The rise of in-work poverty and the changing nature of poverty and work in Scotland: what are the implications for population health?

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Executive summary

The nature of poverty, work and social protection in Scotland is undergoing a period of rapid and significant change.

Although the proportion of the population experiencing poverty has been reducing in Scotland in recent years, the percentage of families living in poverty, where at least one family member works, has increased substantially. These families are described as experiencing ‘in-work poverty’ and represent an important subgroup of Scottish society for three pressing reasons. First, although in-work poverty is not a new occurrence, it has received limited attention in the UK in terms of research and policy focus. Second, the UK welfare system is going through a period of considerable retrenchment. Many of the new welfare reforms will see significantly reduced levels of support for working-age populations, including those experiencing in-work poverty. Third, very little consideration has been given to improving our understanding of the specific pathways between in-work poverty and health and wellbeing.

Contributing towards the increase in in-work poverty, there has been an evidenced increase in low-paid, short-term and precarious employment across Europe. These changes have been seen in Scotland and have largely been driven by globalisation; however the recent economic recession and the evidenced shift towards an economy dominated by the service sector have further compromised labour market stability in Scotland. National and localised analyses presented in this paper support that fundamental changes to the nature of employment in Scotland have occurred. Rates of temporary and part-time work are increasing across Scotland and part-time work rising dramatically within Glasgow. Women are more likely to be in part-time work, compared with men, however the concept of underemployment (for example, wishing to move from a temporary to a permanent job contract) is a growing concern for both genders: as of 2011, over a third of all temporary workers in Scotland would like, but cannot find, a permanent job.

There is a need to question the prevailing notions of the long-term unemployed and of work avoidance. Emerging qualitative evidence suggests that the contemporary experience of unemployment is characterised by ‘churning’, which involves moving in and out of low-paid, short-term jobs, and on and off welfare benefits. National and local analyses of official statistics presented in this paper tend to support the existence of churning. However, the nature and extent of the issue is difficult to capture empirically from official statistics. There is a distinct lack of evidence examining the impacts of both in-work poverty and churning on population health and wellbeing.

The data presented and literature reviewed in this paper make clear that fundamental shifts have occurred within the nature of work and poverty in Scotland over recent years. Central to this must be a departure from dichotomous perspectives of ‘employment or unemployment’, ‘employment or poverty’ and ‘employment or welfare dependency’. Evidence reviewed in this paper suggests that a continuum perspective is more appropriate; recognising that many individuals are currently experiencing fluctuations and variations of unemployment, employment, poverty and welfare support.

The implications for population health and wellbeing of these changes to poverty and work are generally negative. The detrimental impact of low quality, precarious and insecure work on mental health and wellbeing is especially concerning amid an
economic recession, which itself represents a significant risk factor for population health generally and mental health specifically. Moreover, evidence suggests that the retrenchment of social protection, outlined in the planned UK welfare reforms, will further compound these risks and lead to increased poverty rates and the exacerbation of health inequalities.

The scale and depth of the current UK welfare reforms are likely to be detrimental to the health and wellbeing of those populations affected. At a policy level, the short-term economic savings achieved by these reforms may potentially be outweighed by the economic costs resulting from increased demand on health services. There is a pressing policy need for greater recognition of the rise of in-work poverty and the existence of low pay/no pay churning. Far greater emphasis must be placed on the meaningfulness, conditions, quality and sustainability of employment for those moving from unemployment and into the labour market. Economic evidence also questions the rationale behind the scale and depth of the current cuts to public spending and the UK welfare reforms. Furthermore much of the evidence reviewed in this paper underlines the limitations of the ‘deserving and undeserving poor’ ideology which appears to underpin much of the welfare reforms.

There is a need to consider moving the research focus in this field away from simply comparing the health and wellbeing of unemployed versus employed people towards exploring some of the more nuanced themes discussed in this paper such as in-work poverty, churning, underemployment, declining occupational health standards, job insecurity and quality of work.

Key points

- Fuller policy recognition of the existence of in-work poverty and low pay/no pay churning is essential.
- A greater policy focus is required on the detrimental impacts to population health and wellbeing of the current welfare reforms and a more thorough consideration of the potential economic costs resulting from increased demand on health services.
- Increased public health research focus is required to further understanding of the health impacts of globalised risk transference, underemployment, the quality and meaningfulness of work and the rise of precarious work.
- Additional evidence is required to examine the health impacts of in-work poverty and churning; significant methodological advances are required to more accurately quantify the extent and nature of churning.
- An increase in the national poverty and underemployment related survey samples sizes is required to allow complete and robust regional analyses.
- Multilevel approaches are required to assess how global economic drivers, nation state responses, regional factors, and individuals’ work and household circumstances interrelate to shape health and wellbeing.
- A longer-term perspective of poverty dynamics is required, which is more likely to capture the true extent and impacts of poverty than the current emphasis on point-in-time analysis.
**Introduction**

The nature of poverty, work and social protection in Scotland is going through a period of rapid and significant change. The impact of these changes on the health and wellbeing of the nation is not fully known. A time for reflection is urgently needed to consider these matters and their consequences for the careers and futures of Scottish residents.

There is much to be learned concerning these themes by looking to the past. Indeed the detrimental impact of deindustrialisation on the west of Scotland’s health, economy and social fabric has already been evidenced\(^1\). Furthermore the latter half of the 20th century has also seen fundamental changes to the Scottish workforce, including the decline of the ‘male breadwinner’ role and the increase in the numbers of women in the labour market\(^2\). There are, however, many less well understood and complex challenges facing Scotland and its workforce, demanding immediate responses.

The composition of poverty in Scotland has also fundamentally changed, especially over the last two decades. While total levels of poverty have been reducing over this period, the proportion of families living in poverty where at least one family member works has actually increased. These families are described as experiencing ‘in-work poverty’ and represent an important subgroup of Scottish society for three pressing reasons. First, although in-work poverty is not a new occurrence it has received scarce research and policy focus. Second, the UK welfare system is going through a period of significant retrenchment. Many of the new welfare reforms will see significantly reduced levels of support for working age populations, including those experiencing in-work poverty. Third, very little consideration has been given to improving our understanding of the specific pathways between in-work poverty and health and wellbeing.

This paper represents an introductory overview of the changing nature of poverty and work, the rise of in-work poverty and the evidence-based implications for population health and wellbeing of these changes within Scotland. Key literature and analyses of important trends in these related areas are presented. In so doing, fundamental and well-established evidence and concepts in this field are covered as well as very recent literature, data and commentary.
Section 1: The changing nature of poverty in Scotland

In introducing the concept of poverty, definitions, causes, policy responses and perceptions are addressed. Specific consideration is given to in-work poverty; its causes and its policy and research status. Also covered is important contextual information as to the changing composition of poverty in Scotland in recent years. This is achieved by up-to-date trend analyses of official statistics in this area.

Defining poverty

Poverty is a complex and enduring problem in Scotland. Historically, poverty has been evidenced in ‘urban slums’ within industrial cities such as Glasgow but also within Scotland’s rural and remote countryside. Poverty is a multidimensional phenomenon; the intersection of evidence, policy and practice in this area is, and has always been, especially nuanced. In more recent times, Abel-Smith and Townsend are credited with the ‘rediscovery of poverty’ in the 1960s. These and other social scientists developed insight and evidence suggesting that certain groups in societies still lived in extremely difficult circumstances. Notably retired couples and low-income families were described as priority groups at the time.

The term poverty is often accompanied by a degree of ambiguity, particularly when considering the range of indicators and ways of measuring poverty. In its broadest application, the term poverty includes both objective and somewhat subjective components. The literature however tends to agree that there are two defining characteristics of poverty. First, poverty means not having enough resources, especially income to purchase goods and services, such as food and electricity, many of which are thought to be essential in everyday life. Second, poverty is also synonymous with ‘capability deprivation’; meaning a collective and detrimental lack of opportunities and freedoms enjoyed by wider society. There are different ways of measuring poverty and these are explained fully in Appendix 1.

The preferred poverty measure referred to in this report is ‘relative poverty’, as it reflects the degree to which the lowest income households are keeping pace with the incomes of the population as a whole. Relative poverty also represents a societal perspective of poverty with the thresholds potentially changing if the national median income changes.

Table 1 shows the actual amounts that defined relative UK poverty in 2010/11 by illustrative family type and before housing costs. Please note the third and fourth columns in Table 1 refer to the threshold for families with one young child (aged 5) and one older child (aged 14).

Table 1. UK relative poverty income thresholds for different family types (before housing costs) in 2010/11.

<table>
<thead>
<tr>
<th>Single person with no children</th>
<th>Couple with no children</th>
<th>Single person with children aged 5 and 14</th>
<th>Couple with children aged 5 and 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>weekly</td>
<td>annual</td>
<td>weekly</td>
<td>annual</td>
</tr>
<tr>
<td>£168</td>
<td>£8,800</td>
<td>£251</td>
<td>£13,100</td>
</tr>
</tbody>
</table>
However, the analyses of relative poverty in this report will be presented ‘after housing costs’ and not ‘before housing costs’. There are two primary reasons for this. First, housing costs vary considerably by geographical location, meaning that geographical comparisons of poverty are more fairly made after housing costs have been taken into account. Secondly, individuals may appear to be living in apparently identical circumstances while in fact facing very different housing costs, such as retired individuals who have paid off a mortgage compared with those in rented social housing. Therefore, including disposable income after housing costs are deducted is arguably a more accurate way of describing poverty rates.

The causes of poverty
Concisely summarising the causes of poverty is extremely challenging. The causes of poverty are structural, perpetuated through social, political and economic mechanisms and factors. The determinants of poverty are closely interrelated and typically more than one cause is responsible for poverty experienced at the individual level. Social factors affecting poverty refer to shared characteristics in which people are born, grow, live, work and age which make some more susceptible to poverty, examples include parental poverty, traumatic life events and discrimination. Levels of poverty are fundamentally determined by political decisions; meaning the extent to which government is willing to intervene to reduce poverty and how successful such interventions have been in reducing poverty. Economic factors refer to the condition of the macroeconomy which is influenced by the global free market and the political approaches to the mixed market economy at the national level.

Within the UK, the profile of poverty has perhaps been heightened as a result of the global economic downturn and the prospect of several years of fiscal adjustment, the current UK welfare reforms and the cuts to public sector budgets.

Addressing poverty: Scotland’s policy responses
The central purpose of the current Scottish Government’s economic strategy is to create a more successful country with opportunities for all to flourish, through increasing sustainable economic growth. To support this central purpose, 16 national outcomes have been described to monitor government performance over the next ten years. Addressing poverty and income inequality are priorities within the outcome of tackling significant inequalities in Scottish society. To achieve this outcome, a number of methods must be employed, for example the development of a robust evidence base that would shed more light on the underlying causes of inequality in order for them to be tackled.

The Scottish Government’s antipoverty strategy (Achieving our potential: a framework to tackle poverty and income inequality in Scotland) is an important response in addressing income inequality. The framework contains several overarching objectives:

- To reduce income inequalities.
- To introduce longer-term measures to tackle poverty and the drivers of low-income.
- To support those experiencing poverty or at risk of falling into poverty.
- To make the tax credit and benefits systems work better for Scotland.

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*Structural causes or determinants of poverty; create stratification and divisions in society and define individual socioeconomic position within hierarchies of power, status and access to resources. They are entrenched in key institutions and processes of the political and socioeconomic context. Structural determinants include occupation, social class, income, education, gender and race.*
In line with the UK government, the framework does not focus on greater redistribution of income, but favours employability and maximising household incomes through increasing the uptake of benefits among eligible recipients, especially for those vulnerable groups at greater risk of poverty.

Supporting the aims of the Child Poverty Strategy for Scotland underlines the Scottish Government’s commitment to eradicate child poverty as per the 2020 target laid down by the UK Child Poverty Act 2010. The child poverty strategy is underpinned by the principles of early intervention and prevention to break the cycles of poor outcomes; building on the assets of individuals and communities and moving away from a focus on deficits; and, ensuring that children’s and families’ needs are at the centre of service design and delivery.

The impact of poverty on poor health and health inequalities, the importance of employment for physical and mental health and wellbeing, and the role of employers in providing health-promoting workplaces were identified as key points in the report from the Scottish Government’s ministerial taskforce report in addressing health inequalities (Equally Well).

The introduction of a living wage is potentially an important policy response in reducing rates of in-work poverty. The living wage sets an hourly rate (the rate outside London was £7.20 per hour in 2011, compared with the national minimum wage upper rate of £6.08 per hour at that time) at a level that provides a minimum income standard. The idea behind a living wage is simple: that a worker should be paid enough to live decently and to adequately provide for their family. However, evidence suggests implementation of the policy varies across the public, private and voluntary sectors.

The Scottish Government has introduced the living wage for directly employed government staff and those working in its agencies and the NHS. At a local authority level, seven of the 32 authorities operating across Scotland had adopted the living wage by 2012. According to the Scottish Living Wage Campaign, the adoption of this policy within the public sector benefited an estimated 15,000 workers. However, despite this public sector progress, a provisional estimate suggests that of the 550,000 employees earning less than the living wage in Scotland, 28.1% work in the private sector compared with 3.9% in the public sector. It is even more unclear what percentage of Scotland’s voluntary sector workforce (138,000 full time equivalents) receive the living wage.

Perceptions of poverty
There are many studies and commentaries concerning the issue of attitudes towards poverty and the political response to such attitudes. A well-evidenced perception amongst some members of the public and in the media is that people living in poverty are in some way ‘deviant’ from the rest of society. This has been described as the perception that those living in poverty are lazy and only have themselves to blame. Specific to in-work poverty, some studies have reported confusion and suspicion as to how people who are working or receiving benefits can still be living in poverty. Such stereotyping or ‘othering’ is based on viewing poverty solely as a result of individual failings, with little or no consideration of structural (social, political and economic) determinants and deficiencies.

The distinction between a ‘deserving’ and ‘undeserving’ poor has a long political history, dating back to the 19th century poor laws. Such attitudes can however still be evidenced in current rhetoric amid the public sector cuts and welfare reforms. Given the stigmatisation that exists in society surrounding people living in poverty,
mainstream political parties seem especially guarded in relation to the use of redistributive policies aimed at reducing poverty. The ‘deserving poor’ (children and pensioners) are still prioritised in current UK poverty policy. These groups seem to be viewed as more deserving than working-age adults as they are perceived as being unable to lift themselves out of poverty.

**Current rates of poverty in Scotland**

The data presented in this section are extracted from the ‘Poverty and income inequality in Scotland: 2010-11, A National Statistics Publication for Scotland’ report, with the exception of some ‘after housing costs’ data which the authors of this report kindly provided in addition. (Please note that the poverty data presented in this section were collected through the Family Resource Survey, which consists of approximately 4,000 Scottish households and is not considered a robust enough sample to allow regional- or city-level analyses.) The analyses consider levels of poverty in Scotland for all individuals, children, pensioners and working-age adults; rates of in-work poverty are also included. Percentage changes between poverty rates at different time points over a reporting period are presented as absolute (rather than relative) increases or decreases. So for example if a given poverty rate halves over time from 10% to 5%, we would describe this as a fall of 5% rather than a 50% reduction.

Figure 1 depicts the fall in the proportion of individuals living in relative poverty after housing costs are deducted, over the period 1994/95 to 2010/11.

**Figure 1: Percentage of individuals living in relative poverty after housing costs in Scotland (1994/95 to 2010/11).**

Some 910,000 individuals in Scotland were living in relative poverty, after housing costs, in 2010/11. This represents 18% of the total population and is 6% less than the poverty rate in 2000/01. The reduction in poverty in Scotland had reached a plateau before the 2008 economic recession, but there was a slight further reduction (of 1%) between 2009/10 and 2010/11.
Figure 2 details rates of relative poverty after housing costs, for children, working-age adults and pensioners in Scotland over the period 1994/95 to 2010/11. It is clear from the chart that child and pensioner poverty rates have been reducing steadily over the reporting period but that for working-age adults the poverty rates have remained static.

Figure 2: Percentage of children, working-age adults and pensioners in Scotland in relative poverty after housing costs (1994/95 to 2010/11).

Some 220,000 children were living in relative poverty after housing costs in Scotland in 2010/11; this represents 21% of all children in Scotland. Overall child poverty has reduced significantly since 2000/01. The child poverty rate reached something of a plateau over the period from 2004/05 to 2008/09 but has reduced 5% from 2008/09 to 2010/11.

The rate of relative poverty, after housing costs, affecting those of pensionable age in Scotland has reduced significantly over the past decade. As of 2010/11 some 120,000 pensioners (12% of total pensioners in Scotland) were living in relative poverty after housing costs, this rate is less than half of the rate seen in 1998/99 (27% of total pensioners).

Compared with the downward trends amongst children and pensioners, over the last decade, the rate of working-age adult poverty has remained somewhat static. Some 570,000 working-age adults were living in relative poverty after housing costs in Scotland in 2010/11. This represented 18% of the total working-age population at that time. Although when comparing 2000/01 with 2010/11, there has been a 4% drop in working age adults experiencing poverty; overall the rate has remained relatively constant at around 19% since 1998/99. Indeed, this 2009/10 rate of 20% (representing some 610,000 working-age Scots) is the second highest rate seen over the reporting period.
Figure 3 details rates of in-work poverty (lower, red line) as defined as all individuals living in households where at least one member of the household is working, either full or part time, but where the household income remains below the relative poverty threshold after housing costs. The chart also includes, by way of reference, the proportion of the entire Scottish population experiencing relative poverty after housing costs (upper, green line). In Scotland, the in-work poverty rate has been relatively static, ranging between 8 and 10% over the reporting period. In 2010/11, the figure was 9%, which was equivalent to 440,000 individuals.

However, when considered as a proportion of total overall relative poverty in Scotland after housing costs, the contribution of in-work poverty is actually increasing (see Figure 4). The downward trend in overall relative poverty and the relatively static in-work poverty rates, taken together, account for this. Specifically, in-work poverty changed from representing just over a third (37%) of total relative poverty in 1999/00 to almost half (48%) in 2010/11. In other words, by the end of this reporting period, in Scotland, of all individuals living in relative poverty after housing costs, almost half were living in a household where at least one person was working.
The policy and research status of in-work poverty

Although in-work poverty is not a new phenomenon, it appears to have entered UK policy discourse in a report published in 2000: *Opportunity for all*. This report described the UK government’s approach for tackling poverty and social exclusion. Moreover, it was not until the publication of *Delivering on Child Poverty: what would it take?* in 2006, that the issue of in-work poverty was formally recognised as a key priority in reducing child poverty, and achieving the 2020 target of eradicating child poverty. The persistence of in-work poverty presents a challenge to the UK government’s policy emphasis on welfare to work, whereby employment is seen as the primary route out of individual and household poverty.

UK governmental recognition of in-work poverty is increasing, however, and although the government still largely holds that employment is the most effective and sustainable route out of poverty, past statements to this effect have now been replaced with a more considered governmental stance on in-work poverty:

“Work is the surest route out of poverty but not an immediate guarantee: a combination of low wages and/or low hours in low skilled jobs may mean that working families remain in poverty. Parents may face constraints that limit their ability to earn a sufficient income or progress in the workplace.”

(HM Treasury, 2008)

The relative absence of a focus on in-work poverty within political discourse has been mirrored by a lack of research into the phenomenon, empirical or otherwise. There is perhaps an argument to be made that the limited body of research investigating in-work poverty and the lack of political priority afforded to the phenomenon interact, to reinforce and perpetuate the somewhat stagnant state of research and policy progress on the matter:

“Persistently high levels of low pay and in-work poverty in the UK reveal a blind spot in the government’s otherwise impressive record on employment and poverty.”

(Lawton, 2009)
“Despite its centrality to contemporary inequality, working poverty is often popularly discussed but rarely studied by sociologists.”
(Brady et al., 2010)34

Indeed, some have argued that the lack of a definitive and transparent definition of in-work poverty has historically been a major barrier to the political profile of the phenomenon35:

“there is little consensus on how to define working poverty, limiting both knowledge of such populations and ability to inform policy.”
(Joassart-Marcelli, 2005)36

Causes of in-work poverty
The causes of in-work poverty are no less complicated than those of general poverty. An independent review in 2006 of the UK child poverty strategy arrived at three broad causes of in-work poverty and suggested solutions31 – these are summarised in Table 2.

Table 2. Causes of and solutions to in-work poverty (adapted from Harker 2006)31.

<table>
<thead>
<tr>
<th>Causes of in-work poverty</th>
<th>Suggested solutions</th>
</tr>
</thead>
</table>
| Low pay                   | • Requires measures to improve wage levels – via the minimum wage, sector pay agreements or a voluntary approach.  
• Better support for parents to advance in-work, so that low-paid workers do not remain trapped on low pay.  
• Working Tax Credit is sufficient to lift some in-work couple families out of poverty – more help is required via the tax credits system. |
| Families relying on one earner | • There is a financial disincentive for some second earners to enter work (e.g. childcare costs).  
• Second earners need help with preparing for and moving into work. |
| Single/dual earners not working enough hours | • Single/dual earners need support to increase their hours and/or progress in-work |

The findings of the Harker review are consistent with the broader literature reviewed which converges around three main causes of in-work poverty being low pay, reliance on one earner and underemployment33,37-39. Arguably, the ‘causes’ as described by the review are in fact consequences of more complex, upstream drivers of these conditions and of in-work poverty. As such, the analysis within the review and its recommendations are somewhat limited in their scope and depth. The review proposes a more personalised welfare support, delivered to those facing in-work poverty; tailored to the needs of individuals and family, with enhanced flexibility between programmes. The review highlights deficiencies in how working families living in poverty are reached and engaged. Broadly, the review concludes that far greater evidence is needed on which to base the design of future measures to reduce in-work poverty.
The upstream drivers of in-work poverty are complex and touch upon many areas from global market structures to individual family characteristics and dynamics. These drivers will be considered in further detail in Section 2.

**Current UK welfare reforms**

Over the period 2010 to 2012 the UK government introduced a number of welfare reforms that were expected to save a total of around £18 billion per annum by 2014, with a further £10 billion subsequently announced to be cut from the UK welfare budget over the period from 2012 to 2016. It is anticipated that the welfare reforms will take more than £1.6 billion a year out of the Scottish economy. This is equivalent to approximately £480 a year for every adult of working age. Glasgow faces the biggest loss; its residents can expect to lose in the region of £270m a year in benefit income, equivalent to £650 a year for every adult of working age in the city. Aside from the scale of the cuts involved in the welfare reforms, the delivery of welfare is changing. Importantly, the reforms will see a shift from a largely universal delivery towards greater levels of means-testing.

The UK Welfare Reform Act (2012) introduces sweeping and fundamental change to the welfare system. Key changes include the introduction of universal credit to replace a number of existing benefits including housing benefit and tax credits for people of working age. A benefit cap will also be introduced limiting benefit payments to households based on the median earnings after tax for working households. Housing benefit entitlement will be limited to reflect family size among working age claimants in the social rented sector. Through the spare room subsidy (also known as the ‘bedroom tax’) benefit levels will be reduced if a property is deemed to be larger than the claimant’s requirements.

**Changing nature of poverty in Scotland: key points**

There are some clear messages at this stage from the data considered and literature reviewed:

- The proportion of working-age adults experiencing poverty in Scotland has remained static over the last decade. This is an important finding and is in contrast to the evidenced reductions in child and pensioner poverty over this time.

- The way people experience poverty in Scotland is changing. The overall percentage of the population experiencing poverty is reducing; however rates of in-work poverty have proportionally increased over the past decade. This in turn means that half of all Scottish residents living in poverty in 2010/11 reside in a household where at least one person is working.

- There is not, and there has not been, enough research and policy focus on in-work poverty. The literature points to the reasons for this being political, relating to the failure of some forms of employment to lift people out of poverty and the lower policy priority afforded to working-age populations; this may involve underlying notions of ‘the deserving and undeserving poor’.

- The UK welfare system is going through a period of significant retrenchment. Many of the new welfare reforms will significantly impact on working-age populations, including those experiencing in-work poverty.
Section 2: The changing nature of work in Scotland

This section of the paper explores how important characteristics of Scotland’s labour market and the nature of employment have changed in recent decades. Importantly, the drivers of these changes are also considered.

Globalisation and the growth of precarious employment

Scotland’s economy and labour market have undergone major changes in recent decades, one of the most notable being the rise of the service sector economy comprising retail, hospitality, finance, business and the public sector. The growth in this sector is in contrast to the widely reported decline of the manufacturing industry. Figure 6 illustrates these points, detailing the industrial profile of Scotland over the period from 1841 to 2001.

Figure 5: Scotland’s changing labour market (1841 to 2001).

Scotland operates and competes in a global market place, and globalisation has been a central driver of changes within labour markets, economies and the very nature of employment. Globalisation has seen the removal of restrictions on international trade and capital flows, as well as an increasing freedom for migrant workers. The global integration of labour markets has seen expanding involvement of large labour forces in particular parts of the world, such as China and India. The location of production has become much more flexible and responsive to labour costs, meaning it often cheaper to manufacture goods overseas and then ship them to target markets. Significant technological advancement in recent years has also pushed down production costs and reduced the need for skilled workers in many sectors.

There is no consensus within the literature as to the impact of globalisation on poverty. The global labour market is growing apace, leading to downward wage pressure. However, it is far from clear as to whether this downward pressure on...
wages has been offset by wealth generated from newly established international trade, with productivity gains and minimum wage policies being adopted in several countries. It is also noteworthy that there have always been low-paid jobs in society irrespective of globalisation. Indeed some have reported that agricultural globalisation has seen the numbers of people experiencing poverty reducing, particularly in developing countries.

Importantly, globalisation has given rise to significant increases in short-term, part-time and unstable jobs and working arrangements. This work insecurity may be especially pronounced in service-dominated industries, such as those that have emerged in Scotland. It has been argued that job insecurity and short-term, part-time working patterns are consequences of organisations seeking to maintain flexibility as a means of ensuring a competitive edge within globalised markets; thus transferring risk from the organisation to their employees. The economic recession has further heightened this ‘risk transference’. Indeed, most of the new insecure and temporary forms of employment are non-unionised. These factors are cumulative and have resulted in many sections of the globalised workforce being seen as disempowered and even exploited. Some, however, have argued that the role of globalisation in destabilising jobs and careers is overestimated.

Within this context of expanding labour supply and destabilised labour markets, a new and emerging social class; ‘the precariat’ has been described. The ‘precariat’ as described by Standing (2011) may or may not be migrant workers, and are characterised as generally fluctuating in and out of work and poverty but also sharing precariouness of residency and social protection. Standing describes much anger, unrest and contempt within the precariat; that the group ‘never take root’ and are capable of veering to the extreme right or left politically, and of supporting extremist views which play to their insecurities, fears or phobias.

Rates of part-time working in Scotland and Glasgow city

Aspects of a precarious labour market trend may be occurring within local labour markets with data revealing a noticeable rise in part-time work.

Since 2008/09, the total number of Glasgow residents in employment has fallen, and within this group the proportion of part-time workers has increased. Women are more likely than men to be working part time. Between 2008/09 and 2011/12, the number of women in full-time work fell by 14,400 (from 69% of working-age women in 2008/09 to 60.7% in 2011/12) and those in part-time work increased by 7,900 (from 30.8% to 39% of working-age women). The number of men in full-time work fell by 4,200 over the time period (a 5% reduction from 89.1% to 84.1% of the working-age male population) and those in part-time work increased by 5,900 (from 10.8% to 14.8%).

The data presented in this section are extracted from the Annual Population Survey, Office of National Statistics, Official Labour Market Statistics website. The analyses consider the percentage of part-time workers (as a proportion of employed adults aged 16-64) at a national level and at a Glasgow city level by gender.
Figure 6 demonstrates the rise in women working part-time in both Glasgow city and Scotland since the 2008 economic downturn. The proportion of women working part-time is consistently higher in Scotland than in Glasgow over the recording period. At the national level, 42.8% of women were working part-time in 2011/12, which represented 496,200 women, compared with 39% of women in Glasgow, representing 46,800 women.

A similar part-time labour market pattern can be seen among men. Figure 6 also demonstrates there has been an increase in the proportion of men working part-time in Scotland and Glasgow city over the recording period. From 2005/06 onwards, the proportion of men working part-time in Glasgow has been consistently higher than the figure for Scotland. Between 2008/09 and 2011/12, the rate of part-time working among men in Glasgow increased from 10.8% to 14.8% (the latter figure being equivalent to 20,600 men). When considering the rates across Scotland, there has been a rise from 9% in 2004/05 to 12% in 2011/12. This national increase represents a rise from 115,500 to 150,500 men over this period.

Rates of underemployment in Scotland

Underemployment is an important measure of labour utilisation within the economy and is an indicator of how well the workforce is being utilised in terms of skills, experience and availability to work\(^{37}\). During the current economic climate the concept of underemployment has been narrowly used within UK literature to describe the availability or wish of part-time workers to undertake full-time work. In this paper, analysis of temporary workers unable to find a permanent job is also included. These two specific issues will be considered, but we recognise that underemployment has a much broader meaning and deeper implications for the economy than can be fully covered here.

Over a four-year period, there has been a discernible rise in two important underemployment categories in Scotland: an increase in part-time workers unable to find full-time work; and temporary workers unable to find a permanent job. Figure 7 plots the absolute numbers of part-time workers who could not find a full-time job for both Scotland and Glasgow over the period 2004 to 2011. The absolute numbers and
proportions (in Figures 7 and 8 respectively) of those in temporary employment who could not find a permanent post are plotted for Scotland only; this is because the sample size of the Annual Population Survey at a Glasgow city level is too small to reliably report these figures.

Figure 7: Number of adults (aged 16+) working part time because they could not find a full-time job (Scotland and Glasgow) and working in temporary employment because they could not find a permanent job (Scotland): 2004-2011.

PT = part time.

In particular, there has been a dramatic increase in the number of part-time workers unable to find a full-time job in Scotland – nearly doubling from the pre-recession time point of 2007. The increase seen from 2007 to 2011 amounted to a rise from 56,000 to 110,000 individuals in part-time work (the latter being just under 5% of all adults in Scotland). Within Glasgow the absolute numbers have more than doubled from 7,000 to 17,400 over the same reporting period. Again comparing absolute numbers in 2007 with those in 2011, the number of temporary workers seeking permanent employment in Scotland increased from 31,000 to 48,000 (meaning a 54.8% increase, with the 2011 figure representing just under 2% of all employed people in Scotland).
Figure 8: Percentage of adults (aged 16+) in employment working part time because they could not find a full-time job (Scotland and Glasgow) and working in temporary employment because they could not find a permanent job (Scotland): 2004-2011.

PT = part time.

Figure 8 (above) plots the same data in a different way; instead of showing absolute numbers, it shows underemployment levels as a proportion of each worker category. The blue lines show the trends in part-time workers unable to find a full-time job as a percentage of the overall part-time workforce, for Scotland and Glasgow. Secondly, the red line represents temporary workers unable to find a permanent job as a percentage of the overall temporary workforce, for Scotland only.

The proportion of Scotland’s part-time workforce unable to find a full-time position almost doubled over a five-year period: from 9% in 2006 to 17% in 2011. In Glasgow, the proportion also nearly doubled over the same period and was consistently much higher than the national picture; rising from 13% in 2007 to 25% in 2011.

Within Scotland’s temporary workforce, more than a third (37%) of workers wished to, but could not find a permanent job in 2011: an increase of 13% since 2006.

Part-time work and gender

A large amount of literature documents gender differences in labour market behaviour, especially with respect to non-participation, part-time participation and child-rearing\textsuperscript{68-70}. Consistent with the analyses presented in this paper, and as is the case in most other industrialised countries, women in the UK are more likely than men to enter a period of non-participation and/or part-time working over the period between child birth/early years rearing\textsuperscript{71}. The affordability of childcare has been shown to be a factor influencing levels of female participation in the labour market; for many, particularly families with low income, the cost of childcare represents a financial disincentive to return to full-time work in the UK\textsuperscript{70,72} and elsewhere\textsuperscript{73}. Indeed the contributory influence of periods of part-time working as a result of child-rearing on future gender pay differentials is being researched apace\textsuperscript{68,74}.
Low paid, low ‘psychosocial quality’ work

A crucially important factor in the relationships between poverty, work and health is the ‘psychosocial quality’ of work. It is long-established that employment and indeed the nature of the work are important social determinants of health. Many low paid jobs have excessive high psychological demands, low decision ‘latitude’ (low levels of decision-making authority and low skill utilisation), are repetitive, pressurised and generally classified as being of low psychosocial quality. The Whitehall studies have described similar working circumstances as having high ‘job strain’. There is a clear socioeconomic gradient in the distribution of job strain across the workforce; with increased job strain in lower status, lower-paid jobs.

At a policy level, the focus on job quality continues to be overshadowed by the continued emphasis on moving welfare claimants into (any) work. Indeed, there is evidence that the expanding service sectors, such as evidenced in Scotland, have additional low psychosocial qualities such as low possibilities for development, low predictability, low role clarity and high role conflicts, although presently no studies examining Scottish populations exist. Social support of co-workers and supervisors has been shown to have a mitigating effect on the psychosocial quality of work, whereas insecurity of employment has been shown to reduce the psychosocial quality of jobs. However, the effect of being a part-time worker on psychosocial work conditions is less conclusive throughout the literature.

The emergence of ‘low pay/no pay’ poverty churning

There is emerging qualitative evidence, although limited, (within the broader context of employment-related research) that supports that the predominant experience of being unemployed is not one of long-term unemployment or work avoidance, but of fluctuating between low-paid, short-term employment and unemployment. This also means moving on and off benefits and moving above and below the poverty threshold. This low pay/no pay cycling has been called ‘churning’. Churning is associated with low social mobility; being low paid or unemployed itself significantly increases the probability of being in one of these states a year later; however, people on low pay are more likely to be employed in the future compared with unemployed people.

The current welfare reforms are particularly stringent; however it is worth remembering that strict welfare rules have been in place for some time meaning that the long-term avoidance of work is near impossible. Indeed, long-term worklessness is surprisingly infrequent at a population level, especially considering recent UK governmental and media depiction of the long-term unemployed during the welfare and disability allowance reforms.

In February 2012, there were 8,210 long-term Job Seekers Allowance (JSA) claimants (i.e. in receipt of this benefit for between two and five years) in Scotland. Although not an insignificant number, this is equivalent to just 0.2% of the working-age population in Scotland. In contrast, there were 84,750 short-term JSA claimants (i.e. less than six months): 2.5% of the working age population. Within Glasgow at the same time point, there were 2,560 long-term JSA claimants (0.6% of the city’s working-age population) and 13,460 short-term JSA claimants, equivalent to 3.2% of the city’s working-age population. Therefore, whereas in Scotland as a whole there are approximately ten times as many short-term claimants as there are long-term claimants, in Glasgow, the ratio is only around 5:1. Compared with Scotland as a whole, a much higher proportion of the total number of JSA claimants in Glasgow were in long-term receipt of benefits.
The phenomenon of churning is not widely recognised. A key factor here is the questionable ability of official data to effectively capture the prevalence and nature of churning. Indeed there are resultant calls for a more robust framework for measurement. However, broadly speaking, the official statistics regarding short- and long-term JSA claimants described here tend to support the notion that short-term labour market and welfare churning within Scotland and Glasgow city is far more prevalent than long-term unemployment and welfare dependency.

The changing nature of work in Scotland: key points

Some of the important lessons drawn from the analyses and evidence reviewed so far, in relation to the changing nature of work in Scotland, include:

- Operating in a global market economy, Scotland experiences the wide-ranging impacts of globalisation, such as wage pressure and the increase in short-term, precarious employment. The global recession and the shift towards an economy dominated by the service sector may further compromise labour market stability in Scotland.

- National and localised analyses demonstrate an increase in precarious employment in Scotland, with rates of temporary and part-time work increasing across Scotland in recent years and part-time work also rising dramatically within Glasgow city. Women are more likely to work part time than men, however underemployment is a growing concern for both genders; in 2011 over a third of all temporary workers in Scotland said they would like, but could not find, a permanent job.

- Prevailing notions of Scotland as a society burdened by long-term unemployment and work avoidance are unsupported in these analyses. The contemporary experience appears to be characterised by churning, which involves moving in and out of low-paid, short-term jobs, and on and off benefits.

- The nature and extent of churning is difficult to capture from official statistics. However, local analyses broadly support the existence of churning in Scotland. In early 2012, the number of short-term Job Seekers Allowance (JSA) claimants in Scotland (84,750 individuals) was tenfold the number of long-term claimants (8,210 individuals). Although the number of long-term claimants was the highest for some time, and was far from insignificant, it only represented 0.2% of Scotland’s working-age population.

- In the future, there should be a strong policy emphasis on enhancing job security and job quality, in addition to the provision of employability support for all recipients on Job Seekers Allowance.
Section 3: The changing nature of poverty and work in Scotland: implications for population health and wellbeing

Poverty is the most ubiquitous and persistent risk factor for ill health\textsuperscript{94}. The strength of association between poverty and poor health is long-established and uncontested\textsuperscript{95-97}. This association is so strong that many have argued that a commitment to improving population health and to reducing health inequalities inherently means a commitment to reducing or eradicating poverty\textsuperscript{98}.

Those living in poverty experience disproportionate levels of chronic disease and reduced life expectancy, relative to the better off in society\textsuperscript{99}. A life in poverty and disadvantage adversely affects health through several mechanisms. Environmental and physical characteristics of neighbourhoods\textsuperscript{100}, social connectedness\textsuperscript{101} and individual behavioural factors\textsuperscript{102} all influence health outcomes and are less favourable for those living in poverty. Living in poverty also means a fundamental inability to purchase health-promoting commodities\textsuperscript{103} and increased susceptibility to adopting damaging coping choices e.g. excessive alcohol consumption and drug misuse\textsuperscript{104,105}. Recent research has demonstrated that the most disadvantaged communities in Glasgow experience accelerated biological ageing relative to the most affluent Glaswegians, thus predisposing them to early onset of chronic disease\textsuperscript{106}.

There is a distinct lack of evidence directly examining the influence of in-work poverty on health and wellbeing. However, based on the wider literature reviewed and the influence of employment as a determinant of health, it is reasonable to infer an association between in-work poverty and health. Moreover, the established literature concerning employment and health will be addressed later in this report when exploring the changing nature of work and its implications for health.

Employment

Employment is an important social determinant of health\textsuperscript{107}. Paid work provides an income which can contribute to a healthy way of life, and work ‘quality’ helps to meet important basic human requirements linked to personal identity, social status and ensuring that daily life is structured and meaningful\textsuperscript{108,109}. According to Karasek’s demand-control model\textsuperscript{110,111} jobs that have excessive psychological demands together with low decision ‘latitude’ (low levels of decision-making authority and low skill utilisation) are stressful to the mind and body as they do not fulfil aspects of fundamental human needs\textsuperscript{81}. The seminal Whitehall studies illustrate that work which is repetitive, highly pressurised and does not enable individual autonomy leads to significantly increased stress-related morbidity\textsuperscript{78,112,113}. While the Whitehall studies were initiated during a time when ‘jobs were for life’ their findings concerning poor quality jobs are still relevant within the current context. The Whitehall studies also describe how poor quality work is associated with elevated risk and poorer outcomes in relation to cardiovascular disease\textsuperscript{114}, mental health and wellbeing\textsuperscript{115} and higher rates of work absence due to sickness\textsuperscript{116}. Other Whitehall study findings reveal that social support from co-workers in the workplace has been shown, to an extent, to mitigate the detrimental health effects of low quality jobs\textsuperscript{115}.

Low psychosocial quality ‘bad’ jobs

Overall, evidence shows that unemployed people have poorer mental and physical health than those who are working\textsuperscript{117}. However, a 2011 longitudinal national survey study presents challenging findings. In this study, the mental health of those who were unemployed was comparable with or superior to those in ‘bad’ jobs of the
poorest psychosocial quality. Individuals in the worst quality jobs showed a more rapid decline in mental health than those who were unemployed. The transition from unemployment to a poor-quality job was more damaging to mental health than remaining unemployed. A 2012 study using data from the English Adult Psychiatric Morbidity Survey considered the prevalence of common mental disorders (CMDs) amongst the same sub-population groups. This study also found that the prevalence of CMDs among those in the poorest quality jobs was similar to that in the unemployed group. These studies and others such as Broom et al. (2006) demonstrate that the benefits to health of employment are dependant on the psychosocial quality of the work undertaken.

Within the service sector there may be further psychosocial job characteristics which could potentially further compromise health and wellbeing. Factors such as seasonality, low predictability, poor role clarity, high role conflicts and low potential for development have been proposed as being influential in this regard although there is no empirical evidence to support this. It is also important to recognise that the role of psychosocial factors within the workplace are only one of several types of work-related influence on health outcomes. Health impacts have also been found in relation to shift working, job safety and terms and conditions. Furthermore, throughout the literature, the role of psychosocial factors within the workplace is perhaps over-emphasised in explaining adverse health outcomes. Other non-work-related aspects of life are undoubtedly influential at the individual level such as health behaviours and household income and these are not consistently controlled for within studies of psychosocial job quality and health.

**Part-time work**

The evidence relating to part-time work and health is complex and includes important life stage and gender dimensions. This makes concise, clear messages on the matter difficult to present. Working hours influence health and wellbeing in a multifaceted way, including; work-life balance, performance at work and the income of the workers. Some broadly-focused studies have demonstrated increased mortality rates and lower self-reported health in those working part-time compared with full-time. By contrast part-time working has been shown to promote breastfeeding initiation and duration and to be a positive transition or ‘bridging’ option before complete retirement.

When considering part-time work as a key dimension of underemployment (part-time workers who want a full-time post), the findings demonstrate consistently negative consequences for health across the literature reviewed; especially for mental health, with increased levels of stress, anxiety and depression observed.

**Temporary work**

Analyses in this paper describe the increasing percentage of temporary workers who cannot find permanent posts in Scotland. Temporary work is a pivotal dimension within the nation’s underemployment. So-called precarious, temporary work is associated with low control over working hours, work-life conflict and stress. The detrimental impact of temporary work on mental health and wellbeing is a consistent theme across the evidence reviewed. Indeed a systematic review of the evidence in this area confirms an association between temporary employment and generalised ‘psychological morbidity’, increased risk of occupational injury and increased ‘sickness presenteeism’ (attending work during periods of ill-health). However, a growing body of evidence criticises the predominant one-directional viewpoint in many work stress models; evidence suggests existing mental health issues are a strong predictor of temporary employment. Temporary employment is also
associated with exploitation of vulnerable groups\textsuperscript{133} and a deterioration in occupational health and safety (OHS) standards and worker (and manager) knowledge of OHS and other related regulatory responsibilities\textsuperscript{134}. Increased levels of fatigue, backache and other musculoskeletal complaints have also been reported in temporary jobs compared with similar permanent roles\textsuperscript{135}.

\textbf{Job insecurity}

Perceived ‘job insecurity’ is a better predictor of adverse health outcomes in comparison with temporary employment status\textsuperscript{136}. The association between job insecurity and health was demonstrated evenly across both temporary and permanent job populations within one study\textsuperscript{136}. Importantly, a separate longitudinal study suggested that the damaging characteristics of job insecurity to health were not mitigated to any degree by support from colleagues, management or unions\textsuperscript{137}. Furthermore, in a study of 16 European countries the association between job insecurity and health did not differ significantly by age, sex, education, and marital status\textsuperscript{138}. Challenging evidence also exists suggesting that the prolonged worry of job insecurity is more damaging to health than actual job loss. Episodes of unemployment or job losses are associated with perceived job insecurity, but do not account for its association with health\textsuperscript{139}.

\textbf{Economic recession}

Some have argued that the current economic recession is like no other in terms of its severity and duration, but also its influence on jobs and potential impacts on lives\textsuperscript{140}. There have been sharp rises in suicide across Europe\textsuperscript{141,142} and the USA\textsuperscript{143} as a direct result of the current recession. Within the public health community there are concerns that stress associated with rising unemployment, poverty and social insecurity will not only lead to the already evidenced upward trends in many national suicide rates, but to substantial increases in psychiatric illness, and potentially alcohol-related disorders and illicit drug use\textsuperscript{144}. The health of the poorest in society will be hit the hardest during times of economic recession\textsuperscript{145}. Indeed, as governments seek to rebalance their economies, populations are facing increasing risks to health coupled with declining access to healthcare services\textsuperscript{141,146}. The gravity of these outcomes will be determined in the main by the policy responses taken by governments\textsuperscript{147}.

\textbf{Social protection and security}

The UK welfare reforms represent a considerable retrenchment of social protection and social security. International empirical evidence shows that the provision of adequate levels of social protection and social security are central pillars in alleviating mortality, poverty, ill-health and health inequalities\textsuperscript{148-151}. Social protection policies have also been shown to lessen the health-damaging effects of economic recession; including reducing the impacts of unemployment and job insecurity\textsuperscript{152,153}. Most governments of European Union states have argued that the reduction of social protection and social security budgets is inevitable given the fiscal constraints\textsuperscript{154}. However, many describe this policy response as shortsighted given the clear evidence that such an approach will inevitably compromise population health and wellbeing and exacerbate health inequalities\textsuperscript{147,155,156}. Indeed there is a reasonable economic argument against the sharp reductions to social protection and security currently seen in the UK. There is little debate across the evidence reviewed that such policy responses are likely to lead to increased demand for health services among those individuals and families affected, the monetary costs of which are not fully known at present\textsuperscript{149,157-159}.
**Low pay/no pay poverty churning**

There is a paucity of empirical evidence directly reporting on the health impacts of low pay/no pay poverty churning. This is hardly surprising given the present methodological difficulty in effectively quantifying churning. However as already reported, it is long-established that low paid jobs of poor psychosocial quality are detrimental to health and wellbeing\textsuperscript{110}; so too is unemployment\textsuperscript{117}. Furthermore, as already described, recent evidence suggests that the transition from unemployment to a poor-quality job was more damaging to mental health than remaining unemployed\textsuperscript{118}. It is reasonable to assume therefore that the continuous fluctuation between low paid ‘bad’ jobs and unemployment is at least as damaging to health and wellbeing as ‘bad’ work or unemployment individually. Furthermore the continuing transitions, uncertainty and insecurity resulting from the ‘churn’ may represent additional and distinct pathways that detrimentally influence health and wellbeing; but there is no empirical evidence to support this.

A large-scale, longitudinal qualitative study from 2010 does, however, describe the stressful nature of churning both to the individual and families\textsuperscript{86}. Respondents described the churn as making it especially difficult to “get on an even keel” financially, even during spells of employment, often due to debt accrued during unemployment. The study also highlighted the stress and strain of delays in benefit payments resulting from churning; as individuals exited employment as a result of temporary work, businesses failed, redundancies took place or workers were laid off following an illness or injury.

**In-work poverty**

Once again, there is a lack of evidence directly examining in-work poverty and its impact on health and wellbeing. However, from the literature described above there are two key inferences that can be drawn. First and obviously, in-work poverty maintains poverty which is detrimental to health and wellbeing through a variety of pathways already described\textsuperscript{87-99}. Second, it is highly likely that the types of employment which perpetuate in-work poverty are low paid. Given the association between pay and psychosocial job quality\textsuperscript{78} it is probable that the majority of jobs which result in in-work poverty are of low psychosocial quality and therefore are generally detrimental to health and wellbeing, as already described\textsuperscript{68-75}.

A potentially important dimension when exploring the relationship between in-work poverty and health relates to work-life balance stress. Stress resulting from managing difficult work-life commitments has been shown to be more severe in low paid, precarious and poor quality jobs\textsuperscript{160}. A study within the hotel and catering industry reports that high job demands coupled with low job control and role inflexibility directly impact on the ability to juggle work-life commitments, resulting in a higher level of stress\textsuperscript{78}. Evidence also suggests that work-life balance-related stress is highest among lone parents\textsuperscript{161}.

It is unclear from the evidence reviewed what role underemployment plays within in-work poverty; particularly work of a part-time nature. For example, a job which leads to in-work poverty could conceivably be of reasonable psychosocial quality but simply involve fewer hours of work than the individual requires to raise themselves and their household above the poverty threshold.
The changing nature of poverty and work in Scotland: implications for population health and wellbeing: key points

There are several important learning points from the evidence reviewed concerning the impacts to population health and wellbeing as a result of the reported changes to poverty and work in Scotland:

- Employment is an important social determinant of health; however the health benefits derived from working vary depending on the psychosocial ‘quality’ of the job among other factors. Recent evidence suggests that the lowest quality jobs are more damaging to mental health than remaining unemployed.

- Temporary work is associated with poorer mental and physical health compared with permanent employment. Lower occupational health and safety standards are also a feature of temporary roles. Interestingly, job insecurity is a stronger predictor of adverse health outcomes than temporary employment status. There is some evidence that part-time working is detrimental to health and wellbeing, however the evidence is complex and includes important life stage and gender dimensions.

- Economic recessions have a profoundly negative impact on mental health and wellbeing. The current economic recession has seen suicide rates increase dramatically in the UK and beyond. It is also known that the poorest in society will face disproportionate health burdens during times of economic recession. International evidence is also clear that the reduction of social security and protection (as is the case in the UK government’s policy response to the current recession) investment will be detrimental to mortality, poverty, ill-health and health inequalities.

- There is a lack of evidence concerning how in-work poverty affects health and wellbeing. Similarly, there is no empirical evidence examining how the continued ‘churn’ in and out of poor quality employment and on and off welfare benefits is impacting on health.
Synthesis of learning

The data presented and literature reviewed here demonstrate that fundamental shifts have occurred in the nature of work and poverty in Scotland over recent years. A central implication of these changes is the need to recognise the limitations of the dichotomous perspectives of ‘employment or unemployment’, ‘employment or poverty’ and ‘employment or welfare dependency’. A less linear perspective is more appropriate, recognising that many people experience fluctuations and variations of unemployment, employment, poverty and welfare support. Similarly, health cannot adequately be regarded as a single continuum, with a fixed distinction between ‘healthy and unhealthy’ or ‘fit to work and unfit for work’. It has many dimensions, and influences, which vary over time and interact to determine an individual’s functional capacity.

The evidenced implications for population health and wellbeing of the significant changes in poverty and work are generally negative. The detrimental impact of low-quality, precarious and insecure work on mental health and wellbeing is especially concerning amid an economic recession, which itself represents a significant risk factor for population health generally and mental health specifically. Moreover, past evidence suggests that the retrenchment of social protection, as seen in the current UK welfare reforms, will further compound these risks and lead to increased poverty rates and the exacerbation of health inequalities.

The interconnectedness between the current UK economic recession and global financial markets is important. The current recession was triggered primarily by the subprime mortgage crisis in the USA and trading practice and compensation structures that prioritise short-term deal flow over long-term value creation. Within this complex financial landscape, it is difficult to conceptualise how the UK and Scotland could have significantly mitigated the economic crisis and its detrimental effects on population health and wellbeing.

Prevailing criticisms of the current UK policies aimed at reducing public spending include concerns that the timescales are too quick and the cuts are too deep. Indeed, if deficit reduction, particularly cuts to social protection and welfare, were to occur over a longer timescale, it is likely that the impacts on population health and wellbeing would be less severe. Moreover, the planned reduction in welfare spend will place a significant burden upon the most disadvantaged groups in society. More fundamentally, it could be argued that the scale and depth of the current spending cuts and welfare reform are simply unnecessary. By international or historic standards, going by records of net UK debt to gross domestic product (GDP) ratios, the current UK debt is not high. Furthermore, the argument that the deficit should be addressed quickly in order to reduce the costs of servicing national debt is also questionable; the level of UK debt interest payments as a percentage of GDP is at a historic low. Indeed, Stuckler and Basu (2013) argue that during times of economic recession investment in social protection programmes and in public health remain vitally important. The authors cite Iceland as a strong example where this forward-thinking investment has boosted the economy and enhanced population health amid the worst economic recession in the country’s history.

Within contemporary welfare discourse there is an individualised emphasis on working-age adults considered ‘fit to work’; that this group must take responsibility to obtain work and lift themselves out of poverty. Working-age adults, when compared
with children and pensioners, are viewed as a less ‘deserving’ policy priority group. Indeed it is important to recognise and nurture the ability that some individuals have to change difficult life circumstances. The limitations of the individualised discourse are exposed however, when countered with a more balanced, evidence-based response which acknowledges the social and structural determinants of poverty as well as the significant disadvantage that a life born into poverty places on labour market competitiveness. Health is an important dimension here; the evidenced ‘poverty-ill health-poverty cycle’ makes clear that over the individual life-course, poverty is associated with higher prevalence of mental health issues, addictions and early onset of chronic disease as well as impaired early years development and reduced educational attainment. These factors significantly compromise both entry into and sustained participation in the labour market, thus perpetuating the susceptibility to poverty over the life-course and for potentially the next generation.

At an individual level, resilience and sense of coherence are factors which may be influential as to whether an individual born into poverty has the innate ability to lift themselves out of it. However, it must be recognised that these traits are variable and are interrelated with potentially many factors at the individual level which influence the capacity for self-betterment. Indeed, resilience and sense of coherence are socioeconomically patterned, with the most disadvantaged people experiencing the lowest levels of both. People born into poverty are likely to remain in poverty throughout their life-course. With this in mind, caution must be taken in attaching significant political or societal weight to ‘rags to riches’ anecdotes; although such accounts may be inspiring and accurate, they probably represent exceptional cases. Such anecdotes and indeed the wider individualised discourse that permeates current welfare policy fail to recognise the evidence described and are likely to exacerbate the detrimental health impacts of globalisation and the changes to employment and poverty described in this paper.

**Recommendations**

At a policy level, this paper highlights that the short-term economic savings achieved from the scale and depth of the current welfare reforms are likely to be detrimental to the health and wellbeing of those populations affected; potentially incurring as yet unknown economic costs. The implications of the changes that have occurred, particularly the rise of in-work poverty and the existence of churning, require particular consideration; greater emphasis must be placed on the meaningfulness, quality and sustainability of employment for those moving from unemployment and entering the labour market and for those in precarious employment.

There is a need to consider moving the research focus in this field away from comparing the health and wellbeing of unemployed versus employed people, and towards some of the more nuanced themes explored in this paper. These include issues of underemployment, the quality and meaningfulness of work, and the apparently inexorable shift from secure to insecure work.

Flexibility and adaptability within the labour market are regarded as prerequisites for ensuring market competitiveness in a globalised context. But the exact nature and scale of the potential health impact of ‘flexible’ employment remains somewhat unclear. The evidence reviewed here suggests that the detrimental impacts on mental health and the decline in occupational health and safety standards associated with ‘risk transference’ from employer to employee, are the most immediate concerns. The roles played by potentially modifying variables, such as the social and
environmental context or working conditions are unclear at present. The exact
distribution of risk across socioeconomic and demographic groups is also unknown at
present. Furthermore, it would be limiting to focus exclusively on health impacts at an
individual level. The effects of underemployment, poor quality and insecure work will
extend beyond ‘the worker’ to other family and household members\textsuperscript{134}.

The related impacts of low pay/no pay ‘churning’ and in-work poverty on health and
wellbeing are also unclear. As this paper suggests, it is reasonable to assume from
related evidence that their impacts will be detrimental to mental health; underlining
the point that these issues deserve policy and research focus. Again the distribution
of risk across the population needs to be accurately characterised; there may be
important gender, ethnicity and family dimensions\textsuperscript{175}, and some groups, for example
lone parents, may deserve specific focus\textsuperscript{176}.

Even if poor quality, insecure employment, churning and in-work poverty have a
relatively small bearing on health and wellbeing at the individual level, given the
growing volume of workers that may be affected, the scale of the potential impacts on
population health may be very significant\textsuperscript{177}.

In order to investigate these matters, considerable methodological advances are
required. It is unclear whether current official statistics are able to capture the full
extent and nature of individuals’ experiences of churning, or whether supplemental
data is required. This question requires further attention; as does the need to
supplement standard labour market statistics to capture the degree and complexity
associated with underemployment. Furthermore there is a need to boost national
poverty and underemployment-related survey sample sizes in order to allow
complete and robust regional analyses. This is important in establishing links
between national policy, regional impacts and health, especially given the evidenced
regional variance in health outcomes and determinants of health\textsuperscript{178}.

More pressingly, poverty dynamics research shows that poverty has an impact on a
larger number of people than the prevailing point-in-time analyses and studies
suggest. A 2007 review of the literature\textsuperscript{88} reported that over an eight-year period,
about a third of the population in Britain experienced poverty at least once, which is
equivalent to twice the average point-in-time poverty rates. Therefore, a longer-term
perspective of poverty dynamics is another potentially important area requiring
research attention.

The labour market changes, current economic climate and the importance of work as
a social determinant of health all reinforce the need to prioritise this important public
health concern. Some of the methodological challenges will include developing
multilevel approaches that can effectively assess how global economic drivers,
nation state responses, regional factors, and individuals’ work and household
circumstances interrelate to shape health and wellbeing. These challenges will
require co-ordination and capacity across and between a range of sectors that
include government, academia and health sectors.
Summary of key points

- Immediate policy consideration is required to mitigate the longer-term health and wellbeing costs, in societal as well as economic terms, of the current welfare reforms. Furthermore, policy attention is urgently required to ensure future social protection systems support good population health.

- Strengthened policy focus on in-work poverty and churning is essential; this must include recognition of these trends/issues and their consequences for population health and wellbeing. In addition, policy must also seek to support changes in employment practice to mitigate the potential harm to health.

- A greater public health research focus is needed to understand the health impacts of globalised risk transference, underemployment, the quality and meaningfulness of work and the rise in insecure work.

- National poverty and underemployment-related survey samples sizes should be boosted in order to allow complete and robust regional analyses.

- A longer-term perspective of poverty dynamics is more appropriate in capturing the true extent and impacts of poverty than point-in-time analyses.

- Multilevel approaches are required to assess how global economic drivers, nation state responses, regional factors, and individuals' work and household circumstances interrelate to shape health and wellbeing.

Conclusion

The relationships between health, social class and employment were explored in-depth during the 19th and 20th centuries. This considerable public health evidence base can serve as a platform for a new focus on the present day changes in the nature of work and poverty. An important 21st century challenge is to increase our understanding of the consequences of these changes for health and wellbeing at individual, household and population levels. The policy challenges include the need to acknowledge the importance of individual, social and structural factors. Overemphasising an individualised ideology as justification for significant retrenchment of social security and protection may achieve the desired short-term economic savings. However, the evidence is clear that such policy responses will incur significant costs to population health and wellbeing and will widen health inequalities.
Appendix One: Measuring poverty

Poverty can be measured in various ways; each approach to measuring poverty has inherent strengths and weaknesses. The below definitions of key poverty measures and related variables are taken from the ‘Poverty and income inequality in Scotland: 2010-11, A National Statistics Publication for Scotland’ report:

- **Households Below Average Income (HBAI):** uses household disposable incomes, adjusted for the household size and composition, as a proxy for material living standards. More precisely, it is a proxy for the level of consumption of goods and services that people could attain given the disposable income of the household in which they live.

- **Relative poverty:** Individuals living in households whose equivalised income is below 60% of UK median income in the same year. This is a measure of whether those in the lowest income households are keeping pace with the growth of incomes in the population as a whole.

- **Absolute poverty:** Individuals living in households whose equivalised income is below 60% of the (inflation adjusted) median income in a defined year. This is a measure of whether those in the lowest income households are seeing their incomes rise in real terms.

- **Housing costs:** Disposable income can be presented before or after housing costs are deducted. Analyses in this paper details after housing costs are deducted because housing costs can vary considerably for people in otherwise identical circumstances (e.g. pensioners who have paid off their mortgage versus pensioners who are renting) and is thus a fairer reflection of disposable income.

- **Demographic level:** The Scottish Government measures poverty against national indicators for all individuals, children, working-age adults and pensioners. In-work poverty is also measured.

- **In-work poverty rates:** Individuals living in households where at least one member of the household is working (either full or part time) but where the household income is below the poverty threshold. This group contains non-working household members such as children and non-working partners.
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