

**Fairer Scotland Duty
Summary**

**Early Years Assistance
(Best Start Grants) (Scotland)
Regulations 2019**

January 2019



Scottish Government
Riaghaltas na h-Alba
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FAIRER SCOTLAND DUTY SUMMARY

<p>Title of Policy, Strategy, Programme etc.</p>	<p>Early Years Assistance (Best Start Grants) (Scotland) Regulations 2019</p>
<p>Summary of aims and expected outcomes of strategy, proposal, programme or policy</p>	<p>The Scotland Act 2016 devolved new social security powers to Scotland. One of the powers which was devolved allows for an equivalent of the Sure Start Maternity Grant (SSMG) to be provided. Scottish Ministers used this power to create a form of assistance referred to as Early Years Assistance in the Social Security (Scotland) Act 2018. This will be delivered in the form of a new benefit called the Best Start Grant (BSG).</p> <p>The BSG aims to support families on low incomes, both in and out of work, with the additional costs associated with having a child in their early years. It aims to contribute to tackling child poverty in particular to alleviate material deprivation, tackle inequality, contribute to closing the educational attainment gap and give children the best possible start in life. It will do this by giving eligible families additional money when their children make transitions in the early years, adding to the family budget and avoiding the need for borrowing. This will reduce financial pressure on the household which can have such negative impacts on children’s outcomes for example as a result of the impact on relationships, maternal mental health and parenting.</p> <p>The BSG payments are:</p> <ul style="list-style-type: none"> • Pregnancy and Baby Payment – will help with expenses in pregnancy or of having a new child, for example a pram or additional heating. This lessens the financial burden on lower income families when they are expecting a child. • Early Learning Payment – will help with costs during nursery and early learning years to support child development, for example travel costs, changes of clothes for messy play, trips out and toys for home learning. • School Age Payment – helps with the costs of preparing for school, for example a school bag, educational toys, after school activities such as swimming or football, or helping with the cost of school milk or school trips.

	<p>Introducing the BSG is one of the actions of the Tackling Child Poverty Delivery Plan¹ which summarises the actions the Scottish Government will take towards the ambitious targets set out in the Child Poverty (Scotland) Act 2017². It will contribute to fulfilling the Scottish Government's National Outcomes:</p> <ul style="list-style-type: none"> • We tackle poverty by sharing opportunities, wealth and power more equally; • We are well-educated, skilled and able to contribute to society; • We are healthy and active.
<p>Summary of evidence</p>	<p><u>Context</u></p> <p>UK-wide, in the three years to 2016/17 the number of people living in poverty in working families has risen by over one million.</p> <p>In Scotland, 24% of children are affected by relative poverty (after housing costs, 2014-17) compared to 19% of working-age adults³.</p> <p>Of the 230,000 children affected by relative poverty⁴:</p> <ul style="list-style-type: none"> • 90,000 (two in five) are in families where there is a disability or ill-health in the family, with 50% of these in families where no adult worked • 30,000 live with both parents, one of whom works full time (in the majority of cases the mother did not work) • 30,000 live with a lone parent who was out of work • 15,000 live with a lone parent working part-time • 15,000 had one parent working full-time and the other part-time <p>Independent projections⁵ commissioned by the Scottish Government ahead of the publication of the Tackling Child Poverty Delivery Plan forecast that relative child poverty rates (after housing costs) would rise sharply between 2015/16 and 2020/21 (from 26.5% to 34.5%) with a key driver identified as the reduction in real-terms generosity of the social security system as a result of planned reforms by the UK Government.</p>

¹ <https://www.gov.scot/publications/child-chance-tackling-child-poverty-delivery-plan-2018-22/>

² <http://www.legislation.gov.uk/asp/2017/6/contents/enacted>

³ Scottish Government (2018) Slides from poverty events

⁴ JRF (2018) Poverty in Scotland 2018

⁵ Landman Economics (2018) Forecasting Child Poverty in Scotland

These rates were forecast to increase particularly sharply for lone parents, families with three or more children and families with no parents in full-time employment⁶.

The Benefit Cap disproportionately affects lone parents and families with children (especially those whom the cap is applied through Housing Benefit)⁷. Of those claiming Housing Benefit and affected by the Benefit Cap:

- 89% have children
- 77% have three or more children
- 64% are lone parents
- 86% are female

The Two Child Limit (which restricts the child element of UC and Child Tax Credits to two children) affects the household income of families with more than two children. HM Revenue and Customs⁸ research suggested that:

- In 2018/19 families with three children will lose up to £2,780 each year per child who does not qualify.

Although BSG is not a regular payment it does affect household incomes directly and could result in a small improvement in poverty indicators. This may not be necessarily visible in the child poverty statistics. It could have an impact on material deprivation by providing more income for parents and carers to buy some of the items that are on the list that determines material deprivation, so the indicator may show some improvement.

BSG Eligibility Criteria

To make it easier for people experiencing or at risk of in-work poverty to apply for and get the BSG, we have opened eligibility to people on tax credits before the baby is born and have also extended the application window, giving people longer to apply for a qualifying benefit after their baby has been born, when their income may have dropped due to changes in patterns of work.

Concerns were also raised in consultation regarding the perceived unfairness about the level of help given to those on out of work benefits compared to those in work. For

⁶ Scottish Government (2018) 2018 Annual Report on Welfare Report

⁷ Scottish Government (2018) 2018 Annual Report on Welfare Report

⁸ HM Revenue and Customs (2018) Tax credits, Child Benefit and Guardian's Allowance

example, free school meals, school clothing grant and healthy start vouchers, are all only available to those on out of work benefits or have very low universal credit thresholds. This means that some parents once they have incurred the cost of having to buy meals, school clothing etc. are left struggling financially with no access to benefits. Adjusting the eligibility criteria of BSG to include all recipients of working tax credits and Universal Credit will mean it will reach those families who are in work and struggling financially. This could help soften the transition between in and out of work benefits for families.

Our assessment highlighted evidence that BSG will have particular impact on the following groups:

Mothers aged <25

Parental age has a significant impact on child poverty rates: 50% of children whose mother is aged 25 or younger are in relative poverty, compared with 22% of children whose mother is over 25⁹.

Responses from the Social Security, a New Future consultation highlighted under 18s as a group which would benefit from simpler provision. To do this, and to align with eligibility for Best Start Foods (BSF), we decided to invest additional resource to introduce automatic entitlement for under 18s and 18 or 19 year olds in full time education or training who are still dependent on their parents. These young parents will not need to be on a qualifying benefit in order to qualify for a BSG payment.

Lone Parents

Lone parent households tend to experience higher poverty rates: 41% of children in single parent households were in poverty in 2016/17 compared with 19% of couples with dependent children¹⁰.

Lone parents are also disproportionately affected by welfare reforms. The extended eligibility criteria for the BSG are likely to reach more than 90% of lone parent households.

⁹ Characteristics associated with poverty <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/povertytable>

¹⁰ Characteristics associated with poverty <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/povertytable>

	<p><u>Larger Families (3+ children)</u></p> <p>We found that ethnicity impacts on family size, with Black and Asian ethnic groups having larger families than white and Chinese ones. At the UK level, 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in large families (3 or more children), compared to 30% of those in White British families¹¹.</p> <p>Families of certain religions or beliefs are also more likely to have larger families. 22% of Muslim households contained 3 or more dependent children, compared with 12% of Sikh, 3% of Hindu and 3% of Church of Scotland households¹².</p> <p>Larger families are also disproportionately affected by welfare reforms. In particular, the decision to restrict the SSMG to the first child born has had an impact at the time that a child is born. The BSG re-instates payments to second and subsequent children in the family, helping to meet costs every time a family grows.</p> <p>The qualifying benefits for the BSG will capture more than half of families with 3 or more children.</p> <p><u>Kinship Carers</u></p> <p>Research tells us that children in kinship care and their carers are disproportionately more likely to be living in poverty¹³.</p> <p>We have extended the responsibility test for BSG to ensure that kinship carers will be able to qualify for a payment where there are in receipt of a DWP benefit or a court order for the child they are looking after.</p>
<p>Summary of assessment findings</p>	<p>The final BSG policy improves and expands on the UK Government's SSMG by:</p> <ul style="list-style-type: none"> • Providing eligible families with £600 on the birth of their first child and £300 on the birth of any subsequent children;

¹¹ The impact of austerity on black and minority ethnic women in the UK
<https://www.runnymedetrust.org/uploads/PressReleases/Correct%20WBG%20report%20for%20Micro%20site.pdf>

¹² Analysis of Equality Results from the 2011 Census
<https://www2.gov.scot/Resource/0046/00460679.pdf>

¹³ Looking after the family: a study of children looked after in kinship care in Scotland
<https://www.gov.scot/publications/looking-family-study-children-looked-kinship-care-scotland/pages/4/>

- Not putting a limit on the number of children that are supported;
- Giving eligible families 2 further payments of £250 around the time of nursery and a child starting school, to recognise the additional financial costs during these key transition periods;
- Expanding on the DWP eligibility to include anyone on a tax credit or housing benefit, as well as any parent under 18; and
- Extending the application window for the BSG Pregnancy and Birth Payment to 24 weeks pregnant to 6 months after birth, giving parents longer to apply.

Extended eligibility and the introduction of payments to subsequent children means a significant additional investment in families in their early years. Scottish Fiscal Commission's (SFC) estimates show that the total number of payments annually will be in the region of 40,000 at a cost of £12m, based on 2019-20 figures. This is an estimated additional investment of £10m by comparison with projected DWP spending on SSMG for the same period.

When developing BSG policy we took the current SSMG criteria as a starting point and modelled a number of different options for eligibility and looked at the characteristics and income of the people who would be likely to qualify. We also looked at the impact of eligibility on vulnerable groups. In keeping with Social Security principles and operating within budget constraints, we sought to identify eligibility criteria that:

- reach families in poverty or at risk of being in poverty, both in and out of work, and respond to stakeholder concerns about groups that may be disadvantaged under existing SSMG criteria
- align and support SG priorities e.g. other provision in early years such as nursery provision for eligible 2s, mitigation of the impacts of welfare reforms and support for kinship carers.
- are simple, to make sure that the BSG is easily understood and accessible, improving take up and ensuring that complexity does not mean disproportionate spend on administration; and
- align where possible with Healthy Start Vouchers eligibility, to facilitate integration of the application process.

	<p>Officials worked closely with analysts to model options and look at the reach and effectiveness of the BSG criteria. We also worked with the BSG Reference Group which includes the Poverty Alliance and Child Poverty Action Group and One Parent Families Scotland, to help ensure we designed an effective benefit.</p> <p>Under the final eligibility criteria, BSG has the potential to reach (where there is a birth/child at the appropriate age for payments):</p> <ul style="list-style-type: none"> • Almost 90% of families in the bottom 3 income deciles, both in and out of work; • 90% of workless households; • More than 80% of households with no full time work (i.e. one or more working part time) • Potentially more than 90% of lone parent households • More than half of families with 3 or more children.¹⁴
<p>Sign off</p>	<p>Name: Ann McVie</p> <p>Job title: Deputy Director, Social Security Policy Division</p>

¹⁴ Scottish Government analysis of the [Family Resources Survey](#)



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