



Cabinet Secretary for Social Security and Older People
Shirley Anne Somerville MSP

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Dear Craig

Following a statement to Parliament on the first Tackling Child Poverty Delivery Plan, the Cabinet Secretary for Social Security and I wanted to write to provide you an update on the outcome of our joint work to develop a new income supplement. This also follows your recent joint letter to the First Minister, setting out your priorities for the income supplement.

As you will be aware, the Tackling Child Poverty Delivery Plan 2018-2022 set out our commitment to develop the income supplement – to use our social security powers to provide a much needed cash boost for low income families, and to help meet our ambitious child poverty targets.

Over the last year there has been a significant amount of work undertaken to explore potential options for the income supplement, guided by a desire to introduce something as quickly as possible, in recognition of its transformative potential to tackle poverty. We have considered the supplement in the context of our existing timetable for devolved benefits, and the need to ensure that we continue their safe and secure delivery for the millions of people who rely on them.

The result of that work is that we are today able to announce that the income supplement – now called the Scottish Child Payment– will be fully rolled out in 2022. Our new agency Social Security Scotland will deliver this, and it will pay families £10 per week per eligible child under the age of 16, with entitlement based on receipt of existing qualifying benefits. Alongside the statement to Parliament, we have also published an analysis of the options we considered, and a position paper setting out further policy and delivery detail of the option we will be taking forward. These can all be found on www.gov.scot/publications.

Once fully rolled out, we anticipate that around 410,000 children will be eligible for the Scottish Child Payment, with the potential to lift 30,000 children out of relative poverty – reducing the relative child poverty rate by 3 percentage points. In addition, the payment will help prevent poverty for families just above the poverty threshold but on insecure incomes. It will also help children at risk of material deprivation, one of four targets set by the Child Poverty (Scotland) Act.

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Through all of this work, we have been acutely aware of the challenges that families in poverty face – we've heard loud and clear from parents that they need help as soon as possible. That is why we were delighted to set out our intention to bring forward early payments of the Scottish Child Payment by the end of this parliamentary term. This will start with all eligible children under 6.

Whilst this has the potential to be a transformative measure for children and families, it will take place at a time when we are already undertaking a very ambitious programme of devolved benefits delivery. To be able to deliver, we will need to actively manage a series of significant risks which will be our priority over the coming months. For social security, the early introduction of the Scottish Child Payment will add to an already highly complex and challenging programme of benefits delivery.

Most critically, it will require amendments to the existing timetable for the delivery of the devolved benefits, announced in February. At this stage, that is expected to include that:

- Carers Allowance will be introduced a few months later, in early 2022
- Disability Assistance for Older People will be introduced in 2021 (rather than late 2020)
- Transfer of the majority of existing benefits cases from DWP to Social Security Scotland, is now expected to be complete in 2024, with transfer complete in 2025

We will test these and our other assumptions over the summer as we assess the detailed impact of the new Scottish Child Payment on our plans for delivery of the devolved benefits. We anticipate that there will be implications for our resourcing and supplier arrangements, as well as for Social Security Scotland's estates and recruitment planning. As with all our benefits, we will also need to work closely with the Department for Work and Pensions and have commissioned DWP officials to work over the summer to assess the expected impact of the Scottish Child Payment on their business processes. We will of course keep the Committee updated on the findings from these assessments.

We are clear that we will not be making any changes to the previously announced schedule for delivery of Disability Assistance for Working Age People (our PIP replacement): this will be introduced in early 2021, as we announced in February.

In taking these decisions, we have sought to reach a position whereby we can deliver an ambitious unique policy which can have a profound impact for children and families, while protecting as far as possible the existing programme of devolved benefits. Critically, this options presents the only viable route to introduce an income supplement early, without jeopardising delivery of the complex disability and carer benefits.

Ultimately, however, many stakeholders have repeatedly called for the income supplement to be brought forward. We have always sought to ensure we could deliver something that would have a significant impact, and as quickly as possible – and we have taken the decisions necessary to secure that. I hope we will have your support for the action we are taking, and the risks which will need to be managed as a consequence.

We also strongly believe that through the hard work done, and the difficult decisions made, the announcement fully meets the four key actions and principles, set out in your recent joint letter to the First Minister:

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- We will introduce the Scottish Child Payment through secondary legislation, ensuring we can introduce payments as quickly as is practicable.
- The work we have done ensures that we are able to introduce early payments, before the end of this Parliamentary term.
- Funding for the Scottish Child Payment will be a central feature of the forthcoming Spending Review.
- Once fully rolled out, the Scottish Child Payment will reduce child poverty by 3 percentage points, and ensure we make a significant impact on our interim targets.

In making this announcement, we have sought to ensure we delivered an income supplement which can have a genuine impact for families, while ensuring we protect the safe and secure delivery of the devolved benefits, and always placing our core principle of dignity and respect at the heart of our decisions. Our assessment of options showed clearly that this was the only one which secured that, and we hope that we can work positively together as we take forward one of the single biggest programmes of social policy under devolution.

Kind regards



AILEEN CAMPBELL



SHIRLEY-ANNE SOMERVILLE

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