

SEVERE CHILD POVERTY IN SCOTLAND

Save the Children – February 2011

Summary

Save the Children's latest research findings, commissioned from the New Policy Institute, reveal that 90,000 children across Scotland live in severe poverty. That is 9% of all children in Scotland and over 1 in 3 of all children in poverty. This number has remained stubbornly static for the last four years.

For the first time our research reveals the local areas where severe child poverty is a major concern. In ten local authorities in Scotland more than one in ten children is living in severe poverty. Around 1 in 5 children living in severe poverty in Scotland live in Glasgow.

Children in severe poverty are missing out on things like school trips and hobbies, hitting their educational and social development and leaving them excluded from society. Parents in severe poverty are managing very tight budgets and don't have enough money for things like household contents insurance, repairing a broken refrigerator or washing machine or saving a small amount each month. Families in severe poverty are getting by on less than £134 per week for a lone parent with one child and less than £240 per week for a couple

with two children.¹ They can ill afford the forthcoming cuts to welfare, nor the recent increases in VAT and inflation.

Our research report highlights the main risk factors for severe child poverty. The work status of the family makes a big difference to a child's chances of living in severe poverty. There is a relatively high likelihood of severe poverty among children in workless households. Public sector job losses and changes to benefits in the coming years could increase severe child poverty, especially in those areas with high levels of deprivation. At a time of public spending cuts and public sector job losses it is crucial that government supports economic development and local job market recovery in areas of high severe child poverty.

Although worklessness is a major risk factor of severe poverty, work isn't always enough to escape deep poverty. Around 25,000 children in Scotland are in severe poverty and in households where at least one adult works. The research findings send a stark message to Scottish Government and its partners that more must be done to tackle in work poverty and low wages.



The Scottish Government, Local Authorities and their Community Planning Partners (alongside the UK Government) can ensure no child grows up in severe child poverty if they have the political will to do so. The Scottish Government must set out a clear commitment to end severe child poverty in Scotland, implement the policies needed to boost family incomes and support parents to overcome barriers to employment.

To tackle severe child poverty, Save the Children is calling on the Scottish Government and Local Authorities in Scotland (alongside the UK Government) to:

- 1. Agree a plan on severe child poverty that includes:**
 - **Ensuring that jobs created as the economy recovers are available to people in areas of high severe poverty.**
 - **Removing the barriers to employment faced by low income parents,**
 - **Improving the financial support provided to families in desperate need,**
- 2. Adopt Save the Children’s measure on severe child poverty and set targets for eradication.**

Key Scottish Findings

1. Levels of severe child poverty in Scotland

The latest available statistics show that in the year 2008-09, around 90,000 children in Scotland were living in severe poverty. That is 9% of all children in Scotland and over 1 in 3 of all children in poverty. Over the four years since we first introduced this measure we’ve seen the number of children living in severe poverty remain stubbornly static at between 8% and 9% of children in Scotland.

Across the UK, around 13% of children were living in severe poverty in 2008/09. That is about four in ten of all children in poverty. At 14%, the proportion of children in severe poverty was highest in Wales.

2. Levels of severe child poverty at local level

In Scotland, we estimate that ten local authorities have more than one in ten children living in severe poverty. The

ten authorities with the highest rates of severe child poverty in Scotland are set out in the table below. Glasgow City stands out as having a much higher rate than elsewhere in Scotland. The estimate for Glasgow City is 18% - twice the Scottish average. This accounts for around one in five children in severe poverty in Scotland. There are also relatively high rates of severe child poverty in North Ayrshire, West Dunbartonshire and Clackmannanshire.

Our findings show that fifteen authorities in Scotland have a rate of severe child poverty that is above the Scottish average of 9%. In addition to the ten authorities in the table, this includes Falkirk, Fife, Renfrewshire, South Ayrshire and South Lanarkshire.

The remaining authorities have less than 10% of children living in severe poverty. Three authorities have less than 5% of children living in severe poverty (Eilean Siar, Orkney and Shetland).

Table 1: The ten local authority areas with the highest estimates of severe child poverty in Scotland

Local authority	Proportion of children in severe poverty
Glasgow city	18%
North Ayrshire	14%
West Dunbartonshire	14%
Clackmannanshire	14%
Dundee city	12%
North Lanarkshire	12%
Inverclyde	11%
West Lothian	11%
East Ayrshire	11%
City of Edinburgh	11%

Scotland as a whole has a relatively low rate of severe child poverty (9% compared to 18% in London). Across the UK, severe child poverty is highest in those areas with high levels of worklessness amongst households containing children. UK wide, we estimated that there are five areas where around one in four children are living in severe poverty (Manchester 27%, Tower Hamlets 27%, Newham 25%, Leicester 24% and Westminster 24%). The risk of being in severe poverty in these areas is around double

the national average. Further, our findings suggest that there are 29 local authorities (none of which are in Scotland) where more than one in five children live in severe poverty.

In 50 local areas in the UK, at least one in six children are in severe poverty. Glasgow is the only Scottish authority that falls within this category. Glasgow City is 40th in the UK wide list, despite having the 9th highest proportion of children in workless households. The reason for this is that among workless families, the risk of severe child poverty is lower in Scotland partly because of relatively low housing costs. The methodology used to develop the local authority level estimates is explained in the endnotes.ⁱⁱ

Our latest severe child poverty research

Severe Child Poverty: An Update is the latest report in a series commissioned by Save the Children on levels of severe child poverty in the UK. ⁱⁱⁱ Using the most up-to-date statistics, the report, by the New Policy Institute, sets out the overall picture of severe child poverty across Scotland and the UK. Data from a three-year period from 2006/07 to 2008/09 was used to provide three-year rolling averages (so that the sample size is sufficient to analyse severe poverty in detail), to look at the groups of children most at risk of living in severe poverty.

Estimates of Severe Child Poverty in Local Areas is the first attempt at beginning to understand severe child poverty levels by local authority area. Using data from Households Below Average Income/ Family Resources Survey (HBAI) and the Annual Population Survey (APS) the research report estimates levels of severe child poverty in local areas in Great Britain in the three years up to 2009.

Why measure severe child poverty?

The negative effects that growing up in poverty can have on children are well documented. But not all children living in poverty have the same experience. For some, it is more severe. Families in severe poverty are living on low incomes of half or less of the average family income.

There is currently no official measure of severe child poverty in Scotland or at UK level. Save the Children believes that there is a need to measure the depth of poverty that children and their families experience. We believe that severe child poverty is best assessed using a

combined income and material deprivation measure. Using this combined measure gives a fuller and richer picture of poverty and strengthens the validity of the data. The data is taken from the Household Below Average Income/ Family Resources Survey (HBAI), published by the Department for Work and Pensions. According to our definition, children are living in severe poverty if they live in...

“... a household with an income of below 50 per cent of the median (after housing costs), and where both adults and children lack at least one basic necessity, and either adults or children or both groups lack at least two basic necessities.”^{iv}

3. Risk factors

Severe Child Poverty: An Update provides an insight into those groups which are most at risk from severe poverty. The following section summarises the key Scottish findings (which generally mirror the UK wide findings).

Work status

The work status of the family makes a big difference to a child's chances of living in severe poverty. 39% of children in workless families are in severe poverty, compared to around 3% of children in families where at least one parent works. Around 65,000 children living in workless families (either unemployed or inactive for other reasons) were in severe poverty.

In workless families, there were more children in severe poverty than non severe poverty. This contrasts with children in working families, who are more likely to be in non severe poverty and most likely not to be in poverty at all (although this contrast is not as stark in Scotland as in other parts of the UK). Still, however, some 25,000 children in households where at least one adult works are in severe poverty.

Single parents

61% of children in severe poverty live in a lone parent household, and 39% in a couple household, but the risk of severe poverty is far higher among the former group. Some 60,000 children in lone parent families, 22% of all children living in lone parent families, were in severe poverty. This contrasts with 5% of children in couple households.



Housing tenure

Over two thirds of all children in severe poverty are living in social rented accommodation. This represents 24% of children living in social rented accommodation (either from local authority or housing association).

Disability

Living in a family with a disabled adult more than doubled the risk of severe poverty for children. 19% of children living in a family that had a disabled adult were in severe poverty, compared to 7% in families with no disabled adult. Around a third of children in severe poverty lived with a disabled adult.

Age of parents

Children living with young parents aged under 25 were more likely to be in severe poverty than those living with older parents. 30% of children whose parents were below the age of 25 were in severe poverty. However children in such families did not account for a very high share of children in severe poverty - only 14% of children in severe poverty belonged to such families. The majority (45% or 40,000) of children in severe poverty lived with a head of household aged over 35.

Family size

30 000 children in severe poverty lived in households with three or more children, meaning that 12% of children in these larger households were in severe poverty. This compares to 9% of children in smaller households.

Severe child poverty – Looking to the future and the impact of unemployment

Changes in severe child poverty figures in Scotland (and UK wide) have tended to mirror overall child poverty trends. Save the Children is concerned that the sustained period of high unemployment since the end of 2009 is likely to have increased severe child poverty levels up to 2010/11 given the high risk of severe poverty amongst workless families. However, it is unclear whether other factors, such as changes to benefits and child tax credits by the UK Government, has balanced this effect out in the short term, leaving severe child poverty static in Scotland. At UK level, child poverty (measured as below the 60% median income level) is expected to fall by 2010/11, then remain static before rising again in 2013/14.^v

Beyond 2010/11, UK Government measures such as the freeze in child benefit and changes to the way benefits are up rated (plus other welfare cuts) are likely to increase severe child poverty, especially if high unemployment continues. Public sector job losses may also drive up severe child poverty. This will mean many more children will be going without the things many of us take for granted. Unless action is taken now, more children will suffer. Small increases in child tax credits announced in the UK Government's June budget may go some way to minimising the impact of unemployment and welfare cuts on severe poverty in the years 2011 and 2012 but won't be enough for many families.

Additional analysis by Save the Children set out in the table below shows the challenges that the areas with the highest levels of severe poverty are facing. Unemployment is falling across Scotland, however there is wide local variation. The five local areas with the highest levels of severe child poverty experienced an average increase in unemployment of 3.78% in the two years between June 2008 and June 2010, compared with the Scottish average of 1.7%. In addition, people looking for work in those areas are competing with a higher number of people for vacancies (over 18 JSA claimants per vacancy in the areas of high severe poverty compared to the Scottish average of 13 people per vacancy).

Table 2: Average labour market statistics for the five local authority areas with the highest estimates of severe child poverty in Scotland

	Las with highest level of severe child poverty	Scottish Average
Unemployment in June 2010	9.94%	7%
Change in unemployment rate between June 2008 and June 2010 +/-	+3.78%	+1.7%
JSA claimants per unfilled jobcentre vacancy	18.08	13.00

Figures based on data sources from the Office for National Statistics (as at November 2010)

The impact of the recession has been geographically uneven. The Scottish Government has recognised that similarly future economic growth, job losses and public spending cuts will be distributed unevenly.^{vi} These fears are backed up by research by the Work Foundation which found that:

“The cities which are likely to experience considerable growth in the future are those with highly educated populations, high levels of employment in the potential growth sectors and relatively low levels of employment in the public sector”.^{vii}

Scottish Government has prioritised action to support jobs, skills and training as part of the Economic Recovery Plan. This includes a refreshed skills strategy and support for the modern apprenticeship programme. The Scottish Government acknowledges that certain areas face challenging job markets and have instigated measures which are intended to support economic and employment development at the local level. For example, a £10 million fund to support unemployed young people into training and work extends to older unemployed people in those areas where unemployment is highest.^{viii} Further investment in jobs and training needs to prioritise providing targeted and specific support to areas of high severe child poverty.

Recommendations

Severe child poverty remains a major and often ignored issue in Scotland. It is a problem which is exacerbated and entrenched by weak local labour markets. Tackling severe child poverty requires action in a number of policy areas and presents a number of challenges to policy makers in Scotland.

To tackle severe child poverty, Save the Children is calling on Scottish Government, Local Authorities and Community Planning Partnerships in Scotland to take action in the following areas:

1. A focus on severe child poverty

A number of reports have recommended a focus by government on severe poverty so that government policy recognises the importance of “ensuring that children do not experience severe financial and material poverty while they are growing up”.^{ix} We urge the Scottish Government to work with the UK Government to introduce a plan of

action to eradicate severe child poverty (as part of the broader approach to tackling child poverty). Action should include the establishment of a severe child poverty eradication target and interim reduction targets. This could involve a target to eradicate severe child poverty^x by 2016 as part of a pathway to child poverty eradication by 2020. This will help ensure that policy benefits those children experiencing the most intense and severe poverty.

2. Action to tackle severe child poverty

We urgently need to see a plan to tackle severe child poverty, which should include:

Local labour markets

The analysis in this briefing shows that areas of high severe child poverty face major labour market challenges. To escape poverty, it is vital that flexible, high quality job opportunities are available to parents who can work. The Scottish Government has committed to ‘robust action’ to strengthen support for jobs, skills and training. **It is vital that Scottish Government, in partnership with Local Authorities and their Community Planning Partners and the UK Government, ensures that jobs created as the economy recovers are available to parents in areas of high severe poverty.** Funding for economic development and labour market support needs to be earmarked for areas of high child poverty and linked to job creation targets within those localities.

Barriers to employment

As most children living in severe poverty are in workless households, priority should be given to removing barriers to employment for parents living in poverty. Key measures include:

- **Ensure that lack of access to suitable childcare is not a barrier to entering training or work for low income parents.**
- **Increase or incentivise more flexible working opportunities for parents with caring responsibilities.**
- **Provide more training opportunities for parents who need to boost their skills.**
- **Commit to ensuring that all directly and indirectly public sector workers are paid at least the Scottish Living Wage.**

Improve the financial support provided to families in desperate need

Low income families face acute financial pressure over the coming years due to welfare cuts, inflation and the increase in VAT. The UK Government has recognised this by announcing increases to child tax credits in 2011 and 2012. However, these increases will not be enough for many low income families. There is much more government in Scotland could do to alleviate the financial pressure on low income families:

- **Tackle the poverty premium faced by low income families by ensuring low income families with children are supported to meet rising energy costs and increasing access to affordable credit.**
- **Develop an effective strategy for ensuring maximum take up of benefits and tax credits amongst low income families that addresses current barriers to access to advice and information.**

Alongside these calls on government in Scotland, Save the Children is calling on the UK Government to take action to tackle severe child poverty in a number of reserved policy areas. For more information see *Severe child poverty in the UK 2011*.

Contact

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are discussed, alongside a more detailed explanation of the methodology used, in the research report.

ⁱⁱⁱ *Britain's Poorest Children* (2003), *Britain's Poorest Children Revisited* (2005) and *Severe Child Poverty in the UK* (2007), *Measuring Severe Child Poverty in the UK* (2010), Save the Children

^{iv} M Magadi and S Middleton, *Severe Child Poverty in the UK*, Save the Children, 2007

^v Institute for Fiscal Studies, *Child and working-age poverty from 2010 to 2013* December 2010

^{vi} Scottish Government. *The Scottish Economic Recovery Plan: Accelerating Recovery*. March 2010.

^{vii} The Work Foundation, *No City Left Behind? The geography of recovery – and the implications for the coalition* July, 2010.

^{viii} <http://www.scotland.gov.uk/News/Releases/2011/02/17163008>

^{ix} The Independent Review of Poverty and Life Chances, Frank Field, *The Foundation Years: Preventing poor children becoming poor adults* December 2010

^x Achieving a severe child poverty rate of 5% or less.

ⁱ These figures represent 50% of median incomes for the equivalent family type. The figures are after housing costs and taxes and in both instances for households where the children are under 14 years of age.

ⁱⁱ It should be noted that the methodology used to develop the local authority estimates is different from the methodology used to develop the national level statistics. The HBAI/FRS datasets used to develop the national figures do not provide the level of detail needed to measure local levels of severe poverty. The methodology used to estimate the local figures is in effect a combination of household work status and regional risk of severe poverty. The local authority methodology combines data from HBAI and the Annual Population Survey (APS). The former dataset contains information on household income, and so tells us about severe child poverty rates in UK regions. The latter gives us information about the child population in each local authority in Great Britain. The two datasets are linked using information about household work status and the region in which the child lives. We recognise there are limitations to this approach. These

