

# Poverty in Scotland 2018

This new analysis looks at poverty trends for families with children in Scotland, reflecting the commitments in the Child Poverty (Scotland) Act to achieve substantial reductions by 2030.

The research highlights upcoming Scottish Government labour market strategies that have the potential to transform the lives of many families in poverty, calling for strong alignment and action from both government and business to enable all families to access work, without which progress towards meeting key targets could stall.

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## Key findings

- Barriers to the labour market due to disability, ill health and childcare responsibilities remain prevalent characteristics of child poverty, despite improvements over the last two decades.
- Two in five children in poverty have a reported disability or ill health in the family, with many of these children having no parents in work.
- However, on average, the majority of children in poverty do have at least one adult in work and in many cases, parents are working all the hours expected of them by the social security system.
- Understanding the barriers to work for parents and how this interacts with job quality, in particular for women, is key to understanding poverty in Scotland and how to tackle it.

## Key asks

- The current system is not working for families with a disability and it's simply not right that despite parents working the hours expected of them by the social security system, children are going without the essentials. We need a step change in attitudes and practices to enable more parents to access good quality employment and we're calling on government to focus its disability and gender pay gap strategies on families locked in poverty.

### The research

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# Background

This research looks at the differences in child poverty between different family types and different situations. It focuses on families where there is a disability, and also on working families, particularly those with young children. This research has been intentionally designed to aid development of two Scottish Government pre-announced strategies due to be published in Autumn 2018 that will look at halving the disability employment gap and reducing the gender pay gap.

## Key points

- Child Poverty can be eradicated. In the late 1990s and early 2000s, there were substantial falls in poverty driven by a supportive policy environment and a rise in employment. This led to a very large drop in the number of out-of-work households, and related child poverty, for both single parents and couples where there is no limiting illness or disability.
- Disability, physical and mental health can be important factors for parents in determining job outcomes and related child poverty. Increases in employment – and related falls in poverty – for this group since the late 1990s has been more gradual. Out of work poverty for families where there is a disability is still a major problem.
- Elsewhere, it is now the case that most children in poverty have at least one parent in work, and there are many variations on in-work poverty. The ability for parents, particularly mothers, to choose to work as many hours as they need for financial security is currently constrained.

## Overview of relative child poverty, after housing costs, 2014–17



Source: JRF analysis of Households Below Average Income (DWP, 2014–17)

## **Disability employment and child poverty**

It is unacceptable that having a disability in a family is associated with so many children in poverty. 90,000 children in poverty (two in five of the total) are in families where there is a disability. It is usually an adult in the family that has the disability, and 45,000 of these children are in a family where no parent works and close to an additional 15,000 live in couple families where only one adult works. If these parents were able to move into good-quality work with suitable support, they would have a better chance of escaping the trap of poverty. Plans to halve the disability employment gap need to be clearly aligned with action to reduce child poverty reduction goals if these families are to benefit.

Despite these plans, some of these households will be held back from working because of ill-health or disability. Social security has an essential role in helping these families escape the hold of poverty: both UK and Scottish powers need to be used, recognising the extra costs for families with a disability.

## **Women's employment and child poverty**

For families where no disability is reported, the injustice of in-work poverty is the biggest challenge, with families trapped in low-paid and insecure jobs. In couple families, many families in poverty have mothers who are constrained in their labour market activity. And for single parents, who are predominantly women, many are unable to work. Gender, and the role of women as primary care providers, plays a powerful role here.

Mother's caring responsibilities are also a key driver of the existence of the gender pay gap in Scotland. There has been progress in reducing the gender pay gap over the last 20 years, which mirrors the progress in child poverty. Making further progress depends on addressing the barriers to women being able to choose their role in the work place without constraints, and finding ways to support both men and women to care for their children in a way which doesn't drag them under the rising tide of poverty.

## **Mothers not in paid work**

Over a quarter of children in poverty (60,000 children) are in families with no reported disability and where one parent does not work; either a single parent or a parent whose partner is the single earner in full-time work. In most of these families, it is mothers who are not in paid work. The age of the youngest child offers an important insight: close to 60% of couples and 40% of single parents in this group have children under the age of three. Under Universal Credit, the main carer with a child under three is not expected to work. This reflects the norm for parents across Scotland and women taking time out of the labour market is a key driver of the gender pay gap. It is likely to reflect a number of factors, including lack of suitable childcare and lack of suitable flexible jobs, social norms and discrimination.

## **Mothers in part-time work**

The next biggest group of children in poverty with no reported disability in the family are where the main carer works part-time. This accounts for 30,000 children. Again it is women who are working part-time in most cases. Most parents in this group are meeting the conditions of Universal Credit by working part time with a child aged under 13. Many are going beyond this, with part time jobs when their child is under three. It is unacceptable that despite this, their children are still trapped in poverty.

On average, part-time work pays a lower hourly rate than full-time work, and training and progression opportunities are more limited.

## Part-time work for mothers in families across Scotland

This is a key reason why the gender pay gap opens up over the course of women's working lives: the penalty from part-time work can be a lifetime lag behind men's earnings due to the years where mothers' careers stagnated as they balanced work and care responsibilities. While choices need to be increased for many parents, lower-income families face greater constraints and are trapped in a cycle of low-paid and insecure employment.

## Couple families with only part-time workers

There is a smaller group of children in poverty (around 20,000) in couple families with one or more parent working part time but none full time. The number has doubled in recent years and families in this situation are at growing risk of poverty. At the start of the decade, just under 50% of children in these households were in poverty. Now the figure is close to 80%. This again highlights the need for the quality of part-time work to improve. Part-time work alone often provides a precarious financial situation for parents. Part-time work for men is, on average, even less well paid than part-time work for women. A shift towards more men working part time to enable greater sharing of childcare needs to come with better quality part-time options for men.

## Implications

- Many families are in poverty despite meeting the conditions in Universal Credit, working as many or more hours as expected. JRF wants to see Universal Credit changed before the migration of large numbers of households from tax credits and benefits like Employment Support Allowance. The priority across the UK is to raise the work allowance to enable families to keep more of what they earn. Alongside this, we want to see take-up of Scottish payment flexibilities boosted and payment splitting within households. Longer-term, JRF supports the creation of a work allowance to incentivise second earners in couples to move into work.
- The distinction between poverty in- and out-of-work simplifies the position of low-income families in Scotland. Some families experiencing in-work poverty – for example, couples with one parent in work and the other not working – appear to share common barriers with lone parents not in paid work. For employment to become a more reliable route out of poverty, further action on flexible work and childcare is needed. One answer here is to enable more women to make an earlier return to full-time work if they wish, in order to build a more secure life:
  - More flexible and affordable childcare for all ages, including after school and holiday provision, would unlock barriers to low-income parents working. The childcare entitlements in Tax Credits, which are more generous under Universal Credit, are also part of the solution, and the pilot childcare deposit scheme currently being trialled in Scotland could offer a bridge which allows more parents to make the transition into better paid work. However, it is yet to be seen if the Scottish Government's expanded offer of free childcare to parents of three and four years will help to transform women's labour market participation in ways needed to reduce child poverty and close the gender pay gap.

- A second element is to encourage more men to work part time to share care responsibilities so that women can work more hours. In the UK, greater shared rights to parental leave would contribute to progress.
- A third is to improve the quality, training and progression opportunities of part-time work to lessen the penalty that parents working reduced hours face, and loosen the grip of poverty

The upcoming strategy on the gender pay gap could be a game changer in how it frames expectations of employers and wider society, and how it offers support for working mothers and fathers.

- Other families are in poverty with limited or no work conditions due to the age of their youngest child, limiting illness or disability. Some would be able to work when the time is right and with appropriate support. Forthcoming plans to halve the disability employment gap will need to ensure suitable job opportunities enable these families to escape poverty. Otherwise, living standards for them and their children will continue to fall far below what is considered adequate. Both UK and Scottish Governments have a responsibility to reduce the risks of working and avoidable exit from the labour market. Fair Start Scotland (the new voluntary employability programme) and the forthcoming Disability Employment Action Plan need to be fully aligned with child poverty reduction targets, providing flexible support for families, including suitable transport and training. In addition, the UK Access to Work fund can help more parents with a disability to stay in work, but only if awareness among families and employers is higher.
- At any point in time, there will still be families who are unable to work. For some, this will be a short-term situation – for example, until children are in nursery or at school, or while their health recovers. Others will be unable to work in the long term. Devolved social security powers need to play their part in reducing poverty for these and other families. Early commitments include:
  - A new Best Start Grant for low-income families during infancy and the early years.
  - A family Income Supplement by 2022 should be targeted to have maximum impact on child poverty and maintain work incentives.
  - Core disability payments will rise in line with inflation, but major challenges remain in terms of take-up and adequacy. JRF believes that these benefits should not be included when it comes to measuring poverty, as they are intended to contribute to the extra costs of disability.

But there is potential to do more. The Scottish Government's commitment to building a social security system with dignity and respect at its core, and offering routes into employment for those currently excluded, could change family incomes and prospects of thousands of children for the better if used cost effectively.

## Conclusion

Taken together, this research has looked at unpacking key explanatory factors for a significant number of children in poverty in Scotland. Unless concerted policy action is directed at these children, the Scottish Government will not meet its 2030 targets. The Disability Employment Action Plan and the Gender Pay Gap Strategy are vital components of making this happen, along with the social security system that can make a huge positive contribution to children's crucial early years.

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## About the project

This research was carried out by Emma Congreve and Jim McCormick from JRF's Scotland office.

## For further information

The full report, **Poverty in Scotland**, is published by the Joseph Rowntree Foundation. It is available as a free PDF at [www.jrf.org.uk](http://www.jrf.org.uk)

Read more summaries at [www.jrf.org.uk](http://www.jrf.org.uk)  
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