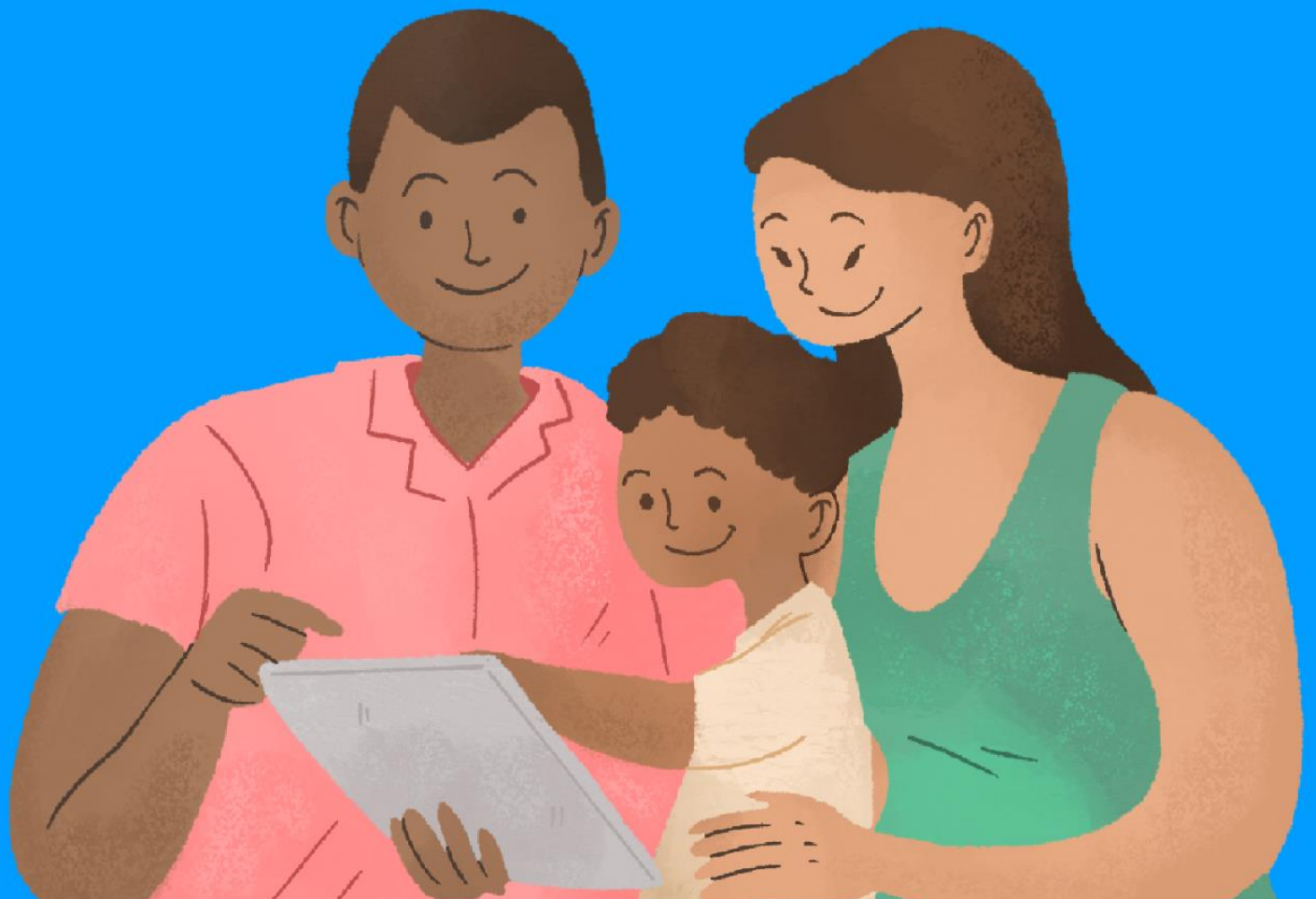




Challenge Poverty Week 2024
Policy Briefing 3

**A Scotland where we all have enough
to live a decent and dignified life**



What is Challenge Poverty Week?

Challenge Poverty Week was launched by the Poverty Alliance in 2013. We wanted to highlight the injustice of poverty in Scotland, and to show that collective action based on justice and compassion can create solutions. The week is an opportunity to raise your voice against poverty and unite with others in calling for a just and equal Scotland. Each year, hundreds of organisations in Scotland do just that, including elected representative, charities and NGOs, local authorities, faith groups, businesses, school and colleges, trade unions, professional bodies and more.

What are we calling for?

The Scottish Government can ensure that everyone has access to an adequate income by taking the steps needed to deliver a Minimum Income Guarantee.

How do we get there?

Initial steps to deliver a Minimum Income Guarantee should include action to:

- Implement an Essentials Guarantee;
- Increase the Scottish Child Payment to £40 per week;
- Increase the funded childcare entitlement and ensure greater flexibility in the delivery of pre-existing entitlements;
- Prioritise the pre-existing commitment to model a Minimum Income Guarantee for unpaid carers;
- Maximise incomes through full coverage access to advice services, and collective working between the Scottish Government, UK Government and local authorities to automate social security support to increase uptake and reduce stigma; and
- Ensure that any changes to our social security systems through the Work Capability Assessment continue to support disabled people on a day-to-day basis so that they can fully realise their rights to independent living and equal participation in society.

Introduction

After over ten years of cuts and restrictions, our social security system is failing in its purpose to protect people from financial insecurity. Coupled with structural problems in our labour market - low wages, declining job quality and increasing precarity – high poverty levels in Scotland means that one in five people struggle to access the adequate incomes that enable them to live in decency and dignity.¹ This is an

¹ Scottish Government (2024) *Poverty and Income Inequality in Scotland 2020-23*. Available at: <https://data.gov.scot/poverty/#Children>

injustice that has been compounded by the pandemic and the ongoing cost-of-living crisis.

We all have the right to an adequate standard of living.² This includes not only essential needs such as safe housing, food security, and accessible transportation, but also liveable incomes, adequate social services, enhanced social security support, and a stigma-free experience when accessing entitlements. These rights are codified in international human rights legislation and conventions mandate that governments must ensure that people have an adequate services and financial assistance to uphold human rights commitments.

It is clear that in righting the wrong of poverty in Scotland, it is time for a policy rethink. One of the policy solutions that has emerged has been the **Minimum Income Guarantee (MIG)**, an idea centred on setting a minimum income threshold below which people would not be allowed to fall.³

The MIG is an idea that is gathering traction in Scotland, receiving cross-party support ahead of the 2021 Scottish Parliament elections. The Scottish Government's commitment to the policy is being progressed by an Expert by Experience Panel, Steering Group and an Expert Group, made up of poverty and equality organisations, trade unions and academia. The Expert Group's final report is expected later this year, which will make recommendations to the Scottish Government, considering the costs, legislative powers, and delivery mechanisms needed to implement a MIG in Scotland.

Too many people across Scotland are having their life chances, health, and wellbeing held back by poverty. People cannot afford delay; commitment must translate into urgent action. Indeed, the MIG Expert Group's interim report makes clear that Scotland does not need full or further powers to start making progress the MIG.⁴ We have welcomed the Scottish Government's previous commitment to develop a MIG, but are disappointed that this commitment was not present in the latest Programme for Government, published in September 2024.

We are therefore calling on the Scottish Government to stand by their commitment to deliver a MIG, by prioritising the interim steps which form a roadmap to delivery.

What is a Minimum Income Guarantee?

A MIG is a potentially transformative idea. It would guarantee that everyone in Scotland could secure a minimum acceptable standard of living and ensure that everyone has enough money for essential costs.

² United Nations (1966) *International Covenant on Economic, Social and Cultural Rights*. Available at: [International Covenant on Economic, Social and Cultural Rights | OHCHR](#)

³ IPPR Scotland (2021) *Securing a living income in Scotland: Towards a Minimum Income Guarantee*. Available at <https://www.ippr.org/files/2021-03/securing-a-living-income-in-scotland-march21.pdf>

⁴ Scottish Government (2023) *Minimum Income Guarantee Expert Group Interim Report*. Available at: <https://www.gov.scot/publications/minimum-income-guarantee-expert-group-interim-report/>

It is more than just a social security proposal and is made up of several complementary parts. It would be delivered through reform to our public services, changes to the world of work and improvements to social security, including a targeted payment for anyone that falls beneath the MIG level. This means that there is a critical role for public bodies, local authorities and employers in the delivery of a MIG.

The MIG Expert Group⁵ state that a MIG is:

- A guaranteed level of income beneath which no individual living in Scotland would fall;
- A minimum income set to ensure an acceptable standard of living that promotes dignity and a decent quality of life;
- Designed to recognise our distinct needs which vary by person and family;
- Clearly focused on tackling poverty, inequality and financial insecurity;
- A suite of interventions across collective services, our labour market and social security; and
- Accessible to all people in Scotland with a clear focus on reducing inequalities.

The idea of a MIG is often conflated with that of a Universal Basic Income (UBI). However, these concepts differ in several critical ways. A UBI, by its name, is universal. It is paid to everyone, regardless of their income, and is a flat payment, regardless of your circumstances. A MIG, however, follows the principle of targeting; it is only paid in full to people on low incomes and it is tailored to our distinct needs as families and individuals. In this way, a MIG can be understood as a more focused anti-poverty measure.

Tackling inequalities in Scotland

A MIG must function as a universal guarantee of financial security regardless of your income, your background, or where you live. It must be firmly centred on tackling structural inequality. We know that particular groups are more likely to be experiencing poverty in Scotland including women; single parents; disabled people; and Black and minority ethnic people. Changes to our social security system at the UK-level have a disproportionate impact on particular groups, including disabled people and Black and minority ethnic households. Analysis has found that up to 86% of net 'savings' carved from social security payments and public services between 2010 and 2020 will have come from women's incomes.⁶

The design of the MIG must embed analysis on equalities, mainstreaming considerations relating to race, gender and disability to ensure that the policy challenges - rather than reinforces - inequality in Scotland. In this way, the MIG must

⁵ Scottish Government (2023) *Minimum Income Guarantee Expert Group Interim Report*. Available at: <https://www.gov.scot/publications/minimum-income-guarantee-expert-group-interim-report/>

⁶ House of Comms Library (2017) *Estimating the impact of tax and benefit changes*. Available at: <https://researchbriefings.files.parliament.uk/documents/SN06758/SN06758.pdf>

be distinct from the Universal Credit system which has embedded inequality by design.

An equalities approach should involve:

- Responding to the additional costs disabled people incur in their daily lives;
- Taking account of analysis relating to the single household payment for Universal Credit and introducing split payments by default to minimise the impact of economic abuse; and
- Considering the structural barriers which continue to reinforce the concentration of certain groups into low paid jobs and sectors.

From a human rights perspective, implementation of a MIG would provide a way for the Scottish Government to fulfil their obligation to ensure the realisation of the right to an adequate standard of living and social security is possible for all people in Scotland. Beyond this, further along the line, implementing a MIG in Scotland could have long-term human rights impacts with research highlighting that a more stable income would allow people to further realise their right to health.¹⁰

How do we get there?

The Expert Group concluded that a MIG does not need to wait. While the full potential of a MIG will require the devolution of further powers to the Scottish Parliament, progress can start now. The Scottish Government must utilise all of the powers at its disposal across fair work, public services and social security to progress the MIG. People living on low incomes cannot afford to wait.

Within our Drawing A Line project, funded by the abrdn Financial Fairness Trust, we have found support from Poverty Alliance members and wider civil society for a roadmap approach to the MIG. This involves implementing a number of interim steps to progress the policy. Potential interim steps to deliver a MIG should include:

Implement an Essentials Guarantee

Social security support has eroded over decades. Universal Credit's standard allowance falls well short of the indicative level for what is needed to afford essentials and now sits at its lowest ever level as a proportion of average earnings. This situation is made worse by the fact almost half of households in receipt of Universal Credit see their payments further reduced by deductions and caps. This has made possible the reality that 90% of low-income households on Universal Credit currently go without at least one essential like food, a warm home or toiletries.⁷

Our social security system is forcing people into poverty, rather than keeping them afloat. On the road to the delivery of a MIG, we are calling on the UK Government to

⁷ Joseph Rowntree Foundation (2022) *Guarantee our Essentials* Available at: <https://www.jrf.org.uk/social-security/guarantee-our-essentials-reforming-universal-credit-to-ensure-we-can-all-afford-the>

implement an Essentials Guarantee to embed a stronger minimum in our social security system.

The Essentials Guarantee, developed by the Trussell Trust and the Joseph Rowntree Foundation, would embed in our social security system the widely supported principle that, at a minimum, Universal Credit should enable people to afford the essentials. In line with public attitudes insights and focus groups, this policy would enshrine in legislation an independent process to regularly determine the Essentials Guarantee level, based on the cost of essentials (such as food, utilities and vital household goods) for the adults in a household (excluding rent and council tax). It would also ensure that Universal Credit's standard allowances must at least meet – and deductions can never pull people below – this level.

Increase the Scottish Child Payment to £40 per week

Increases in the Scottish Child Payment (SCP) have been the main driver of progress against the Scottish Government's interim child poverty targets,⁸ offering a vital lifeline as families continue to struggle to make ends meet. The Poverty and Inequality Commission make clear that the impact of the SCP *“shows what can be achieved when there is commitment to, and funding for, significant change, and action is clear and focused”*.⁹

The Payment is clearly a bold policy, and it needs to be bolder still. IPPR Scotland's modelling shows that an increase to the SCP to at least £40 per week would lift a further 20,000 children out of poverty, over and above the 40,000 children expected to be lifted out by existing payments. This would surpass the interim targets, making good progress towards the 2030 goal.¹⁰ Further increases in value is particularly important in the context of the ongoing cost of living crisis, with parents who engaged in research by Save the Children highlighting that the payment does not go far enough. One parent stated, *“you can use it [the SCP] towards taking the kids out for the day [but] you are not getting its intended use because you are cutting back on so many things”*.¹¹

Increasing the value of SCP to £40 per week is therefore an immediate interim step that the Scottish Government can take in progressing the MIG.

Increase the funded childcare entitlement and encourage greater uptake of funded hours

⁸ Poverty and Inequality Commission (2024) *Child Poverty Delivery Plan progress 2023-2024*. Available at: [Child Poverty Delivery Plan progress 2023-2024 Scrutiny by the Poverty and Inequality Commission.pdf \(povertyinequality.scot\)](https://www.povertyinequality.scot.nhs.uk/child-poverty-delivery-plan-progress-2023-2024-scrutiny-by-the-poverty-and-inequality-commission.pdf)

⁹ Ibid.

¹⁰ Institute for Public Policy Research (2023). *Poverty doesn't have to be inevitable – it needs political will and investment to eradicate*. Available at: <https://www.ippr.org/blog/poverty-doesn-t-have-to-be-inevitable-it-needs-political-will-and-investment-to-eradicate>

¹¹ Save the Children (2023) *Scottish Government Budget Briefing*. Available at: https://www.savethechildren.org.uk/content/dam/gb/reports/scotland/save_the_children_budget_briefing_dec_2023.pdf

Childcare's prohibitive cost continues to pose barriers to parents entering good quality employment and progressing in the labour market. Increases in the funded childcare entitlement to 1140 hours as a positive development in the provision of affordable childcare which meets the needs of low income families. However, this must be viewed as the starting point, rather than the end point of reform.

The current 1140 hours offer still only amounts to the duration of the school day, and continues to fall short of full-time working hours. This limits the ability of primary caregivers, typically women, to work full-time.¹² Part-time work is correlated with low-paid employment¹³ and the lack of full-time funded childcare options risks trapping mothers in in-work poverty.¹⁴ Research by the Scottish Government has found that most parents utilising their funded entitlement combine this with paid and/or informal provision, and this mix of providers is vital in enabling parents to secure the days and hours of childcare they require. This is evidenced in Poverty Alliance research with the Scottish Women's Budget Group where a participant stated:

*"Even if the Government help me, you have to top up and I'm only doing twenty hours, for three kids, so I just cannot afford it for after school club."*¹⁵

Families living on low incomes urgently need the introduction of 50 hours of funded childcare, with a focus on flexibility in delivery, alongside action to encourage greater uptake of the existing funded hours. In line with the targeted nature of the MIG, any expansion in funded hours should focus on low-income families. Whilst a critical step towards a MIG for all, this is also important in the context of achieving women's financial security.

Prioritise the pre-existing commitment to model a Minimum Income Guarantee for unpaid carers

In the 2023/4 Programme for Government, the Scottish Government outlined a commitment to work with the MIG Expert Group *"to model a MIG for unpaid carers, the majority of whom are women, and who have been hard hit by the cost of living crisis."*¹⁶

There are approximately 800,000 people in Scotland providing unpaid care, worth an estimated £13.1 billion to the Scottish economy every year.¹⁷ Despite the importance

¹² Close the Gap (2021) *Briefing for Scottish Government Debate – Early Learning and Childcare*. Available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Early-Learning-and-Childcare.pdf>

¹³ Jones, Gareth (2019) 'Women benefit from living wage expansion', *Third Force News*. Available at <https://tfn.scot/news/women-benefit-from-living-wage-expansion>

¹⁴ Close the Gap (2021) *Close the Gap briefing for Scottish Government Debate: Early Learning and Childcare – 1140 Hours and Beyond*. Available at <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-briefing-for-Scottish-Government-Debate---Early-Learning-and-Childcare.pdf>

¹⁵ The Poverty Alliance and Scottish Women's Budget Group (2022) *"It's hard work being poor" Women's Experiences of the Cost-of-Living Crisis in Scotland*. Available at: https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

¹⁶ Scottish Government (2024) *Equality, Opportunity, Community: Our Programme for Government*. Available at: <https://www.gov.scot/Programme-for-Government-2023-to-2024>

¹⁷ Carers Scotland (2023) *State of Caring 2023: A health and social care crisis for carers*. Available at: <https://www.carersuk.org/reports/state-of-caring-2023-a-health-and-social-care-crisis-for-carers-in-scotland/>

of unpaid care to our society and economy, 28% of carers are living in poverty.¹⁸ This is largely due to inadequate social security support - with over one-third of carers in receipt of Carer's Allowance experiencing poverty - and persistent barriers to entering and progressing in paid work.¹⁹

The MIG is a relatively new policy proposal which has not been implemented anywhere in the world. The pilot is therefore an important step in understanding the logistics of the policy in practice. It is an opportunity to:

- Test the principles of the policy and approach;
- Generate data;
- Inform policy-making; and
- Create political will for policy outcomes.

Making the commitment of a MIG pilot for unpaid carers is therefore vital not only for making progress of a fuller realisation of the MIG, but for alleviating the high levels of financial insecurity faced by unpaid carers in Scotland.

Maximise incomes through full coverage access to advice services, and collective working between the Scottish Government, UK Government and local authorities to automate social security support to increase uptake and reduce stigma

As acknowledged in the Scottish Government's plan in tackling child poverty, *Best Start, Bright Futures*, automating entitlement to social security support is a critical aspect of work to maximise incomes and improve benefit uptake.²⁰ Ensuring all households receive the social security support they are entitled to is vital for tackling poverty in Scotland. However, at present, the need for multiple applications for support can act as a barrier to take up,²¹ as can stigma.

In 2023 and 2024, the Poverty Alliance worked with the Scottish Government's Benefit Take Up team to deliver a Citizen's Panel - comprised of 16 individuals living on low incomes and with experience of social security in Scotland – which highlighted the impacts of poverty related stigma on benefit take-up. Panel discussions evidenced that stigma around social security is felt keenly and creates powerful barriers to accessing entitlements. Uncertainty around eligibility and entitlement played into fears about talking about social security with friends, family and the wider community. Most Panellists felt that stigma had become more pervasive with austerity and the UK Government's 'welfare reform'. They largely

¹⁸ Joseph Rowntree Foundation (2024) *UK Poverty 2024: The essential guide to understanding poverty in the UK*. Available at: [UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation \(jrf.org.uk\)](https://www.jrf.org.uk/publications/uk-poverty-2024)

¹⁹ Carers Scotland (2023) *State of Caring 2023: A health and social care crisis for carers*. Available at: <https://www.carersuk.org/reports/state-of-caring-2023-a-health-and-social-care-crisis-for-carers-in-scotland/>

²⁰ Scottish Government (2022) *Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022-26*. Available at: <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/pages/3/>

²¹ Child Poverty Action Group (2022) *Progress on the automation and take-up of Scottish Social Security Benefits*. Available at: <https://cpag.org.uk/sites/default/files/files/policypost/Briefing%20for%20Scottish%20Government%20Debate.pdf>

agreed that, although not perfect, dealing with Social Security Scotland was a far less stigmatising experience than navigating Department for Work and Pensions processes.

A case study from Citizens Advice Scotland about the experience of two clients applying for Adult Disability Payment (ADP) further spotlights the powerful barrier to seeking support that is created by fear and stigma, and the necessity of accessible, free and impartial advice services for all:

Caitlin and Brian were advised by their local Citizens Advice Bureau (CAB) that they are eligible for ADP, but they expressed a deep-rooted reluctance to apply, fearful that they might be perceived as “lazy fraudsters, as seen on TV”. Caitlin and Brian both have physical disabilities and learning difficulties. The CAB invested substantial time in what the adviser describes as “gentle persuasion and encouragement”. Both members of the couple were subsequently awarded ADP, but the adviser explains that the anxiety remains about under surveillance as ‘potential fraudsters’.

Further to this, a number of submissions to the CPG on Poverty’s recent inquiry into rural poverty highlighted that challenges to accessing support is intensified for rural communities, where it is often assumed that poverty does not exist or is minimal. Individuals experiencing poverty in these areas often feel a greater sense of shame and pressured into concealing their financial worries, and face additional difficulties in accessing suitable support because of challenges around transport, digital connectivity and service cuts.

Key recommendations from the Citizen's Panel to the Scottish Government included widening the right to advocacy for everyone when claiming social security and linking Scottish Government and local authority entitlements together. In addition, automation is critical to ensuring more low income families and households access the support to which they are entitled.

The critical nature of automation can be seen in the context of the UK Government’s recent announcement of changes to the Winter Fuel Payment. Support will now only be paid to those in receipt of Pension Credit or certain other means-tested benefits. However, 123,000 pensioners in Scotland who are eligible for pension credit are not claiming it, and these individuals will be some of the people who are going to be worst affected when the payment is withdrawn.²² With more than 150,000 pensioners living in poverty in Scotland,²³ thousands will now miss out on a payment which could help them heat their homes. This urgent example makes clear that, whilst stigma and complicated application processes continue to create barriers, a move toward automation would be a key step in ensuring maximum take-up of the income

²² Age Scotland (2024) *Age Scotland calls for urgent rethink on winter fuel payment decision*. Available at: [Age Scotland calls for urgent rethink on winter fuel payment decision](#)

²³ Independent Age (2023) *“Not enough to live on”: Pensioner poverty in Scotland*. Available at: [“Not enough to live on”: Pensioner poverty in Scotland \(independentage.org\)](#)

that people need to keep them safe. Low take-up of passporting benefits ultimately prevents access to other support and entitlements.

Recently published work from the University of Bath concluded that social security take-up could be increased, and administrative burdens reduced, through auto-enrolment and the automatic passporting of entitlement, as happened with the Government's Cost of Living payments. The Scottish and UK Governments should work together, alongside our local authorities, to both ensure that all people have access to advocacy services and simplify and automate processes for applying for financial assistance as a priority.

Ensure that any changes to our social security systems through the Work Capability Assessment continue to support disabled people on a day-to-day basis so that they can fully realise their rights to independent living and equal participation in society

Disabled people continue to face unfair extra costs in their daily lives, including the higher costs of specialist equipment and higher usage of everyday essentials such as energy. Recent research by Scope concluded that, on average, disabled households (with at least one disabled adult and child) need an additional £975 a month to have the same standard of living as non-disabled households.²⁴ Coupled with inadequate social security support and structural barriers in the labour market, disabled households face significant challenges in making ends meet.

Changes to our social security systems, including to the Work Capability Assessment or to disability and carers payments, must take into account these additional costs so to ensure adequacy in disability assistance payments specifically, and social security more generally. This would bring disabled people and those with terminal illnesses closer to achieving the MIG level.

²⁴ Scope (2023) *Disability Price Tag 2023: The extra cost of disability*. Available at: <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

Developing our policy asks

This year, the policy asks for Challenge Poverty Week were developed in collaboration with a short life working group with representation from a variety of third sector organisations. We would like to thank these organisations for their participation in this process.

What we heard from our Short Life Working Group:

- Disabled people experience higher cost of living, while also having lower incomes on average, which makes it difficult to achieve the MIG level. There is a need to ensure that the Scottish Government and the Expert Group develop a model to adequately and proactively embed the additional costs of disability into the MIG.
- Similarly, the MIG should consider the additional costs, and the barriers to achieving an adequate income, experienced by people living with long term conditions and terminal illness. Non-means tested benefits associated with long term conditions and terminal illness should not be considered as income for the purposes of calculating the MIG level for a household.
- The Scottish Child Payment represents a bold interim step to achieving a MIG. This should be increased to £40 per week for all eligible children and should be decoupled from Universal Credit. In redefining the payment as a stand-alone 'childhood assistance' payment rather than a 'top-up' benefit would allow for greater flexibility in its design and delivery, helping to free more households from the grip of poverty.
- Benefit uptake and income maximisation are critical aspects of a MIG. The Scottish Government and UK Government must work together on benefit uptake programmes and move towards the automation of benefits wherever possible.
- The Scottish Government should consider the rural dimension of higher costs and barriers to achieving the MIG level so that access to an adequate income, regardless of where you live.
- Within the potential pilot with unpaid carers, there is a need to consider the adequacy of pre-existing carers benefits as an initial step towards the delivery of the MIG.

How will this help Scotland to meet our child poverty targets?

- In its most basic sense, poverty is about not having access to the income necessary that would secure the basics for a dignified life. In increasing people's incomes, and reducing the costs of essentials, the MIG will enable households to escape poverty.
- No single policy will deliver the progress needed to meet the Scottish Government's child poverty targets. Rather, these targets can only be met through a range of actions that work together and are transformative in scale. The policy changes required to achieve a MIG progress all the key areas of activity outlined in *Best Start, Bright Futures* including: increasing access to fair work that pays the real Living Wage; improving and reducing the costs of essential services such as childcare and transport; and reforming and increasing uptake of social security support.
- The tailoring and targeting inherent in the MIG approach will assist in achieving financial security for the priority family groups, responding to the distinct needs of people and households.
- *Best Start, Bright Futures* includes a commitment to exploring automated payments for devolved social security benefits to maximise take-up and simplify the burden on parents of navigating multiple systems and schemes. These initial steps towards a MIG will support income maximisation and improve benefit uptake.

For more information, please contact:

Ruth Boyle, Policy and Campaigns Manager: ruth.boyle@povertyalliance.org

Chloe Campbell, Policy and Parliamentary Officer: chloe.campbell@povertyalliance.org