Briefing: Cost-of-Living Crisis

Protecting children in Scotland from the cost-of-living crisis

August 2022

Key points

- We are deeply concerned about the shattering impact of the cost-of-living crisis on families who are unable to make ends meet and the effect this will have on children's health, development and wellbeing now and in the longer term. For families with children living on low incomes across Scotland who were already struggling, the onset of the cost-of-living crisis has caused even more desperate financial circumstances and deepened experiences of poverty.

- The combination of soaring bills and stagnating incomes means families are experiencing a sharp drop in living standards. The daily effects of this are acute; when before the crisis many families had to choose between eating or heating their home, many are now unable to afford to do either. The stress and worry this causes is taking an enormous toll on parents' mental health.

- We welcome the steps the Scottish Government has taken to invest in financial support for families with children and reduce child poverty in Scotland. However, the massive increase in essential living costs means that even with this extra support families are still struggling. Therefore, we believe more must be done to urgently support those families living on the lowest incomes who are feeling the impact disproportionately.

- The UK Government has a significant role to play in providing financial relief, and we urge them to do so. We are also calling on the Scottish Government to go further with its actions to minimise the impact of the cost-of-living crisis and use all the levers at its disposal to provide additional protection for children. **Save the Children (alongside anti-poverty campaigners and our End Child Poverty partners) is urging the Scottish Government to roll out emergency measures to protect children against the impacts of the crisis by**:

    - doubling the planned "bridging payments" for families with children in receipt of free school meals from £130 to £260;
    - making a further one-off payment to all recipients of the Scottish Child Payment of £260 in early 2023;
    - doubling the Child Winter Heating Assistance Payment to £418.20; and

- boosting the value and administrative responsiveness of the Scottish Welfare Fund.

Introduction

Right now, children from low-income families all across Scotland are being pulled into or deeper into poverty, or even destitution, as a result of the cost-of-living crisis. The cost-of-living crisis refers to the current economic situation whereby the cost of essential items is soaring, but incomes are not keeping pace with these increased costs. This situation is caused by a record rise in inflation since March 2022 (Bank of England 2022) which has put immense pressure on family budgets.

When food and energy prices rise again in October and January, the hardship and anguish experienced by children and their families will deepen and intensify. **The stark reality is that if solutions are not implemented urgently which match the scale of the crisis, the immediate impacts on children could be catastrophic.** And, like with the longer-term impacts of the pandemic, for the 260,000 (or 1 in 4) children living in poverty in Scotland (Scottish Government 2019), the hardship experienced right now could continue to stifle children's health, happiness, and ability to just be children and thrive now and well into the future.

We cannot allow this to happen. Similar to the impacts of the pandemic, the **effects of the cost-of-living crisis are so acute that only emergency intervention from the UK and Scottish Governments can adequately mitigate its effects.**

This briefing analyses the causes and consequences of the cost-of-living crisis, as they pertain to families in Scotland, and sets out our view on what more the Scottish Government must do to minimise the impact of the hardship families face. Both our analysis of the impacts of the crisis, and the solutions we propose, have been developed alongside parents that we work with in Scotland who experience the effects of the crisis first-hand, and with partner organisations across the sector.

Setting the scene: crisis on top of crisis

As we will explore in greater detail, the rising cost of essentials like food and energy is forcing parents to make impossible calculations about how they will afford to heat their homes and feed their children. However, for too many families in Scotland, this is an all-too-familiar experience.

The worsening hardship in Scotland is playing out against a backdrop of high rates of child poverty which, over the past ten years, typically trended upwards before stagnating over the last few years (Scottish Government 2021a). The most recent reliable data on child poverty in Scotland, from the year 2019/20 (pre-pandemic)[1], estimates that 26 percent of children were living in relative poverty after housing costs (AHC) (Scottish Government 2019), or just over one in four. For some families the rate is even higher, with single-parent and minority ethnic families experiencing the highest levels of child poverty, 38 percent, between 2017-20 (Scottish Government 2021a).

A recent report from the Institute for Fiscal Studies (IFS) showed that the leading cause of long-term rises in child poverty rates across the UK, including in Scotland, has been cuts and punitive reforms to the UK's social security system (IFS 2022a), such as the benefit cap, two-child limit, and the five-week-wait for the first Universal Credit payment. Low-pay and barriers to accessing the labour market, such as inadequate

[1] Statistics on child poverty rates taken over a three-year period tend to show a more accurate picture of child poverty in Scotland. However, due to the impact of the coronavirus pandemic on data collection, the latest child poverty rates from the period 2018-21 were not robust enough to be published as official statistics. In lieu of official statistics the Scottish Government published an analytic report.

childcare provision and inflexible working patterns, also play a significant role since 68 percent of children in poverty live in a working household (Scottish Government 2021a).

The effects of rising child poverty in Scotland can be seen in the continued rise in the number of food parcels distributed to children from 2014/15 onwards (Trussell Trust 2022) and increased problem debt (Scottish Parliament 2022). We have also seen evidence of the effects when talking to parents. They have told us they are often unable to afford to pay for their child to participate in activities which would help them learn and thrive, like sports and cultural activities, or pay for winter coats and shoes and other essentials. This causes children to feel ashamed and parents to feel guilty. All these experiences, and more, translate into poorer health outcomes for children and a decline in development and wellbeing.

The extent of the damage the Covid-19 pandemic has had on children in poverty is still unclear. However, in our 2021 report looking into the effects of the pandemic on families with young children living on low incomes, we found that it had a profound impact (Save the Children 2021). In the report parents explained how lockdowns left them feeling like they had been 'dropped into a cave':

> "I have absolutely nothing."

Despite the help provided by both the UK Governments – such as the temporary £20 increase to Universal Credit and the furlough scheme – and the Scottish Government – such as payments to families with children – the pandemic likely deepened much of the existing poverty in Scotland (Scottish Government 2020) and the long-term impacts on children will be felt for many years. The pandemic was also a tipping point for many families who were, pre-pandemic, at-risk of being pulled into poverty due to the precarity and inadequacy of their incomes. Further, data from Child Poverty Action Group in October 2021 estimated that the UK Government's decision to cut the £20 uplift would pull up to 22,000 children in Scotland into poverty (Child Poverty Action Group 2021).

This context shows that, when the cost-of-living crisis hit, many family budgets were already stretched to breaking point, meaning it was impossible to withstand the fresh tidal wave of financial hardship the crisis is causing.

What the cost-of-living crisis means for families

This section explores the impacts of the crisis on families with children in Scotland living on a low income. It covers the period from when the cost-of-living crisis hit in March 2022, until the planned benefit uprating in April 2023 in line with 2022's high inflation rate. We highlight both the impacts the crisis is having on families in Scotland right now, as well as the expected intensifying hardship as we enter the winter months. We analyse these impacts through the lens of the dual pressures families face of stagnating incomes and increasing costs.

The analysis highlights that many families are already at breaking point, meaning that, without further action, increasing pressures on households' budgets will spell disaster for many families.

It is important to note that the UK Government has confirmed benefit payments will be uprated in April 2023 in line with the Consumer Price Index (CPI) from September 2022, meaning payments in 2023/24 should reflect the high rates on inflation currently being experienced. Further analysis is needed in order to appropriately assess the expected impact of the cost-of-living crisis after benefits are uprated in 2023/24. However, we expect that, for multiple reasons, uprating in 2023 will not adequately redress the hardship faced by families. Low-income families are falling into debt (Scottish Parliament 2022) which they are likely to carry at least into 2023/24. They are also experiencing a higher rate of inflation than the CPI reflects because, proportionally, they spend more on goods with the highest rate of inflation. Further, energy prices will spike again in October 2022 and this will cause a further spike in inflation rates (Bank of England); the consequent increased costs incurred by families will not be mitigated by the uprated amount since it will mirror the inflation rates from September 2022.

Increased costs

As of July 2022, the UK inflation rate was 10.1 percent (ONS 2022a). Rising inflation from March 2022 onwards has largely been driven by the £693 increase of the energy price cap on 1 April 2022. On 26th August 2022, Ofgem announced that the energy price cap would rise further to £3,549 from 1st October. The Bank of England's Monetary Policy Report from August 2022 predicted that if the energy price cap rose to £3,576 per average household (almost exactly the actual capped amount), that this would cause inflation to peak at 13.3% and remain above 10% until mid-2023.

High inflation means a daily struggle for families which is so deep that many are struggling to afford essential goods. Citizens Advice Scotland found that in the first quarter of 2022/23, 12 percent of clients seeking advice on utility bills also sought advice on accessing foodbanks (Citizens Advice Scotland 2022). The families we have been working with over the past six months have described in stark terms just how traumatic this is for them and their children. In May 2022, the Office for National Statistics (ONS) revealed that the cost of food had risen by 9.3 percent compared to the previous year, with the cost of basic items that families rely on, like bread, meat and cereal, climbing even higher (ONS 2022a). Evidence from JRF shows some families are paying an additional £90 on transport including fuel (JRF 2022c), while others are simply unable to afford the increased cost:

> "My daughter always asks why we have to walk, why we can't pay for the bus? 80 pence for her and £1.70 for a single ticket, I say I can't afford to pay anything, even for the transport."

The cost of childcare has increased by 6.7 percent since 2021, meaning parents in work are spending around an extra £65 per month (JRF 2022c). We know from our discussions with parents, detailed in our report with JRF based on conversations with parents in Spring 2022, that the high cost of childcare was already a huge barrier to accessing employment (Save the Children/JRF 2022). For some it means that any income they earn is swallowed up in childcare costs; for others it simply means they cannot afford to work. Although the Scottish Government currently provide up to 1,140 funded childcare hours for three- to four-year-olds, and parents on certain means-tested benefits can receive funded hours from when their child is 2 years old, in our report with JRF parents explained that the funded childcare and early learning package on offer is often still not sufficient to meet their needs (Save the Children/JRF 2022). Rising childcare costs will serve to make it even more difficult for parents to take up and maintain employment to boost family incomes. Since worklessness is a significant risk factor for a family falling into poverty (JRF 2022b), hikes in the cost of childcare could mean more children being pulled into poverty.

In April this year, households saw their gas and electricity bills skyrocket by 54% a month and, as energy is one of the least income-elastic categories of spending (ONS 2021), families are forced to shoulder the increased costs regardless of stagnating incomes. At present, families are spending around an extra £120 per month on energy compared to 2021 (JRF 2022a), making it extremely difficult, and often impossible, to afford to heat their homes. Citizens Advice Scotland report that views of their online advice page 'Struggling to pay your energy bills' increased in recent months by 120% (Citizens Advice Scotland 2022). Parents are already cutting down on their energy usage or are simply unable to switch on lights, heating, and appliances. They are fearful and stresses about looming additional rises in the cost of energy because they know how utterly devastating this will be for their family, especially during the winter months.

> "I've actually caught myself going [to my child], I don't know if I can give you a bath because I don't know how much money I've got left in the meter"

As we enter the winter months, being unable to afford to turn on the heating will mean children living in cold and damp homes, impacting their mental and physical health, happiness and wellbeing, and ability to thrive. Frighteningly, recent forecasts from August 2022 have bills soaring to over £4,200 from January (Cornwall Insight 2022).

> "I haven't even paid for my electricity, because I'm running out of it. It's not enough really. I'm still in debt of my electricity."

In March 2022, ONS revealed that round 9 in 10 adults in the UK reported an increase in their cost of living over the previous month (ONS 2022b). However, the impacts of rising costs are not spread equally across all households. **In April 2022, the IFS estimated that the annual inflation rate for the poorest 10 percent of households was 10.9 percent, compared to only 7.9 percent for the richest 10 percent (IFS 2022b)**. **By October, when the price cap increases further, the rate of inflation experienced by the poorest fifth of households is set to reach almost 18 percent** (IFS 2022c). This is because a higher proportion of a low-income family's budget is spent on goods with the highest rate of inflation, like food and energy. In addition, lower income families are less able to absorb the increased costs because they already have less disposable income and have little or no savings.

Insufficient incomes

The dramatic increase in the cost of essentials is significantly outstripping growth in incomes, causing a real-terms reduction in families' disposable income. This means families are right now experiencing a sharp drop in living standards.

The Bank of England report that real household post-tax income is projected to fall sharply in 2022 and 2023 (Bank of England 2022). An August 2022 report from the National Institute for Economic & Social Research (NIESR) indicates that real incomes across the UK are set to permanently drop 2.5 percent in 2022 alone, even accounting for financial help from the UK Government to pay for energy bills (NIESR 2022). Average wage growth in the UK is expected to be around 4.75 percent in 2022 (Bank of England 2022). The National Living Wage has increased by 6.6 percent (UK Government 2022a). However, both these rate increases are lower than the current level of inflation.

As well as struggling with low pay, parents, especially mothers, have told us they struggle with insecure incomes and a lack of affordable, accessible childcare, making it harder to earn more to make up for increased costs (Save the Children/JRF 2022). Inequalities in the labour market are especially pronounced for parents with a disability, who are from a minority ethnic background, and for lone parents. These groups have the highest rate of unemployment and account for 68 percent of children in poverty (Scottish Government 2021a).

> "We're seeing a big rise in the prices and supermarkets and stuff, but you're not seeing a big rise in your money...I used to pay maybe £40 for 3 people, but now, again, it's like 60, 70, 80. But you're not getting any more for your money."

The Bank of England predicts the UK economy will fall into recession later in 2022 (Bank of England 2022). When the impacts of the recession take hold, NISER project the number of people in the UK living pay-check to pay-check will nearly double from 3.9 million (current) to 6.8 million in 2024 (NISER 2022a). The Bank of England also warns that unemployment could peak at 5.5 percent in 2023, compared to the current level of 3.8 percent (Bank of England 2022).

For those who receive their full or partial income from benefits, uprating in April 2022 reflected September 2021's CPI rate of inflation of 3.1 percent (UK Government 2022b), which is significantly lower than the rising costs they face. The Scottish Government has helped protect families with children living on the lowest incomes by investing in boosting the incomes of families in Scotland via direct payments. We welcome this approach and the uprating of eight Social Security Scotland benefits by 6 percent in April 2022 (Scottish Government 2022b), including Best Start Foods and Child Winter Heating Assistance. While this uprating will provide much needed help for families, it is still lower than the inflation rates of the essential goods these benefits help cover.

The Scottish Government has made tackling child poverty a policy priority and has made significant and welcome progress in doing so. Relative child poverty rates in Scotland are expected to fall by 2023/24 (Scottish Government 2022c), meeting the interim child poverty reduction targets. This projected decline is due largely to upcoming increases in the value of the Scottish Child Payment (SCP) and an extension of eligibility criteria, which are not due to be rolled out until the end of 2022. These steps are welcome, but mean families with older children are not yet receiving much needed additional support. Further, although the SCP aims, in part, to reduce the depth of poverty (Scottish Government 2022d), and will likely do so to some extent, the prolonged impact of the cost-of-living crisis means that any decrease in child poverty rates is unlikely to translate into a rise in living standards or outcomes for children. Any additional income families receive is likely to be dwarfed by the increased costs they face.

The combination of inadequate incomes and a dramatic rise in costs is causing a desperate situation for families who have little or no financial resilience.

Effects of the cost-of-living crisis on families with children

While high inflation has a limited impact on relative child poverty rates,[2] it is families who were already living in poverty or who, pre-crisis, were just about getting by, who will feel the impacts most severely. And we know that for children and young people, experiencing poverty can be extremely traumatic and have immediate and long-term impacts on outcomes for children.

Families with children are more likely to worry about the impacts of the crisis. Labour Force Survey data from April to May 2022 found that 35 percent of parents with a dependent child aged 0-4 years old were 'very worried' about the cost-of-living crisis, as well as 30 percent of parents with a child aged 5 years or above. This compares to 25 percent of non-parents or those not living with a dependent child who are very worried about the crisis (ONS 2022c). This worry will likely have a profound impact on parents' mental health and wellbeing.

> "I fear if [the cost of living] goes much higher, don't know what I will do."

Even before the crisis hit, parents could not budget their way out of poverty. Parents simply cannot shave any more off their outgoings because it is almost impossible to shop around for cheap energy and the cost of basic food items is at a 40-year high (IFS 2022a). In our report with JRF, we highlighted how the increased pressures on household budgets means parents are having to go without goods they previously would have considered essential:

> "My youngest suffers really badly from asthma and see the minute there's a bit of cold air, he can't breathe… So it doesn't matter how much money I've got, I just have to find the money to have the heating on and if that means we have to go without other things. […] It's things you would of classed as essential before."

Sadly, no family living in poverty will escape the increased hardship the crisis is causing, but the hardships are especially pronounced for certain household types. In a recent briefing, JRF found that across the UK

[2] Inflation has a limited impact on relative child poverty rates because this measures the amount of income a household has available to spend after housing cost and therefore does not account for the increased cost of living.

from 2002/3 to 2019/20 the number of people living in very deep poverty[3] who were going without essentials rose highest in priority households (JRF 2022d). Single-parent families and families with a disabled person experiencing very deep poverty rose by a third. In larger families with three or more children, very deep poverty increased by half. These families already experiencing very deep poverty, who now must contend with soaring bills, no longer have the choice to either eat or heat their home, because they cannot afford to do either. Further, NIESR warned that 250,000 households across the UK could slide into destitution next year (NIESRb).[4]

> "I worry about my children. I don't care if I go without a meal or two. See, as long as my kids have got, that's all I worry about. And there is some nights me and Dad go without dinners, so my children have got."

The crisis is not merely a temporary shock; the tide that is sweeping families into or deeper into poverty is not projected to recede any time soon with high inflation projected to last into 2024 (Bank of England 2022). This has the potential to create severe outcomes for children if urgent action is not taken to help ease the pressures families are facing. The importance of investing in boosting family incomes is clear, not just in ensuring children enjoy a good standard of living but also for their development. Evidence has shown that that children in lower-income families have worse cognitive, social and health outcomes in part because they are poorer, and that the impact of increases in income on cognitive development appears roughly comparable with that of spending similar amounts on early education or school programmes (JRF 2013).

So, what are Governments doing to help low-income families weather the storm, and is it enough?

What are Governments doing for families?

Targeted cost-of-Living support

UK Government

We believe the UK Government needs to shoulder the burden in protecting lower-income families with children from rising bills. In May 2022 the Chancellor announced a £15 billion financial support package to help households cover the cost of rising bills, amounting to up to £1,200 in one-off payments for households on the lowest incomes (UK Government 2022c). In total, the UK Government is spending £37 billion in 2022 to help families cover their rising costs.In total, the UK Government is spending £37 billion in 2022 to help families cover their rising costs.

Those in receipt of means-tested benefits like Universal Credit, Child Tax Credit and other legacy benefits will receive a one-off payment of £650, paid in two direct instalments from July 2022. Those in receipt of a disability benefit, such as Personal Independence Payments, will receive an additional one-off £150 disability payment. According to the latest Labour Force Survey data, 689,000 vulnerable households in Scotland, or 27.5 percent of all households, will receive one or more cost-of-living payments (Scottish Government 2022e). Households will also receive a £400 deduction from their energy bills.

Is it enough?

The cash payments offered by the UK Governments are not enough to fully offset the increased costs of

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[3] Very deep poverty refers to an income of below 40% of median income AHC. This compares to the relative poverty rate which is below 60% of median income AHC, adjusted for household size and composition

[4] A person or family is said to be living in destitution if they lack the financial means to afford the essentials we all need to eat, stay warm and dry, and keep clean.

energy and essential goods, meaning families' disposable income is still lower than it was before the crisis, even when also accounting for benefit uprating.

The bulk of emergency support offered to families in Scotland comes from the UK Government's support packages. Though this represents a significant help for families, and we welcome the targeted approach and the recognition that those with a disability face even greater costs, there are significant holes in the support offered.

The flat payments do not reflect differing household make-ups, including the number of dependent children, meaning larger families received proportionately less support (IFS 2022). As we have seen, larger families already face a higher risk of experiencing poverty and deep poverty, and will have a higher demand for such goods, like food and energy, that are worst affected by inflation. The means-tested payment of £650 reflects the increase in energy bills from when the price cap first rose in March but, as we have seen, families will face even greater increases from October and by then payments will likely already have been used up. Lastly, those who become unemployed and claim Working Tax Credits after 25th May will be ineligible to receive the payments. The children of parents who become unemployed during an economic crisis are bound to be adversely impacted and therefore in need of Government support.

As well as emergency payments to put extra cash in families' pockets, addressing the underlying inadequacy of wages and income from benefits must form part of Governments' response measures in the long term. In this respect, the UK Government's response has been distressingly lacking. The UK Government could have uprated benefits based on this year's high inflation rate as many charities called for, as well as further increasing the National Living Wage.

Scottish Government

While many of the most significant levers to respond to the crisis sit with the UK government, the Scottish Government must use of the tools it has to respond to the crisis to get support to those families who need it most. The most significant action the Scottish Government is taking that will help families struggling to cope with the cost-of-living crisis are policies designed to boost incomes in order to meet the Scottish Government's child poverty reduction targets (Scottish Government 2017), which pre-dates the current crisis.

The single biggest contributor to the reduction in child poverty rates in Scotland has been the introduction of the Scottish Child Payment (SCP). We know from our conversations with parents that the additional income has had a positive impact on eligible families. An interim evaluation of the SCP found it has led to more money being spent on children, including spend which enables them to participate in social and educational opportunities (Scottish Government 2022d). We welcome the planned increase in value of the SCP from £20 to £25 per week and the expansion of eligibility criteria to eligible under 16s years old by the end of 2022. Though families will have to wait some months to receive these payments, they will provide a degree of extra protection against further increases in costs when they are implemented. We would like to see further increases to the SCP over the lifetime of this Parliament (IPPR/Save the Children/Trussell Trust 2022).

The Scottish Government used its Barnett consequentials from the UK Government's Council Tax rebate scheme to provide a one-off Cost-of-Living Award of £150. Those eligible included households receiving Council Tax Reduction and those paying council tax on bands A-D. The Scottish Welfare Fund (SWF) has also provided a lifeline for families facing extreme financial pressures. Commitments from the 2022 Tackling Child Poverty Delivery Plan include other targeted policies to reduce the cost of living, including committing a further £10 million to continue the Fuel Insecurity Fund in 2022-23 (Scottish Government 2022c).

Is it enough?

The Scottish Government's council tax rebate was not targeted solely at low-income households, meaning many middle-income families received the same amount as lower-income families. Analysis by the Daily Record revealed that if the money had been targeted to the poorest half a million households in Scotland, which includes many families with children, the payment would have been worth £600 (Daily Record 2022).

We welcome the Scottish Government's commitment to, and investment in, financial support for families with children. Changes to the SCP and investment in the SWF will be essential lifelines for struggling families. However, we are calling for further investment in both these forms of support to reflect the scale of the crisis. Further, the increase in eight Scottish benefits by 6 percent is still below inflation currently experienced and increases in cash payments will only go so far in protecting families. We welcome the commitment to an emergency budget review to consider options to further support families. We recognise the pressures on the Scottish budget, but in light of the mounting pressure on families, the emergency budget review should consider seriously the calls made within this briefing.

Both the UK and the Scottish Government have pledged to keep the situation under review and have not ruled out further action to tackle the cost-of-living crisis. The next section details what we think they should do now, focusing on emergency measures the Scottish Government could take to protect children.

What more can be done to help families weather the storm?

It is not inevitable that families must suffer intense hardship as a result of the cost-of-living crisis. While the inflationary pressures currently being experienced are expected to dissipate over time, many families in Scotland were already struggling before the cost-of-living crisis hit, making their experiences even more acute. If, pre-crisis, families with children had been in a more resilient financial situation, the depth of suffering they have experienced and continue to experience could have been avoided.

As such, we must redesign our social security system and our economy such that, when any future economic shock hits, low-income families are more able to withstand the increased demands on their budgets. Governments must bolster critical parts of our social security system and our economy to build resilience into family budgets, so that families have a financial buffer against any future economic shocks.

While building resilience into family budgets should be a medium-to-long-term priority for the Scottish and UK Government, children are suffering right now and things are only going to get worse. The acuity of the situation faced by children across Scotland demands emergency actions which respond fully to the harrowing lived experiences of children worst-hit by the crisis.

The recommendations in this briefing focus on actions the Scottish Government can take now to help protect families with children living on a low income. However, it is important to note that the UK Government has a leading role to play in providing emergency relief to families. We are calling for the new Prime Minister, ahead of the Autumn Budget, to deliver a Children's Cost-of-Living Support package. This should include commitments to:

- **Double the cost-of-living payments** announced in May. This payment should target low-income families with children and, unlike previous payments, should account for household composition with larger families, who face greater increases in outgoings, receiving larger payments.

- **Increase the child element of Universal Credit by £10 per week.** As the crisis is set to last until around 2024, it is vital that families see a regular and consistent increase in their incomes through social security.

Save the Children is also calling for the UK Government to scrap the benefit cap. The Scottish Government has already committed to mitigating the benefit cap for families in Scotland (Scottish Government 2022c). This will provide significant help to around four thousand families impacted by the cap, especially since the capped amount did not increase alongside other reserved benefits in April. In light of the additional pressures these families are facing right now, we encourage the Scottish Government to implement this policy as quickly as possible. If the UK Government heeds our calls and scraps the benefit cap, then the Scottish Government should divert the £10 million designated to mitigating the cap (Scottish Government 2022c) into emergency cost-of-living support for priority families.

Recommendations for the Scottish Government:

We recognise the significant actions taken already to boosting family incomes and tackling child poverty made by the Scottish Government. However, **the scale of the crisis for children confers a responsibility on the Scottish Government to go beyond commitments already made. The Scottish Government must use its powers to the fullest extent to prevent the welcome progress Scotland has made on reducing child poverty from being undone, and to prevent families from falling into, or deeper into poverty**. It is also prudent to consider the cost of inaction on the public purse longer term. If action is not taken now, the cost could be greater because the poverty and hardship caused now will increase demand for public services in the future.

We are calling on the Scottish Government to continue to invest in direct financial support for lower-income families with children. We believe this the best and most direct way to provide urgent and timely support. Our four key emergency recommendations could be delivered by Scottish Government quickly since they require no new infrastructure to put the extra money in families' pockets. They have been developed based on our work with parents and with partners campaigning to tackle poverty.

The priority is to provide urgent financial assistance; however, we also believe it is critical that families can access holistic family support providing joined up financial, emotional and practical support. We cannot underestimate the toll of making ends meet on parents and carers.

Save the Children, as part of the End Child Poverty Coalition, and alongside a range of partners, urge the Scottish Government to commit to the following measures as an emergency response to the cost-of-living crisis, measures which were called for in two recent letters which Save the Children and partners sent to the First Minister:

1. Double **the planned "bridging payments"** for families with children in receipt of free school meals (but not yet eligible for the Scottish Child Payment) from £130 to £260 – this would benefit around 150,000 families in Scotland at a cost of around £37m.

2. Make **a further one-off payment to all recipients of the SCP of £260** in early 2023 – this would benefit around 300,000 children and cost £79m.

3. Double **Child Winter Heating Assistance to £418.20.** This would support 20,000 disabled children and young people at a cost of £4.2m.

4. Boost **the value and administrative responsiveness of the Scottish Welfare Fund**:

    - Increase the value of the fund by 50%, or £17.75m.

- Improve administrative capacity to allow Local Authorities to make same day payments, especially for families facing extreme financial duress.
- Improve promotion of the Fund to ensure those who need help know where to find it.

Within the lifetime of this Parliament, to ensure the enhanced spending power that the SCP allows is sustained throughout the crisis which is expected to last until 2024, the Scottish Government should also:

- **Increase the level of the Scottish Child Payment from £25 to £40 per week.**

Conclusion

For most low-income families in Scotland, this cost-of-living crisis serves to exacerbate experiences of poverty rather than create them. Child poverty, and the immediate adverse consequences it has on a children's health, happiness, and opportunities to thrive, are ubiquitous across Scotland and have barely improved for over a decade.

This means that, when the crisis first hit, too many families knew they would be unable to weather the incoming financial storm. Right now, parents are worrying about how they are going to feed their children and keep them warm in the coming months. This is simply unjust.

The emergency support offered so far by both the UK and the Scottish Government was welcome. However, when we consider the stark reality of the hardship children have still been forced to endured, it is clear that both Governments must go further and put more money in the pockets of families who need it most, especially as we look towards further hikes in the cost of essentials.

In this briefing we called specifically on the Scottish Government to go further, considering the scale of the crisis for children in Scotland. Although significant investment in tackling poverty has already been made, any additional strain on Scotland's budget that implementing the recommendations may cause must be weighed against the extreme hardship children are experiencing right now, and the positive impacts the recommendations could have, in both the short and long term on families, on children and the public purse.

There are multiple complex reasons why low-income families have been hit hardest by the crisis. Ultimately, though, it comes down to the inadequacy of income from social security and a labour market that simply does not work for parents, especially mothers. As a result, parents often find that it is impossible to provide even basic essentials for their children, far less being able to provide for them to the extent they strive.

This does not have to be the case. Beyond the emergency measures Save the Children in Scotland and others have called for, both the UK and the Scottish Government must look to initiate structural reforms to the social security system and the economy to help build long-term resilience into families' incomes.

The impacts of the current cost-of-living crisis on children in Scotland cannot be understated. For the children worst impacted, nothing short of urgent, far-reaching emergency support that adequately addresses the challenges faced, and credible, ambitious structural reform, will do.

For more information please contact:

Suzi Murning
S.murning@savethechildren.org
Policy and Advocacy Advisor
Save the Children in Scotland

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