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Social Justice and Social Security Committee
The Scottish Parliament
Edinburgh
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By email:
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Dear Collette

Thank you for your letter dated 27 June 2024. I welcome the comments from stakeholders on how well the Scottish Child Payment is targeted and the value for money it represents, as well as their views on the clear impact that Scottish Child Payment is already having on families.

I appreciate the importance of the data issues discussed at the inquiry and that is why we work collaboratively with stakeholders to make use of a broad range of evidence and data as we continually monitor the effectiveness of the Scottish Child Payment. This includes focusing on its impact on low-income families and poverty, and informing our thinking on how it can be strengthened even further.

We published an interim [evaluation](#) of the Scottish Child Payment in July 2022 with a further evaluation planned for 2025. We also published [modelled estimates](#) of the payment's impact on poverty in February 2024, [estimates](#) of the payment's take-up rate in November 2023, and an analysis of the payment's interaction with the labour market is scheduled to be published on 24 July 2024.

I have provided further information on your specific questions in the annex attached.

Please do not hesitate to get in touch if the Committee requires further information.

Yours sincerely,

Shirley-Anne Somerville MSP
Cabinet Secretary for Social Justice

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ANNEX - FURTHER INFORMATION

Further information is detailed below in response to each of the Committee's questions.

1. What quantitative and qualitative data does the Scottish Government use to inform policy for the Scottish Child Payment?

The Scottish Government utilises a broad range of data and evidence to inform policy development of the Scottish Child Payment (SCP), including:

Quantitative Data

- Official Statistics published by Social Security Scotland, including information on applications received, processed and authorised, the number and value of payments made and some demographic characteristics of applicants and children in receipt. Further breakdowns of the number of children benefitting from the payment by age, Scottish Index of Multiple Deprivation (SIMD), local authority area, and by small area geographies are also available.
- Office for National Statistics (ONS) data on inflation and the effects of changes in the cost of living on different household types, including low-income households and households with children.
- Scottish Government analysis of labour market data from sources including the ONS Labour Force Survey and Annual Survey of Hours and Earnings.
- Scottish Fiscal Commission fiscal forecasts, setting out forecasts of children and families in receipt of SCP and associated costs.
- Department for Work and Pensions (DWP) data on underlying benefit eligibility, for example Universal Credit award data for households in Scotland with children of eligible age for SCP.
- Estimates of benefit take-up rates published annually by Scottish Government analysts.
- More broadly, information on household income and levels of poverty are assessed using the Family Resources Survey (FRS) which is a UK-wide household survey commissioned by DWP. This is the basis for the official statistics which inform three of the four Scottish child poverty targets. The FRS is a key input into the Cumulative Impact Modelling, which was published alongside *Best Start, Bright Futures*, and helps to estimate the collective impact of policies, including SCP, on levels of child poverty in Scotland.

Qualitative Data

- Data from the Social Security Scotland Client Survey, asking about respondents' experience with Social Security Scotland, such as the application process and the impact of payments.
- Research conducted by the Scottish Government as part of an initial evaluation of SCP, interviewing SCP recipients between August and December 2021, focusing on experiences of the application process and the impact of receiving the payments on children and families.

- A range of other quantitative and qualitative data as made available and published routinely by poverty stakeholders and academic institutions.

2. What is the Scottish Government doing to improve how it collects and publishes data relevant to the Scottish Child Payment?

Social Security Scotland continues to develop and expand its Official Statistics offering in response to user need. This year saw the development and publication of new analysis which informed the local authority funding allocations detailed in the [Scottish Local Government Finance Green Book: 2024-25](#). The development of small area geography statistics has informed local level analysis by council areas in Scotland and there are plans to see what more can be done in this space.

The Scottish Government is undertaking a further evaluation of SCP alongside the other Five Family Payments, to be published in Summer 2025. The primary focus is to assess progress against medium-term policy outcomes for clients, e.g. if SCP has reduced material deprivation, reduced food insecurity, reduced barriers to education and the labour market, and improved health and wellbeing. In line with our published [evaluation strategy](#), the evaluation will be based on evidence from a range of sources, including:

- Primary research with clients collecting quantitative data from a survey of at least 1,500 recipients, followed by qualitative data from up to 40 interviews with recipients who have completed the survey. The fieldwork will be undertaken from September to November 2024.
- An analysis of data from existing sources such as Official Statistics published by the Office for National Statistics and Social Security Scotland, Social Security Scotland research, and general population level surveys (e.g. the Family Resources Survey).

We regularly publish data and analysis of SCP. We published the interim [evaluation](#) of the Scottish Child Payment in July 2022, [modelling](#) of the payment's potential impact on poverty in February 2024, [estimates](#) of the payment's take-up rate in November 2023, and are about to publish an analysis of the payment's interaction with the labour market (scheduled to be published on 24 July 2024 and will be available [here](#)).

3. What does the Scottish Government consider to be the strengths and limitations of using data from the Family Resource Survey to assess the impact of the Scottish Child Payment? What is being done to address the limitations?

Overall, the Family Resources Survey (FRS) is a crucial data source of household incomes and informs a wide range of Scottish Government analysis related to poverty.

The FRS is considered to be the most comprehensive data sources of household incomes in the UK. It is particularly valuable when considering outcomes like poverty

that are measured on a household basis and relate to multiple income sources (earnings, benefits, pensions), and housing costs.

The Households Below Average Income (HBAI) dataset, derived from the FRS, forms the basis of the official poverty statistics. On this basis, FRS data underpins three of the measures set in statute through the Child Poverty (Scotland) Act 2017 – i.e. relative poverty, absolute poverty, and combined low income and material deprivation. Data relating to persistent poverty is derived from the Understanding Society survey. These datasets enable comparisons to be made for changes in poverty levels over time, and changes in poverty levels between UK nations.

However, general population level surveys like the FRS are often not the most appropriate type of data to assess the impact of specific policies. The Scottish Government has an evaluation [strategy](#) in place to assess the impact of its social security benefits.

Assessing direct impact of specific policies using household surveys is problematic as responses are influenced by a range of factors, including changes in the macro-economic context, although they do provide valuable contextual evidence of high-level changes. The FRS collects information on a wide range of benefits, and there is a risk that respondents may not report benefits accurately. This is an acknowledged issue for a range of benefits (not just SCP) and also in large-scale population surveys generally. The interviewing process is designed to minimise the risk through prompting and asking respondents to corroborate responses.

DWP is carrying out an on-going programme of work to improve the quality of the FRS through data linkage for survey respondents with DWP and HMRC data as part of its quality assurance process, and are exploring ways of addressing potential non-response bias. Currently, non-response bias is accounted for by a weighting regime correcting known under-representation of key population groups, and DWP is actively looking for ways to improve this process.

For some purposes, administrative and other data sources are more appropriate, given the limitations of surveys, e.g. reliance on a sample of respondents. The evaluation strategy for assessing the impact of the SCP includes a range of evidence from various sources (including lived experience) to overcome some of these limitations.

4. Can the Scottish Government confirm whether the Department of Work and Pensions receive data on applications for the Scottish Child Payment?

Social Security Scotland do not currently provide DWP with individual-level data for SCP – however all published data is available to them, including high-level SCP statistics published quarterly. DWP already has access to individual-level Child Disability Payment and Adult Disability Payment data for its Registration and Population Interaction Database (RAPID) and Social Security Scotland would be willing to enter into dialogue with DWP around the possibility of providing similar access to SCP data if required.

Following positive engagement at official level, DWP include the SCP in the FRS using an imputation method to adjust for known under-reporting of benefit receipt. The method assigns SCP to eligible households until a target caseload, based on Scottish Government take-up estimates, is reached. The high take-up of SCP among eligible households means there would be only a marginal difference from additional data linkage in this case, as only a very small proportion of eligible respondents do not take up the benefit. The imputation process will also correct for misreporting of the amounts of SCP received, as this a flat rate.

5. What is the Scottish Government's view of the positives and negatives of increasing the linkages between different sets of administrative data? To what extent could developing this assist in our understanding of the impact of SCP?

As stated in our published evaluation strategy, linking data held by Social Security Scotland with other datasets (e.g. in the NHS, HMRC and DWP) would offer enhanced insight into the impact of Scottish benefits, including SCP. It would make it possible to measure the impact of benefits by tracking outcomes for individual clients for example related to health, income, or engagement with the social security system, although assigning causality remains challenging.

Scottish Government analysts have engaged with DWP and HMRC analysts on data linkage, including discussions between the Chief Statistician and UK Government Chief Data Officers. Scottish Government analysts have also collaborated with Public Health Scotland officials on an evaluability assessment of SCP, including exploring the potential of linking individual client data with administrative data (health, and/or financial) to identify the longer-term impact of SCP on individuals.

However, data linkage requires a substantial resource commitment, particularly due to data protection challenges and dependence on external organisations. Linkage projects typically take years to complete due to the resources and technical expertise required to gain access to data on individuals and construct de-identified datasets. Once data is linked, additional time would be required to track and observe client outcomes.

A further evaluation of SCP is underway, with the expectation that it will be published in Summer 2025. This further evaluation aims to evaluate the medium-term outcomes of SCP, including reductions in material deprivation, food insecurity, and barriers to education and the labour market.

6. Is the Scottish Government confident that the effect of full implementation of the Scottish Child Payment policy will be evident in next year's statistics?

2023-24 will be the first full year of the SCP roll-out, in which the benefit was available to all under-16s and paid at a higher rate for the duration of the year. With this, and the high levels of take-up among eligible households, we would expect its impact to increase.

Scottish Government analysts have been working with DWP to ensure its imputation methodology for SCP in the 2023-24 FRS is robust, and the caseload figures in the survey reflect what is happening on the ground.

However, child poverty rates are influenced by a wide range of factors in addition to the SCP, including UK and other Scottish Government policies as well as wider economic conditions. In addition, the single-year statistics are particularly subject to volatility and should be treated with caution. Pooling statistics over multiple years is a more reliable guide to identifying changes in trend.

The FRS is subject to the limitations of all surveys, including its use of a representative sample, rather than the full population. Like other major surveys in the UK, the sample size has decreased in recent years, particularly following the Covid-19 pandemic, and there are known issues such as the underreporting of Universal Credit and other SCP-qualifying benefits. However, as mentioned above, DWP is taking steps to address these issues, including by linking the survey to administrative data and reviewing its weighting regime.

All of this means that the impact of SCP cannot necessarily be inferred from observing changes in child poverty rates over time, particularly year-on-year changes. Our modelling, which is based on the FRS, is designed to isolate the impact of SCP from other factors. The modelling does also project a fall in child poverty rates in 2023-24, all else being equal, but such projections are more uncertain.