

What do we know about poverty?

- key figures, the recession and the National Conversation

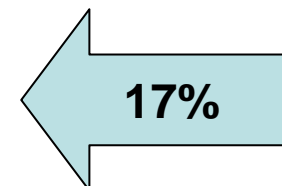
Tom Rutherford and Tom Spencer, Scottish
Government Social Justice Analysis

Contents

- Key poverty trends
- Poverty and work
- Data gaps – what we don't know
- The impact of the recession
- The National Conversation

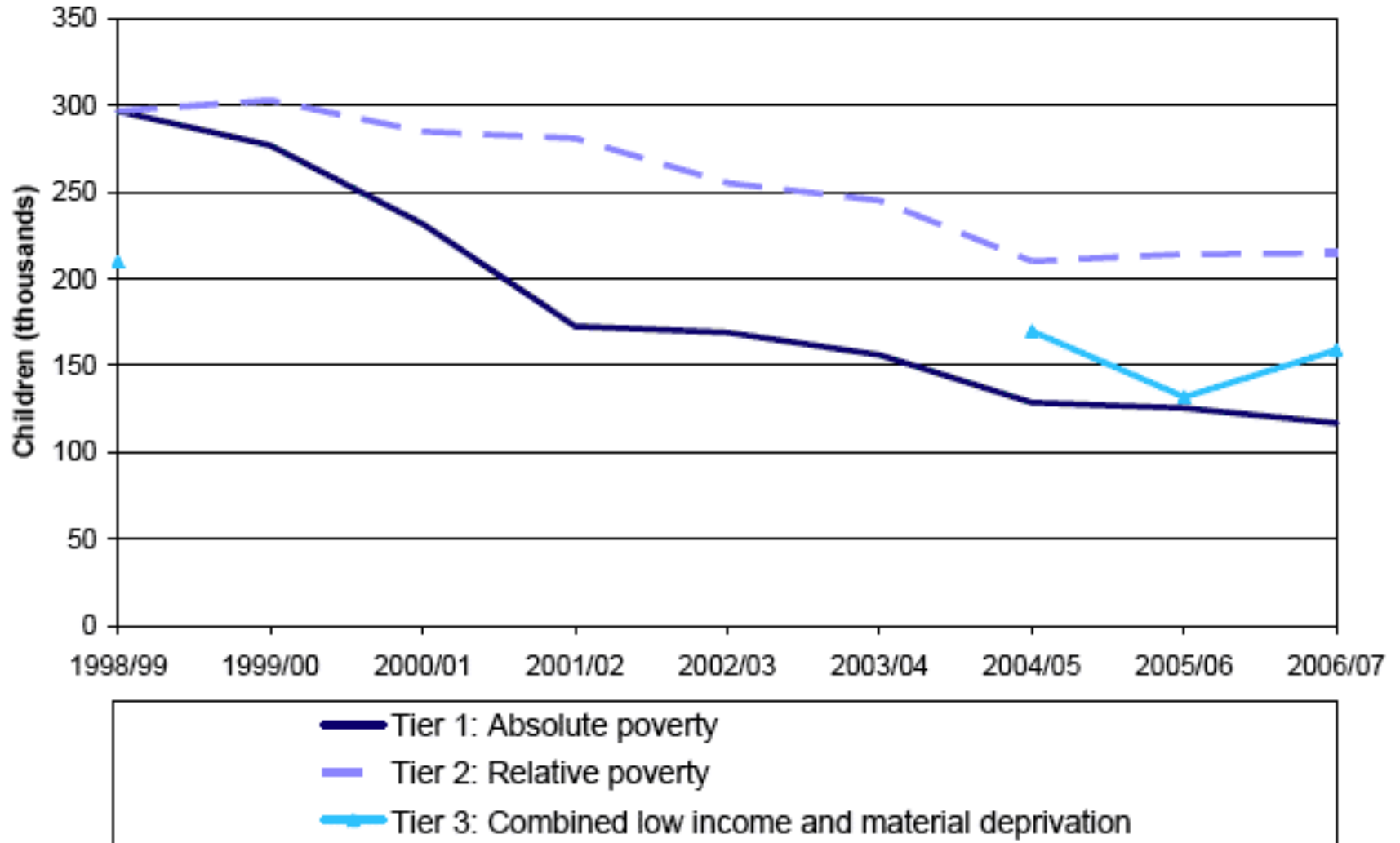
Where does Scotland come in this list?

Region/Country	Proportion of individuals in relative poverty BHC (2004/05 - 2006/07)
North East	21
North West	20
East Midlands	20
West Midlands	20
Wales	20
Northern Ireland	20
Yorkshire & Humber	19
Inner London	19
England	17
Outer London	17
South West	15
East of England	14
South East	13



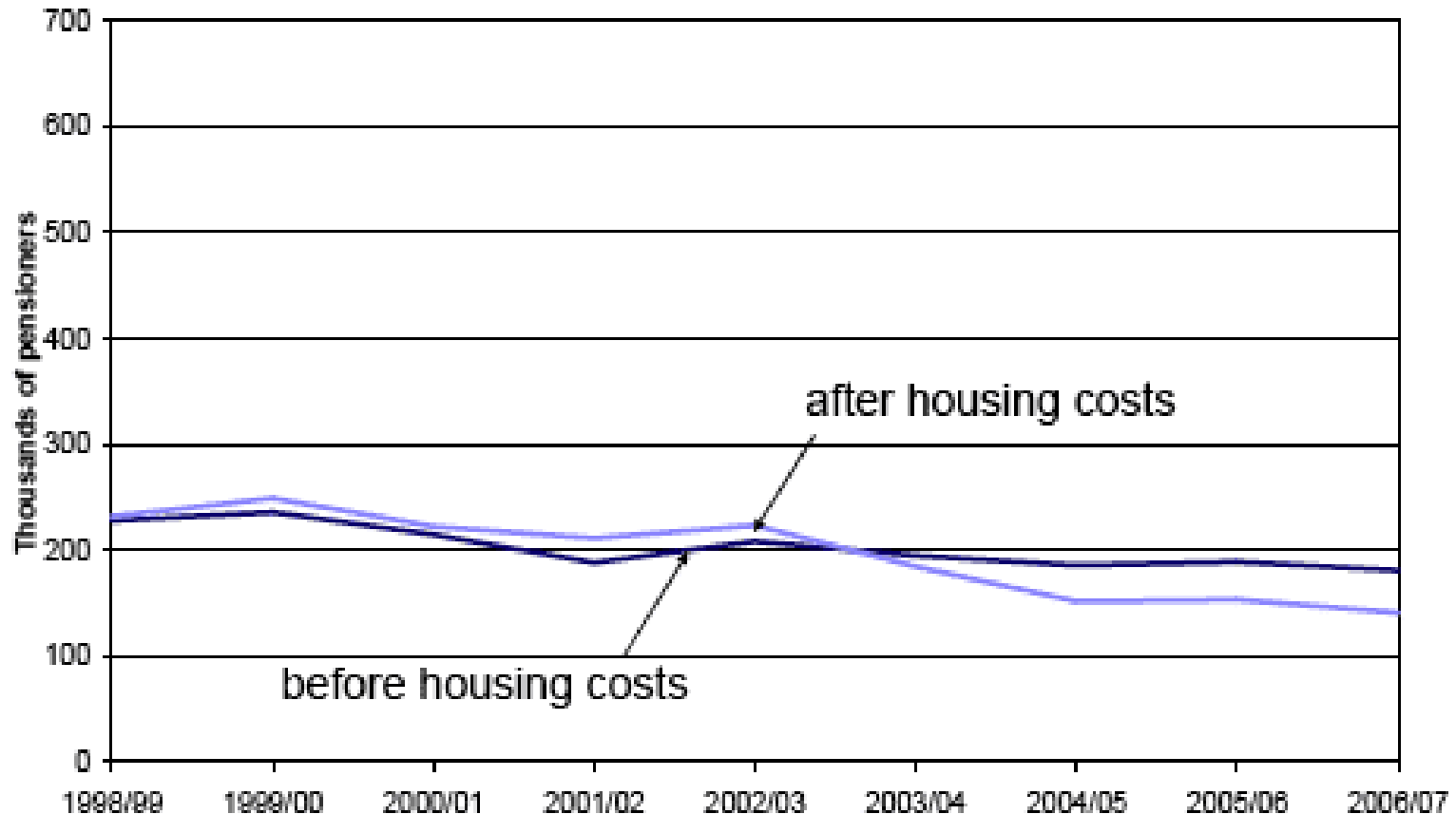
Source: DWP Households below average income: 2006/07

Child poverty trends



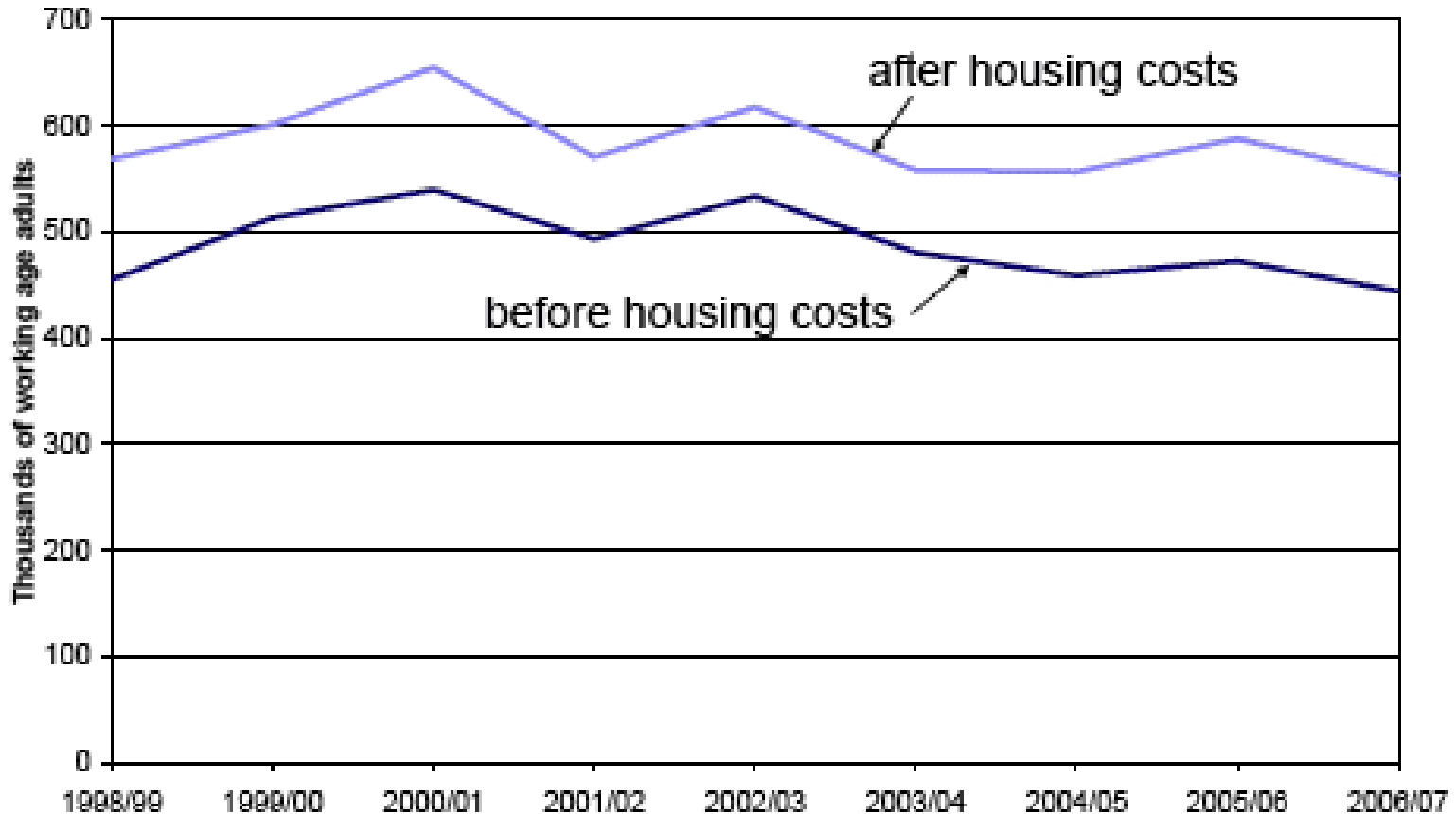
Pensioner poverty trends

Relative low income households



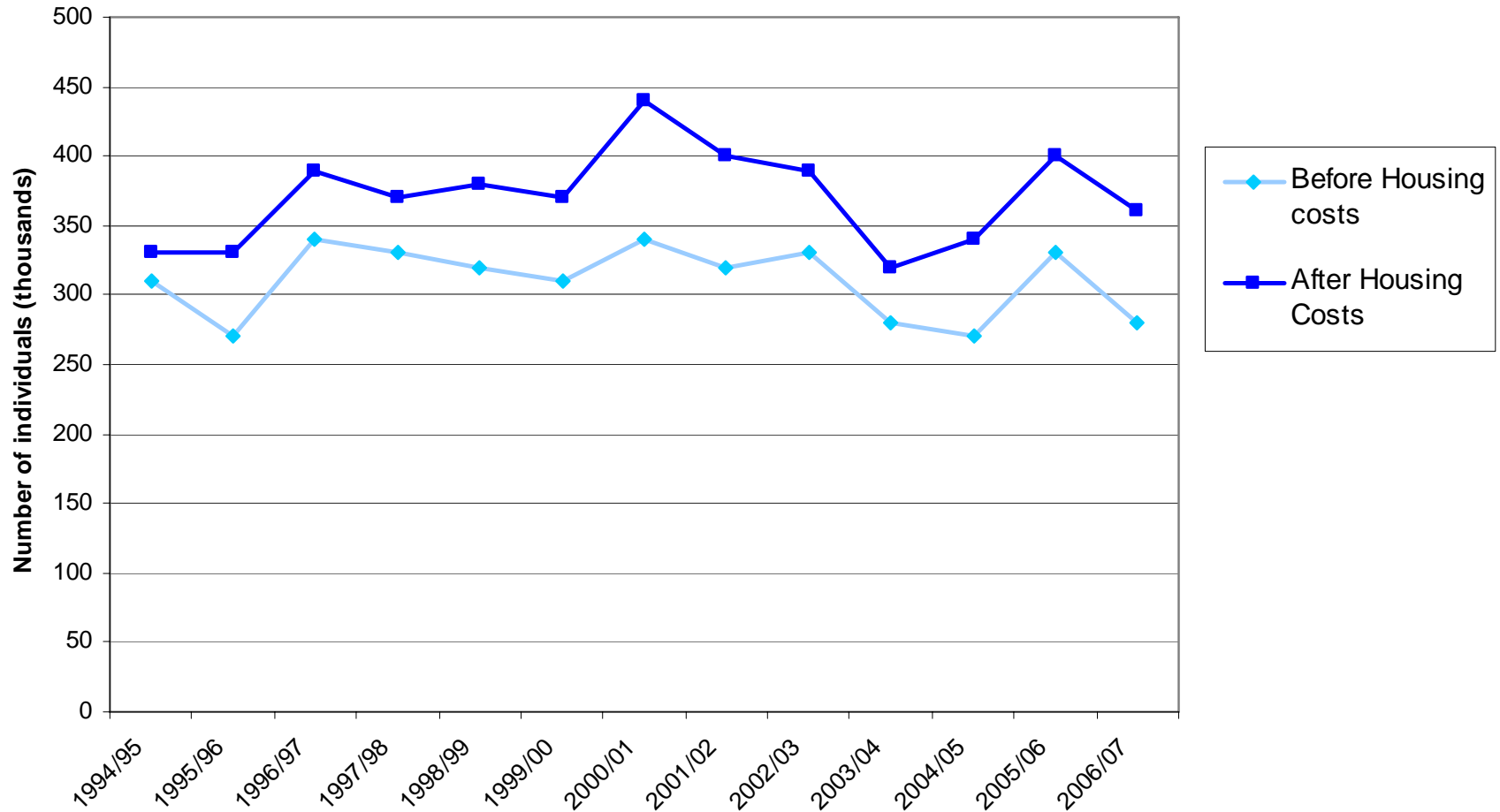
Working age adult poverty trends

Relative low income households



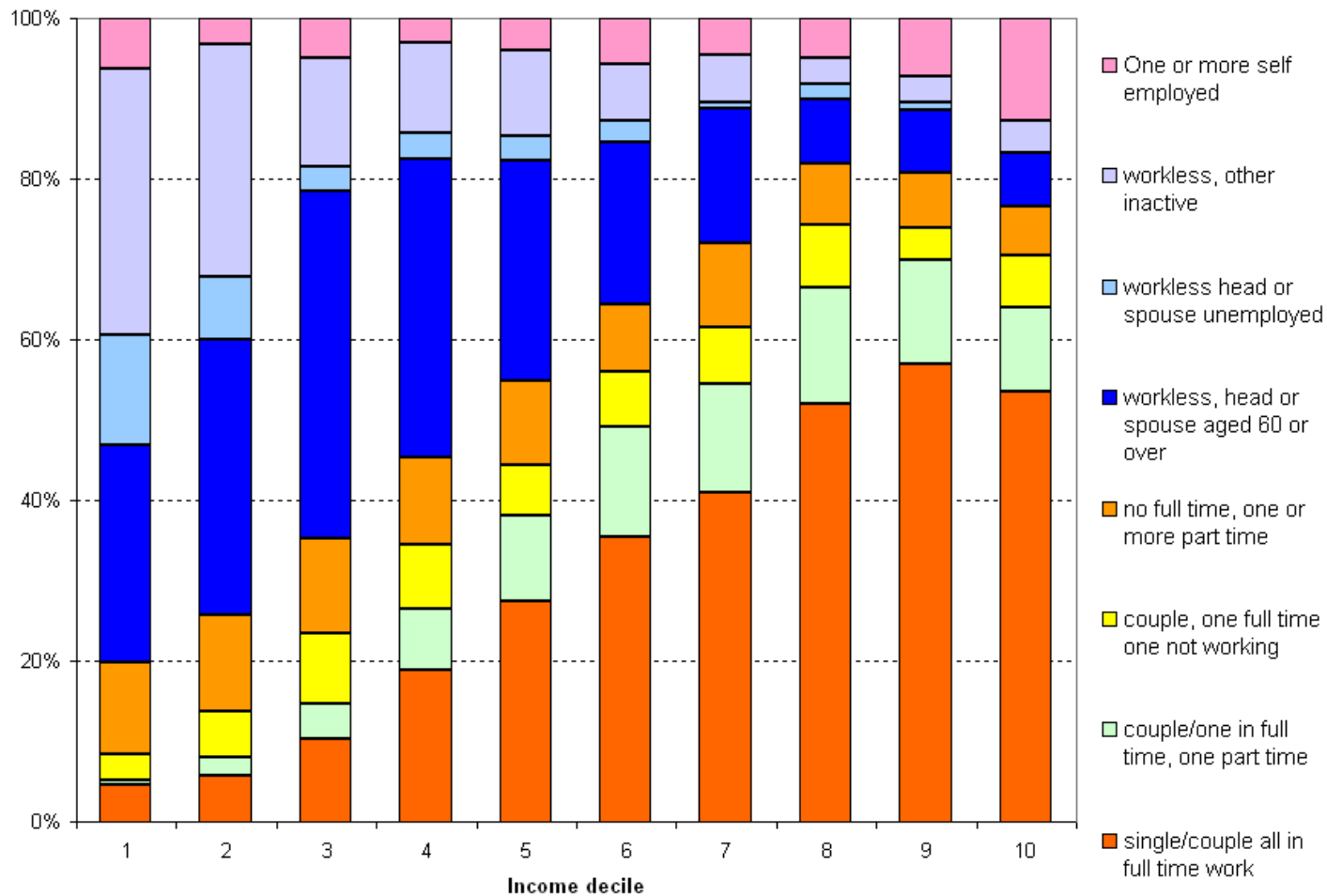
In-work poverty trends – not much progress

Number of individuals in relative poverty living in working households



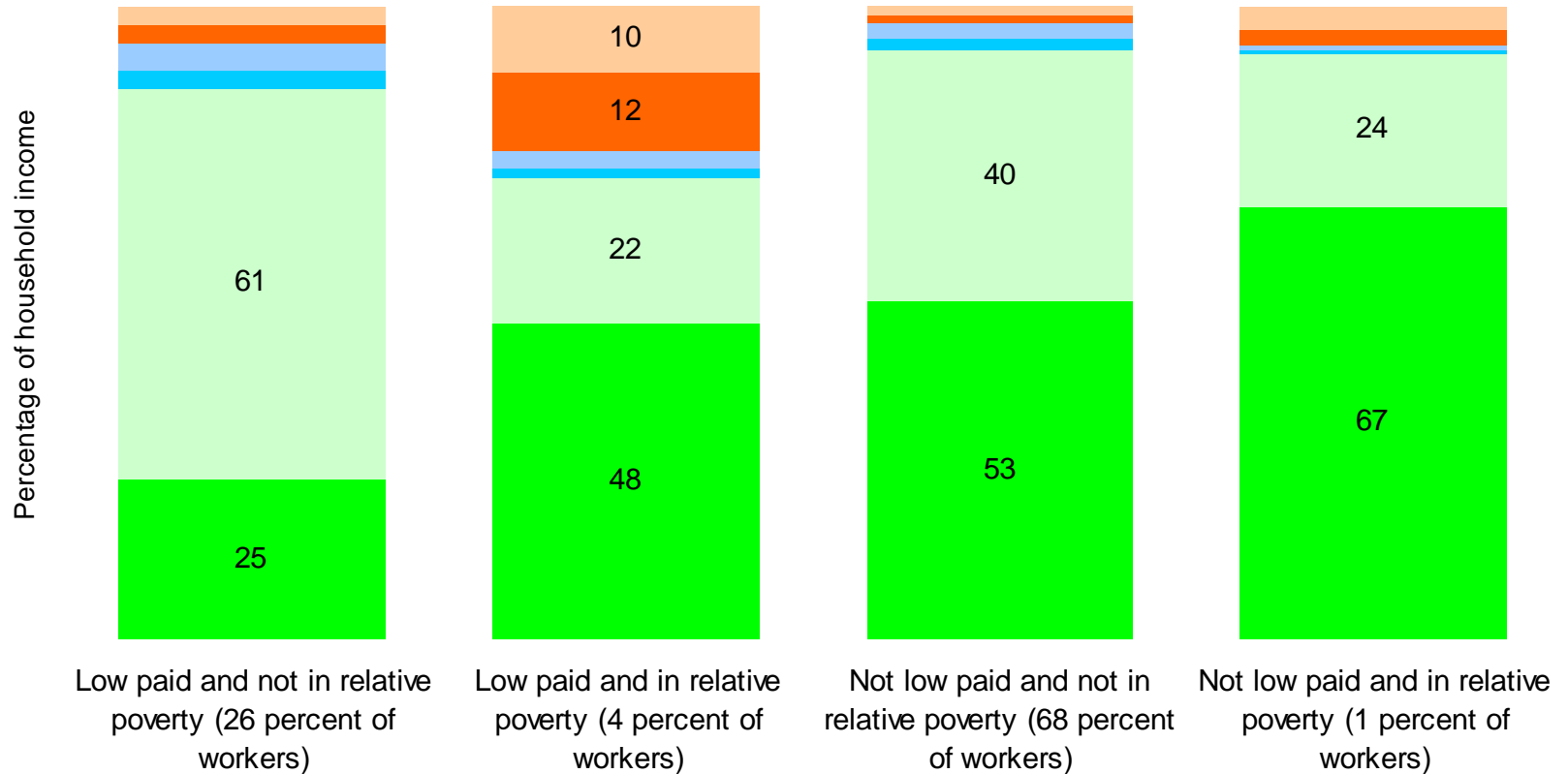
Is work the best way out of poverty?

Economic status of family by income decile



How do low paid avoid poverty?

Income sources for low-paid workers



Own earnings

Own pension/ investment/ other

Own benefits / tax credits

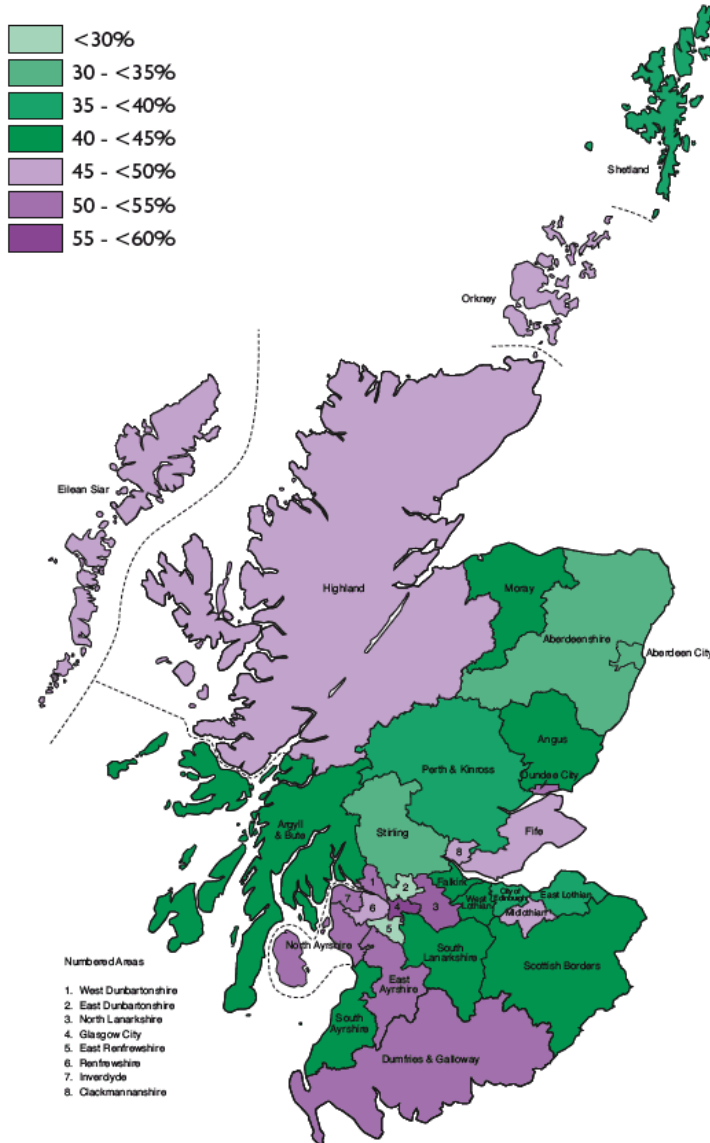
Other household members earnings

Other household members pension/ investment/ other

Other household members benefits / tax credits

Distribution of poverty across Scotland

% children living in households that are dependent on out of work benefits OR child benefit more than the family element



- Higher in Glasgow/central belt
- Some cities lower than some rural areas
- Proxy indicator: Not the same as poverty

Gaps in the data

- Local Authority level figures (and smaller)
- Urban/rural poverty
- Disability
- Perceptions
- Cost of living/minimum income standard
- As well as making better use of what we already collect

For more detail

- <http://www.scotland.gov.uk/Topics/Statistics/Browse/Social-Welfare/IncomePoverty>
- Email: social-justice-analysis@scotland.gsi.gov.uk
- Tel: 0131 244 0794

Conclusions

- Progress in reducing child and pensioner poverty. But slowed since 2004/05
- Little change in working age/ in-work poverty
- Work is a good route out of poverty:
 - But not any work
 - And not for everyone

Now Tom's bit...

Poverty and the recession

- UK Government defines two levels of poverty – “absolute poverty”, and “relative poverty”.
- Relative poverty is preferred definition of EU and UK government, and is based on 60% of median UK income.
- Other measures include consideration of material deprivation.

Effect of the recession on poverty

- Intuitive suggestion that the recession may move more people into poverty.
- Not necessarily the case according to the main UK Government definition of poverty.
- The recession, and high unemployment causes average earnings to fall, could cause the 60% threshold to fall, lifting some people out of relative poverty

Poverty Profile

- Joseph Rowntree Foundation work suggests that poverty levels are not likely to change much as a result of the recession.
- BUT...
- Is someone on 61% of median income comfortably off?

Poverty Profile

- Even if the numbers don't change much, poverty is likely to get deeper.
- Those in poverty are likely on average to move further away from the 60% line, and more people are likely to be just above 60%.
- As / when median incomes start to rise, official poverty could rise quite fast.

Hayton Report

- LG & Comm. committee report suggests that many factors affect poverty other than working status
- Key factors include housing, lack of security of benefits, training, and service provision.
- Mixture of devolved and reserved responsibility

National Conversation

- Major exercise to look at what Scotland's constitutional future could look like
- Independence is the government's ultimate goal, but prepared to consider other “stepping stones” towards this end.
- Our focus is on Social inclusion & Benefits theme – discussed later

Fiscal Autonomy



Fiscal Autonomy in Scotland

The case
for change
and options
for reform

Taking forward our
National Conversation

Fiscal Autonomy

- Paper describes a range of options, ranging from the status quo, through full autonomy (taking responsibility for all taxes and spending) to full independence.
- Govt's preferred option is independence, failing which “devolution max” – essentially all responsibility for tax & spending goes to Holyrood.

Social Inclusion & Benefits

- Produce a document along the same lines as “Fiscal Autonomy”, looking at the welfare system in all its forms.
- What powers could Scotland have?
- Would we want to do something different from RUK?
- What would be the impact of any change?

What's happening now / next

- Programme of stakeholder engagement events such as this
- Seeking to get your views on what could be looked at and considered for inclusion
- Paper is in initial drafting stages, and will be published in May, so plenty of time to make your voice heard.

Ongoing work

- External work commissioned on Administration and delivery of benefits
- Paper being produced looking at all existing evidence regarding social exclusion & poverty
- Other work on financial advice & inclusion, employment rights being done internally

What we're not doing

- Still high level thinking – not detailed proposals
- Not at the level of “Minimum wage should be raised to £7.02ph, JSA should be at X level” etc etc. These are issues for a future government
- Also, not at the stage of costing anything – any changes are for a future government under whatever arrangements are in place at that time.

Summary – Current Position

- Work to fill evidence gaps ongoing ahead of publication in May.
- Views of stakeholders across Scotland being sought – including here today
- Publication in May likely to be accompanied by a Ministerial event / press conference

Questions / Comments

Any Thoughts welcome