

Poverty in Scotland 2021

The independent annual report



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Poverty in Scotland 2021

'The alarm bells are deafening and the evidence is irrefutable.'

Carla Cebula, Chris Birt, Deborah Hay, Jack Evans.

With thanks to the members of the End Poverty Scotland group Aimee Ottroh, Brian Scott, Dianne Simpson, Faye Dearnaley, Martha Shelton-Eckstein; Michelle Wilson; Olivia Murray and Tracy Gilmour

This report shows the current state of poverty in Scotland. Even before the COVID-19 pandemic Scotland was blighted by poverty with a million people, including a quarter of a million children, trapped in poverty. Without urgent action to release poverty's grip, The Scottish Government is on course to significantly miss the child poverty targets.

What you need to know

- Without further action the Scottish Government will miss the interim child poverty targets in April 2024.
- The Scottish Child Payment must be doubled as soon as possible, but without urgent additional efforts, on social security or otherwise, the target will still be missed by around four percentage points.
- The upcoming Tackling Child Poverty Delivery Plan must set out a clear and measurable course towards meeting those targets.
- It must include a far greater scale and pace of activity to support those most at risk of poverty, including single parent families, families where someone is disabled and minority ethnic families.
- Being in a household where no one is working is one of the biggest risk factors of being in poverty.
- Support for people on low incomes is often fragmented and very difficult to access.
- The UK Government must stop the cut to Universal Credit and Working Tax Credit.

We can solve UK poverty

JRF is working with governments, businesses, communities, charities and individuals to solve UK poverty. *Poverty in Scotland 2021* plays an important part in monitoring costs and living standards – a key focus of our [strategy to solve UK poverty](#).

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Executive summary

In August, the UN Secretary General warned that the International Panel on Climate Change's report was 'a code red for humanity. The alarm bells are deafening and the evidence is irrefutable' (Guterres, 2021). For the decision-makers gathering in Glasgow for COP26 the call to action could not be starker or more immediate.

We have borrowed this warning for our report. For families across Scotland, poverty creeps into every corner of their everyday experience. It creates mental and physical ill-health, it holds back children's attainment in schools, it stigmatises and at its worst creates hunger and fear.

Scotland has set ambitious targets to reduce child poverty by 2030/31. The Scottish Parliament insisted on interim targets to be met in 2023/24, meaning that relative child poverty should be below 18% by April 2024. This report concludes that we will miss that target, and by some way, unless urgent action, at scale, is taken now.

Yet that is a political problem. A target is just a way of holding decision-makers accountable, albeit an important one. The more important evidence as to the human cost of missing these targets is shocking. Compared with people living in our least deprived communities, according to National Records of Scotland (2021) people in our most deprived communities are:

- 18 times more likely to have a drug-related death
- more than four times more likely to have an alcohol related death
and
- the rate of deaths by suicide is three times the rate in the least deprived areas
- COVID-19 death rates are more than double those in the least deprived areas.

Most astonishingly the difference in 'healthy life expectancy' is best captured by the relatively cold statistical language in which it was most recently presented.

'Males born in the most deprived areas can expect about 25 fewer years in good health than males born in the least deprived areas. The gap is over 21 years for females.'

(National Records of Scotland, 2021)

Boys born in low-income communities can expect, on average, 47 years of healthy life, girls, 50. There is irrefutable evidence of the crushing impact of poverty on children; stealing two decades of quality of life because of where you are born. This is made even more galling by the fact that this is avoidable. We can, and should, be making different choices to loosen the grip of poverty in Scotland and free our children to enjoy their lives and explore their potential no matter where they are born.

Despite its awful impacts, it is not COVID-19 that has caused poverty in Scotland, it has just thrown a spotlight on it. It does not make action to tackle poverty more difficult, it makes it more urgent.

Alarm bells must be ringing in the Scottish Government and Parliament because families all over Scotland need them to do more and do better.

The voices of people experiencing poverty are clear and need to be heard

In producing this report, we have worked with a small group of people from across Scotland who have personal experience of living on low incomes. The first section of this report captures their experiences, reflections and ideas for change. While it highlights the struggles of people up and down Scotland it also captures the hopes and aspirations of trying to provide for yourself and your family in the face of numerous barriers. The ideas put forward are also simple and achievable. Empowering people to live the best life possible, they also form the backbone of our solutions set out at the end of this report. All the quotations included in this report are drawn from our End Poverty Scotland Group discussions, and are reproduced here, under pseudonyms, with their permission.

In the face of looming targets, child poverty was rising before the pandemic

Their stories are also reflected in the analysis presented in this report. Even before the pandemic child poverty was rising in Scotland, with nearly one in four children in Scotland living in poverty. This report shows that even with the planned rollout in full of the Scottish Child Payment and its doubling, we will still miss our interim child poverty target by around 4 percentage points.

It also shows that a big part of the reason for that is the failure to make inroads into the significant levels of poverty among those families that are most at risk of poverty. With more than 80% of all children in poverty in one of these priority groups, targeted action that adjusts to their family's circumstances is needed at scale if we are to meet our targets. It is notable that the rate of child poverty for children who are not in one of these priority groups is 13%, that is not too far away from the 2030 targets.

The biggest areas for immediate action are in the lack of an adequate social security system and difficulty in accessing work that provides enough income. For work, it is vital that support is designed with particular family types in mind. For example, for a single parent who cannot work due to a lack of adequate childcare support, creating affordable and truly flexible childcare that enables them to access and progress within the labour market will have much more impact on them and the child poverty rates than just ensuring jobs are paid the Real Living Wage.

Comparatively lower housing costs continue to be the principal reason for lower poverty rates in Scotland compared with England but there are still far too many families in Scotland who are in poverty solely because of their housing costs.

Families where no-one is working are at massive risk of poverty

This report also highlights the biggest risk factor for poverty; being in a household where no-one works. Of course, families should be supported to find work that provides a good income where they can, but that platitude is of little comfort to families having to rely on an inadequate social security system today. It is also worth noting that the proportion of children in workless households, particularly among the priority groups, is higher in Scotland than it is in England. Some of this will be down to a higher percentage of people in England being forced into poverty by higher housing costs but there are areas across Scotland where too many people are unable to secure any work and that must change.

Social security should protect people from poverty: it is not

The report also provides examples of how the social security system in Scotland is inadequate to provide families with children a route out of poverty. Despite the welcome introduction of the Scottish Child Payment by the Scottish Government, families with children across Scotland are left in poverty by social security. We also show how the full rollout and doubling of that payment will lift more families out of poverty but with at least a year's wait for full rollout and no timescale for the doubling, families face a difficult wait.

These findings are particularly galling as just two days after the publication of this report, on 6 October, the standard allowance for Universal Credit and Working Tax Credit is due to be cut by about £1,040 a year.

Our priorities for action

For our targets to be met we call for all tiers of government to:

- make services 'more human' – the UK and Scottish governments and local government should work with people using their services to make them more responsive to people's needs and to simply be kinder
- have greater accountability to people living in poverty – all tiers of government need to do more to work with people in their communities to help design and deliver policy
- create a 'no-wrong-door' culture – at the very least, the Scottish and UK governments and local government should work together at an administrative level to ensure that their services are available in an integrated way
- tackle structural inequalities in support systems.

The UK Government must:

- stop the cut to Universal Credit and Working Tax Credits
- reverse the general inadequacy of social security
- bring forward an Employment Bill that attacks the root causes of in-work poverty.

The Scottish Government must:

- produce a Tackling Child Poverty Delivery Plan that puts us on a measurable course to meet the interim child poverty targets and the 2030 targets
- double the child payment at the earliest possible opportunity
- increase the scale and pace of programmes to help priority group families
- work with local government to identify areas that have high rates of worklessness among families and target action at reversing those trends
- redouble its efforts to increase job quality and accessibility
- ensure that the skills system is responsive to business needs and targeted towards priority groups.

Conclusion

This report represents both the big picture of poverty in Scotland and, in the first section, the lived reality of it at a household level. It also sounds a stark warning to the Scottish Government and Parliament that we must show far greater urgency and commitment to meet our child poverty targets.

Scotland must put itself on a path to its 2030 child poverty targets. A Scotland with those very low levels of poverty would be one where all of our children are able to explore their potential and fully participate in society. It would be a more prosperous, innovative, confident and contented place.

The Scottish Government has rightly set a national mission to end child poverty and has put in place steps to move us in the right direction. It is time, though, to stop walking and start running.

1 End Poverty Scotland: what those with direct experience told us

JRF worked with a small group of people in the production of this report, each with personal experience of living on a low income, many of whom supported last year's report and launch event too. In common with the group's ambition and passion, it was named End Poverty Scotland Group. We would like to thank them for their insight, ideas, candour and commitment to ensuring that we take positive and sustained action in Scotland, to right the wrong of poverty.

Don't waste the crisis

Overall, they wanted to see decisive action, not just warm words and to ensure that poverty reduction remained a central priority right across Parliament. They were clear we must 'meet the moment' in Scotland:

'We need to remind all political parties that poverty is still something that needs to be worked on... [COP26 and Independence] might be a great thing, but they need to deal with what's troubling their fellow citizens, right here, right now.'

(Chris. Glasgow)

They were concerned that the window of opportunity to ensure that the recovery plans led to tangible improvements for those in poverty, could close quickly, especially in terms of public attitudes:

'The general public have short memories. If they've had recent experience of the benefits system, they might have some sympathy right now for those living in poverty. Ask them again in a year's time when things have got back to semi-normal...'

(Chris. Glasgow)

Who's going to look after those who looked after us?

For all our group members, **health** was a key concern and should be at the forefront of recovery plans. There was a clear recognition that it was those who had already been struggling who had been left more vulnerable by COVID-19 and that major investment was going to be needed. Members were worried about people they knew who were struggling with poor mental health, those who hadn't been able to access their usual physical therapies to stay well and those who were living on low pay and exhausted.

'Who's going to look after those who have looked after us?'

(Chris. Glasgow)

Childcare can be a huge barrier to work, health and education

Childcare was another key concern especially for the single parents or those in the group without much support. Parents spoke about the stress of early home schooling and inconsistent communication about what was expected, while trying to juggle paid work; of how hard it had been to miss the vital social interactions for young babies during COVID-19 lockdowns; of

children making the transition into primary or secondary school and older children missing friends and activities.

'Applied for a job... got the details, eh – and the nature of the work they do, you can be held back in the evenings. And I couldn't do that. I don't have anyone to rely on. Apart from the school club, but they're only available until six o'clock at night. And the weekend work is completely out of the question, because I don't have anyone to watch my children, so it's very difficult.'

(Charlie, Central Scotland)

One parent shared how difficult it was for them to get mental health support, as appointments were hard to come by, but even in 'normal' times there was no childcare offered to help with appointments, despite the sensitive and sometimes traumatic nature of what was to be discussed.

'I just want to be able to do something to better my mental health, to be able to be a better parent, and for myself as well, I guess. But to access the health services, I have to have the kids there. The only way not to have the kids there is to speak to social services and if you have social services in your life, well, we all know... [the risks of doing that].'

(Alex, remote and rural Scotland)

While the groups acknowledged there had been a strong push to widening access to childcare in Scotland with commitments to expand the free hours offered, the reality for many was that access in practice remained difficult and inflexible.

'I know a lassie – got two boys, both in primary school – starting college next week, and she's not quite sure how she's going to do it because she has lectures three out of five days a week, after 3.30pm – 4–6pm are her lectures, and she can't get childcare. She's a single mum and cannot get a childminder... [LA] college has a creche, but no afterschool care – so she can have them in there in the summer holidays and stuff, but after-school, no – there's almost an expectation that you'll have someone to look after your children... [and] not everyone does.'

(Drew, Fife)

One parent had had to give up a job and move onto benefits, once her mum, who had provided wraparound childcare, moved away, particularly after she had another child:

'I couldn't make it [employment] work without free childcare.'

(Alex, remote and rural Scotland)

She felt not enough was done to help those who cycle in and out of poverty and queried whether it was time to look again at whether the universal approach to providing 'free' childcare in Scotland was the right one – was this the best way to support those on low incomes and tackle poverty?

A system that is loaded against people

All our End Poverty Scotland Group members were in paid work, studying and/or volunteering. Several had taken significant steps since last year's report to try and get back into further or higher education, in a bid to improve access to higher paying work in the future, once the economy had recovered, and build a better life for themselves and their children. Some had very young children and therefore were not required (as conditions of receiving social security) to be working many, if any, hours in paid work and several were recovering from difficult life events or trauma.

They shared how difficult it had been to get clear information from Department for Work and Pensions (DWP) staff on their entitlements to any financial help during a period of study and

thus to plan changes. They struggled to get answers to fundamental questions like could they take up offers of a place, or could they afford rent during the course?

In each case, after months of persistence, calls and their own research, they found a way through the complex interactions between Universal Credit, university and college funding (fees, bursaries, childcare, living costs) and their ongoing juggle of rent, bills, childcare fees, debts, health issues, moving homes and existing work commitments. In most cases these were single parents borrowing money to invest in their own education, but many had to rely on their own research and plead 'special circumstances' to qualify for the financial help that was available.

'When you're in a blind panic, when life is falling around you... you do not know what to do. And when all you see online is hate towards those on benefits and stuff, it's hard. It'd be nice if the system was just like, hey, I can see you're struggling. There should be something that picks that up, you know? ... There's no reach out campaign.'

(Alex, remote and rural Scotland)

One participant identified through her own research that she had to find the money to pay off a Universal Credit five-week advance payment in full, before she could seek a further loan to help with imminent removal costs, because of the cap on deductions, and then had to explain that to her DWP adviser.

'Why does it have to be so hard? Computer says no. I need this money to move. The money I'll save [in lower running costs in future] means I've mentally calculated it's worth it.'

(Alex, remote and rural Scotland)

Overall, the group expressed deep frustration that in most cases people were trying to create a better life for them and their families, but success was often despite the system rather than because of it.

The power of hope and informal support

Despite all they were coping with, group members remained hopeful, expressing their belief things could change and many noted just how important the informal support networks in the background were (such as other parents they'd met through a local voluntary organisation).

'It can't be horrible forever... in four years, I'll have qualified!'

(Drew, Fife)

'It was another parent that let me do the course. I don't trust a lot of people with my children, and my mum wasn't able either, so I don't have a lot of family support in the background... So it was the parent I was there with, that offered to watch my child while I went on the course.'

(Charlie, Central Scotland)

Key recommendations for action

Adequacy: we must ensure that people in Scotland have enough to live on – there can be no destitution in a modern Scotland. Group members wanted to see that commitment in plans to take forward a Minimum Income Guarantee, as they recommended last year, and to remember those who have not benefitted from action to increase support.

'I didn't even get the £20 because of the benefit cap. The school dinner money from [LA area] Council is helpful, but... I'm benefit capped due to the number of kids.'

(Dani, Central Scotland)

'Losing 20% of your pay is bad, yes... imagine you were facing that, but with absolutely no food in the cupboard.'

(Alex, remote and rural Scotland)

In conversation two group members said:

'A young, single man, homeowner – can't get help to pay his mortgage. His mortgage is £360 a month, and his Universal Credit is £411 a month. Why shouldn't he get the same help as someone who rents their home, when they are facing the same circumstances?'

(Drew, Fife)

'So, they push homeownership on the one hand, but then don't want to pay for that... They'd rather see us homeless?!'

(Alex, remote and rural Scotland)

Ending structural discrimination: this included challenging younger people's lower social security, lower wage rates and constrained access to housing, addressing the challenges of relying on a single income and the very high poverty rates for people from minority ethnic communities.

'...in terms of work at first I have been told that I needed qualifications to get a job. Nothing happened. Then...experience. When I took a traineeship to get experience? Nothing happened. The solution is simple – give people the chance to work.'

(Taylor, Glasgow)

Achieving a just transition is crucial – less affluent communities should not miss out on the benefits of the efforts to meet the climate challenge, nor be asked to pay a disproportionate share of the costs.

Group members wanted to see a significant scaling up of solutions we already know about – such as accelerating access to high-quality social homes, with solar panels and energy efficiency measures that can significantly reduce demand and costs – for key groups at risk and in places where demand was high.

'My bills halved when I moved into my new house. That was a huge increase in the disposable income I had for me and my child.'

(Skye, Central Scotland)

The **importance of support services** – including social security – 'being human', taking a **personalised approach** and dismantling barriers – 'What would help you?' Our group contrasted the experience of interacting with the Universal Credit system and Scottish Social Security Agency.

'The UC Helpline people are the nicest people ... [but once you're in the system] computer says 'no'; there's no wiggle room. No room for a "maybe" to flex to individual circumstances. We all know life is full of "maybe's".'

(Alex, remote and rural Scotland)

'I really like the Scottish child payments ...they keep you completely updated throughout and there's a thank you...and it's human, you get a text, you get an email, you get a letter. It's lovely – it's a really nice system – and you don't feel guilty for applying''

(Alex, remote and rural Scotland)

Accountability – we need to strengthen the involvement of people with lived experience of poverty in the design and delivery of public policy, to 'be in the room when decisions are made' (Sam, North Ayrshire) as well as strengthening the actions low-income families can take to hold decisionmakers to account.

Members dedicated one of their sessions to exploring human rights, with discussion led by a member with a keen interest in the potential for new legislation to drive significant change. As a group, they welcomed the moves in Scotland to incorporate key international human rights legislation into Scots law if it would give children and families (in the first instance) and those living on a low income, rights they knew about, that could be enforced – that had ‘teeth’.

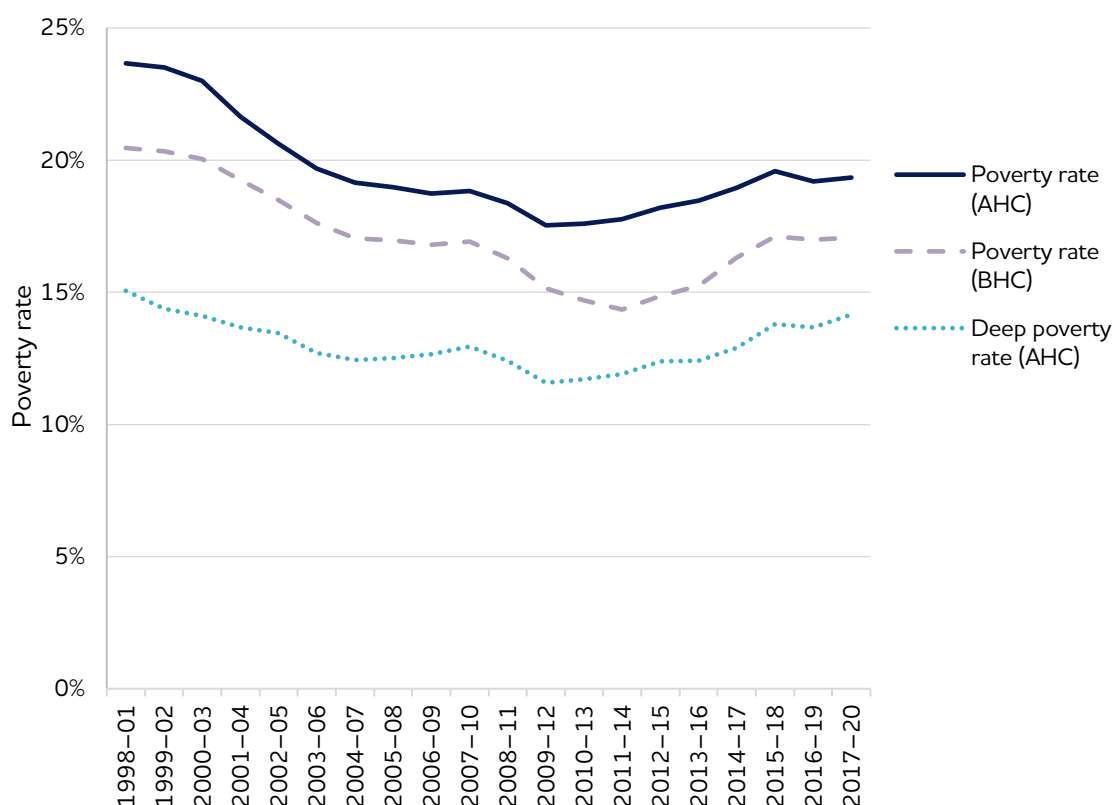
2 Poverty rates

Poverty rates over time

While there has rightly been a focus on the reversing of this trend in the last few years, it is worth noting that there was a significant drop in poverty in the early 2000s. Relative poverty after housing costs (AHC) dropped by around 5 percentage points in a fairly short period of time. Yet the poverty rate (AHC) today is much the same as it was nearly 15 years ago, showing that change is possible but also fragile.

This means that around one in five people in Scotland live in poverty after taking account of housing costs and this figure has been rising since 2011–14 (Figure 1). Deep poverty (a household with less than 50% of the median income adjusted for a household size) followed a similar decline between 1998–01 to around 2009–12, but has steadily increased since then. Deep poverty has now reached similar levels to those found 20 years ago with 14% of people in Scotland well below what is needed to make ends meet.

Figure 1: Poverty in Scotland has been increasing since around 2010–13 with deep poverty almost reaching the same level as 20 years ago



Source: Scottish Government poverty statistics

Poverty rates in 2017–20

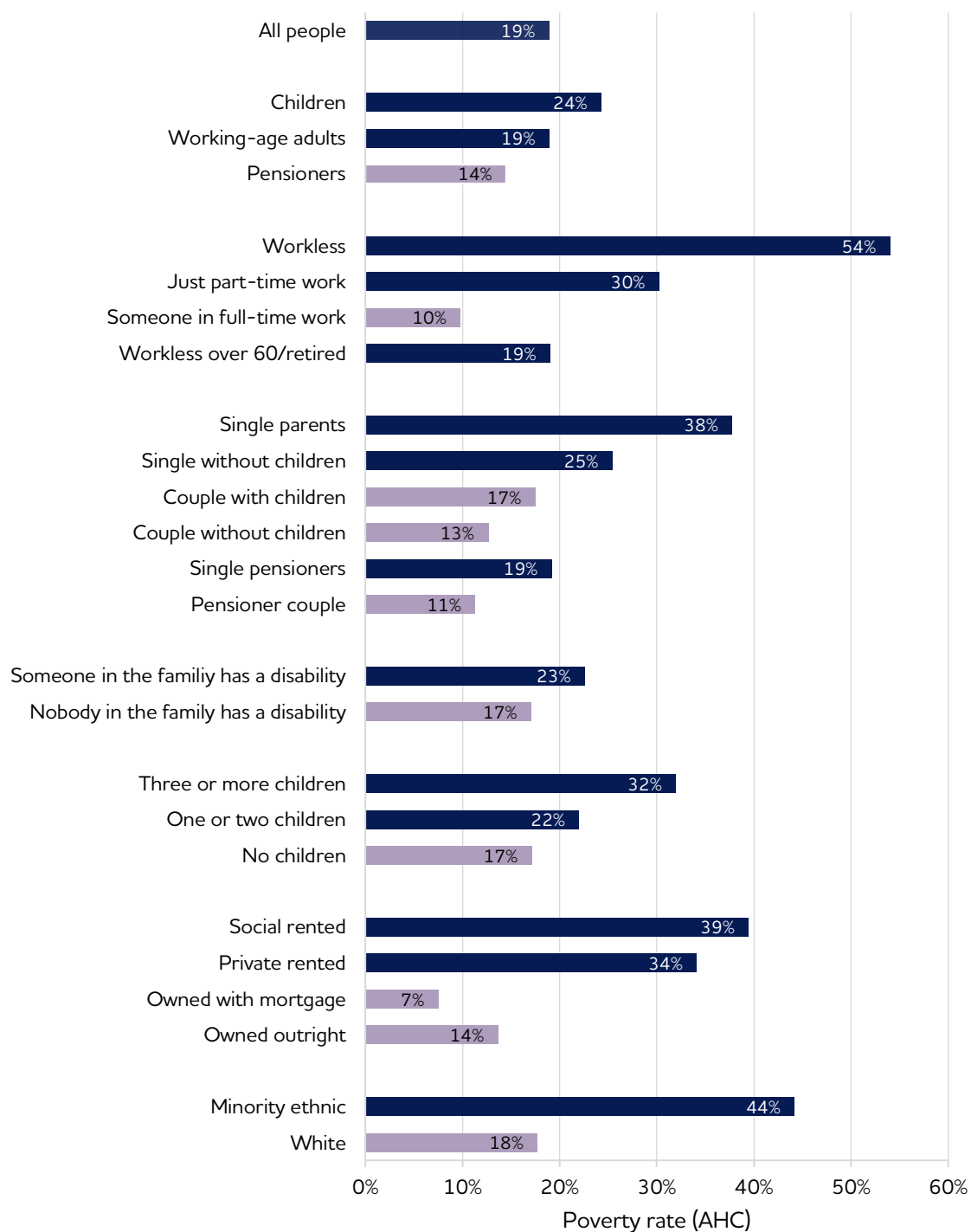
As poverty has been rising in Scotland some groups have been at a higher risk of being pulled into poverty than others (Figure 2) with many consistently experiencing higher levels of poverty than the general population.

In 2017–20, almost one in four children (240,000) in Scotland were living in poverty. Like the trend for all people, this had fallen from 1998–01 but has been increasing since 2010–13. Single adults (of all ages) and particularly single parent families (at 38%) experience higher levels of poverty than all people. Families with children also do, in particular almost one in three people in large families (families with three or more children, 32%) live in poverty.

Shockingly, the poverty rate for people in minority ethnic families is more than double that of people in white families. More than two in five people from a minority ethnic background are living in poverty, compared with less than one in five white people.

54% of people who are in families where no one is working are in poverty and full-time work plays an important role in reducing the risk of poverty in Scotland. Poverty rates for people in families that just have part-time work are triple (at 30%) those of people in families where at least one person is in full-time work (at 10%).

Figure 2: Some groups in Scotland are at a greater risk of living in poverty. People in workless families, single parent families, renters, and people from a minority ethnic background experienced particularly unacceptable levels of poverty in 2017–20



Source: JRF analysis of Households Below Average Income

3 Child poverty rates, targets and projections

Child poverty rates remain higher than the general population and the last few years, since the setting of the child poverty targets, has seen a concerning rise in child poverty. In 2017, parties across the political spectrum in the Scottish Parliament set ambitious legal targets to significantly reduce child poverty by 2030/31. Table 1 shows the four 2031 targets and the interim relative poverty target and explains what they show for children trapped in poverty.

Table 1: Scotland’s child poverty targets

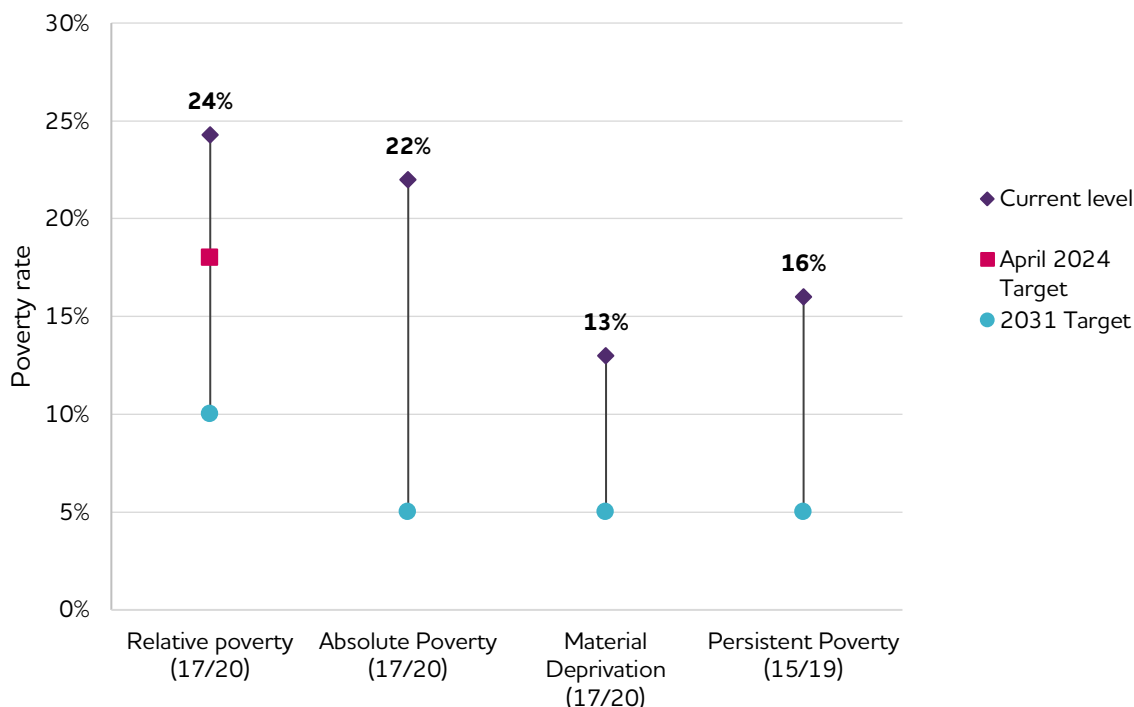
Measure	Target	What does this measure show?
Relative poverty	Less than 10% of children are living in relative poverty after housing costs	The proportion of children that live in families that have incomes lower than 60% of the average (median) household income.
	An interim target of less than 18% living in relative poverty after housing costs in year 2023/24 (for example by April 2024).	This measure falls if poorer households’ incomes ‘catch up’ with middle-income households.
Absolute poverty	Less than 5% should be living in absolute poverty	The proportion of children that live in families that have incomes that would have been below the relative poverty line in 2010–11. Changes in this show whether incomes have been improving faster than the cost of living over time. We would usually expect absolute poverty to fall as incomes and living standards increase over time (because of economic growth).
Material deprivation	Less than 5% should be living with combined low income and material deprivation	The proportion of children living in families that cannot afford a range of basic goods and services such as ‘having a warm winter coat’ and ‘Go on a school trip at least once a term’, as well as having a low income After Housing Costs.
Persistent poverty	Less than 5% should be living in persistent poverty	The extent to which families remain trapped in poverty over time, for example who have lived in relative poverty in three or more of the last four years.

In 2017–20, for all children in Scotland, each of the current poverty measures sat at more than double their 2031 target (see Figure 3). In 2017–20:

- almost one in four children were living in relative poverty (AHC) (target less than one in ten)
- more than one in five children were living in absolute poverty (target less than one in twenty)
- 13% of children lived in material deprivation (target less than 5%).

Persistent poverty is measured over a different timeline but in the period between 2015–19 16% of children in Scotland were trapped in poverty for at least three in four years, more than three times over the target of less than 5%.

Figure 3: Distance from the child poverty targets



Source: Scottish Government Poverty Statistics

Poverty rates and the COVID-19 pandemic

The poverty rates referred to here all reflect the situation before the COVID-19 pandemic, that is the last records in the data correspond to March 2020 just as lockdowns began. Because of the dramatic impact of the pandemic on the economy and the unprecedented government interventions, the next two sets of poverty statistics will be very difficult to interpret. The significant shutdown of many businesses and interventions like the furlough scheme are likely to show a drop in the median wage and, as a result, the relative poverty line. The increase in Universal Credit and Working Tax Credit will also mean that some of those on the lowest incomes will have seen their incomes temporarily increase over the period March 2020 to October 2021. This may result in a fall in poverty rates compared with the period before the pandemic but there are few that would argue that this reflects real improvements in people’s permanent living standards.

These statistics will still provide a valuable insight into general levels of incomes during the pandemic. For the Scottish Government and Parliament, however, they have the potential to be seriously misleading. Due to the differing factors at play during the pandemic it will be difficult to compare, or show a trend, with the 2020/21 and 2021/22 data and the period before and after them. This means the next set of statistics that will provide insight into longer-term poverty trends will be for 2022/23 (assuming, of course, that the effects of the pandemic further recede next year). Those statistics will be published in March 2024, just before the interim child poverty targets must be met.

That means for the next couple of years, as we move towards the interim child poverty target, the Scottish Government and Parliament will not be able to rely on the official data to look into

the impact of policy. The Scottish Government should explore how it can publicly use tax benefit modelling and better real-time information to help inform policy decisions and scrutiny over this time.

How far away are we from the targets?

Earlier this year JRF modelled various scenarios to show the action that was needed to meet the interim child poverty targets (Birt and Milne, 2021). We have updated our forecasts to project where we think child poverty rates will be in 2023/24 based on current plans and the plan to double the Scottish Child Payment. We have also shown the impact that cutting Universal Credit and Working Tax Credit will have.

In short, it is clear that on our current course we are far from meeting the April 2024 target. Without any further action, we will be 5 percentage points from the targets and even if the child payment was doubled before 2023/24 we will still be 4 percentage points from them.

We have modelled three scenarios:

1. A base scenario where the UK Government cut Universal Credit and Working Tax Credit and the Scottish Child Payment remains at £10 a week per child and is rolled out to all children under 16 by the end of the next financial year.
2. The UK Government cuts the £20 uplift to Universal Credit and Working Tax Credit but the Scottish Government doubles the Scottish Child Payment before 2023/24.
3. The UK Government keeps the £20 uplift to Universal Credit and Working Tax Credit and the Scottish Government doubles the Scottish Child Payment before 2023/24.

Table 2: Impact on child poverty rates from modelled scenarios

	Scenario 1 – 2023/24, no uplift and SCP of £10 a week	Scenario 2 – 2023/24, no uplift and SCP of £20 a week	Scenario 3 – 2023/24, uplift and SCP of £20 a week
Children in poverty	230,000	210,000	200,000
Child poverty rate	23%	22%	20%
Number of children lifted out of poverty compared with scenario 1		20,000	30,000
Priority group child poverty rates			
Households with a baby	33%	29%	27%
Large households	27%	25%	24%
Single parent households	40%	37%	33%
Minority ethnic households	46%	44%	43%
Households with a disabled person/s	28%	27%	24%

Source: IPPR Tax and Benefits Microsimulation Model and FRS 2019/20. Modelling undertaken in September 2021.

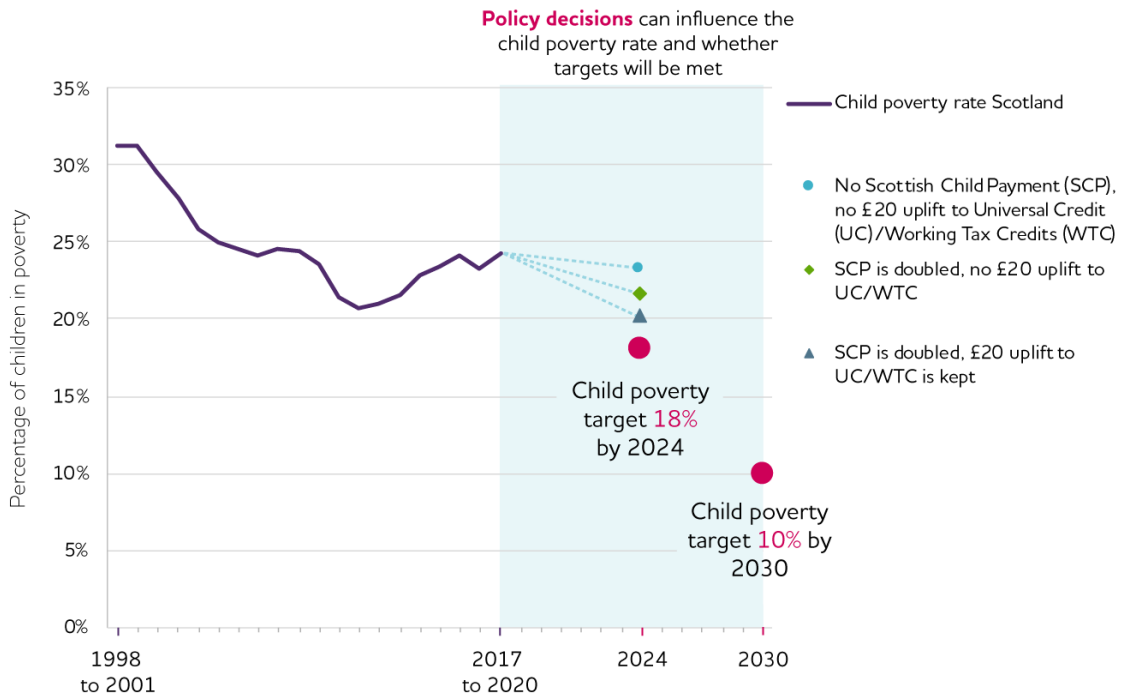
If the UK Government goes ahead with its cut to Universal Credit and Working Tax Credit and the Scottish Government refuses to double the child payment before 2023/24 we project child poverty to essentially stand still at 23% by the end of 2023/24 – missing the targets by 5 percentage points and leaving 230,000 children in poverty compared with less than 180,000 children if they were to meet the targets.

By doubling the Scottish Child Payment as quickly as possible, the Scottish Government would lift 20,000 children out of poverty by April 2024 (Scenario 2). This would bring the child poverty rate to 22%, still 4 percentage points short of the interim targets.

Finally, if the UK Government reversed its decision to cut Universal Credit and Working Tax Credit, this would stop 30,000 children from being pushed into poverty in Scotland and bring the relative child poverty rate for children to around 20%, only 2 percentage points short of the targets (assuming the Scottish Child Payment has also been doubled).

All of this shows, in every scenario, that the Scottish Government will need to take further action if it is to meet the interim child poverty targets. The impact of both the UK Government cancelling the cut to Universal Credit and Working Tax Credit and the doubling of the Scottish Child Payment shows, through social security alone, how government decisions can have a significant impact. The Scottish Government needs to act now if it is to meet its, and the Parliament's, aspirations to meet these child poverty targets.

Figure 4: Projected trajectories for the child poverty rate under three different scenarios



Source: JRF analysis of HBAI

4 Why the Scottish Government must focus on the priority groups

The Scottish Government identified a number of groups most at risk of child poverty in Scotland (Scottish Government, 2018a). These are children living in:

- single parent households¹
- households where an adult and/or child is disabled
- households with 3 or more children – large households
- minority ethnic households²
- households with a child under one year old
- households where the mother is under 25 years of age.

We were unable to look at progress for young mothers due to a lack of data and they are excluded from further analysis, but data before 2016–19 suggests that relative poverty had been increasing for this group.

In some ways it is obvious why the Scottish Government should focus on the priority groups but with more than 80% of children in poverty being from one of the priority groups the people in those groups can feel that they are not much of a priority.

'If over 80% of children in poverty are still in one of the priority groups, how much of a priority are we, really?'

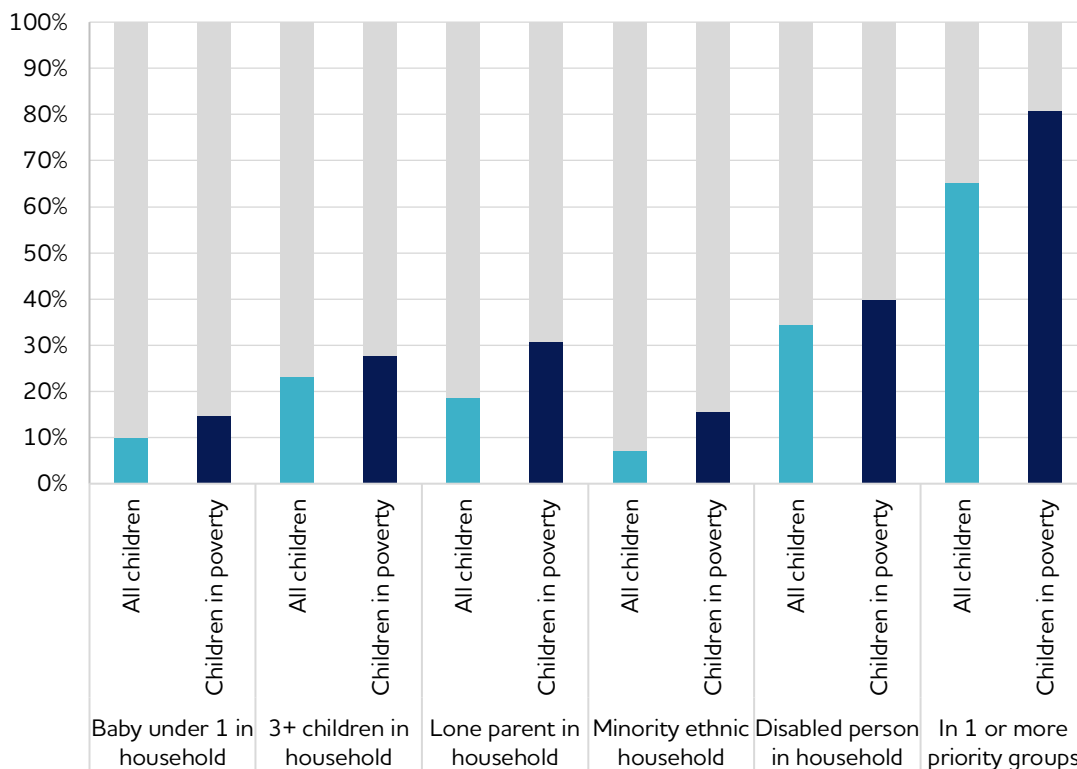
(Alex, remote and rural Scotland)

As a result, there is both a moral and practical imperative to reduce poverty within these groups. Practically speaking, without action to support these priority groups, the targets cannot be met. Most notably, as shown in Figure 5, children in households where someone is disabled make up 40% (or 100,000 children) of all children in poverty. Without targeted action for this group, meeting the 2031 targets (or indeed the interim ones) is almost impossible.

The moral case is also clear, with these priority groups being at far higher risk of poverty than on average. For example, minority ethnic children make up 7% of the population yet make up 16% of all children in poverty – a stark portrayal of the many inequalities facing minority ethnic families.

The need for targeted action is also crucial. Even comparatively generous general uplifts in social security would leave poverty rates among priority groups unacceptably high. For example, our analysis from earlier this year (Birt and Milne, 2021) shows that even a £40 a week per child Scottish Child Payment for all families would leave the relative child poverty rate for children from a minority ethnic background at 38%.

Figure 5: Percentage of children in poverty who are in each priority group (2017-20)



Source: JRF analysis of Households Below Average Income

How far are the priority groups from the 2030/31 targets?

For each of the poverty measures for all priority groups, the rates of poverty among children in these groups is significantly higher than the rate for all children.

Tables 6–8 below speak for themselves as they show just how far each of the priority groups are from the child poverty targets and how they are much more likely to be in poverty than children not in one of these groups.

It is also important to remember the unequal impacts of the COVID-19 pandemic. The figures represented here show the increased risk of poverty that families in these groups entered the pandemic with. From research conducted over the last year, however, we already know that those in poverty have been among those hit the hardest economically, but also many of these priority groups have faced acute barriers and stressors over the last year and a half. For example, during the COVID-19 lockdown single parents were more likely to have lost their jobs or been furloughed than coupled parents (Dromey et al, 2020). The reflections of our colleagues in the End Poverty Scotland Group also highlight these challenges.

In Scotland, minority ethnic workers are more likely to work in sectors that have been hardest hit by the COVID-19 lockdown such as hospitality as well as working in many frontline occupations such as healthcare and transport, and therefore being more at risk of COVID-19 (Meer and Qureshi, 2020). In all these examples, there is likely to have been a detrimental impact on children in the priority groups, increasing poverty levels, anxiety and trauma among parents and children alike.

The pre-pandemic figures do also highlight a few particular points of note:

- For children in single parent and minority ethnic households the rate of poverty, on all measures, is almost twice the rate for all children.
- For children in these two priority groups absolute poverty is also high and has been increasing in recent years. This means that low-income families' incomes are not keeping up with inflation suggesting that conditions are deteriorating.
- Children that have a disabled person/s in their household have lower relative and absolute poverty rates than other priority groups, but one in five are living in material deprivation. One reason for this may be that although disability benefits are paid to cover the additional costs of living with a disability (such as requiring specialist services or equipment for your home) relative and absolute poverty rates are calculated including disability benefits as if they are part of general household income. This means that incomes for households receiving disability benefits are overestimated and, as a result, do not provide a true reflection of what funds families will have available to cover basic needs. When the relative poverty rate for children in households where a person/s is disabled is recalculated to exclude disability benefits, it rises from 29% to 34% suggesting that living in a household where someone is disabled does have a significant impact. Additionally, work undertaken by SCOPE suggests that disability related benefits do not always cover the full additional costs of living with a disability (John et al, 2019). These two issues combined leaves a number of families unable to access the essential items and services used to measure material deprivation.
- Children in families with a child under five have the lowest material deprivation rate of all the priority groups sitting at the same level as for all children in Scotland (13%). Compared with the patterns seen for other priority groups for both relative and absolute poverty this is lower than would be expected. It could be caused by the impact of a parent's ability to work and/or receive suitable financial support (such as full maternity support) after the birth of a child and also shows the importance of return to work as the child ages for those who want to.
- More than 1 in 10 children in Scotland have been in material deprivation, living without many of the products and services in the measure since this measure was introduced in 2011 and this has seen no improvement. It is unacceptable that children in Scotland have seen no progress and suggests that a significant number of families are being left in material deprivation.

How priority groups compare on child poverty targets with all children rates

Figure 6: Progress towards relative poverty targets for children in the priority groups

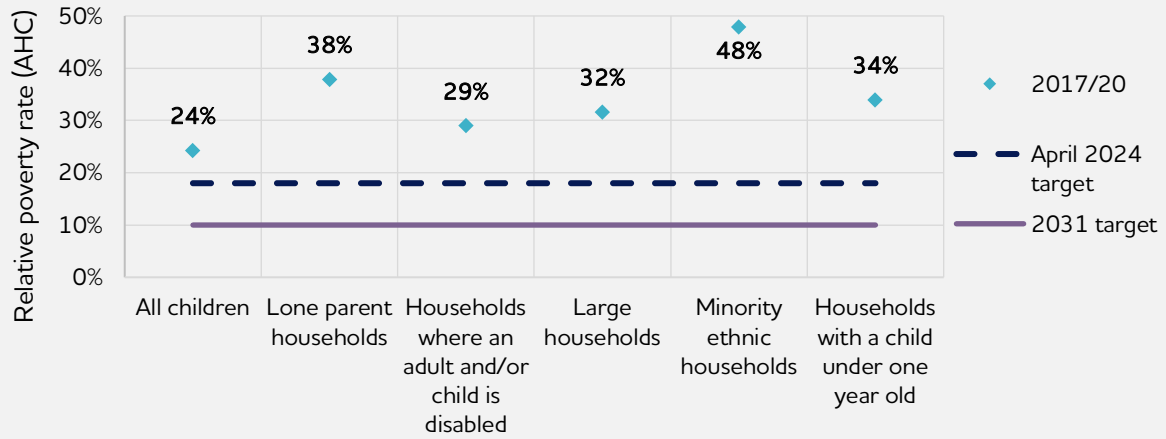


Figure 7: Progress towards target of reducing absolute poverty to below 5% for children in the priority groups

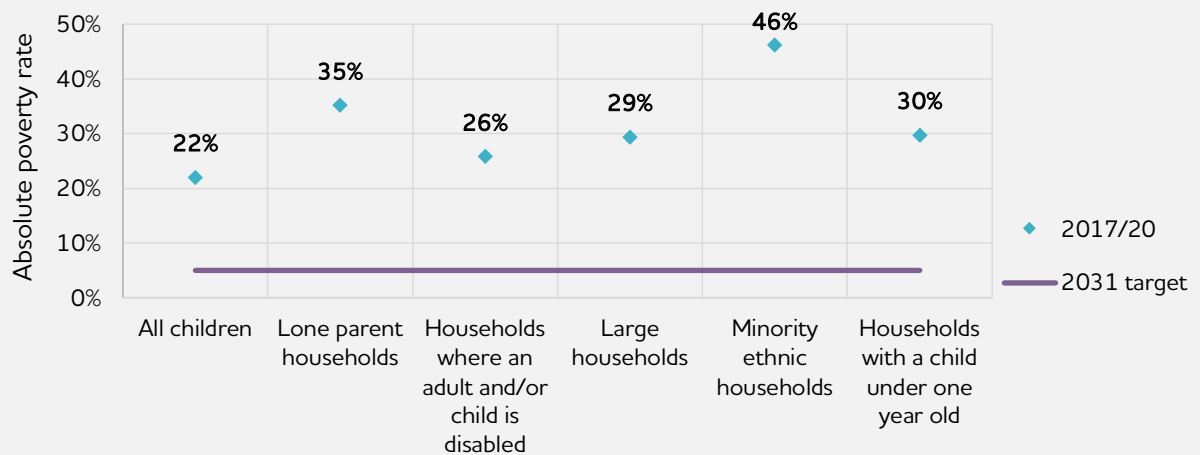
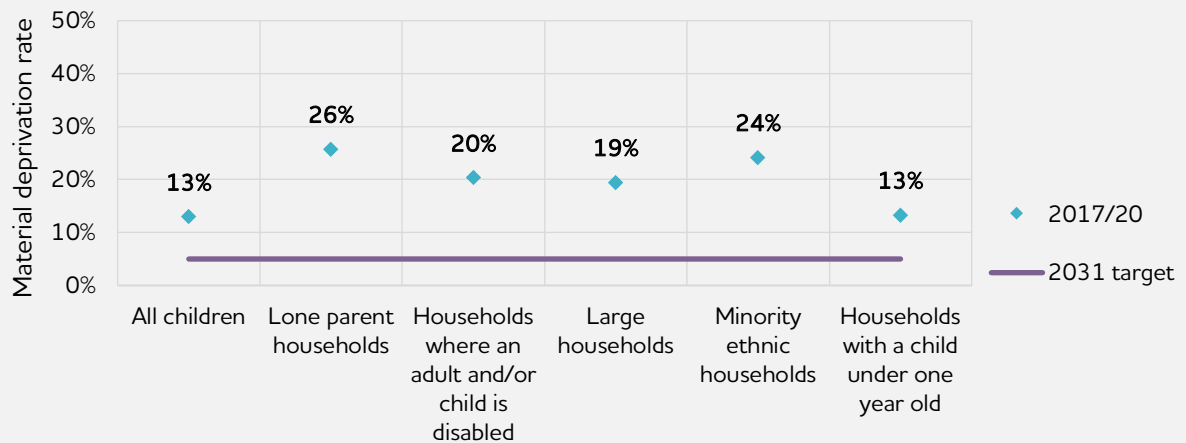


Figure 8: Progress towards target of reducing material deprivation to below 5% for children in the priority groups



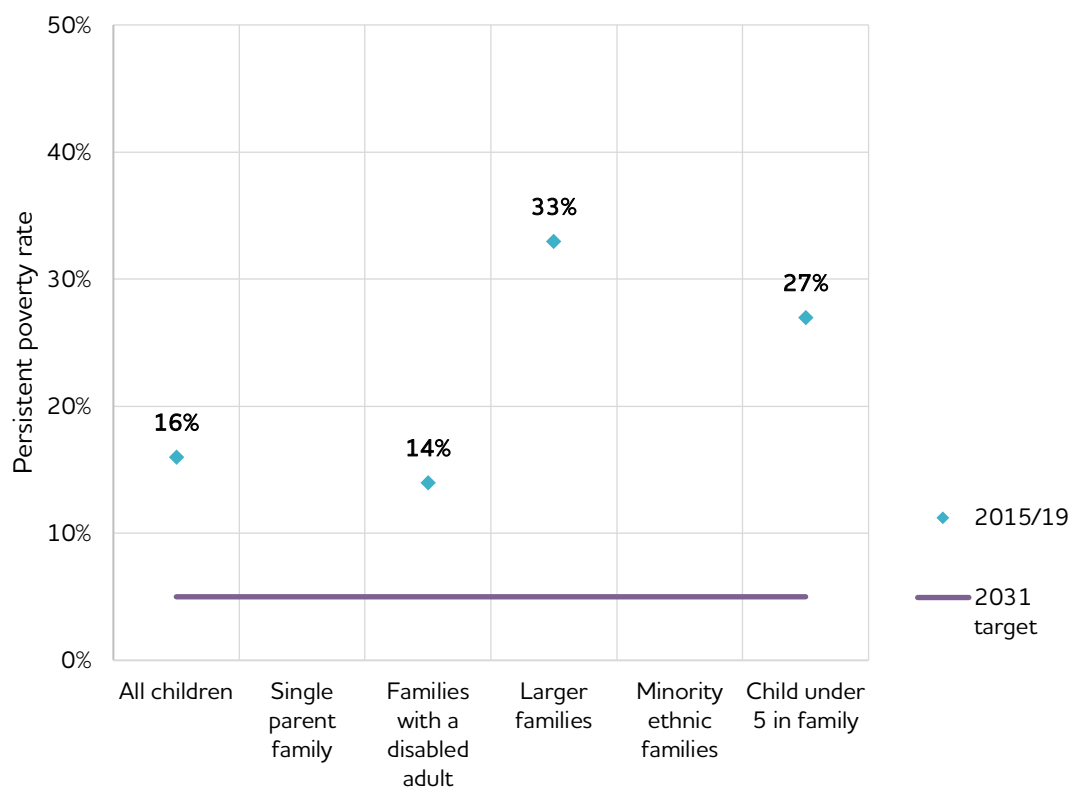
Source: JRF analysis of Households Below Average Income

In the modelling that we presented earlier we also considered the impact of each of the three policy scenarios on the poverty rates for children in the priority groups (see Table 2). We found that even in the case of keeping the £20 uplift to Universal Credit and Working Tax Credit and doubling the Scottish Child Payment, the gap between each of the priority groups and all children in Scotland remains significant.

Persistent poverty

Frustratingly the level of data available for persistent poverty does not allow breakdowns for all the priority groups (and the way they are measured is also slightly different to the other measures³). For all children in Scotland 16% were living in persistent poverty in the period 2014 – 19. One in three children in large families are living in persistent poverty suggesting that a large proportion of those in relative poverty have been trapped in poverty for a longer period of time. Over a quarter (27%) of children in families with a child under five and 14% of children in families with a disabled adult were trapped in persistent poverty. It is worth noting that, like the other measures, disability assistance benefits are included as income for these measures so the incomes of families where an adult is disabled is artificially inflated compared with the reality of their costs.

Figure 9: Progress towards target of reducing persistent poverty to below 5% for children in the priority groups



Source: Scottish Government analysis of Understanding Society

5 What is driving the higher poverty rates in each priority group?

To tackle the endemic levels of child poverty in each of these groups it is vital to understand the different drivers that each group faces. Here we look at the trend over the last few years for poverty rates in each of the groups and provide a comparison with England. This helps give us an insight into the interaction between policy areas that are reserved to the UK Government (such as the majority of social security and employment law) and the actions of the Scottish Government within devolved areas. It also allows us to track the impacts of the Tackling Child Poverty Delivery Plan and connected strategies such as the A Fairer Scotland for Disabled People Employment Action Plan (Scottish Government, 2018a). This analysis shows little progress and indeed some worsening.

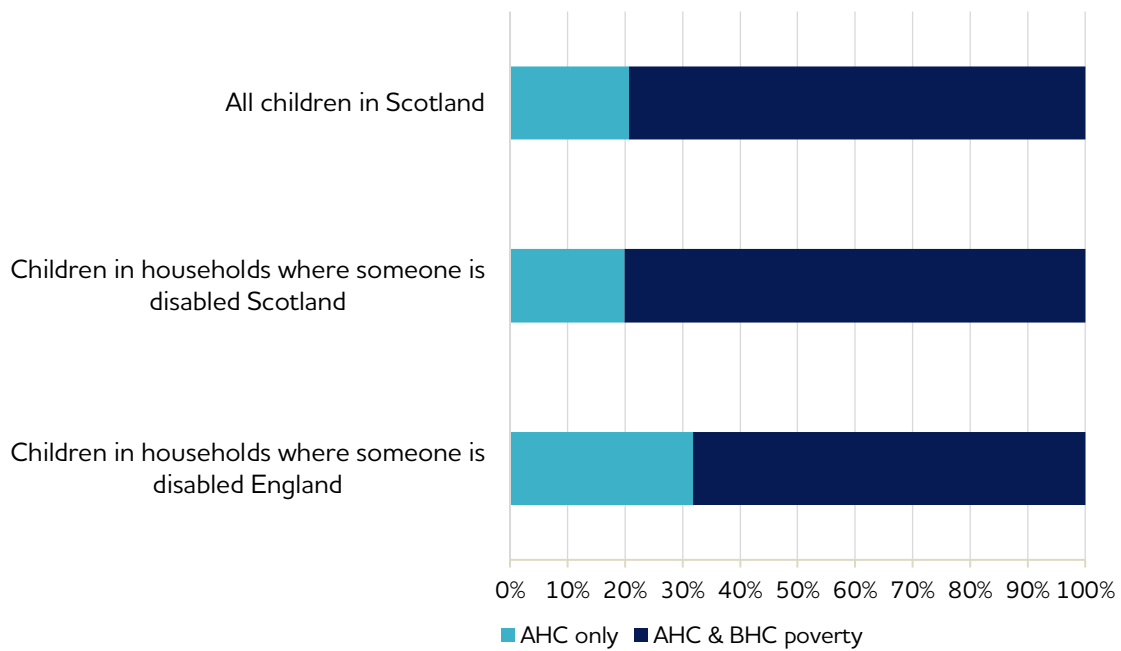
Disabled person in the household

There has been very little change in the rate of relative poverty for children who have someone disabled in their household either in Scotland or England. More than one in three children (34%) who live in such a household are in poverty⁴, slightly higher than was the case in 2011–14 (at 32%). This follows the poverty rate trend for all children in Scotland. The poverty rate for this priority group (37%) in England is slightly higher across this period but shows similar patterns.

The principal driver of the difference between Scotland and England is housing costs with the proportion of children in after housing cost-only poverty being much higher in England compared with Scotland (see Figure 10). Almost half of children in poverty in this priority group in England live in unaffordable housing (spending more than 30% of their income on housing) (47%) compared with 39% in Scotland.

These rates are lower than found for children in poverty in Scotland generally and this may be due to households with a disabled person in poverty being more likely than other priority groups to live in the social rented sector (58%), where rents are lower and where provisions for building alterations are also more accessible than the private rented sector.

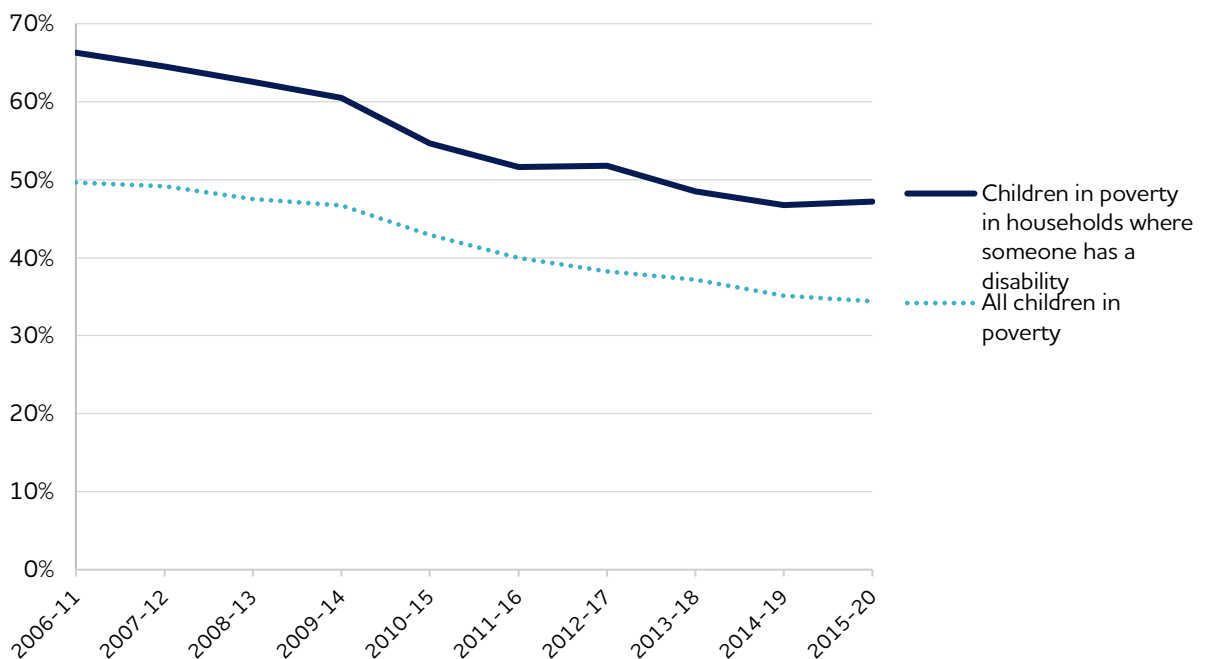
Figure 10: Children in households in poverty where someone is disabled showing the proportions in after housing costs-only poverty compared with those in both after and before housing costs poverty



Source: JRF analysis of Households Below Average Income

The comparison for labour market outcomes is, however, much poorer in Scotland compared with England.

Figure 11: The proportion of all children in poverty in workless households: comparing the rate for all children to the rate for children in a household where someone has a disability



Source: JRF analysis of Households Below Average Income

Although it has fallen in recent years, almost half (47%) of children in households where somebody has a disability do not have anyone in work. This is significantly higher than both the average for children in poverty in Scotland (34%) and the rate for the priority group in England (38%) and is likely to be a significant driver of higher rates of poverty for children in these households. While patterns of long-term ill-health and disability are known to be higher in Scotland, the comparatively high rate of families with no one in work is unlikely to be entirely down to this higher rate of long-term illness or disability, although it is difficult to tell conclusively. The Fairer Scotland for Disabled People: Employment Action Plan: Year 2 – Progress Report (Scottish Government, 2021) notes some progress on closing the disability employment gap but, for example, it shows that only around 3,600 have secured employment via Fair Start Scotland while there are the 100,000 families (with and without children) in poverty where someone is disabled and nobody is in work.

Children in households where someone is disabled are also much more likely to receive social security support; 78% of children in this priority group (compared with 69% of children in poverty) are in a household where one or more people in the household are claiming some type of benefit, with 20% claiming disability specific benefits.

Single parent households

Between 2012–15 and 2015–18 there were concerning increases in poverty for children in single parent households in Scotland. There has been no real progress for this group since 2015–18 (40%) with poverty now sitting at 38%. The steep increase since 2012–15 does not reflect the trends seen generally in Scotland and may reflect some of the changes to the UK benefits system around this time, particularly with the English trend for the group mirroring this much more closely. See Tables 12–14.

Figure 12: Proportion of children in poverty in a workless household for single-parent household priority group

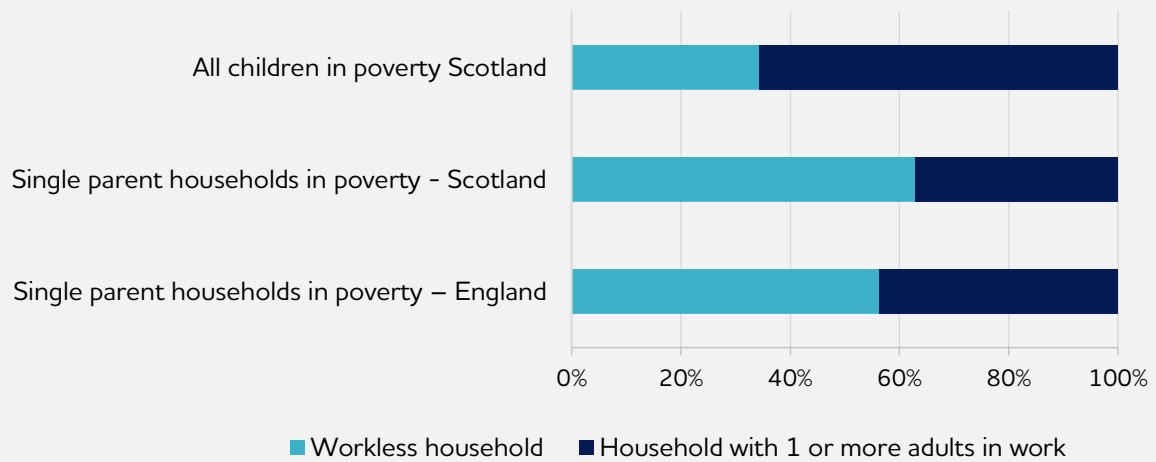


Figure 13: Proportion of children in poverty in a household that has received Universal Credit or equivalent for single-parent household priority group

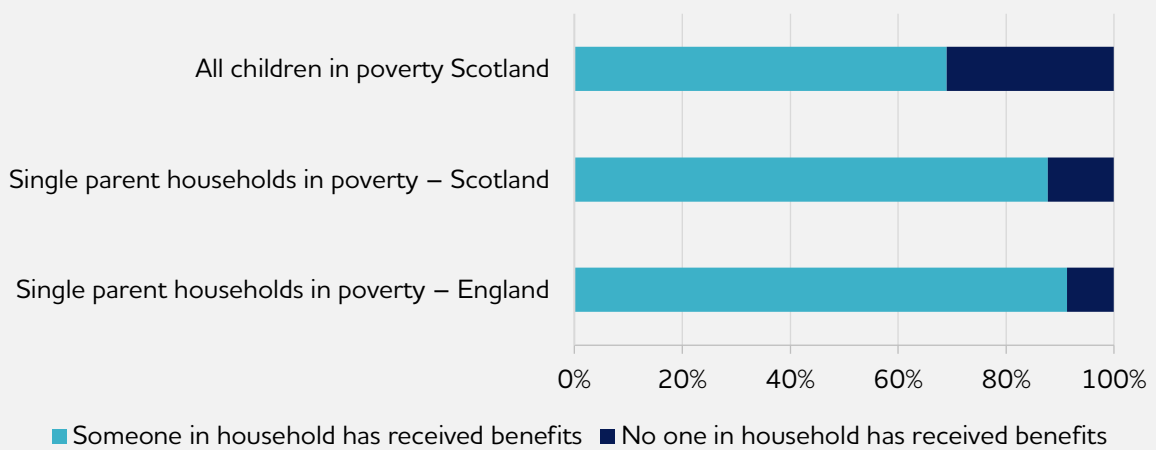
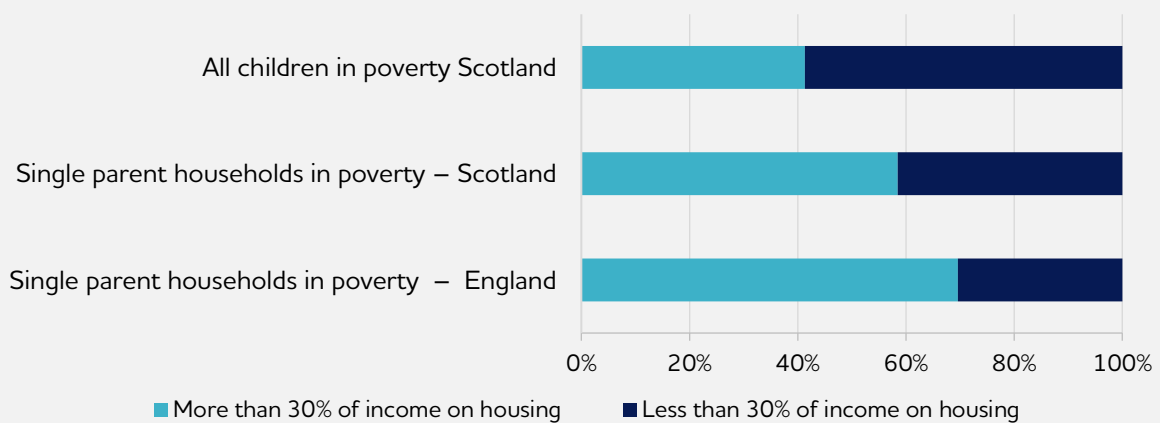


Figure 14: Proportion of children in poverty in a household in unaffordable housing for single-parent household priority group



Source: JRF analysis of Households Below Average Income

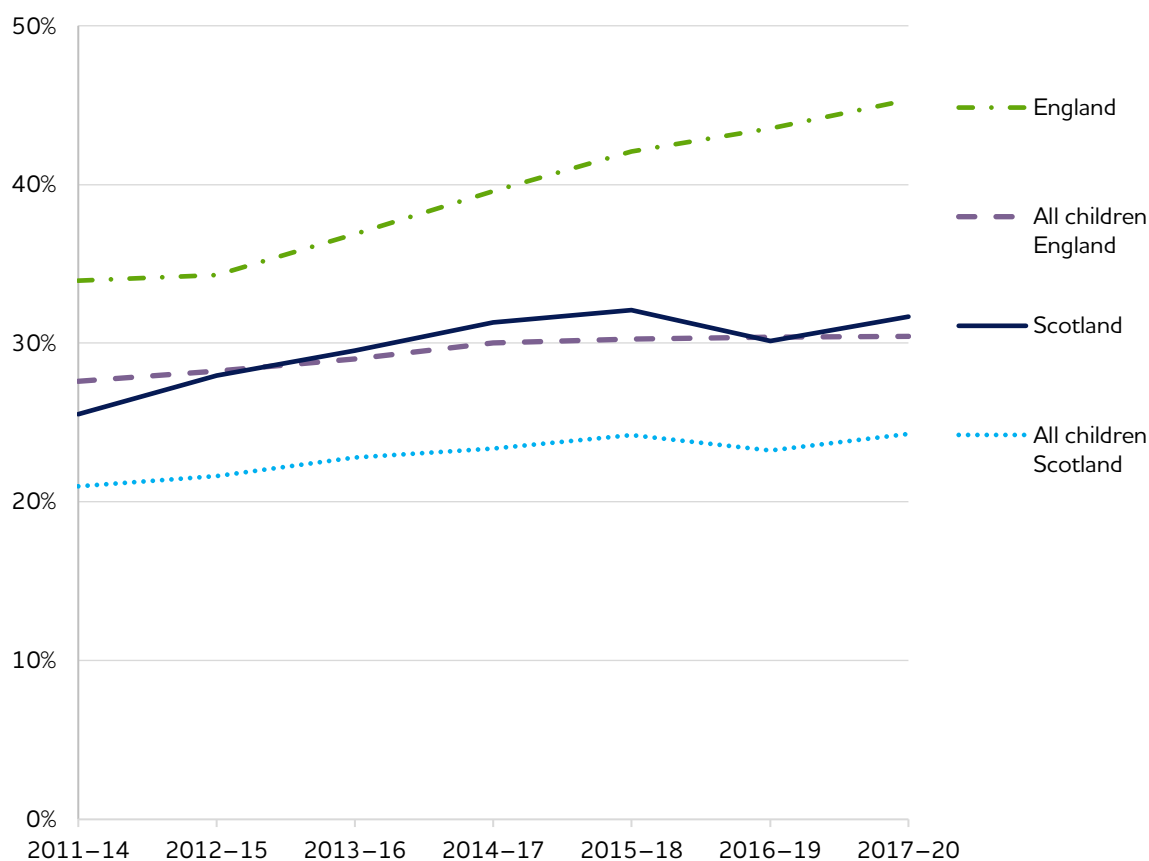
The poverty rates for children in single-parent households (38%) are significantly higher than the average (24%) and are also built on a triple whammy of having higher than average housing costs, being more likely to rely on the inadequate social security system and being far less likely to be able to secure work. This is reflected in an almost constant rise in poverty among these families in recent years. While the position is, unfortunately, even worse for single-parent families in England (a poverty rate of 49%), a higher proportion of children in single-parent households in Scotland are unable to secure work (63% without work) compared with single-parent families in England (still with a high 56% not in work). This means that almost double the proportion of children in single-parent households are in families where no one works compared with all children in poverty in Scotland (34%).

Additionally, a higher proportion of children in single-parent households in poverty are living in unaffordable housing (58%) compared with all children in poverty in Scotland. However, this is significantly less than children in single-parent households in England (70%). It is likely that tenure plays a role in the difference between Scotland and England. In 2015–20, 62% of children living in poverty in lone-parent households in Scotland were in social housing compared with 54% in England.

Our report from earlier this year (Yaqoob et al, 2021) highlighted many of the barriers that single parents face in accessing good work, many of which have existed for quite some time. Similarly, many of the members of our End Poverty Scotland Group have detailed the challenges reflected in that report including access to education, childcare and inflexibility of working patterns.

Large households

Figure 15: Child poverty rate (AHC) for children from a large household



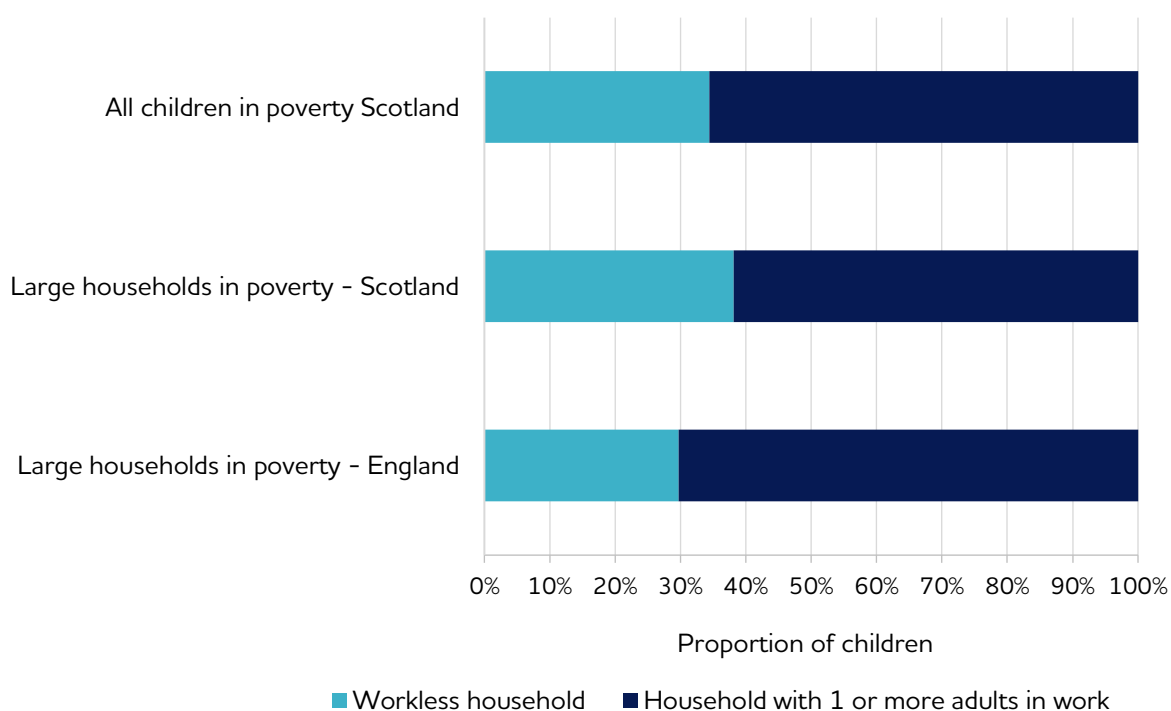
Source: JRF analysis of Households Below Average Income

Children in large households in Scotland have consistently been at a higher risk of poverty than all children in Scotland, around 10 percentage points higher. However, it has followed a similar trend to the changes in how poverty has grown and changed in Scotland since 2011–14. Comparing this with England, child poverty for children in large households has been steadily increasing since 2012–15, against a much flatter trend for England overall. Families in England and Scotland have both been victim to the same cuts to Universal Credit, that is the two-child cap and benefit cap, yet outcomes for these families in England are getting worse more quickly than the situation for smaller families. In Scotland, while still higher than smaller families, the gap is more stable.

As with other priority groups, children in large households in poverty in Scotland are slightly more likely to be in a workless household (38%) than all children in poverty in Scotland (34%) and this is higher than in England. However, the majority of children in poverty in Scotland (66%) have one or more adult at home in work.

Access to some sort of work does not seem to be the key driver of poverty for this priority group in England as a similar proportion of children in large families are in workless households as is found for all children in poverty. This suggests in England the issue for parents with three or more children is finding good work that has appropriate pay, quality, and intensity as 70% of children in large households in England living in poverty have one or more adult at home in work. In Scotland this is also clearly part of the issue (as 62% of children in such families have someone in work) but there is also a greater proportion of children in Scotland, compared with England, in households where no-one works. With a high proportion of children (76%) in large households receiving social security support, it is clear that a lack of sufficient income from both work and social security support is locking these families in poverty. It is also the case that changes to the social security system will disproportionately affect these families.

Figure 16: Proportion of children in poverty in a workless household for large household priority group



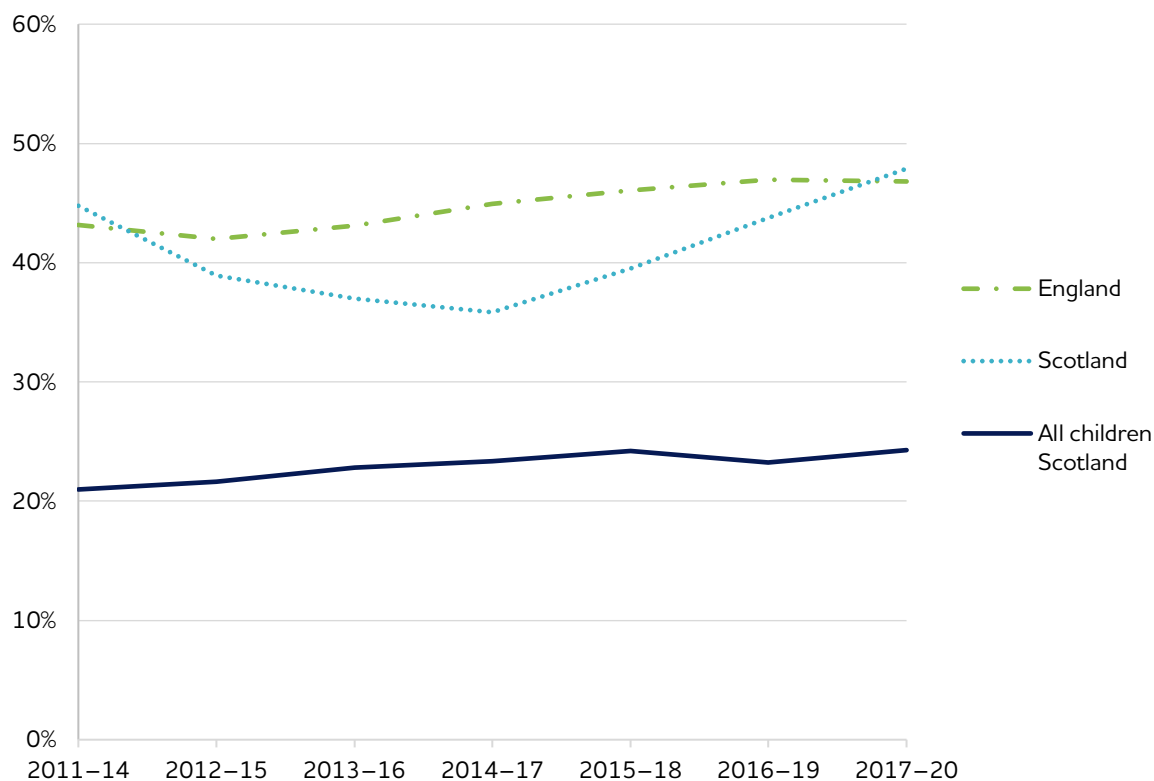
Source: JRF analysis of Households Below Average Income

Housing is less of a driver for poverty for children in large households in Scotland compared with children in poverty in Scotland and England. They are less likely than other children in poverty to be pushed into poverty due to their housing costs alone (meaning they were in poverty before housing costs) which suggests that this is mainly down to not having enough income to start with. That being said, still more than 3 in 10 children are in a household that are spending more than 30% of their income on housing. In England, 30% of large households are only in poverty because of their housing costs, 11 percentage points higher than in Scotland, again suggesting the main driver of this priority group’s poverty in Scotland is a fundamental lack of income.

Minority ethnic households

We will shortly be publishing a more detailed analysis of poverty among people from a minority ethnic background in Scotland although that analysis is hampered by a lack of robust data. That being said it is clear that the poverty rate for children from a minority ethnic household is double the rate for all children in Scotland. As shown by Figure 17 this also appears to show an increase in relative poverty among children in minority ethnic households since 2011–14.

Figure 17: Child poverty rate (AHC) for children from a minority ethnic household



Source: JRF analysis of Households Below Average Income

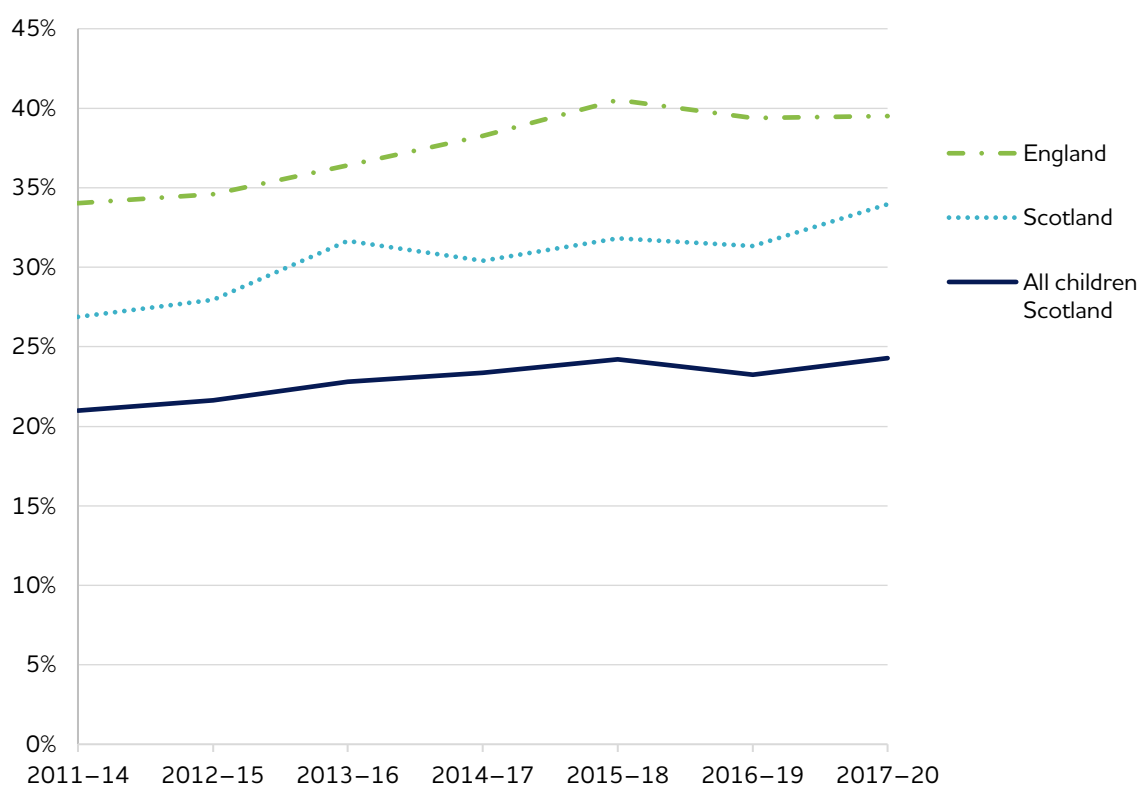
Baby under one year old

Unfortunately, for households with children under one there is limited data available beyond headline poverty rates. It also means, due to a small sample size, that year-to-year comparisons and trends over shorter time periods may not accurately reflect people’s experiences. That being said, the child poverty rate for children in a household where there is a baby under one has been increasing in Scotland since 2011–14 and there is an indication of an increase between 2016–19 and 2017–20. This follows a similar pattern to that found for all children in Scotland but in England there was a steady increase between 2011–14 and 2015–18 and then the poverty rate plateaued.

The targeted interventions point here is key. Quite rightly, parents, overwhelmingly women, with children under one are not expected to work by the Universal household Credit conditionality system. While interventions such as the Best Start Grants and the baby box will provide helpful support to parents while their children are so young, it is clearly not having an impact on the headline poverty rates. Of course this is not a reason to stop these interventions, it just highlights that they are not yet at the scale to significantly impact on poverty rates.

From February this year, however, families with children under one in receipt of Universal Credit and many of the legacy benefits (those being replaced by Universal Credit) will be eligible for the Scottish Child Payment which, as shown above, should reduce poverty among these families.

Figure 18: Child poverty rate (AHC) for children from a household with a baby under one year old



Source: JRF analysis of Households Below Average Income

Families in more than one priority group

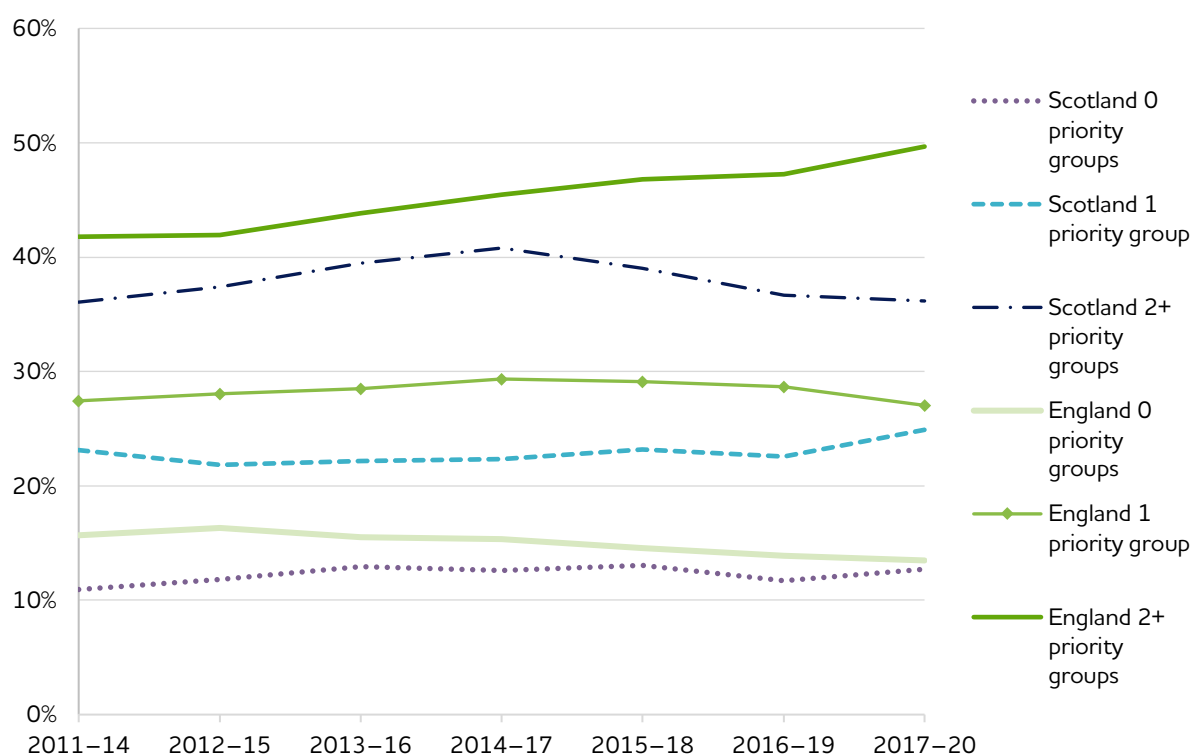
As we have shown above, the vast majority of children living in poverty are in one or more priority group and each of those groups is at significantly higher risk of poverty⁵. We know, however, that many children will be in more than one priority group and our analysis here shows how that further increases their risk of being in poverty. Figure 19 shows that in 2017-20 children in two or more priority groups⁶ have a much higher poverty rate (36%) than those in one priority group (25%) and nearly three times that of those in no priority group (13%).

Comparing this with the picture in England it can be seen that the poverty rate for children who are not in a priority group has converged between England and Scotland sitting close to the 2031 target at 13%. In Scotland the poverty rate does increase depending on the number of priority groups a young person experiences, with the poverty rate for those in one priority

group being double that of those not in a priority group. However, in England the gap between the poverty rate for those in one and two+ priority groups and between those in no priority group and one priority group is much larger than in Scotland. For those in 2+ priority groups the child poverty rate has been steadily increasing in England since 2012-15 while those not in any priority groups or in 1 priority group have stayed relatively stable.

For children in more than one priority group in Scotland, the rate of after housing costs-only poverty (20%) and of families paying more than 30% of their income on housing costs (43%) is about the same as that for those in poverty generally. This still means more than two in five children who are in more than one priority group are in unaffordable housing, whereas in England it is much clearer that housing costs are driving increases in poverty – hence the higher poverty rate in England than Scotland.

Figure 19: Child poverty rates (AHC) for children by number of priority groups – England and Scotland



Source: JRF analysis of Households Below Average Income

The story of work here is key; 58% of children in one or more priority group have someone in their house in work. This is lower than for all children in poverty in Scotland (66%) and much lower than the rate in England (69%) so there clearly exists more barriers for getting into work for families in the priority groups in Scotland, and significantly more children who are in a priority group are in families where no one is in work than all children in Scotland (13%).

For such families they are struggling to find work and/or secure enough work to provide a decent income. This is shown in almost three-quarters of children in one or more priority group living in a family that also accesses some form of social security, meaning that insufficient income from work and/or social security is locking these families in poverty.

Conclusion on priority groups

Our analysis here shows there has been little, if any, progress made in reducing child poverty for children in these priority groups since the targets were set. It also highlights that the challenges facing these groups is different. For single parent families, for example, a toxic mix of high housing costs, inability to access work and inadequate social security rates drive high poverty rates. However, there are two constants in these groups.

First, they all rely heavily on social security payments that are not enough to keep them out of poverty. Second, in each group there is a higher-than-average number of households where no-one has work. This is also reflected in comparatively higher rates of workless households in poverty compared with England. We go on to explore this in more detail in the next section of the report.

It is also worth noting, however, the relative poverty rate for those children who do not appear in one of these priority groups – 13%. While not quite at the 2030/31 targets it is not far off and shows what is possible if the structural barriers which these priority group families face are removed.

6 Workless families

The biggest risk factor for pulling a child into poverty is to live in a household where no one works. For some this will be because their parents are unable to secure work, for others this will be because they are temporarily or permanently unable to work. People in workless (working-age) families have the highest poverty rates of all major groups in Scotland (see Figure 2), with more than half (54%) living in poverty in 2017–20.

Compared with the UK average in January–March 2020 (14%), Scotland has a higher proportion of working-age households where nobody works at 18% (Office of National Statistics, 2021a). For children in working-age families, there is a smaller gap but Scotland still has a slightly higher proportion living in households where no one is in work (10% compared with 9%) (Office of National Statistics, 2021b). Data at the local authority level is not available for more recent years but in 2019 there was a deep concentration of workless families in some areas. In 2019, 11% of children in Scotland were in workless households compared with almost one in four children in Glasgow (Office of National Statistics, 2020). West Dunbartonshire, Dundee City and Inverclyde also show much higher proportions of children in working-age households where no-one works.

As noted above, two in five children in one or more of the priority groups lived in a household where no adults were in work and employment challenges are only going to become greater due to the pandemic, making this group one of utmost importance. This will be particularly acute in coming months as employment support programmes such as furlough end. On top of this there are also the overall trends of increasing unemployment as businesses have suffered and the long-term health impacts of COVID-19 which have had an impact on people's individual health and caring responsibilities. Together, this could plunge more families into poverty due to a lack of income.

The above analysis of the drivers of relative poverty for children in the priority groups also shows that being in a household where no one is in work is a bigger driver of poverty in Scotland than in England. This is partly because more children in England live in households that are pushed into poverty due to the cost of their housing rather than an income that is too low before housing costs. However, the Office of National Statistics (2021c) analysis suggests that in August 2021, Scotland does have a slightly lower employment rate (74.2%) compared with England (75.3%).

Earlier in 2021, JRF looked at the impact on child poverty of moving parents in workless households into work and increasing parents' working hours⁷ (Birt and Milne, 2021). We identified that this would lift 60,000 children out of poverty, reducing the child poverty rate in 2023/24 to 17%.

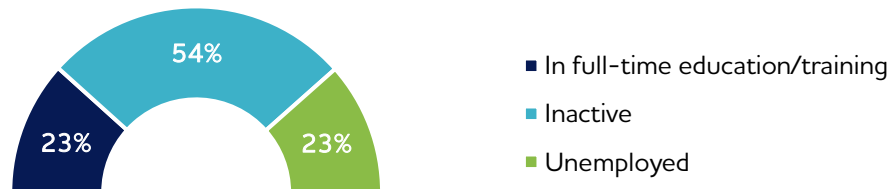
This shows the transformative potential of removing barriers to work for families currently locked in poverty. With enough reliable hours at decent pay, child poverty would be dramatically reduced. The experience of our End Poverty Scotland Group, however, gives a vivid insight into the hills that families have to climb. Whether it is the bureaucratic challenges of getting support or the discriminatory views of some employers, the structure of our jobs market is denying families, and their children, the right to a better standard of living.

What does it mean to be 'not in work'?

On average between 2015–20 there were 220,000 families a year in Scotland where no one was in work but there are different ways that families are not in work⁸. The majority of workless families in poverty are economically inactive (120,000) meaning that no adults in the family are currently looking for work. Around 50,000 (23%) are unemployed (meaning one or more working-age adults are currently looking for work) and a similar number are in full-time

education or training (23%) (meaning one or more adult in the family is in full-time education or training)⁹.

Figure 20: More than half of workless families in poverty in Scotland are economically inactive

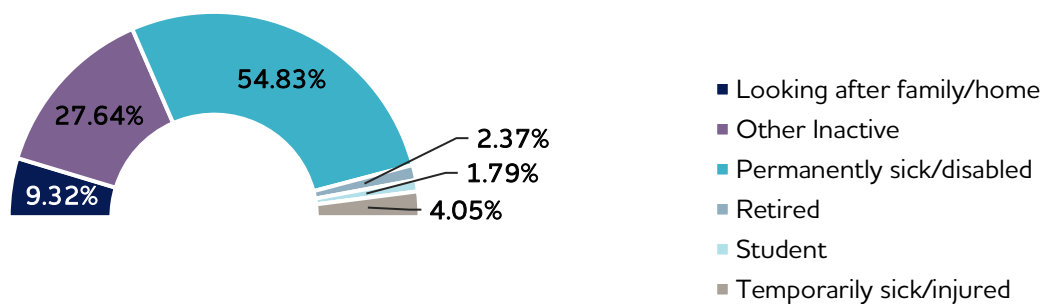


Source: JRF analysis of Households Below Average Income

It is important to remember these distinct groups, and not to treat workless families as a single group. We would have liked to have broken these groups down further but due to the sample sizes this was not possible. However, we have looked in more depth at the working-age adults in inactive families. More than half of adults in inactive families are permanently sick or disabled and a further 4% are temporarily sick or injured.

Just less than one in ten are looking after the family home. More than a quarter are marked as 'Other inactive' which could include a variety of reasons why someone is classed as inactive, from waiting on the results of an earlier job application to not yet having started to look for work.¹⁰

Figure 21: The majority of inactive families in poverty in Scotland are permanently sick or disabled



Source: JRF analysis of Households Below Average Income

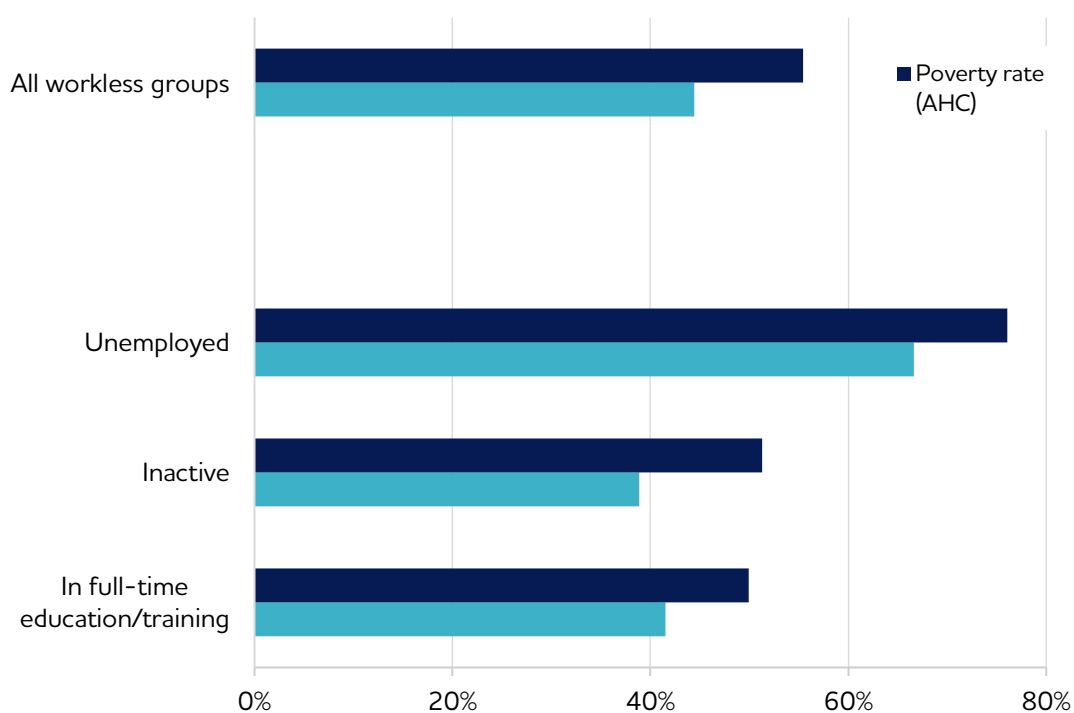
Workless families experience unjustly high levels of poverty

The poverty rate for people in all types of workless family is 55%¹¹.

A staggering three-quarters (76%) of people in unemployed families, where no one is in work and one or more adults are unemployed, are living in poverty. Half of people who are in inactive families or those where one or more adults are in full-time education or training are living in poverty.

Workless working-age families are also at high risk of deep poverty, meaning that their income is less than half of the median income and they are even further below the poverty line. Two-thirds (67%) of people in families where someone is unemployed were in deep poverty in 2015–20 and around two in five people in inactive families and where someone is in full-time education and training were trapped in deep poverty. The levels of deep poverty show that families where no one is in work are being left behind by our current systems.

Figure 22: Relative and deep poverty rates for people in workless families



Source: JRF analysis of Households Below Average Income

Who is in poverty and in a workless family?

To get a better understanding of these families we look at three key characteristics: age, family type and whether anyone in the family has a disability.

Age and worklessness

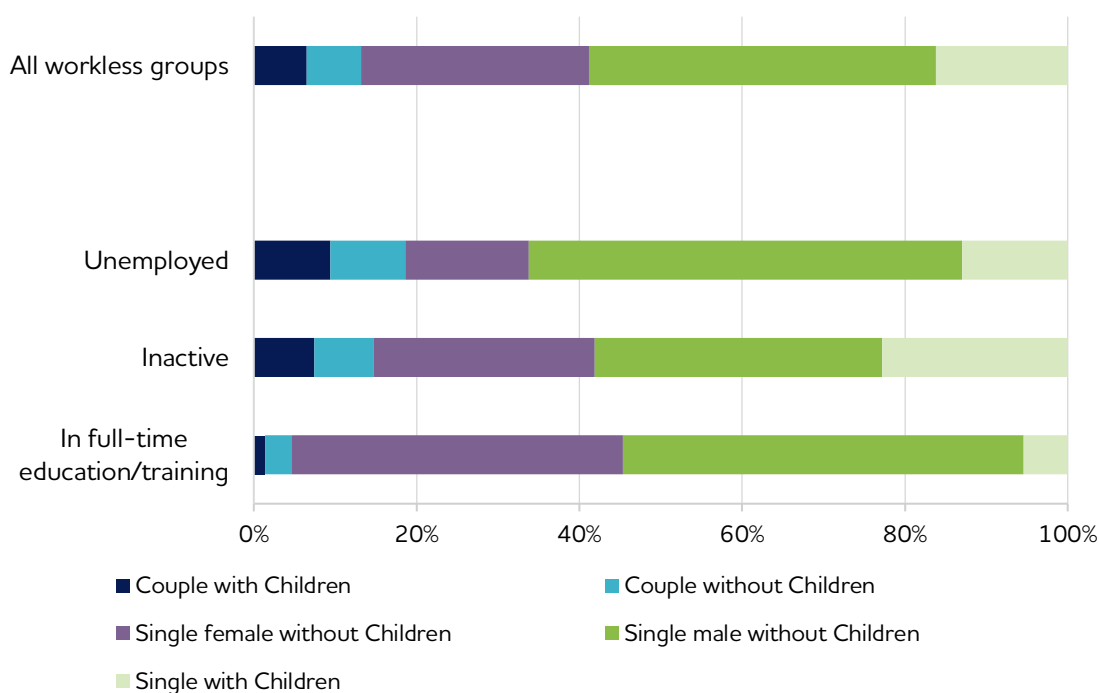
There are some clear differences in age profile across the different workless groups and compared with the Scottish population as a whole. In four in five families in poverty where someone is in full-time education or training the head of household was aged 16–24 – as expected as most enrolments in full-time education and training programmes are from this age bracket.

Unemployed families in poverty tend to be slightly younger too, with more than half (56%) having a head of household aged between 16 and 34. Within the total working-age adult population in Scotland, around 40% of families had a head of household aged between 16 and 34, highlighting the over-representation of younger people within this group. We also know that young people aged 16–24 are one of the groups that have been hit hardest in the labour market due to the COVID-19 pandemic (Innes and Sandher, 2020) meaning that we may see further increases in young unemployed families in coming years. Additionally, for almost one-third of unemployed workless families living in poverty the head of household is entitled to lower Universal Credit rates due to being under the age of 25.

The head of family age is more evenly spread across age groups for inactive families in poverty, although around one-quarter (26%) had a family head aged 45–54 (this age group makes up 22% of the working-age population).

The family types most at risk of worklessness

Figure 23: Most workless families living in poverty are single people



Source: JRF analysis of Households Below Average Income

Earlier we discussed the role of having no work for families with children. However, as shown in Figure 23, the majority of families in each of the workless groups are single people without children. Single men are particularly over-represented, making up more than half (53%) of the unemployed group and just less than half of those in full-time education and training (49%). Single women make up a higher proportion of those in full-time education and training (41%) and inactive families (27%) than they do in unemployed families (15%).

Unsurprisingly due to their caring responsibilities and barriers to getting work, single-parent families, of which more than 90% are led by women (Public Health Scotland, 2020), make up the next biggest group within the inactive category comprising just under a quarter (23%).

Including those single-parent families, just more than one in five families where no one is in work (across all workless family types) have one or more dependent children.

Households where someone is disabled

Households where someone is disabled are grossly overrepresented in the families that are in poverty and where no one is working. More than two-thirds (69%) of inactive families in poverty have one or more people in their family with a disability. Even Universal Credit conditionality is unlikely to expect adults in such a family to work, underlining the damaging inadequacy of the social security system.

Similarly, one-third of unemployed families have one or more people in their family with a disability.

As highlighted earlier this underlines the importance of both providing an adequate level of social security that reduces poverty while breaking down the numerous barriers to employment that disabled people and carers face.

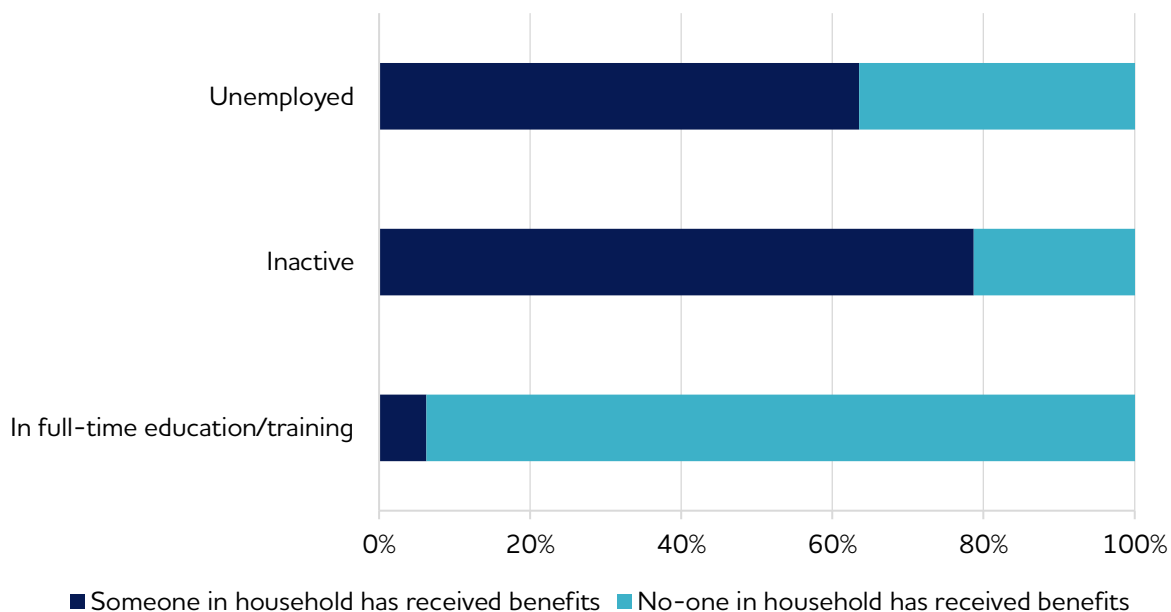
Drivers of poverty for families not in work

The main driver of poverty for those who are not currently working and not in full-time education or training is the inadequacy of the social security system. As we show later in this report, even with the recent £20 increase in Universal Credit and Working Tax Credit, families where no one is working are thrown into deep poverty by the social security system. As this pandemic has shown, many of us can find ourselves out of work for a variety of reasons, whether this is due to redundancy, sickness or a change of location, and it is therefore vital that the social security system is able to prevent a household from falling too far behind.

In that context, even with its inadequacy, it is concerning that three in ten unemployed families and two in ten inactive families do not receive or are not claiming some form of benefit. We are unable to distinguish between families who are eligible but not (yet) claiming and those that have no recourse to public funds so are ineligible to claim social security support. Understanding why people who are in poverty are not accessing support they are eligible for is critical in lifting out of poverty those who are unable to work (for example those with disabilities or with caring responsibilities – such as single parents).

The age (mainly young people aged 16–24) and family type (mainly single people) profiles and rules around benefits receipt for those in full-time education or training mean that the high proportion of families not claiming any benefits for the 'in full-time education or training' group is not surprising.

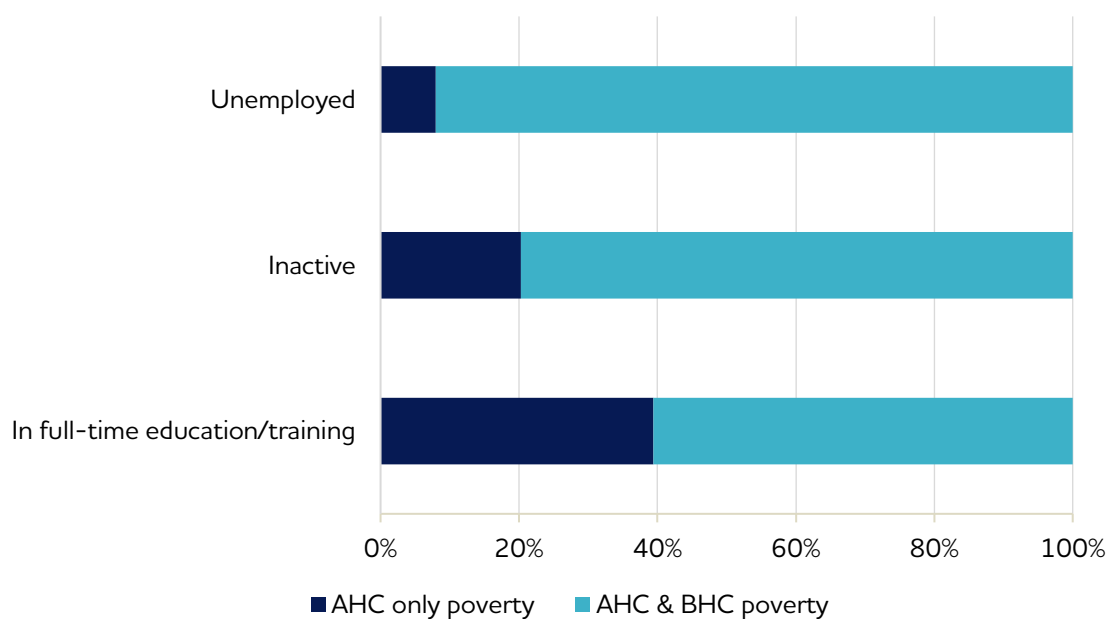
Figure 24: Proportion of workless families in poverty receiving Universal Credit or equivalent



Source: JRF analysis of Households Below Average Income

Housing costs are a clear driver of poverty for workless families where someone is in full-time education or training with almost two in five (39%) being in after housing cost-only poverty meaning that they are being pushed into poverty by their housing costs. Around one in five inactive families are pushed into poverty due to their housing costs but this means that four in five were in poverty before housing costs are taken into account. Most strikingly we see that most unemployed families (92%) who are living in poverty were in poverty before housing costs were taken into account meaning that they already have very low incomes.

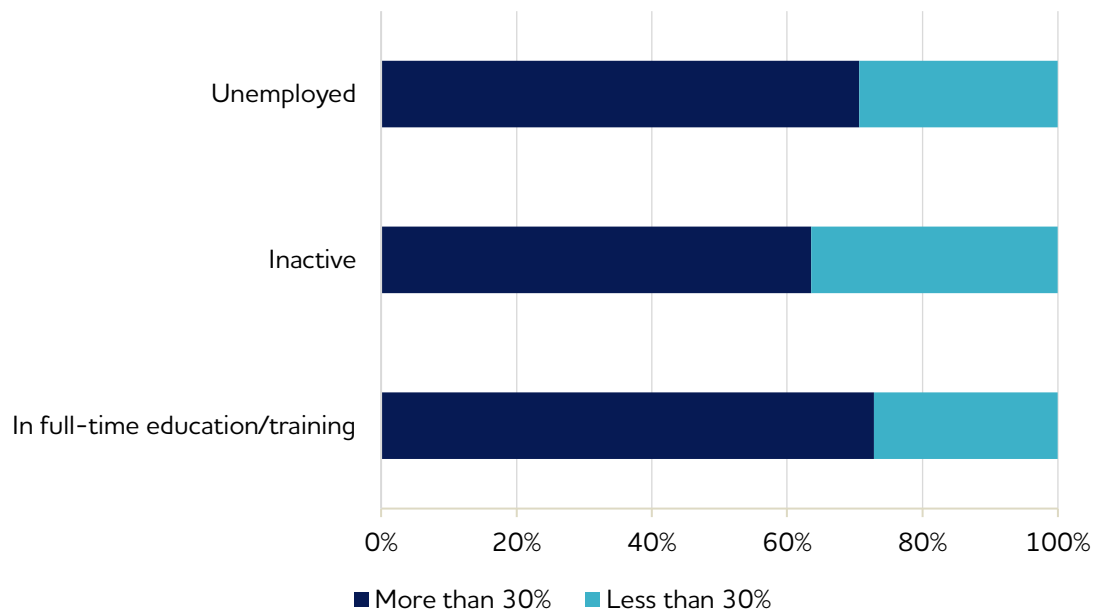
Figure 25: Proportion of workless families in poverty in after housing cost-only poverty



Source: JRF analysis of Households Below Average Income

Although housing is not pushing as many inactive and unemployed households into poverty it is pushing them deeper into poverty as six in ten inactive families and seven in ten unemployed families are living in unaffordable housing (where they spend more than 30% of their income on housing). Almost three-quarters (73%) of workless families where one or more people are in full-time education or training are in unaffordable housing. Given their very low incomes, this may be because of normal housing costs and their income levels, rather than high housing costs in themselves.

Figure 26: Proportion of workless families in poverty in unaffordable housing



Source: JRF analysis of Households Below Average Income

7 Our social security lifeline: is it strong enough in Scotland?

In July JRF published a briefing titled *Our social security lifeline: Is it strong enough?* (Porter, 2021) which showed just how inadequate our social security system in the UK is. It concluded:

'It is clear that urgent, significant investment is needed in our working-age social security system if we want it to fulfil its essential role in our society of protecting families and providing the stability to open up options and allow them to escape poverty.'

'Cutting £20 a week from millions of families' already-precarious incomes this October would be a step in the wrong direction. The £20 increase should be kept permanently and extended to legacy benefits.'

What's the situation in Scotland?

As with the rest of the UK, the social security system in Scotland is inadequate to keep families from poverty. As the UK Government controls around 85% of social security spending in Scotland and is almost entirely responsible for working-age benefits this overall inadequacy falls at the UK Government's door. The most immediate example of this is the proposed cut to Universal Credit (UC) and Working Tax Credits (WTC) which will affect around 450,000 families in Scotland, reducing their income by just over £1,000 a year. This will be the largest overnight cut to the basic rate of social security since World War II and will push tens of thousands of people, including children, into poverty.

The Scottish Government has, however, committed to using its powers to provide additional support for households with children via the Scottish Child Payment. On its launch, before the pandemic, the Scottish Government predicted that the £10 a week per child payment, once fully rolled out, would lift around 30,000 children out of poverty (Scottish Government, 2019). Furthermore, during the May 2021 election campaign all the major parties also committed to doubling that payment to £20 a week per child.

At present, only families with children under six are eligible for the £10 payment, with full rollout to all children under 16 planned by the end of 2022.

As a result, to complement our July social security briefing (Porter, 2021), we provide here some examples of how this will affect certain families in Scotland. A few key points:

- The Scottish Child Payment, obviously, does not apply to those without children. Our July briefing showed that for single people who are looking for work, the social security system does not even provide enough income to avoid destitution. This is a gross injustice that cannot be acceptable in a nation as wealthy as ours. As noted above, single people are most likely to be workless and if they are they will be at high risk of destitution. Reflecting on the illustrative example of 'Ash' in our earlier briefing one of our End Poverty Scotland Group members said:

'When it's in a graph like that – it's disgusting. To think that any government ... would allow people to live in destitution like that, yeah, it's disgusting.'
(Drew, Fife)
- The Scottish Child Payment will prevent some of those families affected by the planned cut to UC/WTC from falling into poverty. For example, in the scenario of a single parent with

one child under six and working 16 hours a week on minimum wage, the Scottish Child Payment would prevent them from falling below the relative poverty line in spite of the UC cut.

- The rollout to all children under 16 will protect more families from falling into poverty as a result of any cut to Universal Credit but under current plans families will face at least a one-year wait for that support.
- Unsurprisingly, the doubling of the Scottish Child Payment will protect even more families from the UC cut and greatly improve the adequacy of support for families, particularly for larger families.
- As shown earlier in this report, even with the doubling of the child payment we will not meet the interim child poverty target.
- In none of our scenarios are any families close to the Minimum Income Standard.

Illustrative family incomes

We have four example families and compare their incomes at three different times:

- 2013/14 when universal credit was introduced.
- 2020/21 including the £20 uplift to universal credit.
- 2021/22:
 - when Universal Credit has been cut
 - when the Scottish Child Payment has been introduced for under 6 year olds

(Where relevant, we have shown what affect the full rollout of the child payment will have (that is rollout to all under 16s) and what affect doubling the payment to £20 a week per child will have.)

For each scenario we have used a 'low rent'/medium cost area¹². For those with higher rents, or living in higher cost areas, their position will clearly be worse. Another factor will be childcare costs. We have assumed that Universal Credit will cover any additional childcare costs (not covered by free provision) but that is very often not the case and again would push people further away from a decent standard of living.

For a more detailed description of the three different income lines that we have used, see the earlier briefing (Porter, 2021). Broadly they are:

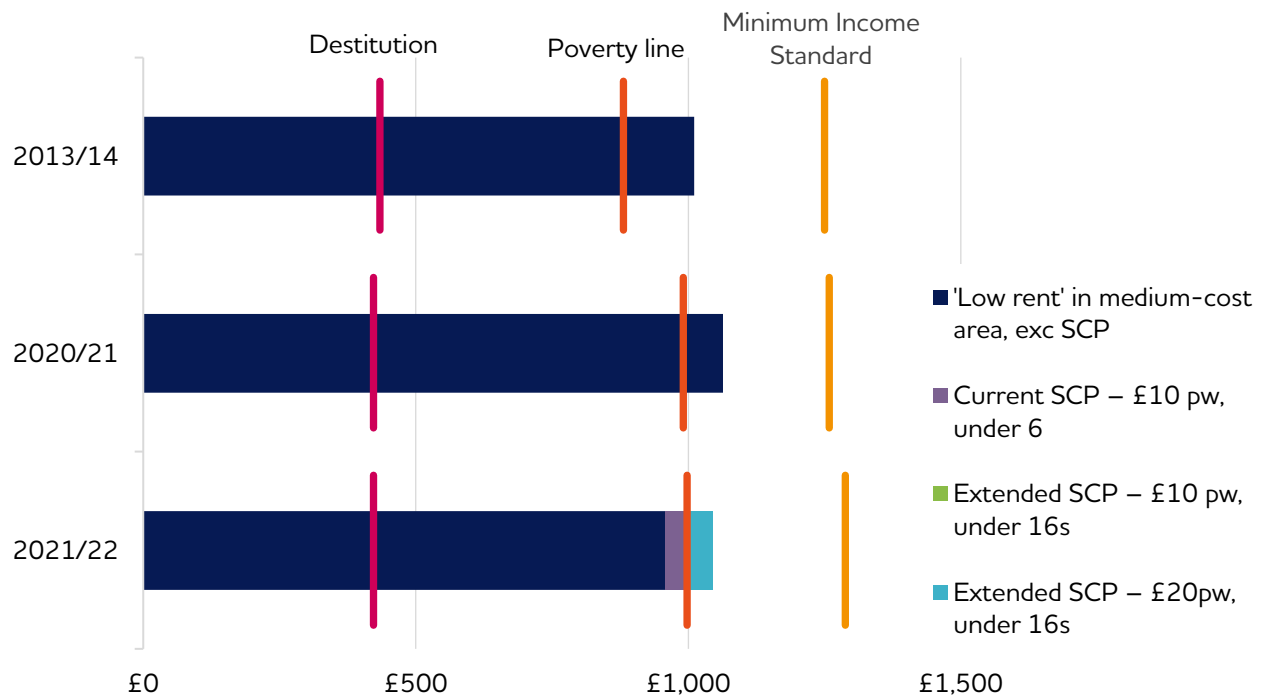
- destitution – means not being able to afford the absolute essentials we all need to eat, stay warm and dry, and keep clean
- the relative poverty line – an income below 60% of the median household income adjusted for household size and composition so we are comparing like with like; this is one of the key measures of the Scottish Child Poverty targets
- the Minimum Income Standard (Davis et al, 2021) – a vision of the standard of living we agree as a society we should all be able to expect.

Example family 1: single parent with one child (aged three), working 16 hours a week on the National Living Wage

This first example shows the income of a single parent (who is 30) and has one child aged three. They work 16 hours a week on the National Living Wage. As shown in Figure 27, in 2021/22, the cut to Universal Credit will force this family's income below the poverty line but the Scottish Child Payment will bring their income to around the poverty line and doubling it would put their income above the poverty line.

That said they would still be £243 a month short of the income people think you need to maintain a good standard of living and fully participate in society – the Minimum Income Standard. It is also worth noting that this parent would be working the maximum numbers of hours expected of them by Universal Credit – showing that without the Scottish Child Payment the expected income from work and Universal Credit is not enough to lift someone above the poverty line.

Figure 27: Monthly income, after housing costs, for single parent with one child, working part-time



Source: JRF analysis¹³

Example 2: single parent, with two children (aged one and three), not working

The second example is of a single parent (again aged 30), with two children (aged one and three) who is not working. Even before the £20 cut to Universal Credit their income in 2020/21 is well below the poverty line by around £227 a month. By cutting Universal Credit they would be £345 a month short of the poverty line, more than £4,000 a year. Their income is not even 60% of the Minimum Income Standard, never mind the median income. Again, it is worth noting that Universal Credit does not expect the main carer for a child under three to work. As a result, the level of social security support through Universal Credit for this family is locking a parent and two children in deep poverty.

The Scottish Child Payment clearly improves the income of the family and reduces the depth of poverty that they live in. Yet the family are more than £250 a week short of the poverty line; even with the payment doubling they are still £170 a week short of the poverty line.

This underlines the unfairness of a social security system that does not expect a parent with children as young as these to work yet provides an income somewhere between destitution and relative poverty.

Figure 28: Monthly income, after housing costs, for single parent with two children, not working



Source: JRF analysis¹²

Example 3: couple with two children, one adult working full-time, one not working

In this scenario a couple have two children (aged seven and nine). One of the adults works full-time (35 hours) on the National Living Wage and the other does not work. This family will be pushed into poverty by the cut to Universal Credit in 2021/22 and will not benefit, initially at least, from the Scottish Child Payment. On full rollout of the child payment they would receive the payment for both children but at £10 a week this would leave them just short of the poverty line; only by doubling the payment would this take them above the relative poverty line. Again, though, they would still be significantly (around £250 a month) short of the Minimum Income Standard. This underlines the importance of the rollout, and doubling, of the Scottish Child Payment as soon as possible.

Figure 29: Monthly income, after housing costs, for couple with two children, one working full-time and the other not working

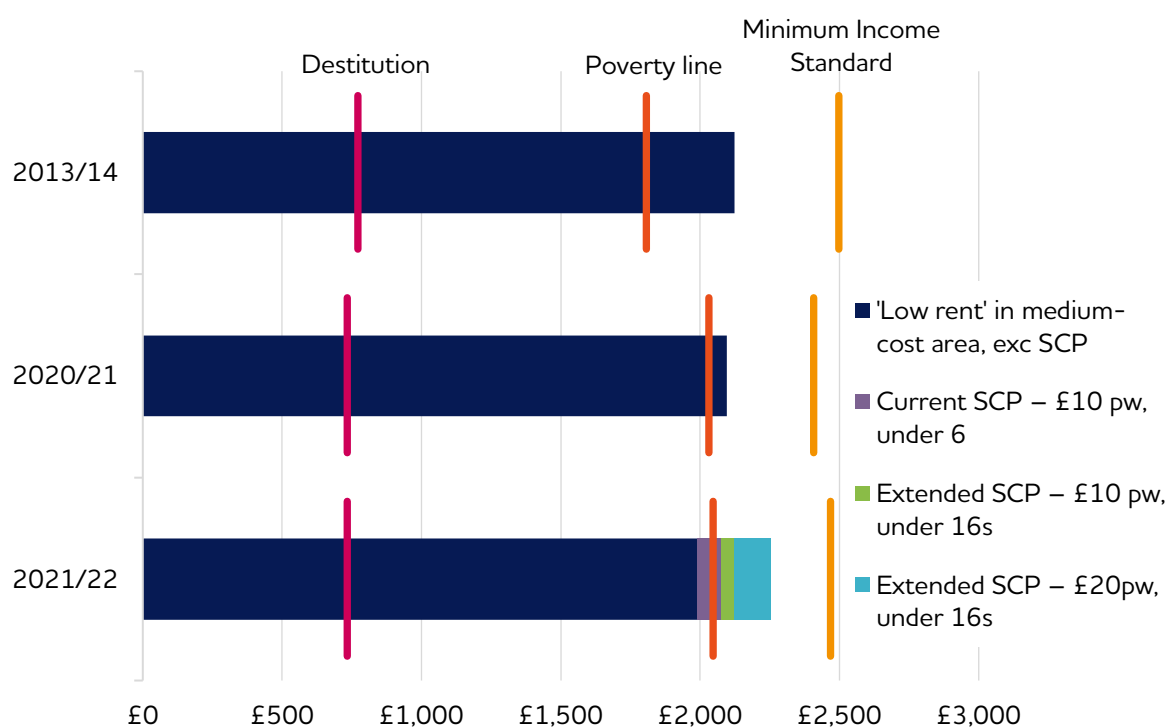


Source: JRF analysis¹²

Example 4: couple with three children, one adult working full-time, the other part-time

In this scenario both adults are in work on the National Living Wage (one full-time (35 hours) and one part-time (16 hours)) and they have three children (aged three, five and seven). In this scenario their income is pulled below the poverty line by the cut to Universal Credit but their income is raised back above the line by the Scottish Child Payment. The family will also benefit from an additional £10 a week once the Scottish Child Payment is fully rolled out and be lifted significantly above the poverty line once it is doubled (although still short of the Minimum Income Standard).

Figure 30: Monthly income, after housing costs, for couple with three children, one working full-time and the other part-time



Source: JRF analysis¹²

Conclusion on the inadequacy of social security

This section shows a social security system in the UK that causes hardship, anxiety and poverty. As shown throughout this report, social security is driving poverty across Scotland. Of course, both the Scottish and UK governments, not to mention families themselves, are keen for people to secure well-paid work but in every possible scenario people in Scotland will have to rely on social security from time to time. As a result, it cannot be acceptable that our social security system provides a level of support that locks families, of all kinds, in poverty.

8 How can we turn the tide of poverty in Scotland?

The Scottish Government has both the powers and the statutory obligation to reduce poverty in Scotland (Birt, 2021). As Birt sets out however, the UK Government also has the power and responsibility to improve the lives of people in Scotland.

Actions for both the Scottish and UK governments and local government

As shown by our End Poverty Scotland Group there are also areas where people need both governments to work together.

- **Making services 'more human'** – both the UK and Scottish governments should work with people using their services to make them more responsive to people's needs and to simply be kinder. We have heard early positive responses to the Scottish Social Security Agency's approach to the Scottish Child Payment and this could and should be replicated across all support for people in low incomes whether by the UK, Scottish or local government.
- **Greater accountability to people living in poverty** – the example given above of better support given for the Scottish Child Payment is a good example of how policy is more likely to succeed if people relying on services are involved in their design. All tiers of government need to do more to work with people in their communities to help design and deliver policy.
- **Creating a 'no-wrong door' culture** – linked to the above, the range of support available to people is both overwhelming and complex. As noted by the End Poverty Scotland Group, the battle to secure the support that people are eligible for uses far too much time and energy to no one's obvious benefit. At the very least, the Scottish and UK governments and local government should work together at an administrative level to ensure that their services are available in an integrated way. This will minimise the number of times that people need to answer the same questions and ensure staff members are well informed and able to help people access all the support available to them.
- **Tackling structural inequalities in support systems** – in particular removing lower rates of pay and social security support for people under 25 and removing the constraints on their access to housing.

Actions for the UK Government

- **Stop the cut to Universal Credit and Working Tax Credits** – in cutting £1,040 from low-income families' budgets, the UK Government will be presiding over the largest overnight cut to the basic rate of social security since the Second World War. It is a cut that will cause poverty in Scotland and across the UK and must be stopped.
- **Reverse the general inadequacy of social security** – as shown in this report, social security is locking families in poverty. Rules such as the five-week wait, two-child cap and the overall benefit cap are causing destitution and hardship.
- **Bring forward an Employment Bill that attacks the root causes of in-work poverty** – the UK Government should legislate to provide workers with stronger rights to flexibility, secure contracts and reliable and sufficient hours.

Actions for the Scottish Government

- **Produce a Tackling Child Poverty Delivery Plan that puts the country on a measurable course to meet the interim child poverty targets and the 2030 targets** – in many ways this is a statement of the obvious but such a plan does not exist and is urgently needed. In particular, it should be able to show where actions other than social security will contribute to meeting the targets.
- **Double the child payment at the earliest possible opportunity** – at the latest it should double the child payment at the same time as full rollout to under 16s.
- **Increase the scale and pace of programmes to help priority group families** – the Spending Review and budget should show significant increases in the employment support available to priority group families. The Tackling Child Poverty Delivery Plan must also show how the Scottish Government will, at scale, reduce poverty rates among these families.
- **Work with local government to identify areas that have high rates of worklessness among families are target action at reversing those trends** – in particular, how can economic development, transport, skills and childcare provision combine to knock down barriers to employment.
- **Build on these foundations by delivering a Minimum Income Guarantee (MIG)** – such a revolutionary change to social security support in Scotland must be supported by a jobs market that provides good incomes, an education and skills system that helps people get those roles and a housing system that provides a solid platform. The social security system can then be designed to provide the crucial investment in our people that it should be but for too long has not been. A MIG can transform how we value unpaid care within our society and ensure that destitution and acute economic uncertainty is a thing of past.
- **Have relentless commitment to the twin goals of greater job quality and accessibility for all** – the Scottish Government has spent considerable time attempting to explain what a good job is and define it via the Fair Work Framework. For that effort not to be a wasted, we must move very quickly to ensuring that low-paid workers see their jobs improved and those locked out of employment are given the necessary support to enter and thrive within the job market. While the Scottish Government is limited in what it can do to improve job quality directly outside the public sector, it can lead by example, incentivise best practice and flex its considerable procurement power to genuinely commit to increasing the job quality of low-paid workers. Becoming an accredited 'Living Hours' employer itself combines all of these and would guarantee greater contract stability and security for employees¹⁴. It is vital that the Scottish Government is capable of identifying where and for whom it can make an impact on quality and accessibility and be comfortable with a variety of targeted approaches of varying scale. The data in this report highlights the need for different strategies to increase earned income within the priority groups, rather than treating them as a monolith. For some the priority will be improving accessibility ahead of quality, but that is not the case for all.
- **Create a skills and training landscape that is responsive to the needs of the economy, individual and environment** – for those of post-compulsory education age it is important that there are skills and training programme available to help them secure jobs that are likely to offer a decent income and is therefore able to play a role in ensuring Scotland meets the child poverty targets by 2030. The Scottish Government has an explicit focus on new green jobs and with this comes an opportunity to move people from low-quality jobs to better ones. Unless there is an accessible skills pathway that is responsive to the needs of employers in their area a retail worker, for example, who loses their job, will be far more likely to be unemployed or move to similar employment than move to a new green job. In this context the Scottish Government needs to do much more to assess where their skills training programmes are having an impact, or not, on poverty.

Notes

1. The Scottish Government refers to these groups as families, however measures each at the household level. It is possible for one household to be made up of multiple families. Therefore we have chosen to use the term household throughout to be clear on the level of measurement. This also means that, for example, a single parent household includes just one adult and could not include a second family within the same household.
2. The Scottish Government changed who it included in its measurement of the minority ethnic families priority group this year. It previously included Black, Asian, mixed/multiple ethnicities and Other ethnic households but now also includes households from a white-other background. For this report we are using the original definition and will not be including households from a white-other background. However, it should be noted that people from a white-other background are at a greater risk of poverty than those from a white-British background. In 2015/20 the poverty rate for white-other people was 24% compared with 18% for those from a white-British background.
3. Due to data sources, the persistent poverty measure refers to a different period to the other measures presented above showing the proportion of families experiencing persistent poverty in the period between 2015 and 2019. Additionally, there are some differences in how each of the priority groups are defined (they are measured at the family level) due to restrictions in the data as well as measures being unavailable for single-parent households and minority ethnic households due to too few responses. There is no data available on disabled children therefore we only look at households with a disabled adult/s.
4. Here we report the poverty rate after housing costs excluding disability-related benefits.
5. In England, 87% of children living in poverty are in one of the priority groups identified by the Scottish Government.
6. This grouping was selected as there were not a large number of children in three or four priority groups in every year of data making it harder to produce a reliable trend in Scotland. The numbers are larger in England and it's clear that there are also some who are in all five of the priority groups.
7. Some parents are not expected to work so we did not move them into work. Parents who would not be expected to move into work include parents with a child under three, with a child who is disabled or if the parent is disabled. For those that could work we moved all parents onto the hours that are expected of them via Universal Credit conditionality. For example, 16 hours if their youngest child is aged three to four years; 25 hours if their youngest child is aged 5 to 12 years, and 35 hours if their child is aged 13 and over (accounting for disabilities in the family) See Birt and Milne (2021) for full details on the modelling.
8. Throughout this section the period considered will be 2015– 20 to make sure that we have enough families to draw robust conclusions.
9. Inactive families only includes families where all working-age adults are inactive, excluding dependent children. In full-time education or training families have at least one adult in full-time education or training but may have one or more other working-age adults that are inactive. Unemployed families include at least one working-age adult that is looking for work but may include one or more other adult that is either inactive or in full-time education or training.
10. Those who responded that they are students are in part-time study and therefore their family has not been moved into the full-time study group.

11. This section uses data covering the time period 2015– 20 to make sure that we have enough families to draw robust conclusions. This is why the workless family poverty rate is slightly higher than in Figure 2.
12. Specifically, we have used the 25th percentile private rent in South Lanarkshire for the relevant dwelling size. That is the point where three-quarters of private renting households pay more than this. Local Housing Allowance (the housing support part of Universal Credit) was reset to the 30th percentile for 2020/21, but then frozen for 2021/22. South Lanarkshire was chosen as an area where the housing costs across all dwelling sizes were towards the middle looking across all areas of Scotland.
13. Some assumptions made during this analysis include:
 - family types are held constant, for example a new-born is a new-born in each year
 - all incomes, 'yardstick' lines (destitution, poverty and MIS) and costs are given in 2021/22 prices.
 - full-time work is assumed to be 35 hours a week; part-time hours assumed to be 16 hours per week
 - the tax system used is Scotland's. Any adjustments to tax paid through, for instance, pension and student loan payments, are ignored
 - all families receive UC rather than the legacy benefits it is replacing. Benefits other than UC, Child Benefit, Scottish Child Payment and Council Tax Support are ignored
 - all families rent from a private landlord and are eligible for support with rent via UC under the Local Housing Allowance (LHA) rules
 - we have used the 25th percentile private rent in South Lanarkshire for the relevant dwelling size: South Lanarkshire was chosen as an area where the housing costs across all dwelling sizes were towards the middle looking across all areas of Scotland
 - housing costs include rent, Council Tax and water rates. No adjustment is made for service and maintenance charges. Council Tax varies by local authority area and includes a single person discount where relevant. Water rates are based on the average annual bill for water and sewerage from the water company in the relevant area. For single people without children living in shared accommodation, it is assumed that water and council tax are included as part of their rent
 - Council Tax Support varies by local authority area; we have had to approximate values for 2013/14
 - we have not included income from extra-cost disability benefits (PIP or DLA), assuming these fully cover the additional costs associated with being disabled
 - no adjustment is made for childcare costs
 - we assume that no deductions are being made from families' headline UC entitlements.
14. Living Hours accreditation is a way for employers to commit to tackling insecure contracts for low-paid workers. It requires the employer to be a Living Wage Employer (the Scottish Government was the first government to become so). The accreditation applies to directly employed staff and contracted workers. There are two key components. First, it requires employers to provide a decent notice period for shifts, that is at least four weeks' notice, with guaranteed payment if shifts are cancelled within this notice period; second it gives the right to a contract that reflects accurate hours worked, and a guaranteed minimum of 16 hours a week (unless the worker requests otherwise). More information can be found via the Living Wage Scotland website (2021).

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