

Monitoring poverty and social exclusion in Scotland 2005

In 2004, the New Policy Institute reported on poverty and social exclusion in Scotland. The Institute has now updated this analysis for all the latest data. Overall levels of income poverty continue to fall, particularly among pensioners and children. But almost a million people in Scotland still live in income poverty and beneath the overall progress there are some particular areas of concern:

- The number of working-age adults without dependent children who are in income poverty has increased from around 300,000 in the mid-1990s to almost 400,000 in recent years.
- A third of all working-age disabled adults in Scotland are in income poverty, double the rate for their non-disabled counterparts.
- Almost half of all lone parents in Scotland are in income poverty, three times the rate for couples with children.
- There are 200,000 people of working age who want work but who are not officially unemployed; many are disabled people or lone parents. This figure has declined by only a small amount over the last decade.
- While work strongly reduces the risk of being in poverty, it does not eliminate it: two-fifths of the people in working-age households who are in income poverty now have someone in their household in paid work.
- A third of all employees in Scotland earn less than £6.50 per hour. Half of all part-time workers earn less than £6.50 per hour, most of them women.
- The risk of low pay is much greater for those with poor or no educational qualifications: for people aged 25 to 50, almost half of all those who are in work but lack a Higher grade or above earn less than £6.50 per hour.
- Scotland's health is worse than either the rest of Great Britain or Europe on a range of indicators, from premature deaths to dental health among children. Within this, there are also substantial inequalities between different parts of Scotland and between different groups within the population.



Table 1: Summary of the poverty and social exclusion indicators

Indicator	Trend over 5 years
Poverty and low income	
1. Relative and absolute low income	Improved
2. Children, pensioners and working-age adults in low income	Mixed
3. Low income by work status	Worsened
4. Income inequality	Steady
5. Working-age people in receipt of benefit	Improved
6. Working-age people receipt of benefits long-term	Steady
7. Concentrations among working-age people	Improved
8. Concentrations among retired people	Steady
9. Concentrations within small areas - all people	N/A
10. Concentrations within small areas - children	N/A
Work and education	
11. The relationship between education and work	N/A
12. Low attainment at school	Steady
13. Qualifications of school leavers	Improved
14. Destinations of school leavers	Mixed
15. Workless individuals	Improved
16. Workless households	Steady
17. Jobs	Mixed
18. Pay inequalities	Steady
19. Low pay	N/A
20. In receipt of tax credits	N/A
21. Insecure at work	Steady
22. Access to training	Improved
Ill-health	
23. Premature death	Improved
24. Limiting longstanding illness	N/A
25. Low birthweight babies	Worsened
26. Child health	Steady
27. Under-age pregnancies	Improved
28. Problem drug use	N/A
29. Mental health	N/A
Quality of life and social cohesion	
30. Homelessness	Mixed
31. Overcrowding	N/A
32. Affordable housing	Steady
33. Without central heating	Improved
34. Satisfaction with services	N/A
35. Satisfaction with public transport	N/A
36. Financial services	Improved
37. Older people in receipt of home care	Worsened
38. Satisfaction with local area	N/A
39. Participation in the community	N/A
40. Burglary	Improved

Note: Background details for these indicators are available at www.poverty.org.uk and in Monitoring poverty and social exclusion 2004 (Joseph Rowntree Foundation, 2004)

Table 2: A breakdown of the people living in income poverty in Scotland

Household work status	Household type	Number of individuals in income poverty	Proportion of the people in the group who are in income poverty
Workless households	Unemployed	90,000	75%
	Workless long-term sick or disabled	200,000	55%
	Workless lone parents	180,000	75%
Working, but low-paid, households	Part-time work only	130,000	35%
	Some full-time work	150,000	5%
Pensioners	Not claiming Pension Credit	60,000	60%
	Claiming Pension Credit	140,000	15%
Total		950,000	20%

Source: NPI estimates based on the Households below Average Income dataset, DWP

What the indicators show

Numbers in income poverty (Figure 1)

The measure of low income is that used in the UK Government's current targets for reducing child poverty (60 per cent of average – median – household income, with income levels adjusted for household size and composition). The latest year for which data is available is 2003/04. In that year, the 60 per cent threshold was worth: £180 per week for a two-adult household; £100 per week for a single adult; £260 per week for two adults living with two children; and £180 per week for a single adult living with two children. (This is after deduction of income tax and national insurance from earnings and after payment of council tax, rent, mortgage and water charges.)

In 2003/04, a fifth of people in Scotland – around a million people – were living in income poverty (see Table 2). With a substantial fall in the latest year, this proportion is now lower than at any other time over the last decade and is similar to that for Great Britain as a whole.

As shown in Table 2:

- Most of the workless households in income poverty are either sick, disabled or lone parents.
- Almost a third of of all those in income poverty live in households containing someone in paid work (280,000 out of 950,000). In half of these cases, the work is part-time only not full-time.
- About a third of the pensioners in income poverty are entitled to Pension Credit but are not claiming it.

The proportion of **pensioners** in income poverty has been falling in Scotland, from an average of 28 per cent of all pensioners in the mid-1990s to 20 per cent in recent years (see Figure 1). Pensioners are now no more likely to be living in income poverty than non-pensioners.

The proportion of **children** in income poverty has also been falling, from an average of around 31 per cent of all children in the mid-1990s to around 27 per cent in the years 2001/02 to 2003/04. Nevertheless, children in

Scotland remain more much likely to be living in income poverty than either working-age adults or pensioners.

In contrast, the rate of income poverty among **working-age adults without dependent children** is now higher than it was in the mid-1990s, when it was around 15 per cent. Since the total number of people in this group is growing, the number of working-age adults without dependent children who are in income poverty has increased from around 300,000 in the mid-1990s to an average of almost 400,000 in the years 2001/02 to 2003/04. They now constitute more than a third of all those in income poverty.

These differing trends are a reflection of UK Government policies. For example, the value of out-of-work benefits for both households with dependent children and pensioners has risen by more than a third since 1998 (after allowing for inflation). In contrast, the value for working-age households without dependent children has effectively been frozen throughout the last decade (again allowing for inflation), falling ever further behind average incomes. Similarly, the number of households in receipt of in-work tax credits has doubled since 2001 but the vast majority of these are families with children.

Worklessness among disabled people and lone parents (Figure 2)

The falling number of people in income poverty in Scotland is not because the risks of being in income poverty for any particular household work status have fallen. Indeed, these risks are now slightly higher than they were in the mid-1990s: both workless and working households are now a bit more likely to be in income poverty than they were in the mid-1990s. Rather, the falling number is because some households have moved from worklessness (a high risk of income poverty) to working (lower risk). In particular, the level of official (ILO) unemployment in Scotland has fallen by a third since the mid-1990s and now stands at 140,000 people.

However, a further 200,000 people of working age want paid work but are not officially (ILO) unemployed. This number has also come down over the last decade, but

only by a small amount. As a result, the total number of **people wanting paid work** is much higher than the official unemployment figures and the downward trend is less favourable.

80 per cent of long-term working-age claimants of out-of-work benefits are sick or disabled and a further 15 per cent are lone parents (see Figure 2). Only 2 per cent are ILO unemployed.

Reflecting this, a third of all (both workless and working) working-age **disabled adults** in Scotland live in income poverty, double the rate for their non-disabled counterparts and higher than the rates for either pensioners or children. This is largely because only a third are working. Whilst some disabled people are unable to work, a third of those not currently working say that they want to work if they could find a job.

Almost half of all (both workless and working) **lone parents** are in income poverty, almost three times the rate for couples with children. Again, a major reason for this is the high levels of worklessness: around half are working and half are not.

Small sample sizes mean that trends for the prevalence of income poverty among both lone parents and disabled people must be treated with caution. Nevertheless, it appears that the proportion of lone parents in income poverty in Scotland has been falling (from 56 per cent in the mid-1990s to an average of 47 per cent in the three years to 2003/04), whilst that for working-age disabled adults has been rising (from 28 per cent in the mid-1990s to an average of 34 per cent in the three years to 2003/04).

Low pay and associated issues (Figure 3)

Work strongly reduces the risk of being in income poverty but does not eliminate it: two-fifths of people in working-age households in Scotland who are in income poverty now have someone in their household in paid work (see Table 1). 'All working' households, where at least one person works full-time and any other adult does at least some work, face only a small risk of poverty. The working households most at risk of

poverty are those where all work is part-time or where one adult is not working at all.

30 per cent of all workers in Scotland – more than 500,000 people – are **paid less than £6.50 per hour**. Part-time work is especially likely to be low paid: 50 per cent of part-time workers earn less than £6.50 an hour, four-fifths of them women. Taking part- and full-time jobs together, two-thirds of all low-paid workers are women (Figure 3). 30 per cent of those aged 25 or over and earning less than £6.50 per hour work in the public sector: this does not include those employed by contractors working for the public sector. Relatively few low-paid jobs are in sectors which face direct competition from abroad: only one in seven of the low-paid jobs is manufacturing and all other production industries combined. Unlike higher-paid workers, only a minority of low-paid workers – a fifth – belong to a trade union.

The risk of low pay is much greater for those with **poor or no educational qualifications**: for people aged 25 to 50, almost half of all those in work but lacking a Higher grade or above are earning less than £6.50 per hour. Substantial numbers of young adults are still leaving education with poor or no qualifications: more than a fifth of 19-year-olds lack SVQ2 or equivalent. People with no qualifications are three times less likely to receive job-related training than those with some qualifications.

The **geographic patterns of low pay** are very different from those of lack of work. Whereas worklessness is highest in parts of West Central Scotland – Glasgow City, West Dunbartonshire and Inverclyde – plus Dundee, rates of low pay are highest in the Scottish Borders, Moray and Dumfries & Galloway, along with West Dunbartonshire. Dundee is average, Glasgow has below average proportion of people on low pay, and Edinburgh and Aberdeen City each have a smaller proportion of their workforce on low pay than elsewhere in Scotland.

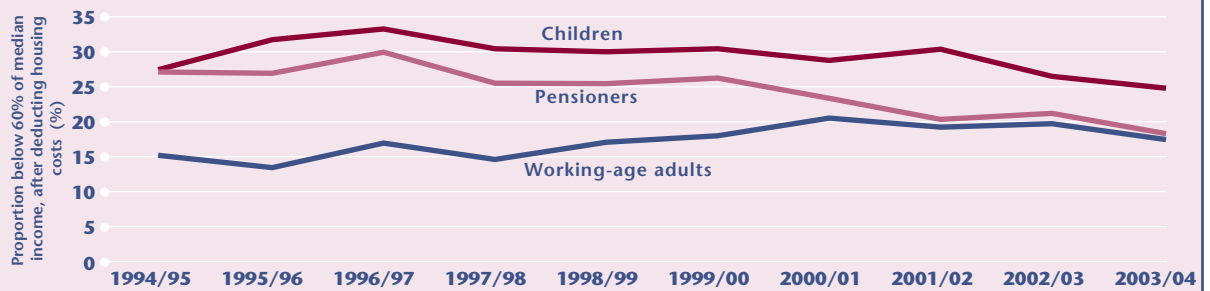
As well as being low paid, these jobs are often insecure: almost half of men who find work, and a third of women, no longer have that work six months

Table 3: Ill health in Scotland compared with England and Wales and the EU

Subject	Compared with England and Wales	Compared with the EU
Premature death	30% higher	Bottom
Longstanding illness	20% higher	Average
Dental health	80% higher	Average
Low birthweight	Similar	Bottom
Infant deaths	Similar	Bottom
Underage pregnancies	Similar	Bottom
Mental health problems	Similar	No data

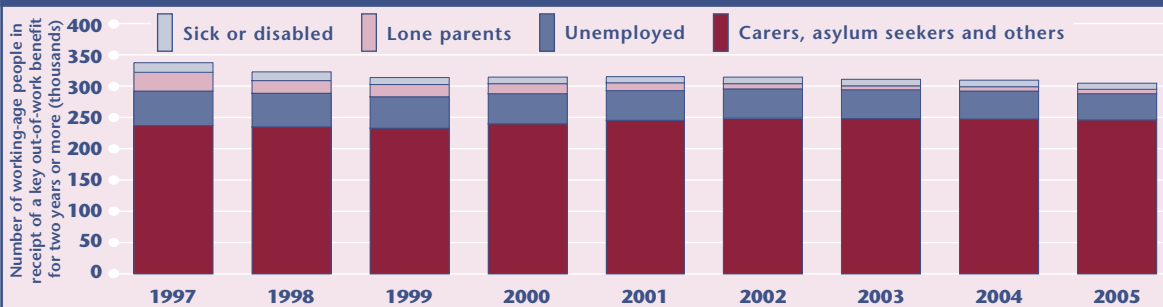
Source: See www.poverty.org.uk for the data for Scotland, England and Wales. The EU data, which excludes the accession countries, comes from a variety of sources including: Chasing the Scottish effect: Why Scotland needs a step-change in health if it is to catch up with the rest of Europe, Hanlon P. et al; Eurostat; and the WHO European Health For All database.

Figure 1: While the proportion of pensioners and children living in low income households is lower than a decade ago, the proportion for working-age adults without dependent children is higher



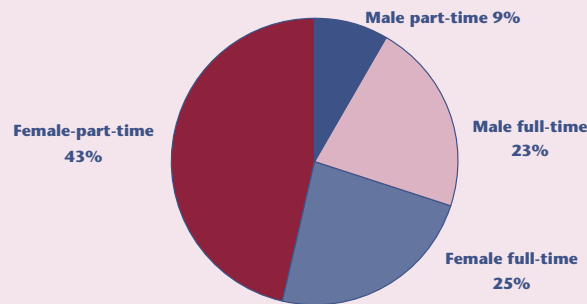
Source: Households Below Average Income, DWP

Figure 2: Four-fifths of working-age people receiving a key out-of-work benefit for two years or more are sick or disabled



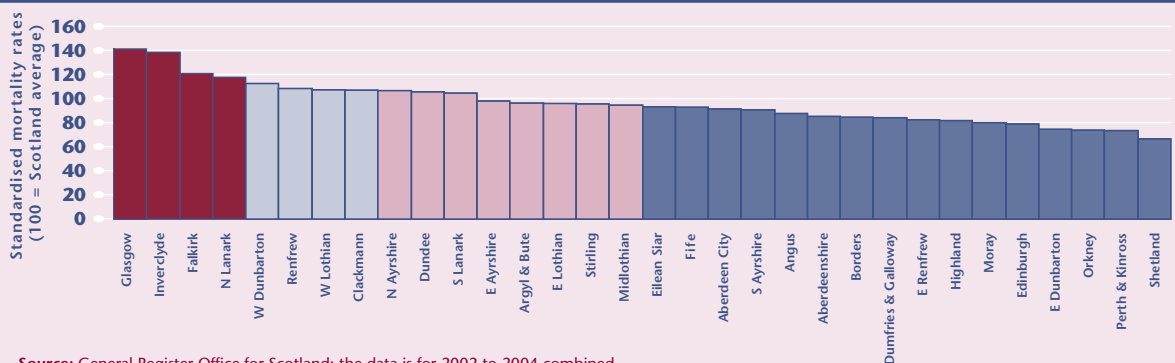
Source: Unpublished data from the DWP Information Centre

Figure 3: Around half of those paid less than £6.50 per hour are part-time workers, mainly women



Source: Annual Survey of Hours and Earnings 2004, ONS

Figure 4: The standardised mortality rate for stomach cancer, lung cancer and heart disease in the worst two areas - Glasgow and Inverclyde - is twice as high as that in the best areas



Source: General Register Office for Scotland; the data is for 2002 to 2004 combined

later. Pension provision also tends to be worse: three-quarters of working adults in the poorest fifth are not contributing to a non-state pension, compared with half in the middle fifth and a quarter in the richest fifth.

Scotland's poor health (Figure 4)

Premature death is arguably the simplest indicator for ill-health. Within Scotland, the trend for premature deaths is one of steady improvement. For example, the number of deaths of men and women aged 55 to 64 has fallen over the last decade by around a fifth. Despite this, premature death remains much more common in Scotland than in Wales or any of the English regions, being around a third higher. When Scotland's health is compared with that of other countries the extent of the problems becomes clear (see Table 3).

There are also substantial variations within Scotland. For example: the rate of deaths from stomach cancer, lung cancer and heart disease in Glasgow and Inverclyde is twice as high as in some other parts of Scotland (see Figure 4); 5-year-olds in Glasgow and Eilean Siar have, on average, twice as many missing, filled or decayed teeth as 5-year-olds in some other areas; and Dundee has twice as many under-age pregnancies as most of the rest of Scotland.

There are also substantial health inequalities within the population. For example: two-fifths of those aged 35-59 in social housing report having a limiting longstanding illness compared with one in eight of owner-occupiers; and the proportion of babies in the most deprived areas born with a low birthweight is 50 per cent higher than in areas with below-average deprivation.

Other findings

- Standard grade attainment for pupils on average has been rising but that for the bottom fifth has been static since 1999. In schools in the most disadvantaged areas, the proportion of 9-year-olds in schools failing to achieve minimum standards in reading, writing and

maths has fallen considerably, but is still much higher than for 9-year-olds on average.

- Rates of school exclusion are much lower than in either England or Wales.
- The number of pregnancies to girls conceiving under age 16 has fallen by a quarter since 1996, and the number of births has dropped by a third.
- The number of households without dependent children accepted by their local authority as homeless has risen by a half over the last decade. This is, however, in the context of a more generous policy framework: households without dependent children are now entitled to at least temporary accommodation and thus have a greater incentive to apply.
- The proportion of low-income households lacking central heating has fallen considerably in recent years and is now less than for households on average incomes in 1998.
- The proportion of households without any type of bank/building society account has fallen sharply since 2000. But the poorest households are still four times as likely to be without an account as those on average incomes.
- Although slightly increasing in recent years, the number of older people receiving home care fell by a third between 1995 and 2002 as available resources were increasingly focused on those deemed most in need.
- The number of burglaries has halved over the last decade. But a third of the poorest households lack home contents insurance compared with virtually no households on above-average incomes.

About the project

The study draws together data from a wide range of sources, including government-funded surveys, some administrative data and some local and health authority returns. The work has only been possible due to the co-operation of civil servants (particularly statisticians) across government. The work was undertaken by Guy Palmer, Jane Carr and Peter Kenway of the New Policy Institute.

For further information

All the indicators and graphs discussed in these *Findings*, plus many more, can be viewed on the www.poverty.org.uk website. These are updated as and when new data becomes available. The full report from last year, **Monitoring poverty and social exclusion in Scotland 2004**, is still available in print (ISBN 1 85935 259 6, price £16.95) or as a free download from www.jrf.org.uk or www.poverty.org.uk.

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