

MONITORING POVERTY AND SOCIAL EXCLUSION IN SCOTLAND 2015

This study is the seventh in a series of reports monitoring poverty and social exclusion in Scotland since 2002. The analysis combines evidence from official statistics with supporting information about a number of anti-poverty actions and initiatives.

Key findings

- The poverty rate for children and pensioners has fallen from 33 per cent for both groups in 1996/97 to 22 per cent and 11 per cent respectively in 2012/13. Over the same period, working-age poverty has risen from 19 per cent to 21 per cent.
- Among working-age adults, there has been a rise in the number in poverty among the under-30s by 29,000, and a fall of 67,000 among 30 to 64-year-olds.
- Around one in eight under-25s is now unemployed – at least twice the rate of any other age group.
- Men in Scotland have a lower life expectancy than men in England at all levels of deprivation, but the difference is greatest between the most deprived areas.
- Despite progress in raising attainment among S4 pupils (children aged 15-16) at all levels of deprivation, gaps in attainment are only closing slowly.
- Since 2010, there has been a large rise in the number of Jobseeker's Allowance (JSA) claimants referred for a sanction. The monthly rate peaked at 16 per cent of all claimants in 2013.
- On average, one in six to seven jobseekers in Clackmannanshire, Aberdeenshire, Aberdeen and Angus are referred for a sanction each month, around twice as many as in North Ayrshire, South Lanarkshire and East Ayrshire.
- Employees with higher qualifications are almost twice as likely to receive in-work training as those with lower qualifications.
- Over the last ten years, the number of people in poverty in the social rented sector has come down sharply whereas the number in the private rented sector has risen sharply. The rise – but not the fall – is concentrated among people of working-age.

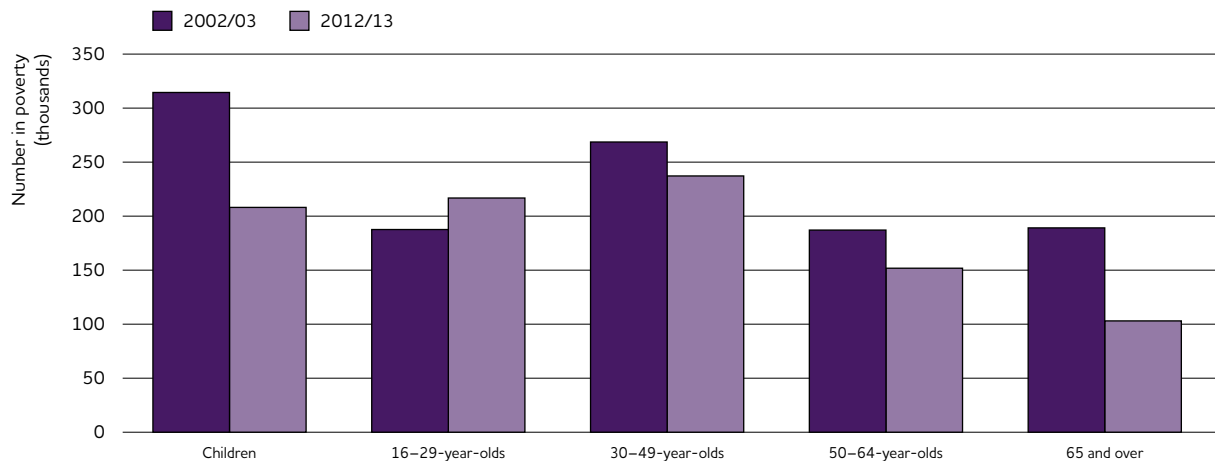
The research

By a team at the New Policy Institute

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Changes over the last ten years

Figure 1: Poverty numbers over time: children; young, middle and older working-age; pensioners



Source: Households Below Average Income, DWP; The data is a three-year average to 2012-13

Between 2002/03 and 2012/13, the number of children in poverty fell by 106,000 to 208,000. The fall among the 65 and over age group was almost as great; there are now just over 100,000 in this age group in poverty, just over half the figure of ten years ago. These figures reflect UK Government policy, notably around Child Benefit and Tax Credits for children and Pension Credit for pensioners. Over a longer period, since 1996/97, the poverty rate for children and pensioners has also fallen, from 33 per cent for both groups to 22 per cent and 11 per cent respectively in 2012/13. Over the same period, working-age poverty has slightly risen, from 19 per cent to 21 per cent.

The latest year's statistics, for 2012/13, show an upturn in both child and working-age poverty rates. On the one hand, little weight can be put on one year of data. On the other, it is essential to be vigilant to the possibility that this may be the start of a turn for the worse which, if left unchecked, would squander the gains made in Scotland over 15 years.

However, while the number in poverty among 30- to 64-year-olds has fallen along with the number of children and pensioners in poverty, poverty among working-age adults under 30 has risen, from 190,000 to 220,000. Whereas a decade ago, there were roughly as many aged 65 and over in poverty as working-age adults under 30, there are now twice as many in the younger group as the older one.

The focus on young adult poverty must be supported by an account of other shifts. A factor underlying the shift towards young adult poverty is the changing risks of unemployment by age group. During the recession, the unemployment rate for under-25s rose much more quickly than for other adults. Despite falling from 15 per cent to 13 per cent in the past two years, around one in eight under-25s are still unemployed – at least twice the rate of any other age group.

In-work poverty also points to factors besides unemployment as determinants of poverty: 260,000 working-age adults in working families are in poverty, compared with 320,000 workless working-age adults. The pattern of disadvantage in work has changed as well. Whereas in 2003, 5 per cent of those in low-paid work had a degree or equivalent, by 2013 it was 13 per cent. The proportion with no qualifications had fallen from 23 per cent to 9 per cent. Those who are low paid have never been better qualified. While not all low-paid employees are in poverty, neither are all those in in-work poverty necessarily low paid. This points to a further problem for young adults: being better qualified is less of a guarantee of better-paid work than in the past.

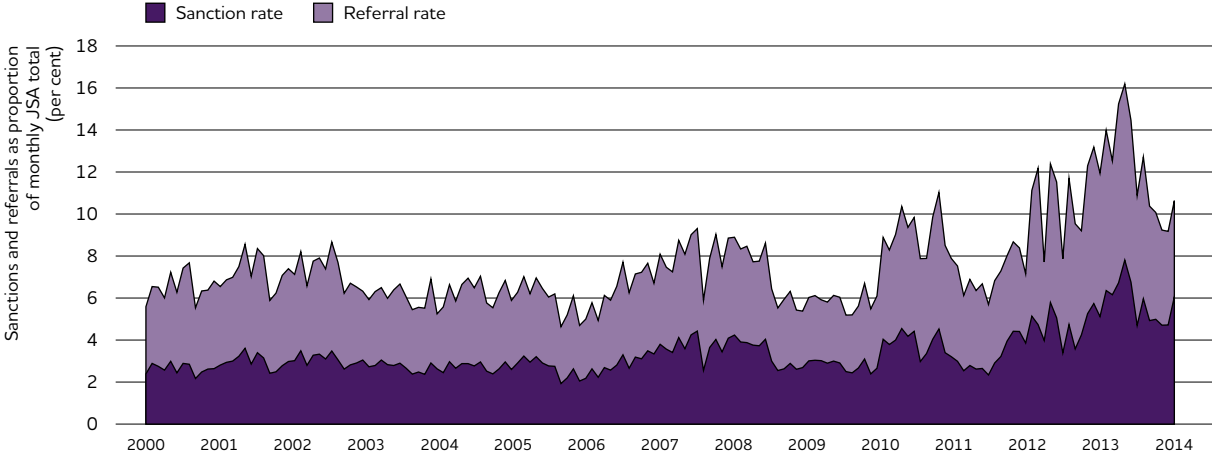
A further dimension of the shift towards working-age poverty relates to trends in housing tenure, costs and poverty. In the last decade, the private rented sector (PRS) share of housing stock has risen from 8 per cent to 15 per cent, while housing costs now amount on average to 24 per cent of the income of private renters (compared with 20 per cent a decade ago), 18 per cent of social renters' income and 11 per cent for owner-occupiers with a mortgage. While poverty in other tenures fell, the number in poverty in the PRS rose by 140,000, 83 per cent of them working age.

UK-wide welfare reform has affected the experience of poverty. Sanctions have long been a part of the way that Jobseeker's Allowance (JSA) is administered. A jobseeker is referred for a sanction for a breach of the terms of their Jobseeker's Agreement. Figure 2 shows both the proportion of claimants receiving referrals on a monthly basis and the proportion whose referral ended in a sanction. Between 2000 and 2006, the monthly JSA sanction rate remained steady at 2 per cent. Over this period, a further 3 to 6 per cent were referred for, but did not receive, a sanction.

The sanction and overall monthly referral rates have reached three successively higher peaks: referral rates peaked at around 9 per cent in late 2007, 11 per cent in early 2011 and 16 per cent in late 2013.

These figures vary significantly across local authorities. On average, one in six or seven jobseekers in Clackmannanshire, Aberdeenshire, Aberdeen and Angus are referred for a sanction each month, around twice as many as in North Ayrshire, South Lanarkshire and East Ayrshire.

Figure 2: JSA sanction referrals over time, as a proportion of the stock of JSA claimants



Source: Stat Xplore, DWP; Claimant count via NOMIS, ONS

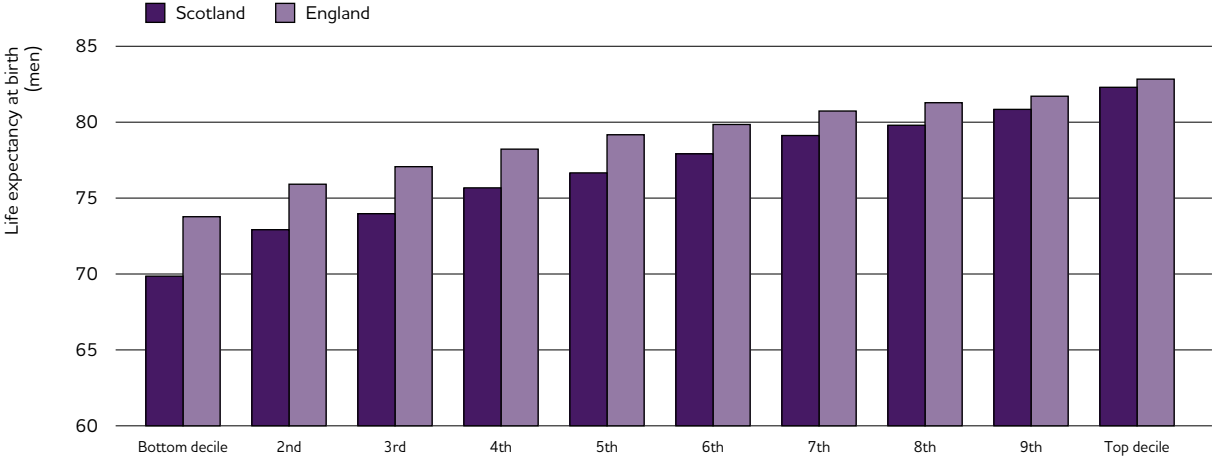
Slow progress in reducing gaps

Many aspects of poverty and exclusion continue to show deep inequalities in Scotland. For example, disabled people are more likely to be low paid than non-disabled people with the same level of qualifications. Excluding Disability Living Allowance and Attendance Allowance from income (as these benefits are paid in recognition of disabled people's higher cost of living), people in families with a disabled adult are nearly twice as likely to be in poverty as others.

There has also been little progress in reducing the gaps in school attainment between children from deprived and non-deprived areas. Between 2005/06 and 2012/13, attainment at S4 (children aged 15-16) improved for children from all areas, regardless of deprivation.

The differences between life expectancy in Scotland and England by local deprivation are just as telling. While male life expectancy in the top decile of local areas is almost equal in the two countries – Scotland falling short of England by just half a year – the gap at the bottom is 3.9 years, with life expectancy in Scotland’s bottom decile at 69.9 years. In general, while life expectancy decreases with level of local deprivation in both countries, the rate at which it worsens is far more severe in Scotland. The gap in life expectancy for men between the most and least deprived parts of the same council area can be as much as nine years. The gap in life expectancy for women is seven years.

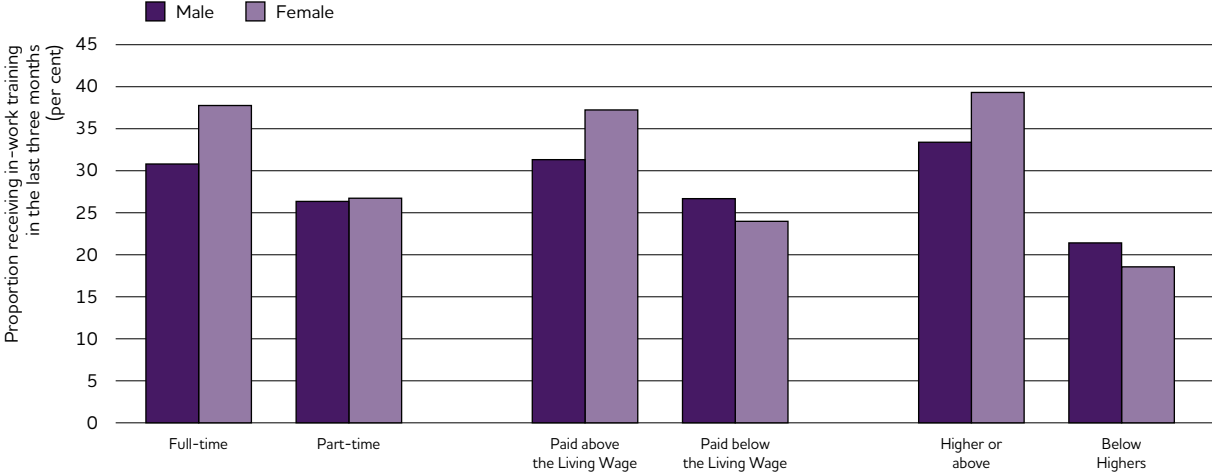
Figure 3: Male life expectancy by level of local deprivation: Scotland and England



Source: Life expectancy for administrative areas within Scotland 2011-13, National Records of Scotland; Inequality in healthy life expectancy at birth by national deciles of area deprivation in England 2010-12

In-work training is one way of addressing inequality relating to income and employment opportunities by improving employees’ chances of getting better-paid work in the future. However, accessing in-work training is itself unevenly distributed and weighted against those who work part-time, are low paid and lower qualified. For example, male employees with Highers or higher qualifications are one-and-a-half times as likely to receive in-work training as those with lower qualifications. Female employees with Highers or higher qualifications are twice as likely to receive it as those without.

Figure 4: The likelihood of receiving training at work: by pay, qualification, and part- or full-time



Source: Labour Force Survey, ONS; the data is a four-quarter average to Q3 2014

Anti-poverty initiatives

Actions and initiatives to address both new and long-standing problems of poverty are being taken by public, private and third-sector organisations both national and sub-national. These extend beyond immediate actions and priorities of the Scottish Government, led by local authorities, people with direct experience of poverty, the NHS, business and social housing providers. Table 1 summarises what they are, the organisations and people who are running or participating in them, and what their priorities are.

Table 1: Initiatives to address poverty

What	Who	Priorities
Poverty Truth Commission	30 commissioners: half with direct experience of poverty; half in positions of influence	Cost of school; food poverty; dignity
Independent Tackling Poverty Board (to 2011)	Civil servants; local authority officers; third sector, NHS; business	Leadership; early intervention; local engagement; funding what works; embed Child Poverty Strategy
Local 'poverty and/or fairness' commissions	Council, local and national leaders; community representatives; national experts	Gather evidence; identify local priorities; make recommendations to local authority/community planning partnerships; assess current anti-poverty actions
Glasgow Poverty Leadership Panel	Council; housing providers; NHS; third sector; business; Department for Work and Pensions; many with direct experience of poverty	Welfare reform; child poverty; work and worth; credit and debt; negative attitudes; community empowerment
Plans to mitigate welfare reform impacts on health	NHS regional boards (guided by 2013 NHS Outcome Focused Plan)	Support staff at risk of poverty; train staff to address patients' financial conditions; develop referral pathways
Raising awareness of poverty and business role in addressing it	Scottish Business in the Community and member companies	Information; support firms to work in poor communities; explain business case for the Living Wage
Housing provider actions to tackle poverty and financial exclusion	Housing providers in central Scotland	Fuel advice; welfare advice; providing free recycled furniture and white goods; providing free, quality food for up to 12 weeks

Conclusion

Since 2010, 'mitigating the effects of welfare reform' has been a prominent idea in Scotland. The use of discretionary housing payment to offset the under-occupancy penalty, the Council Tax reduction scheme and the Scottish Welfare Fund answer some of these reforms directly. Initiatives taken within the NHS, by housing providers and by business answer it indirectly. But this study outlines significant remaining challenges. The greatest overarching challenge is to turn intentions such as those outlined on the previous page into action on a big enough scale.

- **In-work poverty.** The Living Wage is only one part of the answer to in-work poverty and the challenge is to identify others including, for example, improved opportunities for in-work training for the lowest paid and the least qualified. Individual employers alone cannot provide the whole answer.
- **The changing face of poverty.** Younger adults, especially those who are working and/or renting from a private landlord, are more likely than in the past to be in poverty. The challenge is to meet their needs, especially around housing, and to find a language for doing so.
- **Educational inequalities.** The challenge is to bring education further into the debate on poverty, recognising that it is about more than just academic qualifications.
- **The social disadvantage of disability.** The challenge is to address this disadvantage, one face of which is shown by statistics on disadvantage in work. It is underscored by the much higher incidence of poverty among disabled people and their families.
- **Sanctions.** For as long as the system is administered as it now is, with the number of referrals and sanctions much greater than in the past, the challenge is to ensure greater access to hardship payments, with the Scottish Welfare Fund remaining a source of support for Jobseeker's Allowance and Employment and Support Allowance claimants in crisis.

About the project

This study is the seventh in a series of reports monitoring poverty and social exclusion in Scotland since 2002. The analysis combines evidence from official statistics with supporting information about a number of anti-poverty actions and initiatives by a range of organisations in Scotland.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF.

The full report, *Monitoring poverty and social exclusion in Scotland 2015* by Peter Kenway, Sabrina Bushe, Adam Tinson and Theo Barry Born, is available as a free download at www.jrf.org.uk

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