Poverty in Scotland 2018

by Emma Congreve and Jim McCormick at the Joseph Rowntree Foundation

This report sets out the latest figures on poverty in Scotland, focusing in particular on child poverty, disability and gender. It highlights how barriers to the workplace are intrinsically linked to child poverty and calls for renewed action to achieve targets to reduce child poverty.

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INSPIRING SOCIAL CHANGE

Poverty in Scotland 2018: child poverty, disability and gender

Emma Congreve and Jim McCormick

In Scotland, almost a quarter of a million children are in poverty, with their families facing impossible decisions such as whether to pay the rent, heat their home or put food on the table. There is consensus across the Scottish Parliament that this situation will be ended within a generation, but it will require renewed action by government, employers, landlords and providers of key goods and services.

What you need to know

- The Scottish Government has made some progress towards loosening poverty's grip, but has not taken the decisive steps needed to make the transformational change required for Scotland's children.
- We need to see alignment of labour market strategies with poverty strategies.
- We are calling on the Scottish Government to be clear on and accountable for how existing and new economic and labour market strategies align with its commitment to tackle child poverty, and to track this over time to learn from triumphs and mistakes.

We can solve UK poverty

JRF is working with governments, businesses, communities, charities and individuals to solve UK poverty. *Poverty in Scotland 2018* looks at child poverty and the role of disability, employment and gender – a key focus of our strategy to solve UK poverty.

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In Scotland, close to one in four children – almost a quarter of a million – are in poverty, with their families facing impossible decisions such as whether to pay the rent, heat their home or put food on the table. There is consensus across the Scottish Parliament that this situation will be ended within a generation, but it will require renewed action by government, employers, landlords and providers of key goods and services.

Over the past 20 years, child poverty in Scotland has seen many changes. A supportive policy environment in the late 1990s/early 2000s led to many families moving out of poverty. Since 2010, however, the trend has been the reverse, mainly due to UK Government-imposed social security cuts. There are also other issues that are increasing the pressures on low-income families, including low pay and limited working hours, rising prices and lower employment rates for some groups. Most children in poverty are in working families, but some parents, including those with young children and parents with health conditions and/or disabilities, can face large barriers to work.

This report shows how gender and disability can create barriers to the workplace are intrinsically linked to child poverty. In the three years from 2014/15 to 2016/17 (the most recent available statistics), 230,000 children in Scotland were in relative poverty on average each year.

- Of these children, 90,000 lived in a family where a family member, usually an adult, had a disability or limiting health condition – around 40% of all children in poverty. Around a half of these children (45,000) lived in a family where no adult worked and close to an additional 15,000 lived in a couple family where only one adult worked.
- Of the 230,000 children, 30,000 lived in a non-disabled couple family where one adult did not work and the other worked full time. In at least 90% of cases, it was the mother who did not work.
- A further 30,000 children lived in a non-disabled single-parent family where the parent did not work. Almost all single parents in these families were women.
- Just over 15,000 children of lone parents who worked part time were in poverty as were just under 15,000 children of couples where one worked full time and the other worked part time. Again, the majority of these part-time workers were women.

The Scottish Government has made some progress towards loosening poverty's grip, but has not taken the decisive steps needed to make the transformational change required for Scotland's children. In the coming months, the Scottish Government will launch two strategies that could make a crucial difference for our society. The first is an action plan on halving the disability employment gap, and the second is a gender pay gap action plan that is due to follow on from recommendations from a working group.

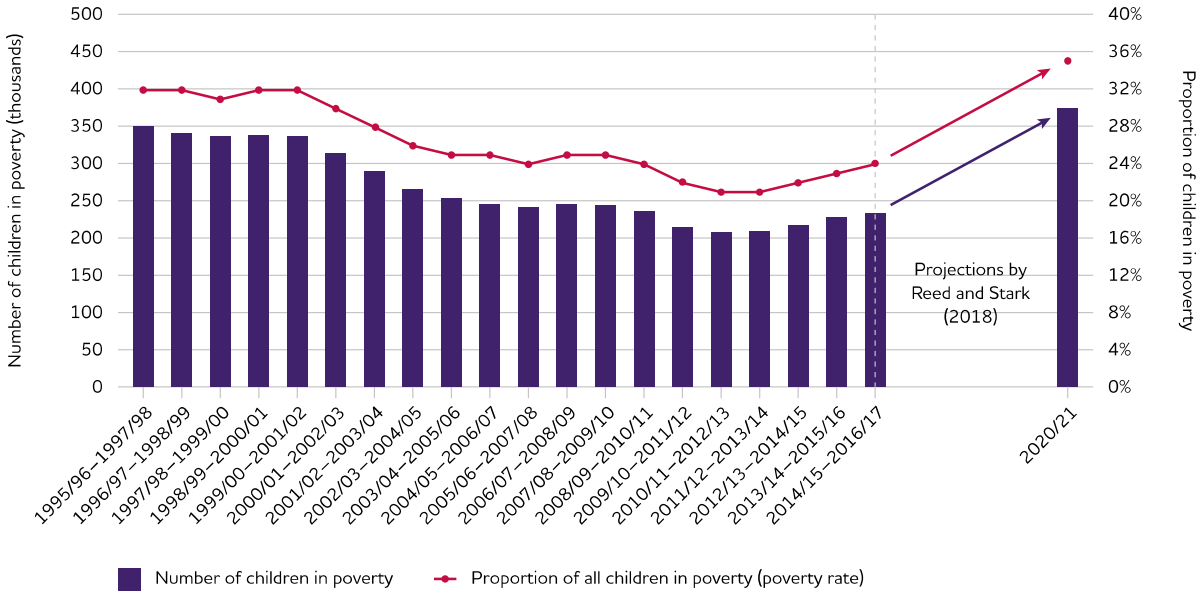
We need to see alignment of these labour market strategies with poverty strategies. Otherwise it is questionable whether the Scottish Government will be able to reach its child poverty targets or to realise its ambition of economic growth that is truly inclusive.

We are calling on the Scottish Government to be clear on and accountable for how existing and new economic and labour market strategies align with its commitment to tackle child poverty, and to track this over time to learn from triumphs and mistakes. The Scottish and UK Governments also have control of social security systems that can help both those who cannot be expected to work and those in low pay to escape from poverty's hold.

1 Overview of child poverty in Scotland and the rest of the UK

Close to one in four children in Scotland – 230,000 in total – are in relative poverty after housing costs have been taken into account (see Figure 1). This is lower than the levels seen in the late 1990s before the introduction of tax credits, which, combined with rising employment rates, helped many parents into work and boosted low incomes. But since 2010, support has gradually reduced, putting the gains at risk of unravelling. Without further reforms to fix Universal Credit, more families – especially lone parents – are likely to face higher rates of poverty in and out of work. This is primarily due to inadequate work allowances, and policies such as the two-child limit that will hit larger families. Independent forecasts produced by Reed and Stark (2018) point to a large rise in the number of children in poverty in the years ahead, to levels higher than those seen in the late 1990s.

Figure 1: Relative child poverty in Scotland, after housing costs, 1995–2017, and projections for 2020/21



Source: JRF analysis of Households Below Average Income (DWP, various years) and Forecasting child poverty in Scotland (Reed and Stark, 2018)

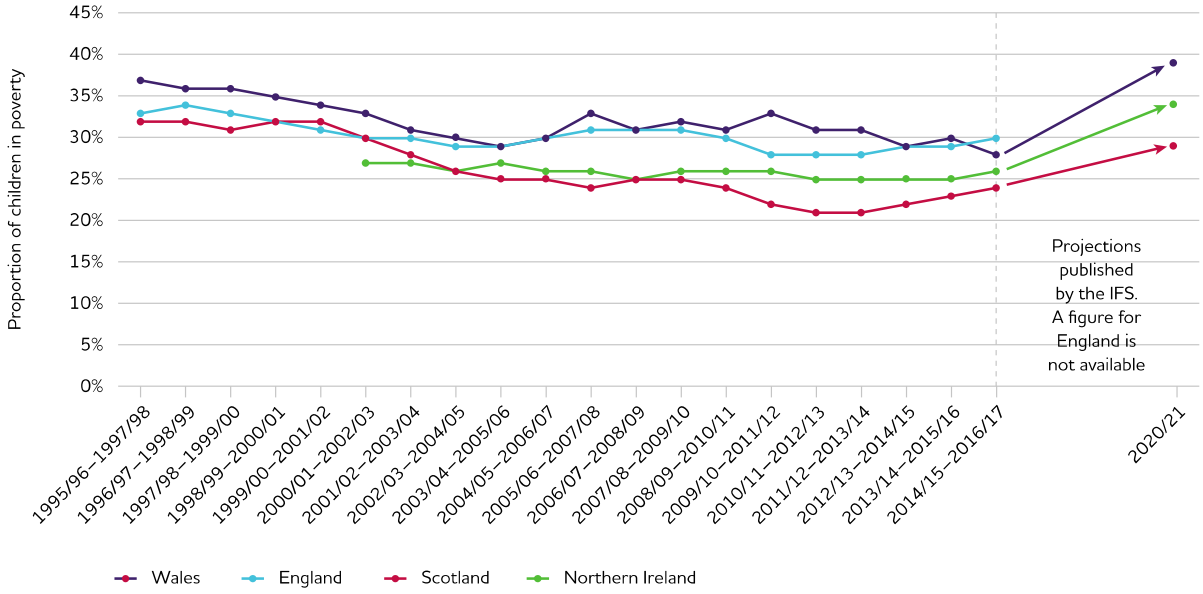
The Institute for Fiscal Studies (IFS) has also produced projections for child poverty in Scotland (Hood and Waters, 2017), and although they differ in scale from the Reed and Stark (2018) projections, they both point to substantial increases over the next few years.[1] Similar child poverty trends over the past 20 years can be seen across the UK and the IFS has projected that child poverty will increase in all parts of the UK. This reflects the fact that UK Government welfare reform is a key driver of poverty for children all over the UK. In-work poverty shows how the jobs market is generating a lot of financial distress, which social security is now doing less to offset.

The IFS analysis forecasts that areas of the UK currently with the highest poverty rates will fare worst from the impact of social security cuts in the period to 2021/22. This is driven by low-income families in these areas, on average, having more of their income coming from benefits, and less from earnings, and thus being more vulnerable to cuts in benefit levels, in and out of work. The IFS found that low-income families in Scotland currently have a higher proportion of their income coming from earnings than low-income families in some (but not all) parts of the UK, so have a lower proportion of income that is vulnerable to benefit cuts compared with some of the hardest-hit regions of the UK (Hood and Waters, 2017).

In addition, one key change to UK benefit policy – the two-child limit on tax credits and Universal Credit – will particularly hit families with three or more children born after 6 April 2017. The IFS analysis found that Scotland has proportionally fewer families with three or more children than elsewhere in the UK, and around half the proportions found in Northern Ireland and the West Midlands (Hood and Waters, 2017).

These factors contribute to the IFS projection that Scotland will retain its lower poverty rates in comparison with many other areas of the UK, although substantial rises are still expected (see Figure 2).

Figure 2: Relative child poverty across the UK, after housing costs, 1995–2017, and projections for 2020/21



Source: Living standards, poverty and inequality in the UK: 2016–17 to 2021–22 (Hood and Waters, 2017); JRF analysis of Households Below Average Income (DWP, various years)

The Child Poverty (Scotland) Act 2017 and the Tackling Child Poverty Delivery Plan 2018–22

In 2017, the Scottish Parliament passed the Child Poverty (Scotland) Act, which set out four statutory targets for child poverty:

- **Relative poverty:** children living in households with income below 60% of the UK median – a measure of low-income children's living standards compared with the rest of the population. The target is 10% by 2030.
- **Absolute poverty:** children living in households with income below 60% of the 2010/11 median – a measure of low-income children's living standards over time. The target is 5% by 2030.
- **Low income and material deprivation:** children living in households with income below 70% of the median and without access to a number of goods or services – a measure of whether low-income children can fulfil their basic needs. The target is 5% by 2030.
- **Persistent poverty:** children who have been living in relative poverty in three out of the last four years – a measure of the number of children who have been in poverty for a prolonged period of time. The target is 5% by 2030.

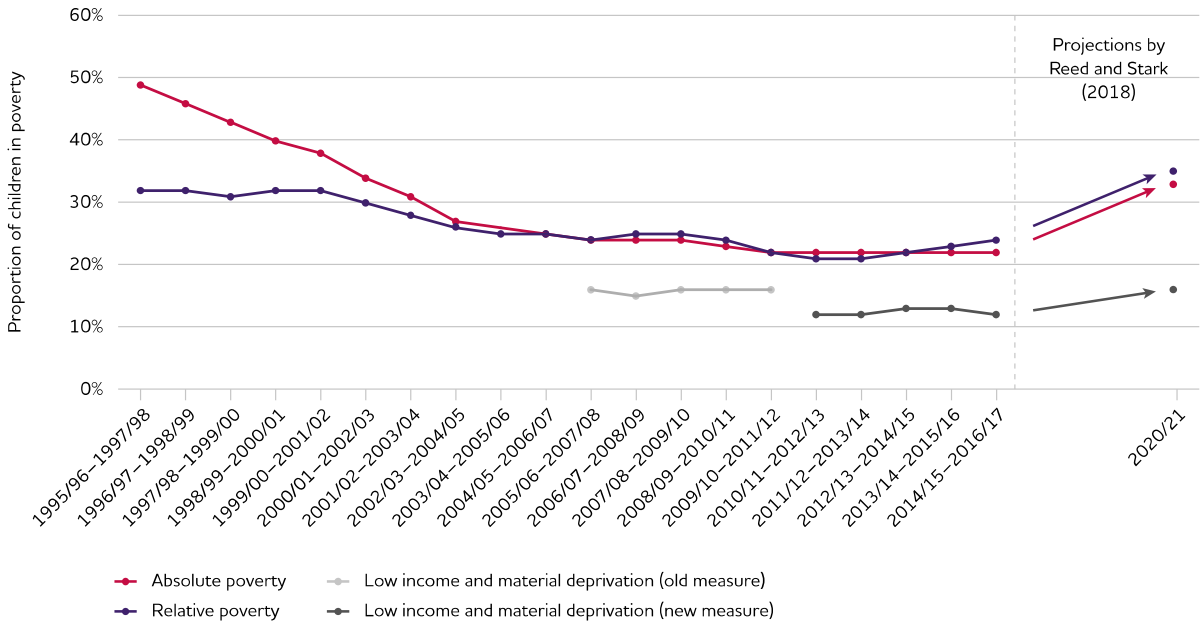
The Child Poverty (Scotland) Act was passed unanimously with all-party support at Holyrood and there are duties on the Scottish Government, local authorities and health boards to show how they are contributing to meeting the targets.

In March 2018, the Scottish Government published its first Tackling Child Poverty Delivery Plan to show how it intends to make progress towards the four targets (Scottish Government, 2018). Alongside the plan, it published a set of projections on what could happen to child poverty rates if no further action is

taken (see Figures 3 and 4). The Scottish Government commissioned these projections, with the work carried out independently (Reed and Stark, 2018). Its figures show that child poverty is expected to rise sharply in the period to 2020/21 due to the impact of UK welfare reforms. Across all measures, the child poverty rates are a distance away, and moving in the wrong direction, from the targets set in the Child Poverty (Scotland) Act 2017.

This challenge sets the scene for the analysis presented in this report and underlines the importance of the Scottish Government maintaining its focus on child poverty in the design of all programmes across government.

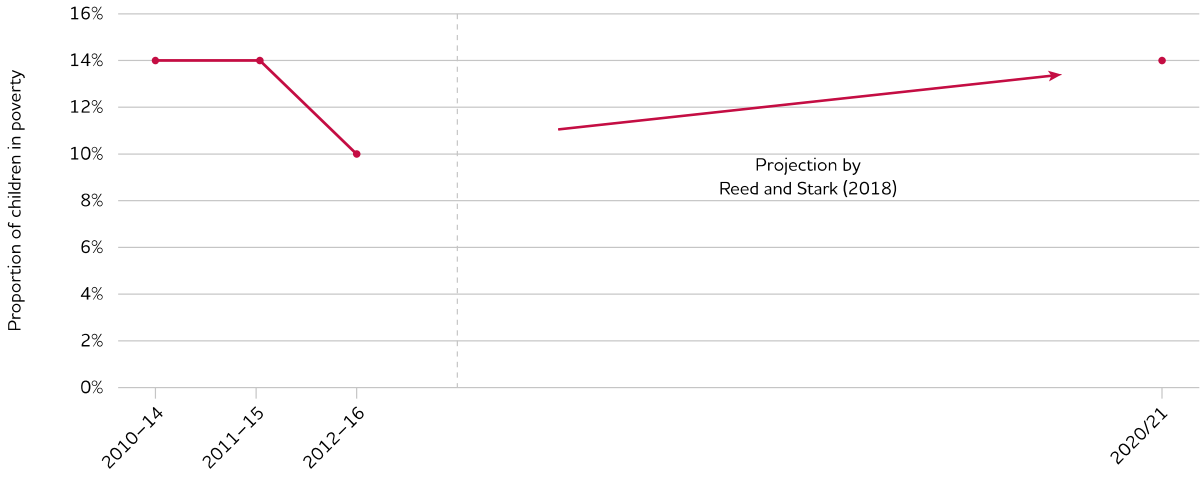
Figure 3: Relative, absolute and low-income and material deprivation rates of child poverty, after housing costs, 1995–2017, and projections for 2020/21



Note: The 21 items in the suite of questions used to measure material deprivation are designed to reflect the items and activities that people in the UK believe to be necessary. These items are reviewed periodically leading to changes in the measure.

Source: JRF analysis of Households Below Average Income (DWP, various years) and Forecasting child poverty in Scotland (Reed and Stark, 2018)

Figure 4: Persistent child poverty rate, after housing costs, 2010–16, and projection for 2020/21



Source: Understanding Society (www.understandingsociety.ac.uk) and Forecasting child poverty in Scotland (Reed and Stark, 2018)

2 Where have we come from? The impact of policy and the economy

To design effective policy solutions for today's children, it is helpful to understand the key drivers of child poverty in the recent past. Many changes, both policy and economy driven, have taken place over the past two decades. Here we look at these in more detail:

- **In the five-year period between 1998/99 and 2003/04,** the minimum wage was established and tax credits were introduced to top up wages for low-income families. A buoyant labour market complemented new incentives to work, including active labour market programmes for young people, lone parents and disabled people.
- **Between 2004/05 and 2007/08,** no new significant social security policies to alter the drivers of child poverty were implemented and the value of in-work benefits stagnated in comparison with average incomes.
- During the Great Recession, **between 2008/09 and 2010/11**, there was a big fall in income from earnings across society. However, low-income families were somewhat protected from the impacts of this because the value of tax credits and other benefits was maintained.
- **Between 2011/12 and 2016/17,** the UK Government started to implement austerity measures, with real-terms cuts to tax credits and other benefits a key component of its focus. These changes, along with the introduction of Universal Credit, are expected to have an impact on households for many years to come.

The reasons why children are in poverty can be very different. A common way of trying to understand these reasons is to distinguish between families where there is an adult in paid work, and those where there is not. As well as making this distinction in this report, we also show the difference between single-parent and couple families, and families where someone in the household has a disability. Our analysis looks at the different impacts of economic and policy changes over the past two decades on these different family situations.

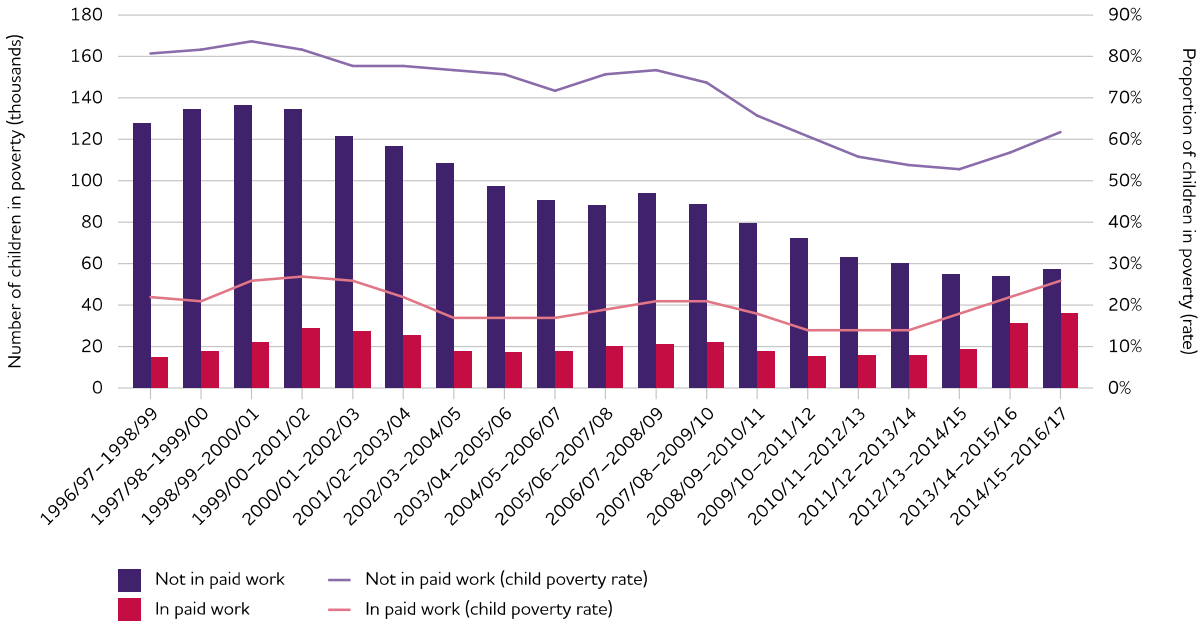
This analysis looks at both numbers in poverty and rates of poverty. Numbers give us an idea of who makes up the bulk of children in poverty. Rates allow us to look at how likely it is that a child in a certain situation (for example, family type and work status) will be in poverty. Both measures give policy-makers useful insights. For example, children are **most likely** to be in poverty where no parent works, yet the **number** of children in poverty in working families is far higher. Looking at changes in numbers alongside changes in rates can also give us an indication of whether poverty is changing due to changes in work status, or due to the changing risk of poverty for those whose situation remains the same.

Child poverty in single-parent families

For children of single parents, the number experiencing poverty where the parent is not in paid work has more than halved since the late 1990s (see Figure 5). This has been driven by a growing employment rate, active labour market support and the positive impact of social security measures, especially tax credits by supplying both additional transfers and additional incentives to work. The fact that levels fell but rates stayed roughly the same between 1999/00 to 2001/02 and 2003/04 to 2005/06 shows that the changes were driven by people moving into work, rather than an improvement in the financial situation of those who were not in paid work.

Over roughly the same period (albeit slightly lagged), the number of children of single parents in paid work and in poverty fell at the same time as the poverty rate fell. Although it is difficult to confirm the following fully using Households Below Average Income data, this suggests two things: first, that parents who found work in this period moved out of poverty (rather than directly into in-work poverty); and second, that the financial situation of those who faced in-work poverty improved.

Figure 5: Relative child poverty, after housing costs, for single-parent families, 1996–2017



Source: JRF analysis of Households Below Average Income (DWP, various years)

During the Great Recession, poverty for single-parent families decreased substantially, particularly for those out of work. This was primarily due to the fall in earnings across the income distribution, which shifted the poverty line, and the protection that tax credits and other benefits (which were maintained) gave to low-income families.

Since 2011/12 and the onset of austerity, while the level of children in poverty from single-parent families who are not in paid work has remained steady, the odds of being in poverty have risen fairly rapidly. This points to a deteriorating financial position for single-parent families who are not in paid work. Unlike in previous years, in-work poverty has also grown to the highest rate seen since the turn of the century and has reached the point where the difference between children in poverty in working and non-working single-parent families is the smallest it has been. This is a substantial shift compared with 20 years ago. Work is offering less of a guarantee of escaping poverty for single parents than before.

Child poverty in couple families

For two-parent families, there is a different composition of child poverty. Most children today in poverty are facing in-work poverty, and relatively few are facing out-of-work poverty. However, the poverty rates (or risk of poverty for in-work and out-of-work families) tell the same story as for child poverty in single-parent families – despite the relatively low numbers, if you are a child in a household where neither parent is in paid work, you are much more likely to be in poverty.

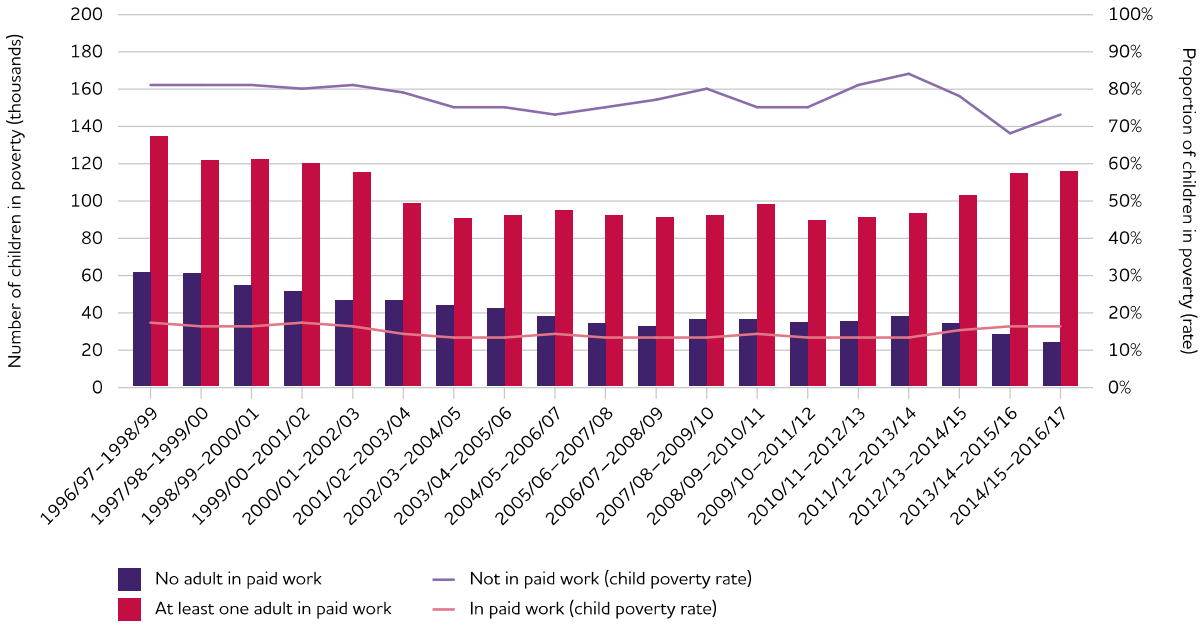
In terms of change in the late 1990s and early 2000s we saw similar trends to those for single-parent families, with out-of-work poverty levels falling (again it has more than halved over the past 20 years) and in-work poverty decreasing (see Figure 6).

Children of couple families do not appear to have been as protected as children of single parents during the Great Recession, with little noticeable sustained change in poverty over the period.

Since the onset of austerity, however, there has been a shift in trends. In-work poverty levels have increased and rates have increased marginally. Out-of-work poverty levels have decreased over the same period. Rates of out-of-work poverty had been falling, but in the most recent three-year period they started to increase. More data will be required to understand whether this is the start of sustained change in the trend. However, taking the last five years together (since 2011), rates and levels of out-of-work poverty have fallen. We know that the social security system has become less favourable over this time

period, meaning this looks to be a case of parents moving into work rather than the financial situation for those out of work improving (that is, through increased benefit payments). Unfortunately, however, work appears to be becoming less of a guarantee of financial security, as seen by the increasing in-work poverty figures over the same five-year period.

Figure 6: Relative child poverty, after housing costs, for couple families, 1996–2017

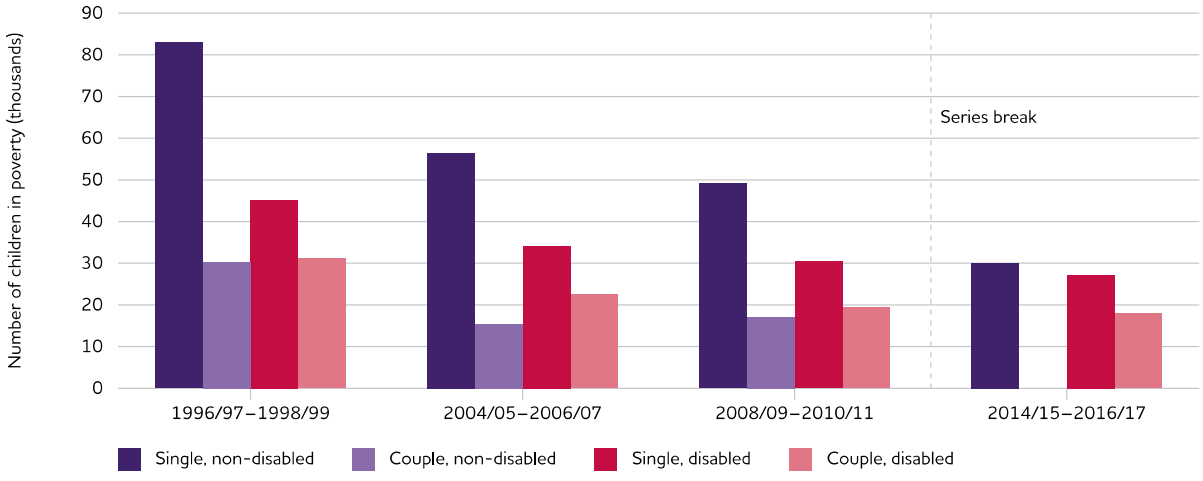


Source: JRF analysis of Households Below Average Income (DWP, various years)

The role of disability and/or ill-health[2]

Disability and ill-health, which can affect the extent to which people can carry out day-to-day tasks, are an important factor in people's ability to access work. There is a noticeable difference in the number of children in poverty whose parent(s) are currently out of work, depending on whether there is a disability in the family. The fall in the level of out-of-work child poverty over the past two decades for families where there is a disability has been steady, but much more gradual than for families where there is no disability, who have seen a remarkable reduction (see Figure 7).

Figure 7: Relative child poverty, after housing costs, where no adult is in paid work, by disability, 1996–2017 (with series break)



Source: JRF analysis of Households Below Average Income (DWP, various years)

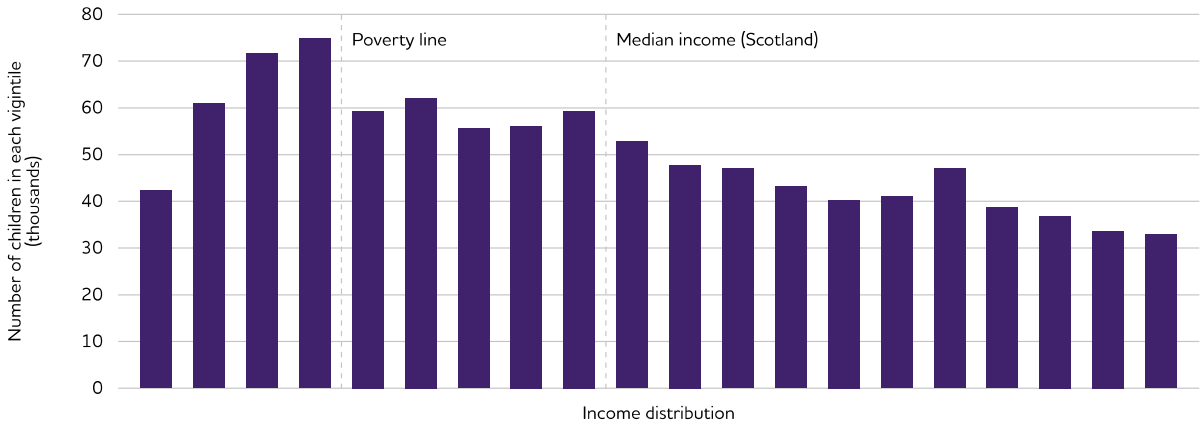
Scotland compared with the rest of the UK

Many of the key drivers of changes in poverty have been felt UK-wide. However, the Joseph Rowntree Foundation (JRF) has supported some research that showed a clear rise in Scottish median incomes relative to the rest of the UK from around 2003/04 and a relatively bigger improvement in the relative poverty rate from 2004/05 (Bailey, 2014). The research identified strong decreases in poverty rates for the working-age population compared with the rest of the UK, alongside improving employment rates, especially for families without children. Over the period from 2000/04 to 2008/12, Scotland saw a bigger reduction in out-of-work families compared with the rest of the UK and similar growth as the rest of the UK in 'intermediate work intensity' ('partly working' families). The analysis also pointed to more affordable rent and mortgage costs relative to income than in England, with social rents being 20–25% lower in Scotland by 2012/13. As a result, poverty after housing costs, compared with before housing costs, rose by a smaller amount than in England.

3 Where are we now?

By looking across incomes in Scotland, we can see that children tend to be lower down the income distribution, meaning that below-average income is sadly a common experience for them. Looking at those in poverty, Figure 8 shows that many children are not far below the poverty line. However, there are still many others who appear a long way from a life of financial security.

Figure 8: Children in the income distribution, income after housing costs, 2014–17



Note: The income distribution is split into 20 groups called vigintiles. Each column represents the number of children in each part of the income distribution. Those on the left-hand side have the lowest incomes.

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

In the coming months, the Scottish Government will launch two strategies that could make a crucial difference for our society. The first is an action plan on halving the disability employment gap, and the second is an action plan on the gender pay gap that is due to be published by the end of the year. This could be transformational for tackling poverty.

It is striking to see that so many children in poverty in Scotland have a person with a disability in their family (see Figure 9). This accounts for more than 90,000 children – around 40% of all children in poverty in Scotland. As discussed in Chapter 2, out-of-work poverty is a clear issue for these families. It is important to look at how the plans to halve the disability employment gap can help them.

Figure 9: Overview of relative child poverty, after housing costs, 2014–17

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

For families where there is no disability, in-work poverty is the main issue although there are a significant number of single parents who are not in work. It is easy to suppose that gender is playing a role here, given that we know that women, especially mothers, face additional barriers to work compared with men. Although we have not explored the intersection between disability and gender, there are also a large number of families with a disability facing in-work poverty. The action plan on the gender pay gap could play a large role in tackling poverty for all families if it supports more women in the workplace.

Box 1: What about ethnicity?

JRF has previously undertaken a programme of research on poverty and ethnicity in Scotland (Kelly, 2016), highlighting the higher rates of poverty among ethnic minority groups, a predominance of low-paid work, and barriers to finding suitable jobs for those with good qualifications. Ongoing data limitations mean we have not been able to develop a more detailed analysis across ethnic minority groups, but we are clear that much closer integration between equality and anti-poverty policy actions is needed and greater investment in research on, and evaluation of, poverty experiences by ethnicity.

The rest of this report further explores the barriers of disability and gender and looks at how the aforementioned forthcoming Scottish Government strategies could be aligned to help solve child poverty in Scotland.

4 Disability, employment and child poverty

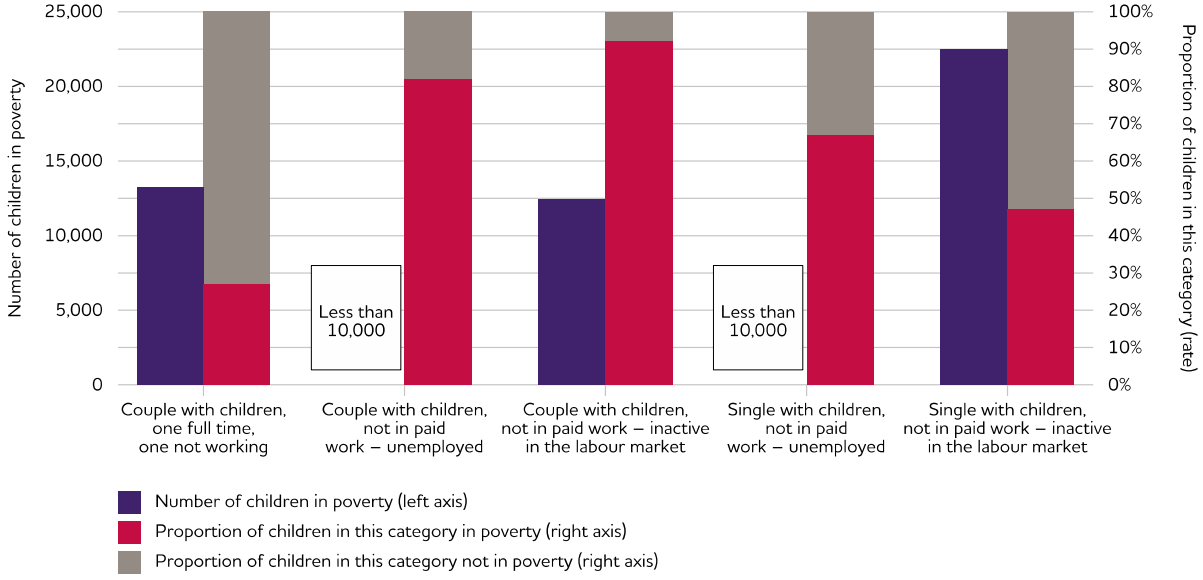
There are 60,000 children in poverty in families where there is a disability and at least one adult does not work. In the majority of cases where there is a disability in the families, it is the adult who reports it as a limiting condition rather than a child.

Governments in Westminster and Holyrood have committed to halving the disability employment gap. Clearly there is potential for policies to have a big impact on child poverty. For example, for single-parent families with a disability where the parent is inactive in the labour market, more than 20,000 children are in poverty (see Figure 10). If these parents were able to move into good-quality, secure work with suitable support, their children would have a better chance of not being in poverty. However, not all children in this same situation are in poverty – in fact more than half are not. In principle, it would be possible to make progress while mainly or wholly benefiting households above the poverty line. Even if not intended, this would mean that the action plan to halve the disability employment gap could have little to no impact on poverty.

This provides a clear challenge to policy-makers to explicitly ensure that their approaches to reducing child poverty and promoting equality are aligned, rather than simply assuming that this is the case, so that the lowest-income families are able to benefit from support to help them access the labour market. We can see from Figure 10 that the majority of those out of work and labelled as 'workless' in Department for Work and Pensions (DWP) statistics are 'inactive', which means that they are not actively seeking work rather than unemployed. There may be additional barriers to overcome for these parents, who may have been detached from the labour market for some time.

Despite the support that should flow from the forthcoming Disability Employment Action Plan there will be a proportion of these families who are unable to work because of disability. Social security has a role to play here, and both the UK and the Scottish Governments have powers to enable people to live a life free from poverty if they have a disability that limits their work chances.

Figure 10: Children in relative poverty, after housing costs, where there is a disability in the family, 2014–17



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

It is also important to recognise that disability presents additional costs to families. Most families with a disabled family member receive disability benefits to help them with the extra costs, which current

poverty measures wrongly treat as disposable income. If we disregard this income, then an additional 10,000 children would be counted as being in poverty.

The Scottish Government, with its focus on building a social security system that has dignity and respect at its core, and its commitment to finding routes into employment for those currently excluded from the labour market, could change the family incomes and prospects of thousands of children for the better.

5 The gender pay gap and child poverty

The gender pay gap is measured by looking at how much more men earn per hour, on average, than women. There has been a significant reduction in the gender pay gap over the past twenty years. But progress has levelled off in recent years and the Scottish Government is now looking to accelerate progress once again. It has established a working group that includes stakeholders such as Close the Gap, Engender and the Scottish Trades Union Congress (STUC). The actions identified by the group will help to inform the development of the Scottish Government's gender pay gap action plan, which is due for publication by the end of 2018.

Progress on the gender pay gap is dependent on several factors that are inherently related to child poverty. The status quo is that mothers take on greater caring responsibilities for young children than men and reduce their labour market activity as a result. This affects all women, not just those on low incomes, so as with disability there is an imperative to build a strategy that explicitly recognises that this can be a driver of poverty.

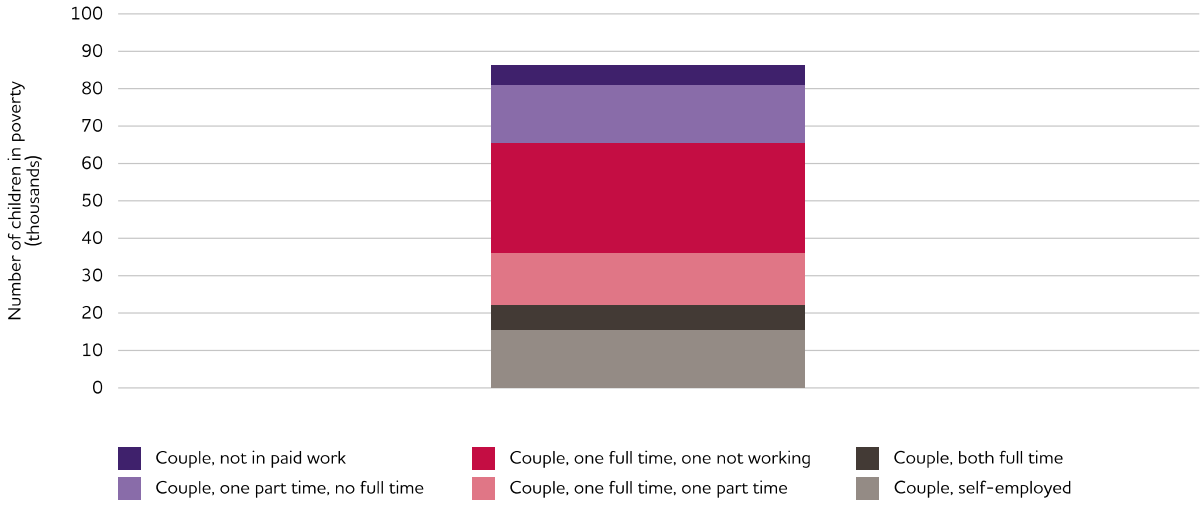
Up until this point in the report, we have used the distinction of in-work and out-of-work poverty to describe the work situation of families in poverty. However, this may be an over-simplification for families where one adult is in paid work and one is not, which could also be described as 'partly working' families.

The analysis that follows looks at the work status of parents where there is no reported disability in the family. This enables us to focus on gender as a constraint. However, for families where there is a disability, this may not be the only barrier, and further progress on the gender pay gap could lead to improvements for these families as well.

Child poverty where mothers are not in paid work

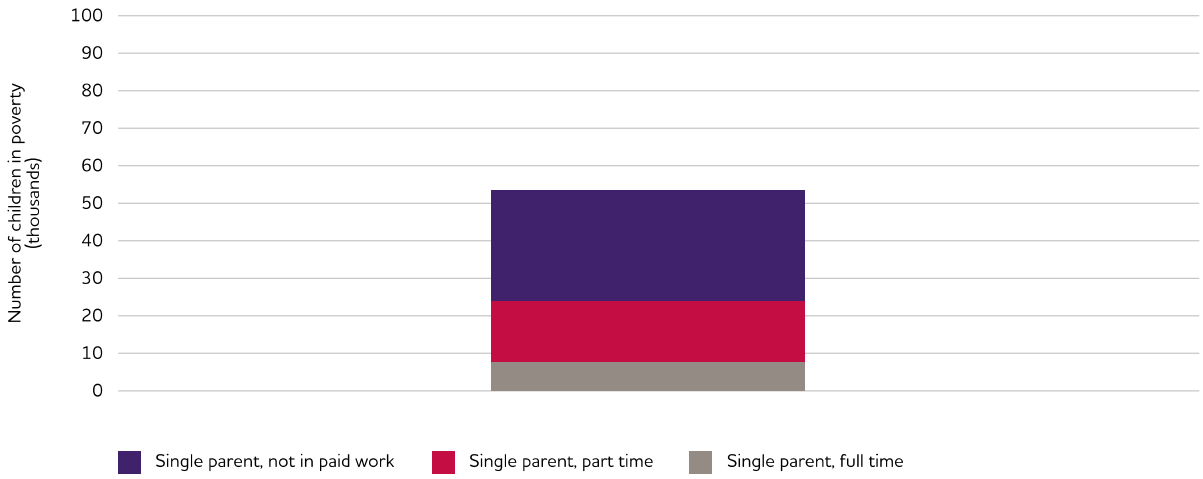
The largest share of children in poverty for couple families is where one adult works full time and one is not in paid work, and for lone-parent families, it is where the lone parent is not in paid work (see Figures 11 and 12 respectively). There are potentially many similarities for parents in these families who face barriers to the labour market due to caring responsibilities.

Figure 11: Work status of couple families for children in relative poverty, after housing costs, no reported disability, 2014–17



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

Figure 12: Work status of single-parent families for children in relative poverty, after housing costs, no reported disability, 2014–17



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

The scale of this issue is huge: 30,000 children in poverty are in a couple family with no disability where one adult works full time and one does not work and 30,000 children are in poverty in a single-parent family with no disability where the parent does not work.

We already know that lone parents are predominantly women; but also for couples where one parent works full time and the other is not working, in around 90% of cases it is women who are not in work. It is women who are facing barriers to the labour market, barriers that are leaving their families trapped in poverty.

The age of the child is a key explanatory factor. Thirty-six per cent of single parents in poverty and 59% of couple parents in poverty where one adult works full time and the other does not work have children under the age of three (see Table 1 and Figure 13). Under Universal Credit conditions, main carers with children under the age of three are not expected to work. As Table 1 shows, the number of parents in this situation who are in poverty is not grossly out of line with the norm for the population as a whole.

Table 1: Selected work status of families where the youngest child is younger than three years old, 2014–17

Families with children, youngest child is under three years old	Those in poverty	Total population
Couple, one working full time, one not in paid work	59%	52%
Single parent, not in paid work	36%	35%

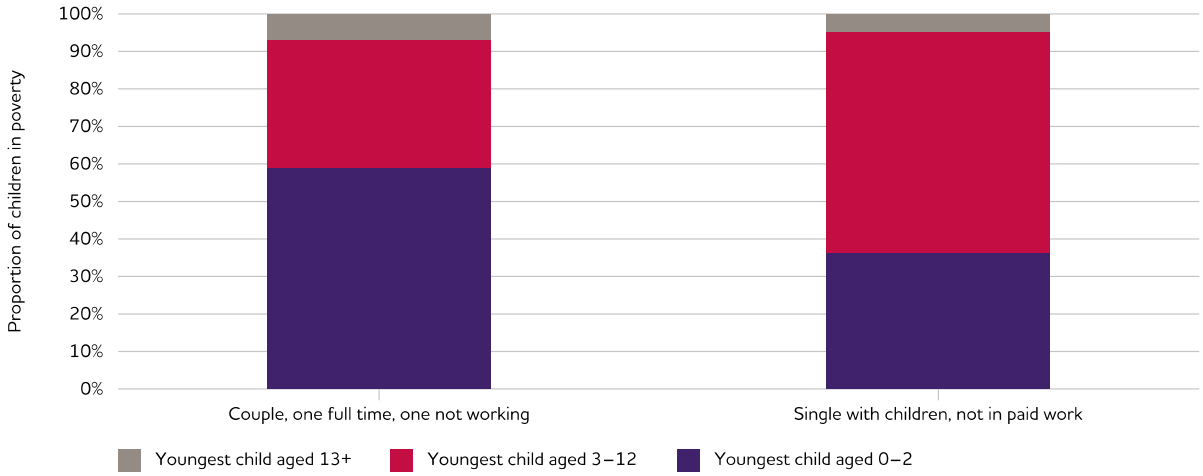
Source: JRF analysis of Households Below Average Income (DWP, 2014–17) and the Family Resources Survey (DWP, 2014–17)

There could be an element of pregnancy and maternity discrimination here. According to research by the Equality and Human Rights Commission (2015), one in nine mothers reported that they had left their jobs because of discrimination. The research shows that the attitudes of employers and workers can lead to a work environment that is challenging for those who are pregnant or have recently had children. Efforts that the Scottish Government is taking to improve knowledge of women's employment rights could help prevent the high incidence of poverty among families with young children, but it is likely to be only part of the solution.

Working patterns reflect, in part, societal expectations. There are many in society who think that women should stay at home to care for young children. In a recent report on British social attitudes, a third of respondents said that mothers of pre-school children should stay at home (Phillips et al, 2018). If this is what a significant part of society (and indeed the DWP for the under threes) expects, then there should

be an emphasis on ensuring that all parents can reach this expectation if they so choose and do not end up in poverty as a result.

Figure 13: Age of the youngest child where one parent is not working, 2014–17



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

Although, in most cases, it may be preferable for mothers to be the prime carer for the first few months of their child's life, for families who want their child to be at least partly cared for at home when they are young, we also need to incentivise and enable fathers to take time out of the labour market (for example, through 'use it or lose it' parental leave type policies that the Nordic countries have). This will help to prevent women from being the only gender who are faced with the reality of taking time out of the labour market, and it may be beneficial in promoting bonding with both parents. It should also be helpful in preventing future poverty. If a woman spends a long time out of the labour market, this may leave her and her children especially vulnerable if the relationship with the father was to break down.

Child poverty where mothers work part time

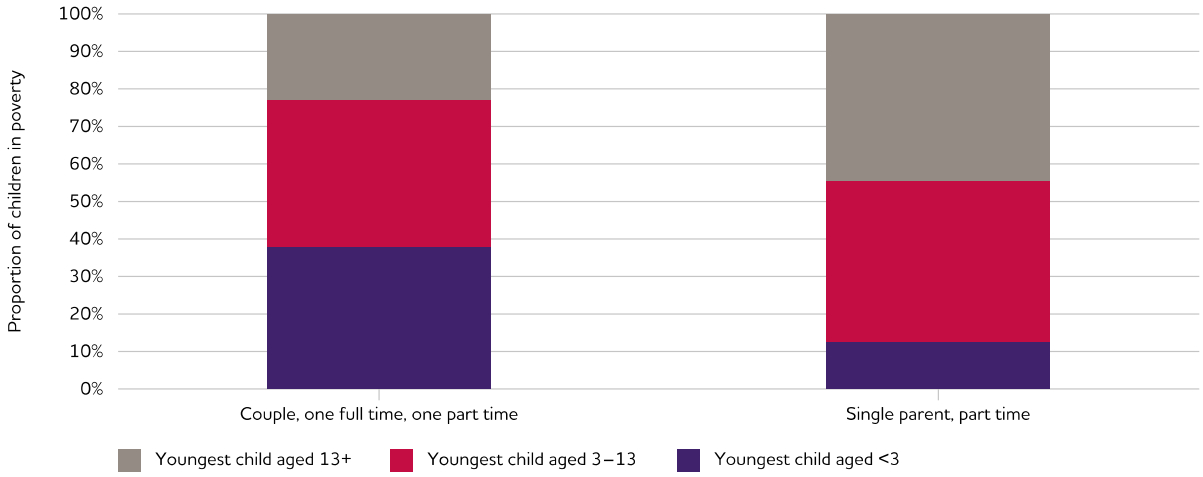
The next largest group of children in poverty have one parent who works part time. There are around 15,000 children in single-parent families and around 15,000 children in couple families in this situation. For couple families in poverty where only one adult works part time, in over 80% of cases it is the woman who takes the part-time job.

The age of the youngest child in families in poverty where at least one adult works part time does not present a consistent picture. In particular, there is a fair proportion of parents of older children in poverty working part time (see Figure 14). This indicates that there may be other reasons why these parents stay in part-time work for a long period of time, in particular for lone parents. It could be explained by factors such as needing flexibility to be able to cover school holidays, which affects parents of children of all ages.

The majority of parents in this situation are within conditions set out for receipt of Universal Credit where parents are expected to work part time when their child is aged between three and 13. Indeed, many are going beyond this, and working part time when their child is aged under three. Yet they and their children are in poverty.

Across the population, where the youngest child is aged between three and 13, 52% of couple families have one parent working full time and one working part time (compared with 39% for those in poverty) and 57% of single parents work part time (compared with 43% for those in poverty) (see Table 2).

Figure 14: Age of the youngest child where one parent works part time, 2014–17



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

Table 2: Selected work status of families where the youngest child is younger than 13 years old, 2014–17

Families with children aged under 13	Those in poverty		Total population	
	Child aged <3	Child aged 3–12	Child aged <3	Child aged 3–12
Couple, one working full time, one working part time	38%	39%	30%	52%
Single parent, working part time	12%	43%	18%	57%

Source: JRF analysis of Households Below Average Income (DWP, 2014–17) and the Family Resources Survey (DWP, 2014–17)

Part-time work, on average, pays a lower hourly rate than full-time work, and training and progression opportunities are known to be more limited. This is a key reason why the gender pay gap opens up over the course of women's careers: the 'penalty' from working part time can be a lifetime of lagging behind men's career trajectories because of those years where women's careers stagnated as they balanced work and care responsibilities.

One solution to this is to enable more women to return to full-time work sooner if they wish. More flexible and affordable childcare for all ages, including after-school and holiday provision, will help low-income parents to find and stay in work. Another is to encourage more men to work part time to share care responsibilities so that women can work more hours. A third is to find ways to improve the quality, training and progression opportunities of part-time work to lessen the penalty that those parents who work reduced hours face.

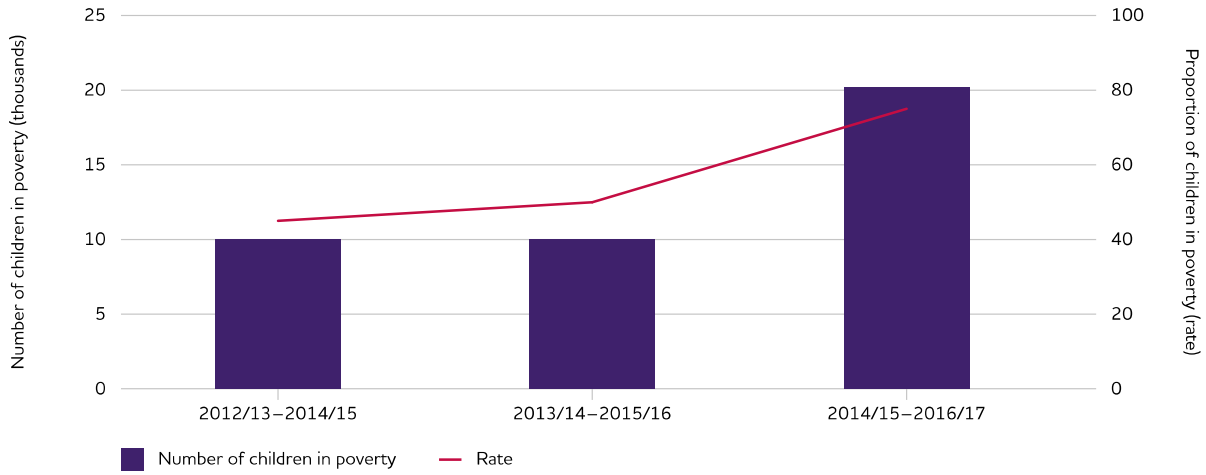
The key issue here is about improving choice for all parents, while being cognisant that for lower-income families their choices are likely to be more constrained. The Scottish Government's current and soon-to-be-expanded childcare offer does not realistically offer families the choice of working full time once travel times are factored in and is unlikely to be accessible for those who need out-of-hours childcare. There is a difference between childcare being a huge expense, which it is for many families, and it being unaffordable and thus the tipping point between working and not working.

The childcare entitlements in tax credits, which are more generous under Universal Credit, are also part of the solution, and the pilot childcare deposit scheme that the Scottish Government is trialling could offer a bridge that allows more parents to make the transition into better-paid work.

Child poverty in couple families with only part-time workers

There is another group of children in poverty that has become more prominent in recent years: children in couple families where one or more adults work part time, but none works full time. Children whose parents are in this situation are at increasing risk of poverty. In the early years of this decade, just under 50% of children in these families were in poverty. Now the figure is close to 80% (see Figure 15).

Figure 15: Child relative poverty, after housing costs, for couples with children, at least one working part time, no full time, 2014–17



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

This again highlights the need for the quality of part-time work to improve. Part-time work means a precarious financial situation for parents where no one in the household works full time. Also, men's part-time work is, on average, even less well paid than women's part-time work. Without improvement here, there is a danger that a shift of more men into part-time work to accommodate the greater sharing of care responsibilities could actually worsen child poverty.

Part of the reason why men's part-time work is so poorly paid at present may be due to the fact that the relatively small, although growing, proportion of men who work part time are in very low-paid sectors. If more men in higher-paid employment made requests for part-time working, this itself could start to shift the trends in part-time pay as it would prove that more roles could be done on a part-time basis. As well as potentially improving pay and conditions, this could provide new role models and opportunities for fathers to take more of the caring roles traditionally allocated to women.

With the powers that the Scottish Government has there is scope to make positive choices here in terms of policy to support mothers and fathers who want to work and to influence businesses to help this happen. It is yet to be seen whether offers, such as 30 hours of free childcare, will make the transformation in women's labour market participation that is required both for tackling poverty and for closing the gender pay gap. There is much more that could be done, and the upcoming gender pay gap strategy could be a game changer in terms of how it frames expectations of employers and wider society, and how it offers support for working fathers and mothers.

6 Conclusions

Many families are in poverty despite meeting the conditions for the receipt of Universal Credit, working as many or more hours as expected. JRF wants to see Universal Credit changed before large numbers of households are moved onto it from tax credits and benefits such as Employment and Support Allowance. The priority across the UK should be to raise the work allowance (the amount people can earn before their Universal Credit payment is affected) to enable families to keep more of what they earn. Alongside this, we want to see the take-up of Scottish payment flexibilities boosted and the choice of payment splitting made available. Longer term, JRF supports the creation of a work allowance to incentivise second earners in couples to move into work.

The distinction between in-work poverty and out-of-work poverty simplifies the position of low-income families in Scotland. Some families experiencing in-work poverty – for example couples where one parent is in work and the other is not working – appear to share common barriers with lone parents who are not in paid work. For employment to become a more reliable route out of poverty, further action on flexible work and childcare is needed. One answer here is to enable more women to make an earlier return to full-time work if they wish. This has three elements to it:

- More flexible and affordable childcare for all ages, including after-school and holiday provision, would remove a barrier to low-income parents working. The childcare entitlements in tax credits, which are more generous under Universal Credit, are also part of the solution, and the pilot childcare deposit scheme currently being trialled in Scotland could offer a bridge that allows more parents to make the transition into better-paid work. However, it is yet to be seen whether the Scottish Government's expanded offer of free childcare to parents of three- and four-year-olds will help to transform women's labour market participation in ways needed to reduce child poverty and close the gender pay gap.
- A second element is to encourage more men to work part time so that they share care responsibilities, enabling women to work more hours. At the UK level, greater shared rights to parental leave would contribute to progress.
- A third element is to improve the quality, training and progression opportunities of part-time work to lessen the penalty that parents working reduced hours face. The Scottish Government's commitment to develop progression support for parents to move towards higher earnings is a modest but welcome sign of the need to address in-work poverty.

There are signs of positive changes to rebalance work and care responsibilities for women and men. But much more can be done. The upcoming strategy on the gender pay gap could be a game changer in how it frames expectations of employers and wider society, and how it offers support for working mothers and fathers.

Some families are in poverty with limited or no work due to the age of their youngest child, limiting illness or disability. Some would be able to work when the time is right and with appropriate support. Not all children in a family out of work and with a disability are in poverty – in fact around a half are not. So forthcoming plans to halve the disability employment gap will need to ensure that suitable job opportunities enable these families to get out of poverty. Otherwise, living standards for them and their children will continue to fall far below what is considered adequate. Both the UK and the Scottish Governments have a responsibility to reduce the risks of working by ensuring that there is sustained support to help keep people in jobs given often complex situations and thus reducing avoidable exit from the labour market. Fair Start Scotland (the new voluntary employability programme) and the forthcoming Disability Employment Action Plan need to be fully aligned with child poverty reduction targets, providing flexible support for families, including suitable transport and training. In addition, the UK Access to Work fund can help more parents with a disability to stay in work, but only if awareness among families and employers is higher.

At any point in time, there will still be families who are unable to work. For some, this will be a short-term situation – for example, until children are in nursery or at school or while their health recovers – while others will be unable to work in the long term. Devolved social security powers need to play their part in reducing poverty for these and other families. Early commitments include:

- a new Best Start Grant for low-income families during infancy and the early years
- a Family Income Supplement by 2022, which should be targeted to have maximum impact on child poverty and maintain work incentives
- core disability payments that will rise in line with inflation – but major challenges remain in terms of take-up and adequacy and JRF believes that these benefits should not be included when it comes to measuring poverty as they are intended to contribute to the extra costs of disability.

The Scottish Government's commitment to building a social security system that has dignity and respect at its core, and offering routes into employment for those currently excluded from the labour market, could change the family incomes and prospects of thousands of children for the better.

Notes

- See Reed and Stark (2018) for an explanation of why Scottish Government relative poverty projections differ from the IFS figures.
- Since 2012/13, the Family Resources Survey, and the Households Below Average Income dataset that is derived from the survey, has identified disabled people as those who report any physical or mental health condition(s) or illness(es) that limit their ability to carry out day-to-day activities, and are expected to last 12 months or more. The definition of disability was changed in 2010/11 and hence there is a break in the series.

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