as a step toward a more universal approach to free school meals, we welcome the proposed extension of entitlement from 2009 to all pupils, primary and secondary, in families in receipt of maximum working tax credit.
However, CPAG would:

- welcome clarity on how Ministers will ensure these commitments are implemented given, as far as we can see, the lack of a specific funding allocation within the Budget document;
- seek assurance that if funding is to be met from within the local government settlement that appropriate mechanisms will be put in place to ensure all local authorities provide free school meals to all children in families receiving maximum working tax credit from 2009 and to all P1 to P3 pupils from 2010.
- raise concern, and seek reassurance, that momentum in rolling out free school meals will not be lost between the end of the pilot and the proposed 2010 roll out. In particular we would call on Ministers to, at the very least, maintain provision of free school meals in those local authority areas currently providing them as part of the pilot programme. We are concerned that removal of the provision in 2008 would have a significant impact on families where free school meals have become part of already stretched household budgeting calculations.

Conclusion

In conclusion it is difficult, given the time available to comment and the difficulties in reading across spending lines to previous years spending, to make an overall assessment of the Scottish Budget Spending Review 2007 in relation to child poverty. There are, however, important elements of the Review that CPAG in Scotland welcomes for their real potential to contribute to ending the scandal of child poverty in Scotland. At the same time significant additional detail is required from the Scottish Government as to how commitments will be resourced, implemented and reported on, particularly given the new spending relationship with local government.

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2. [see J Bradshaw, A review of the comparative evidence on child poverty, JRF, 2006 Figure 2](http://www.jrf.org.uk/conferences/centenary/pdf/understandingandovercomingpoverty.pdf)
3. [iii See for e.g. CPAG Submission to Scottish Affairs Committee Poverty in Scotland inquiry](http://www.cpag.org.uk/scotland/SAC_Poverty_submission_1006.doc)
4. [B Jackson and P Segal, Why Inequality Matters, Catalyst, 2004, p16](http://www.dwp.gov.uk/asd/hbai/hbai2005/pdf_files/chapters/chapter_4_hbai06.pdf#Table 4.4)
5. [Defined as less than £6.50ph see](http://www.poverty.org.uk/reports/scotland%202005%20findings.pdf)