

Poverty in Scotland

- Scottish Government policy
- Poverty in 2012/13
- In-work poverty and the living wage

Scottish Government Policy

"By reconnecting large numbers of people in disadvantaged groups and communities to the mainstream economy, and encouraging work that pays fairly, we will **help more people in Scotland to fulfil their potential**; increase economic growth and participation in the labour market; and **create greater social equity across Scotland.**"

"Our approach to tackling poverty focusses on early intervention and prevention – tackling the root causes and building people's capabilities through universal entitlements, income maximisation and promoting children's life chances."

National Performance Framework
Performance Targets
Government Economic Strategy

Equally Well

Achieving Our Potential

Early Years Framework

Child Poverty Strategy

Achieving a Sustainable
Future

Getting it Right for
Every Child

Supported by Single Outcome Agreements and Community Planning
Partnerships

Poverty rates in 2012/13

16% of people in Scotland live in poverty

820,000 people in Scotland live in poverty (BHC)

1,000,000 people in Scotland live in poverty (AHC)

1 in 5 children in Scotland live in poverty

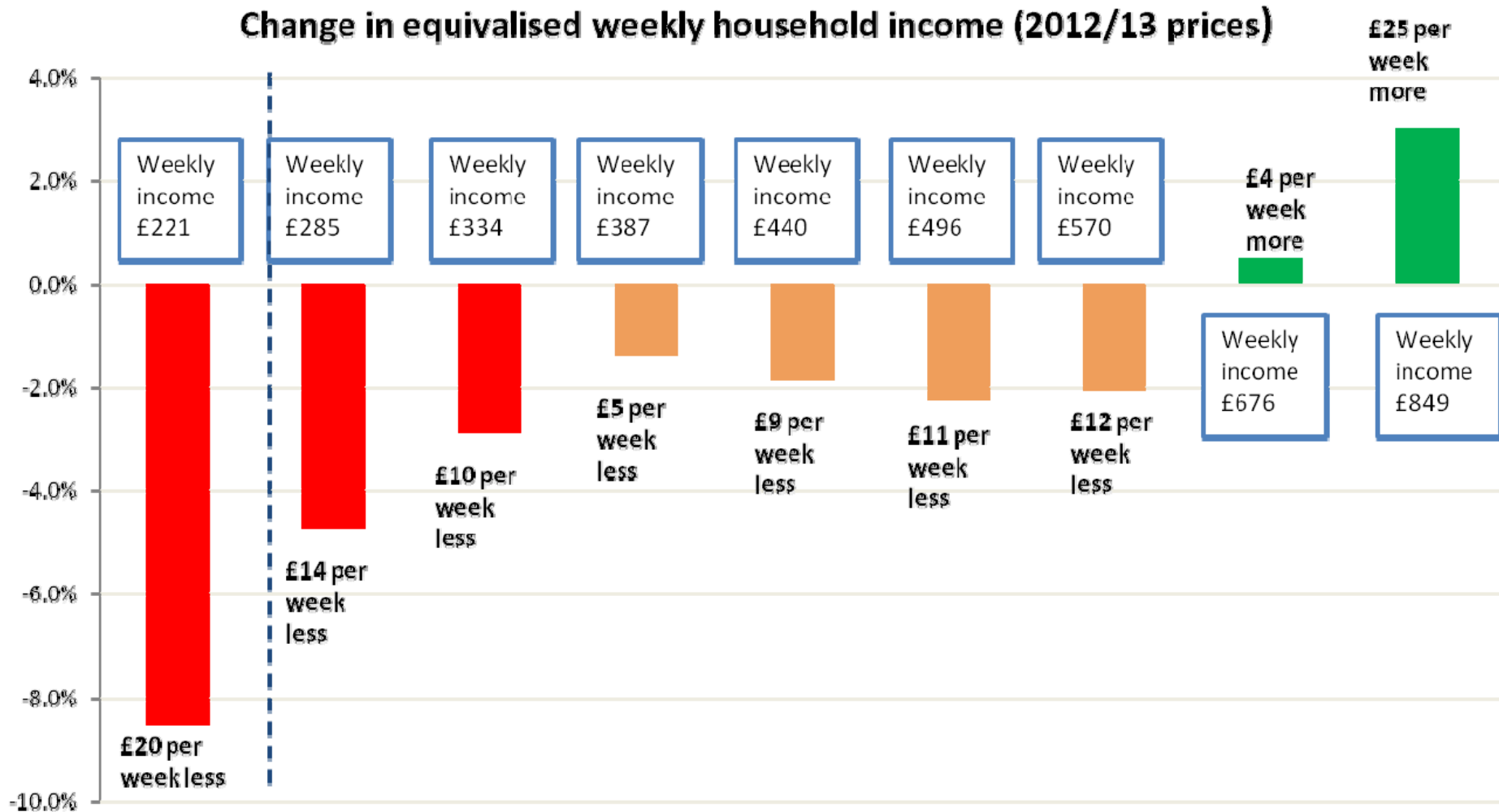
1 in 10 children in Scotland live in material deprivation

480,000 working age adults in Scotland live in poverty.

After housing costs are accounted for this increases to 660,000 adults.

Of the households in poverty in Scotland with working age adults, the majority live in 'working households'.

Change in median income by decile



Scottish median income 2012/13 **£23,000 (£440 per week)**

Household incomes for working age adults and families with children fell in 2012/13.

Working age adults



1.9% (£9 per week)

Household incomes for working age families with children fell by more than that for those without children .

Families with children



1.5% (£6 per week)

Pensioner households



1.8% (£7 per week)

For households with children the biggest decreases in median income were for families in employment.

Changes in 2012/13

- Welfare reform
- Slow uneven economic growth
- Changes to the labour market
- Low wage growth

In 2012/13, **26% decrease** in the number of children in families in receipt of **in work tax credits**.

This is reflected in an increase in **children in 'in-work' poverty** in the latest year, where families are in employment but household incomes remain below the poverty threshold

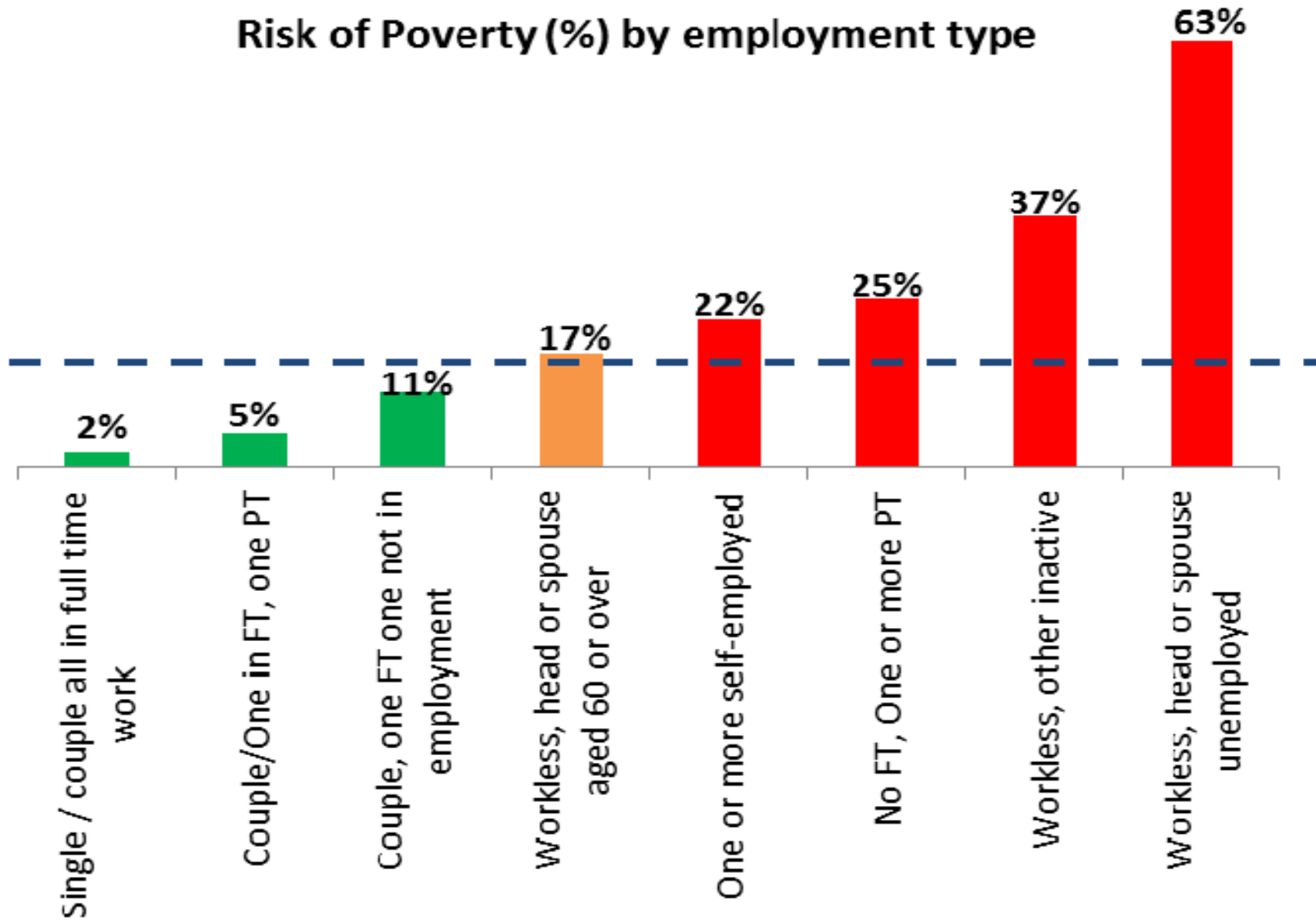
Employment, pay and poverty

Employment is the best route out of poverty.

Employment is no longer a protection against poverty.

Employment is the best route out of poverty

Risk of Poverty (%) by employment type



Employment is no longer a protection against poverty

Over half of working age adults in poverty in Scotland are in working households



Six in ten children in poverty in Scotland are in working households



The relationship between earnings from employment and poverty is not straightforward.

Employment, and earnings, are individual characteristics, while poverty is measured at the household level.

Whether someone with low earnings will be in household poverty depends on family type and size and on other sources of income available to the household.

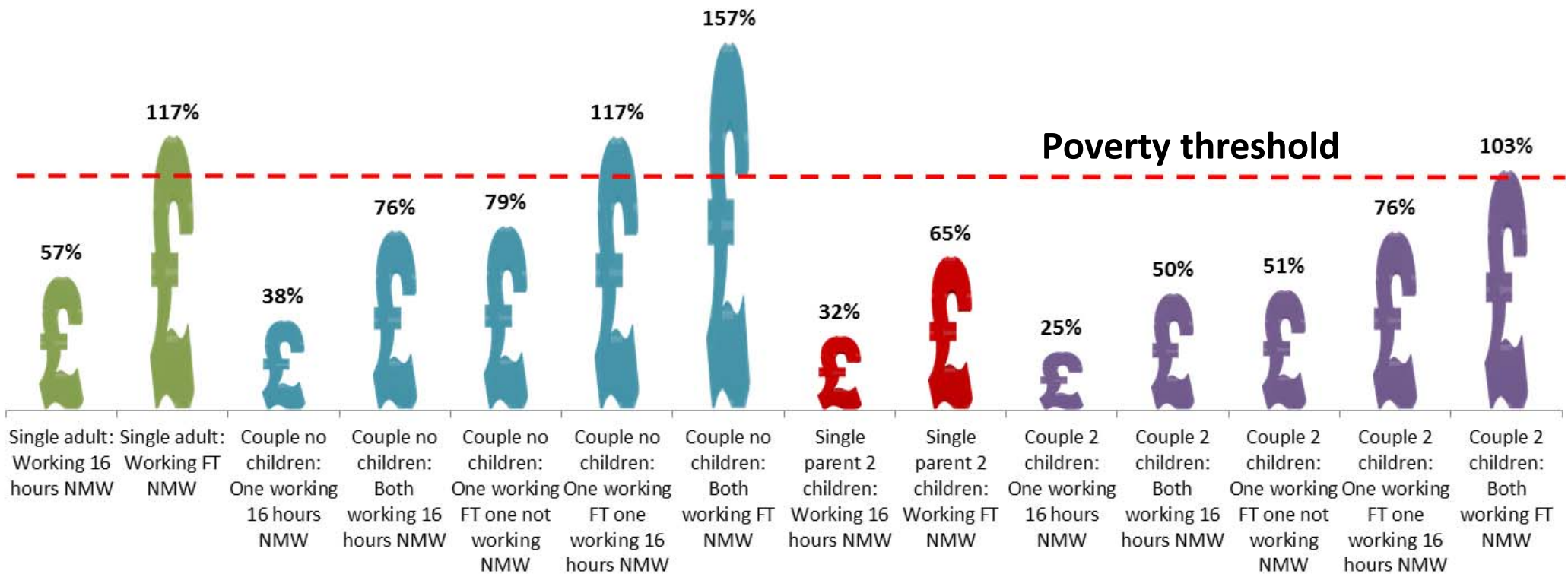
Employment Characteristics and Poverty

Key drivers of in-work poverty are the number of hours worked and the hourly rate of pay.

However, changes in these trigger changes in household benefit income.

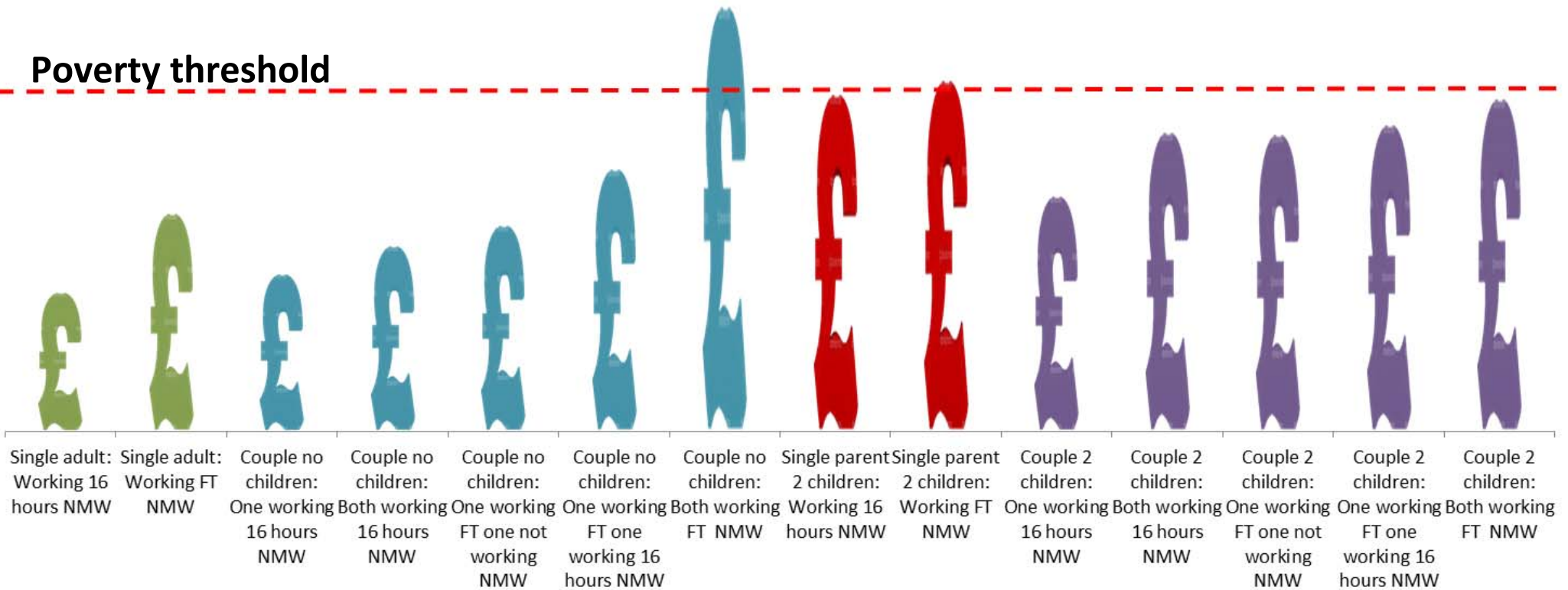
There is an association between intermittent work and persistent poverty

Earnings as a percentage of the poverty threshold



Household income after housing costs

Poverty threshold



For poverty to decline, lower income households need access to quality and sustainable employment

Impact of increased earnings on household income

Increasing wage rates from national minimum wage to Scottish Living Wage increases earned income for a full time adult by £34 per week, and for couples with one full time one part time by £55 per week.

Impact on household income dependent on benefit income.

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