TIPPING THE SCALES

THE SOCIAL AND ECONOMIC HARM OF POVERTY IN SCOTLAND

Philip Whyte, Dave Hawkey and **Casey Smith**

May 2023

ABOUT IPPR SCOTLAND

IPPR Scotland is IPPR's dedicated think tank for Scotland. We are cross-party, progressive, and neutral on the question of Scotland's independence. IPPR Scotland is dedicated to supporting and improving public policy in Scotland, working tirelessly to achieve a progressive Scotland.

IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank. We are an independent charitable organisation with our main offices in London. IPPR North, IPPR's dedicated think tank for the North of England, operates out of offices in Manchester and Newcastle, and IPPR Scotland is based in Edinburgh.

IPPR's purpose is to conduct and promote research into, and the education of the public in, the economic, social and political sciences, science and technology, the voluntary sector and social enterprise, public services, and industry and commerce.

IPPR Scotland
5 Rose St
Edinburgh, EH2 2PR
T: +44 (0)131 281 0886
E: info@ippr.org
www.ippr.org/scotland
Registered charity no: 800065 (England and Wales), SC046557 (Scotland)

The progressive policy think tank

CONTENTS

ABOUT THE AUTHORS

Philip Whyte is director at IPPR Scotland.

Dave Hawkey is a senior research fellow at IPPR Scotland.

Casey Smith is a research assistant at IPPR Scotland.

ACKNOWLEDGEMENTS

Our thanks go to Save the Children and Joseph Rowntree Foundation for partnering in and supporting this publication. A particular thanks go to Chris Birt (JRF) and Fiona King and Claire Telfer (Save the Children) for their support and comments through the research.

The authors would also like to extend a special thanks to the parents who gave up their time and shared their expertise with us, along with Home-Start Renfrewshire and Inverclyde for facilitating that discussion.

Download
This document is available to download as a free PDF and in other formats at:
http://www.ippr.org/research/publications/tipping-the-scales

Citation
If you are using this document in your own writing, our preferred citation is:
Whyte P, Hawkey D and Smith C (2023) *Tipping the scales: The social and economic harm of poverty in Scotland*, IPPR Scotland, Joseph Rowntree Foundation and Save the Children. http://www.ippr.org/research/publications/tipping-the-scales

SUMMARY

In a country as rich as Scotland, the moral imperative to eradicate poverty is clear. Its impacts are deep and wide, not only risking immediate financial security but also wreaking long-term damage: lower educational attainment and diminished employment prospects; acute personal and mental distress; through to higher incidences of long-term health conditions.

This adds up to a damaging impact on individuals, but it also brings a loss of human potential and increased demand for a variety of public services. That in turns bears significant individual and economic costs.

Within Scotland, these costs have been long recognised. In 2011 the Christie Commission found that significant investment continued to be directed towards responding to the negative impacts of social ills, and not enough towards prevention (Christie Commission 2011). However, past failures to eradicate poverty continue to bear harm. More than a decade on, the vision Christie put forward arguably continues to be an aspiration not an achievement – a failing which becomes even more pressing in a modern context.

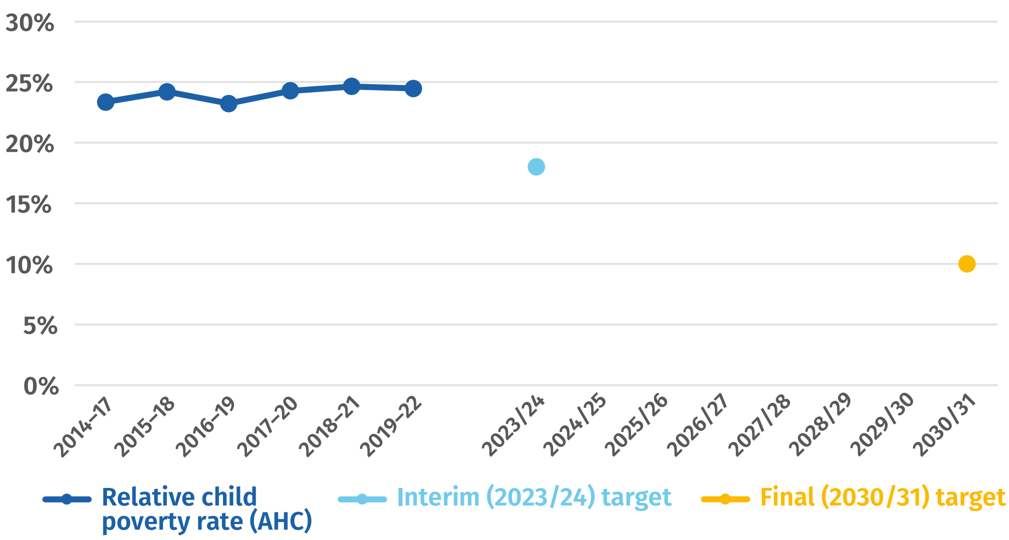
THE CASE FOR ACTION

In 2017, the Scottish government introduced, and the Scottish parliament unanimously backed, legislation to set statutory targets to reduce child poverty to historically low levels. However, the most recent statistics show just how far we still must go in meeting those targets, from when that legislation was passed (figure 1.1).

FIGURE S.1

Scotland remains off track to meeting its interim and final child poverty targets

Relative child poverty (AHC) rate, 2014–17 to 2019–22, and Child Poverty (Scotland) Act 2017 interim and final targets



Source: Scottish Government (2023a)

Note: Historic child poverty rates are calculated across three year periods, whereas targets are set for single financial years.

Across the period 2019-22, one in four children were living poverty – a figure which must fall to one in 10 by 2030/31: requiring more than double the reduction seen since devolution in 1998, in just nine years. Those figures should be a wake-up call.

Meeting those targets is still possible – and necessary – but will require significant investment. The Scottish government has committed to long-term reforms, most notably to develop a 'minimum income guarantee' (MIG) which would provide an income floor beneath which no one would fall. That will need further investment in the social safety net, but, as we demonstrate in this report, **that should be seen as an investment in people here and now, and in reducing future costs and increasing Scotland's prosperity.**

In total, 1.1 million people are estimated to live in poverty in Scotland: waking up each day facing the prospect of not knowing when their next meal will come, going cold for fear of turning on the heating, or having to sacrifice life essentials. **The consequences of poverty go beyond the present day and risk a long-term crisis. We find:**

- people in the most deprived communities experience shorter healthy life expectancy at birth – of up to almost 30 years
- premature mortality rates are four times higher in the most deprived areas compared to the least deprived, while relative inequality is at its highest ever level in the devolution era
- 'deaths of despair' – through drug and alcohol misuse and mental ill-health – disproportionately impact Scotland's most deprived communities
- significant inequalities remain in educational attainment, between pupils from the least and most deprived communities, at every stage of education and lasting into adulthood.

This creates a vicious cycle of poverty. It causes severe harm in people's daily lives, risks their health and prosperity, and damages their employment prospects. **That makes it more likely that a child born in poverty today will go on to face poverty in later life. We find:**

- people over the age of 30 who had experienced poverty during their childhood have around 25 per cent lower income than those who didn't
- the unemployment rate among individuals over 25 who experienced child poverty is much higher (16 per cent) than the rate among those who had not (2 per cent).

This underpins the moral imperative to meet Scotland's child poverty targets: boosting household incomes now can create a more positive future, breaking the intergenerational link of poverty.

THE COST OF INACTION

For many households, financial insecurity is ultimately a result of a creaking social safety net – one which was, intentionally or otherwise, never designed to fully meet the incomes people need to thrive and has been further eroded ever since. **In essence, policy choices can trap people in poverty and keep them from ever reaching a level of income which enables them to lead a dignified life. We find:**

- households face a chasm in achieving a minimal level of financial security – defined as reaching 75 per cent of their 'minimum income standard' – of around £2.7 billion a year in aggregate
- the extent to which families in Scotland do not have enough income to afford a decent standard of living – the minimum income gap – is around £5.6 billion a year.

"When I go shopping, just a standard food shop, when I leave, I feel guilty because I have spent so much money only on food".

Focus group parent

This failure to bolster financial security holds back Scotland's collective prosperity, adding a significant cost to public services while limiting economic contributions. These aggregate costs – lost output and increased real costs – are what we refer to as 'the cost of poverty' and the scale of harm is significant. **Estimating just some of the collective impacts on Scotland's prosperity, we find:**

- around £2.3 billion of health boards' budgets is directed at responding to the impacts of poverty, with hundreds of millions more diverted through primary care and addressing health inequalities driven by financial inequality
- around a quarter of a billion pounds may be being spent each year on addressing the consequence of poverty in our schools and working to increase educational attainment – but often coming too late
- at a conservative estimate, the lost income due to historic child poverty in Scotland is between £1.6 and £2.4 billion per year – up to 1.5 per cent of Scottish GDP.
- Based on the Scottish government's own modelling, devolved employability support takes up investment of almost £55,000 per positive outcome, with total expected investment of £455.6 million expected over the period 2022/23 to 2025/26.

While this harm often translates to continued failure spend, it doesn't have to be this way. The extent to which our economy and social security system is leaving families financially insecure is large, but not larger than our conservative estimate of the damaging consequences for our shared prosperity. **Eradicating poverty in Scotland could boost our collective prosperity by more than the amount low-income households are currently falling short.**

Our research also finds that investment in the wider social safety net – beyond social security payments – can have positive outcomes for many households and play a leading role in tackling poverty and financial insecurity. **Well managed public provision of essential services doesn't add real costs in Scotland but shifts how the cost of basic needs are covered – and could deliver even greater outcomes with increased scale and investment. We find:**

- social housing tenants draw at least £250 million less per year in benefits than they would renting privately and are still better off
- more than 50,000 people are kept out of poverty by the low housing costs they see through social housing
- free childcare frees up families to boost their earnings, which in turn boost the public finances. 600 free hours lifted over 10,000 adults and children out of poverty, and the expansion to 1,140 hours will have an even bigger impact.
- Simply ensuring people who we model to be eligible for universal credit, take up all of their entitlement would close around a third of households' financial insecurity gap – contributing around £1.9 billion which they should already be getting.

"We'll [government] throw some money in, they will [household financial situation] get better – but it doesn't get any better, just throwing money in doesn't make it better. You need to reduce other things as well".

Focus group parent

1. INTRODUCTION

In a country as rich as Scotland, the moral imperative to eradicate poverty is clear. Its impacts are deep and wide, risking immediate financial security and wreaking long-term damage: lower educational attainment and diminished employment prospects; acute mental distress; through to higher incidences of long-term health conditions.

This adds up to a damaging impact on individuals, but it also brings a loss of human potential and increased demand for a variety of public services. That in turns bears significant individual and economic costs.

Within Scotland, these costs have been long recognised. In 2011 the Christie Commission found that significant investment continued to be directed towards responding to the negative impacts of social ills, and not enough towards prevention (Christie Commission 2011). However, past failures to eradicate poverty continue to bear harm. More than a decade on, Christie's vision arguably continues to be an aspiration not an achievement – a failing which becomes even more pressing in a modern context, including the distance still to go in meeting Scotland's legally binding child poverty targets.

In this report we bring together data and analyses to explore the scale of harm caused to individuals and families by the struggle to get by on a low income. We examine the extent to which the distribution of income in Scotland leaves families falling short, and quantify some of the negative impacts this has, for example on health and participation in the labour market. Comparing the two we find the total shortfall in incomes is actually less than the economic harms arising from the consequences of poverty.

Simply put, bold action to tackle poverty is not a zero-sum game but rather has potential to increase Scotland's collective prosperity.

We explore some of the ways government can tackle poverty, for example through fixing the social security system and provision of childcare, employability support and housing. Our original analyses demonstrate the effectiveness of these interventions, making the case for government to go further investing in eradicating poverty.

While robust data analysis is critical to forming a clear picture of the scale of harm, so too are the lived realities of families struggling with the cost of living. We are hugely grateful to the group of families who participated in a focus group to discuss the issues examined in this report, and for allowing us to quote their words to illustrate how the harms of low income are experienced in Scotland today.

Ultimately, we find that if the Scottish government is serious about tackling inequality, it will require concerted action and investment now to deliver enduring outcomes.

We have long had a political consensus that poverty should be reduced, but the dial has barely shifted. Tackling poverty requires serious policies with serious money behind them, not just tinkering round the edges. Quite simply, we cannot afford not to.

2. THE FINANCIAL INSECURITY GAP

KEY FINDINGS

- The extent to which families fall short of achieving a minimal level of financial security – **the financial insecurity gap – is around £2.7 billion per year**.
- The extent to which families in Scotland do not have enough income to afford a decent standard of living, benchmarked against their minimum income standard – **the minimum income gap – is around £5.6 billion per year**.

Social security represents a significant investment in people. It should be more than just a safety net to catch people when they fall, but a springboard to enable people to reach their full potential. Too often it is neither, instead threatening a trapdoor.

Since 2010 we have witnessed more than a decade of UK government welfare reform characterised by cuts and freezes to core benefits, leaving a social safety net that is unfit for purpose. Despite support for its original ambitions to simplify and unify social security provision, universal credit has been widely criticised as providing inadequate support. Features such as the five-week wait for new claimants, punitive measures like the two-child limit and benefit cap, and the stringent conditionality and sanctions regime have fed income volatility and insecurity rather than counter it (Dwyer 2018, McNeil et al 2019).

While the Scottish government has claimed that it – in response to the current cost of living crisis – is providing £3 billion to support low-income people, in reality many of these schemes (i) pre-date the crisis and (ii) are universal, rather than specific targeted action (SPICe 2022) – with a lack of clarity in the government's announcement of this noted by the Office for Statistics Regulation (Humpherson 2023).

Important action has been taken within devolved powers, however – demonstrating what can be achieved with political will and investment. Particularly following the devolution of new welfare powers through the Scotland Act 2016, the Scottish government has sought to differentiate its approach to social security, rooted in dignity and respect, in contrast to the often-punitive approach of the UK government.

Sitting alongside universal initiatives, the government has focussed on increasing incomes for the poorest households, not least through the introduction of the Scottish child payment. This, along with other targeted support (table 2.1), represents a strong investment in tackling poverty – but our analysis shows still leaves countless families struggling to keep their heads above water let alone achieve a dignified standard of life.

> *"[The payment promised] 'you can use it towards taking the kids out for the day' [but] you are not getting its intended use because you are cutting back on so many things".*
> Focus group parent

TABLE 2.1

Scottish government funding for targeted low-income interventions, 2023/24

Policy	Funding (£m)
Council tax reduction	357
Scottish child payment	442
Best start grant	20
Best start foods	17
School clothing grant	13
Discretionary housing payments	85
Job start grant	1.2
Free holiday meals	22
Scottish welfare fund	35
Funded childcare for eligible two-year-olds	114[1]
Carers allowance supplement	50
Winter heating payment	23.6
Total	**1,179.8**

Source: IPPR Scotland analysis of Scottish Government (2022a). and Scottish Fiscal Commission (2022)

This then sits alongside reserved benefit expenditure for people out of work and/or on low incomes of around £7.5 billion in Scotland (Scottish Government 2022b, DWP 2022).

> *"Everything has gone up...extra money is managing us through [however] because everything went up, they [social security benefits] are not actually getting you any further than what you were previously".*
> Focus group parent

BY HOW MUCH ARE HOUSEHOLDS BELOW THE POVERTY LINE?

While social security alone is unlikely to be able to meet the child poverty targets, to date – particularly through the Scottish child payment – it has done the heavy lifting. That is unlikely to change in the short to medium term – but more than anything, social security should always provide a strong backstop to ensure people do not fall into poverty.

While much of our analysis is done through a lens of child poverty targets, (i) the consequences of poverty are felt well beyond households with children,

1 This is an estimate of current spend based on the additional funding provided for initial expansion (to 600 hours) through the Children and Young People (Scotland) Act 2014.

and (ii) ultimately, ensuring a child isn't born into poverty means addressing it for households before they are born. As such, we go beyond children to examine what a stronger social security system could look like for all households.

For each household in Scotland, we model the shortfall between after housing cost income and a given income standard. Adding these income shortfalls together gives an estimate of a total "income gap" – the extent to which the distribution of income in Scotland leaves households without enough to keep their heads above water.

We examine several income standards. While poverty rates are most often defined by relative household income, the Scottish government has also committed to more transformative, if longer-term, reform of the social security system, through the introduction of a minimum income guarantee: an income floor beneath which no one should fall.

For most people, paid work and collective services can give people the income they need, and reduce their costs, to meet their income floor. For others who face barriers to finding secure and well-paid work, a targeted payment would lift their incomes up towards their 'minimum income standard' (MIS).

WHAT IS A MINIMUM INCOME STANDARD?

Minimum income standards are calculated by a research team at the Centre for Research in Social Policy at the University of Loughborough, across different household types. These standards are based on what the public say is needed 'to achieve an acceptable standard of living in Britain today'.

The standard is calculated by speaking with members of the public to identify what different households need to participate in society. Researchers then cost a basket of goods that supports this ambition. Critically, a minimum income standard varies across differently composed households.

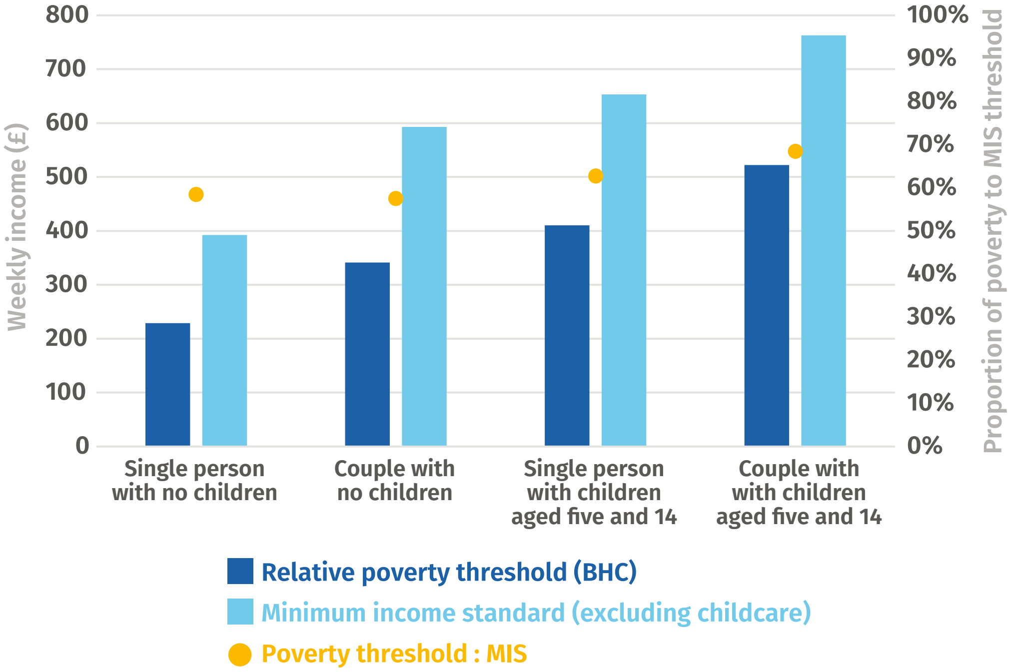
While poverty thresholds and MIS both establish baselines for living standards, they do so in different ways and with different results.

Figure 2.1 compares the median income required to meet the respective MIS and relative poverty line (for simplicity, before housing costs) across a range of household types – and shows that the official poverty threshold for each household type falls short of what is defined as a minimum standard of living. This also only considers households with school-aged children and excludes their (comparatively lower) assumed childcare costs. Where a household, particularly those with children below school age, face higher childcare costs it would make the gap even larger.

FIGURE 2.1

The standard measurement of poverty leaves households far short of their respective minimum income standard

Relative poverty (before housing costs) and minimum income standard thresholds across varying household types, and the proportion of MIS the poverty threshold achieves



Source: IPPR analysis of Centre for Research in Social Policy (2023) and Scottish Government (2023a)

In part, this difference reflects that poverty is defined purely by the income a household has, relative to other households – it does not take account of the real-world expenditure they face (as MIS does) and the impacts of that on their financial security. For our analysis we instead present a number of different options for lifting households up and out of poverty:

- 60 per cent median equivalised income after housing costs (ie, relative poverty)
- three-quarters of the minimum income standard,[2] the level below which families' experience of financial insecurity grows[3]
- the full minimum income standard.

On these measures, our calculations using the IPPR tax and benefit Model estimate the extent to which the Scottish economy and social security system fails to ensure families achieve a minimal level of financial security – **the financial insecurity gap – is around £2.7 billion in 2023/24**.

2 In this report we compare households' after housing cost disposable income with the elements of the minimum income standard that exclude housing costs, council tax and childcare. Estimated minimum income standards are taken from the University of Loughborough (2022) excel calculator, uprated to 2023 prices by CPI. The minimum income standard research does not encompass every household type (eg households with more than two adults). For these households (around 14 per cent of the total) we use a proxy for the minimum income standard derived from the AHC relative poverty line. For households with a defined MIS, using household-weighted linear regression of MIS against the unequivalised poverty line we find a very close correlation, with the unequivalised poverty corresponding to 75 per cent of the minimum income standard. On this basis we use the unequivalised poverty line as a proxy for 75 per cent of the MIS for those households whose MIS is not defined by the University of Loughborough. Where we model different policy scenarios we use the baseline poverty line, not scenario poverty line, as the 75 per cent MIS proxy.

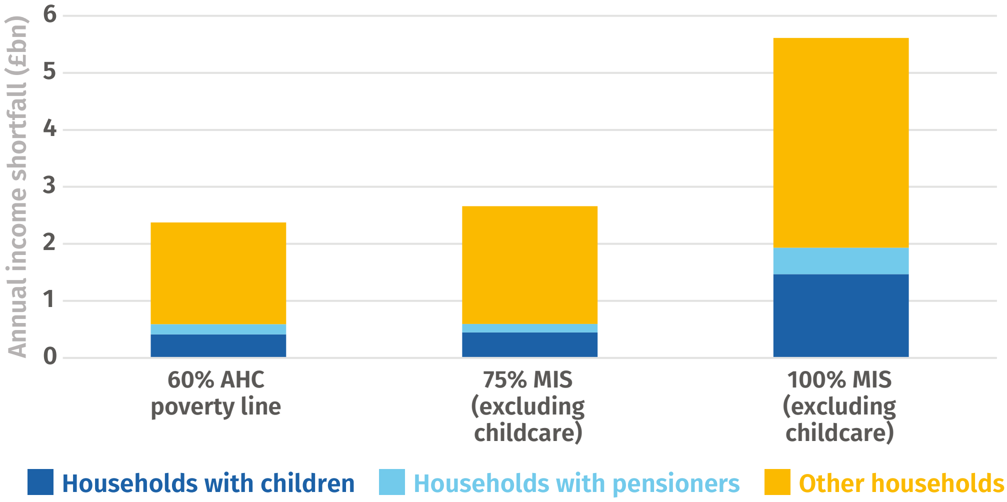
3 On the basis of previous research (Hirsch 2016), the prevalence of financial problems grows below 75 per cent of a household MIS meaning this should be taken as the minimum required.

The extent to which families in Scotland do not have enough income to afford a decent standard of living – **the minimum income gap – is around £5.6 billion per year** (figure 2.2).

FIGURE 2.2

The distribution of income in Scotland falls short of ensuring all households have sufficient income by billions of pounds

Annual total shortfall in household incomes by standards of low income (2023/24)



Source: IPPR tax-benefit model

> *"They are increasing benefits from this April, and then you put a cap on it per person or per family...you are not really getting the support you need...losing extra hundreds of pounds".*
>
> Focus group parent

HOW COULD THE SOCIAL SECURITY SYSTEM PLUG THE FINANCIAL INSECURITY GAP?

Having considered the size of the income gap, we can then consider: what might it take for social security payments to bring households over the financial insecurity income threshold of 75 per cent of their minimum income standard? For simplicity, we model reforms to universal credit to give a sense of the scale of change needed to shift the dial on financial insecurity.

While universal credit is a reserved benefit – meaning UK government action would be required – there are options to mirror our scenarios through the Scottish system, either through top-ups to reserved powers or the creation of new benefits in devolved areas (both powers available to the Scottish parliament via the Scotland Act 2016).

We model three main changes to universal credit.

- Raise the take-up rate to 100 per cent (and replace legacy benefits) to examine the extent to which the financial insecurity gap is due to households not receiving the support to which they are entitled.
- Remove the two-child limit and benefit cap, the arbitrary and damaging restrictions that exacerbate financial insecurity.
- Increase the standard monthly allowance in £100 increments up to £400 above 2023/24 levels.

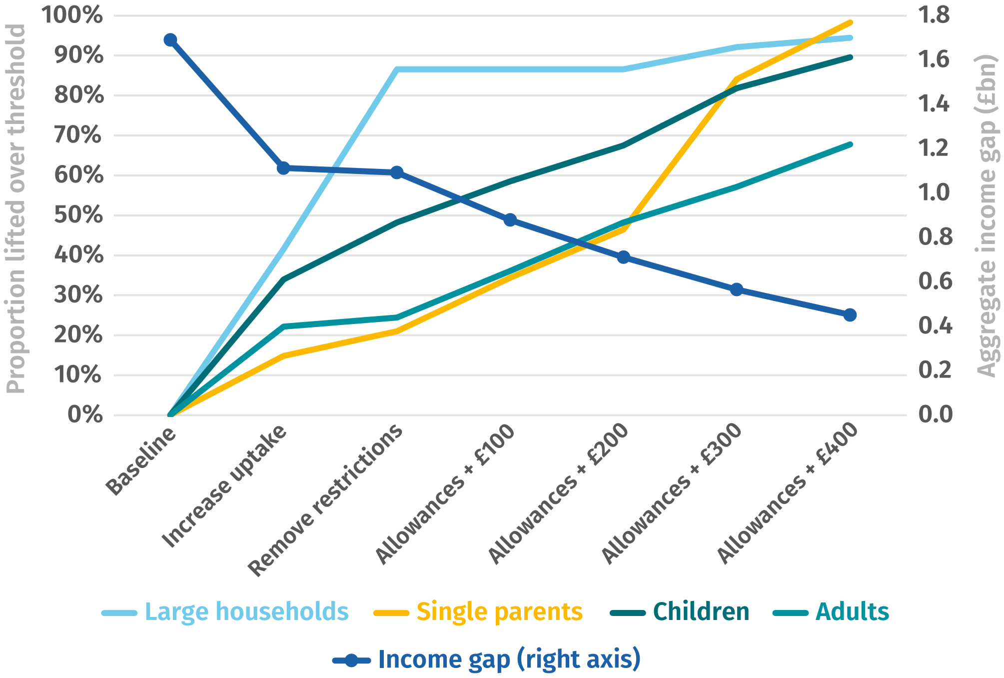
Our analysis focuses on those households who would be eligible for universal credit under our most expansive model.[4] For this subset of households below the financial insecurity threshold, our findings (figure 2.3) show the following.

- Around a third of the gap attributed to these households would be closed by maximising uptake. That such a large share can be attributed to eligible families not receiving money to which they are entitled is a significant policy failure which should be urgently addressed. This means ensuring low-income household's awareness of their entitlements, and addressing the stigmatising and punitive design features, such as the postcode-lottery sanctions regime that may deter people from accessing the system (Parkes 2023).
- Removing the two-child limit and benefit cap has a limited impact on the overall financial insecurity gap, but it would make a significant difference to large families. Of those eligible large families below the financial insecurity threshold, 86 per cent would be lifted over the threshold were caps to be removed.
- Children are lifted over the threshold at a faster rate than adults. This may reflect aspects of the current system, both the positive impact of the Scottish Child Payment and the negative impact of the two-child limit.
- A significant share of eligible single parents would cross the financial insecurity threshold with a £300 uplift to their monthly allowance. This highlights the importance of better considering the income needs of households with different family circumstances in the design of a social security system that guarantees a minimum income.

FIGURE 2.3

Increasing social security allowances and uptake would close the financial insecurity gap and lift many over the 75 per cent MIS level

Impact of social security changes on financial insecurity among eligible households



Source: Authors' analysis of IPPR tax-benefit model and Centre for Research in Social Policy (2022)

Note: Analysis only considers households eligible for universal credit under our most generous scenario (£400 uplift), meaning only part of the financial insecurity income gap is considered.

4 Not all households below the financial insecurity threshold would be eligible for universal credit payments under these scenarios due to design parameters we have not altered.

Because our scenarios take incomes above the income threshold, the total increase in social security payments received by households is larger than the extent to which the income gap is closed. For example, maximising roll-out and increasing allowances by £400 would transfer an additional £2.2 billion to households currently below the financial insecurity threshold yet still leave an income gap within this group of £0.5 billion. Including the increased transfers to households already above the financial insecurity threshold reaches a total uplift in social security payments of £6.5 billion.

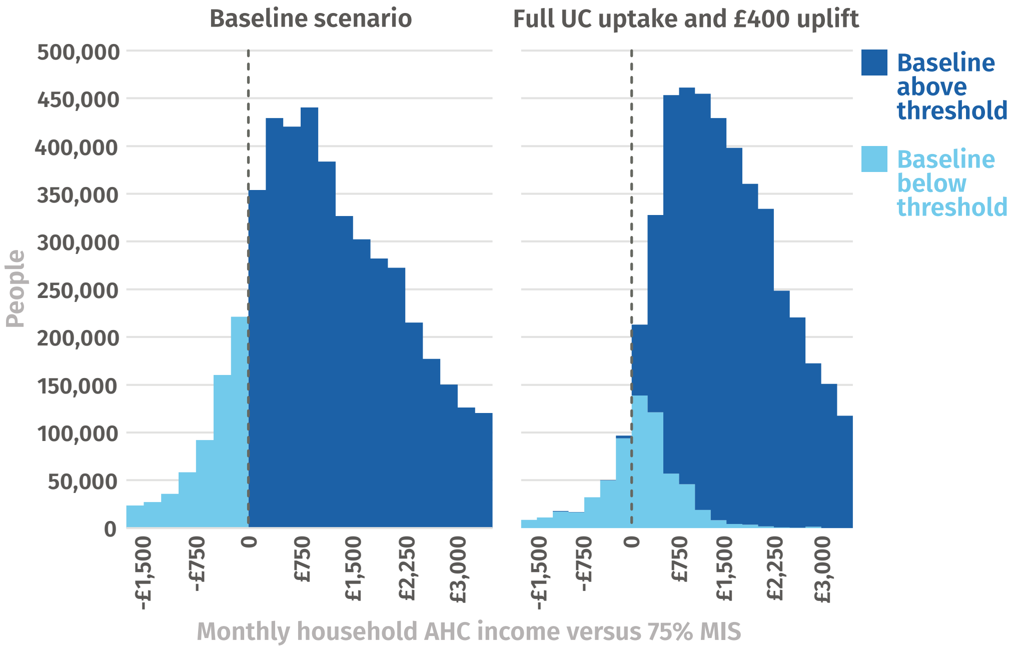
In part, this is a normal function of the social security system. It would be impossible to perfectly target a system without a level of financial information and complexity which would in turn undermine it. Importantly, the system also shouldn't exist to get people just over a line, but instead so far from it to remove their risk of falling under again.

More pressingly, however, a significant number of people are also trapped in 'deep poverty' – a worrying situation which has only increased over the last two decades (JRF 2023). This means they are much further away from their threshold. Our scenario does, however, bring them much closer to the threshold if still not over it (figure 2.4).

FIGURE 2.4

Increasing take-up and generosity of social security would bring a large share of households over the 75 per cent MIS threshold, and reduce the gap for those in deep poverty

Impact of changes to universal credit on the distribution of household incomes relative to 75 per cent of their minimum income standards



Source: Authors' analysis of IPPR tax-benefit model and Centre for Research in Social Policy (2022)
Note: Histogram bins are £250/month wide.

Overall, our analysis shows clearly just how much households are being let down by a system which can serve to perpetuate financial insecurity and poverty – and the financial toll this is taking on them. Urgent policy action to address these failings should be a priority to ensure all households can be more financially secure and leave behind the threat of poverty – but also, as we demonstrate through the remainder of this report, to collectively strengthen our economy and ease pressures across our public services.

3.
HEALTH INEQUALITIES

KEY FINDINGS

- Poverty is inextricably linked to heath inequalities: with higher rates of premature mortality, deaths of despair, mental ill-health, and long-term conditions among people from the most deprived communities.
- We estimate an additional £2.3 billion is being directed through health board funding to compensate for the impacts of poverty.
- If previous estimates held today, GP practices in the most deprived areas would receive around 50 per cent more funding than those in the least deprived areas.
- At least £348 million is being spent this year to counteract the impacts of three key health inequalities which disproportionately impact Scotland's most deprived communities: mental ill-health, and alcohol and drug misuse.

> *"Healthy foods are the most expensive ... [when shopping for kids] opting for the healthy option means you are looking at a higher price tag."*
> Focus group parent

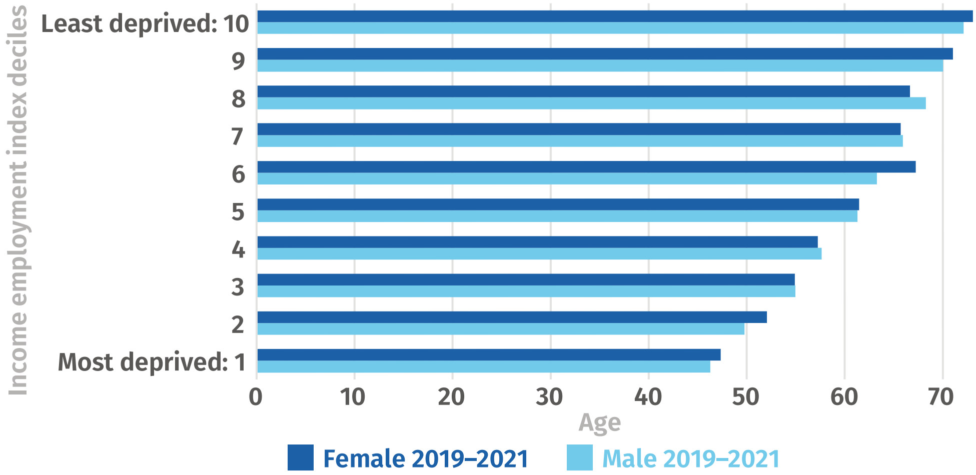
Health is one area where the effect of societal inequality is expressed most clearly with the relationship between low income and ill-health well documented (Health Foundation 2023 and Thomas et al 2022).

While access to, and the standard of, care plays an important role, the greatest single determinant of ill-health continues to be socioeconomic status (Marmot, 2010). But again, this can often be a vicious cycle – where a person born today in poverty is most likely to find themselves in poverty in later life – meaning their chances of a healthy life can be determined at birth (figure 3.1).

FIGURE 3.1

Both men and women in the most deprived communities experience shorter healthy life expectancy at birth – of up to almost 30 years

Inequalities in healthy life expectancy at birth, 2019/21



Source: Scottish Government (2023b)

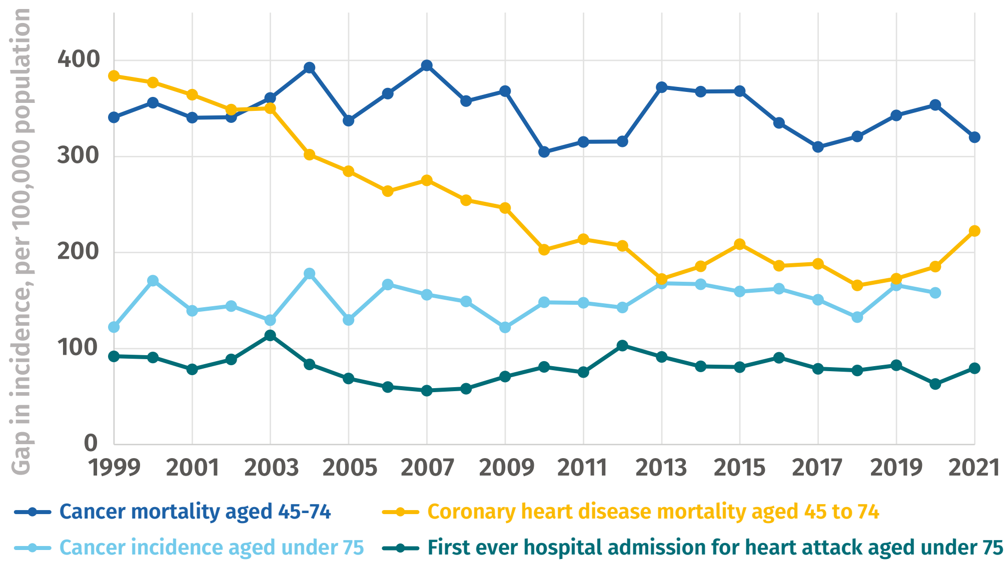
"I live with damp and mould...it gives me allergies and makes me feel quite uncomfortable."
Focus group parent

In part, this disparity in healthy life chances is dictated by deprivation continuing to be a marker of a higher incidence of often fatal conditions (figure 3.2, showing the gap in incidence between the most and least deprived communities).

FIGURE 3.2

Higher mortality is driven by significant inequalities across certain conditions, with far higher incidences among the most deprived

Inequalities in incidences across health inequality related conditions

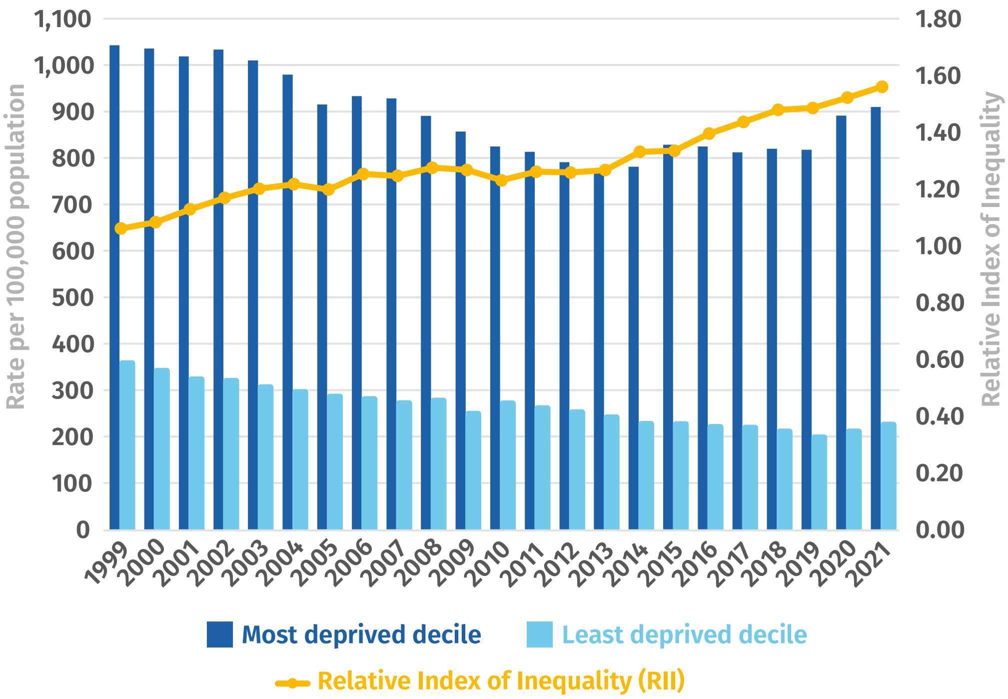


Source: Scottish Government (2023b)

This inequity adds up to a significant cost for the health service. Greater susceptibility to ill-health results in more hospital admissions, treatment of conditions, and prescription of drugs. It brings significant costs for the economy, through lower output, earnings and productivity. And it brings costs to individuals, including, at its most extreme and tragic, increasing a person's risk of dying early (figure 3.3).

FIGURE 3.3

Premature mortality rates are four times higher in the most deprived areas compared to the least deprived while relative inequality is at its highest ever level in the devolution era
Premature mortality (under 75) per 100,000 population by lowest and highest income decile (left axis), and relative index of inequality for all cause mortality (under 75) (right axis)



Source: Scottish Government (2023b)

QUANTIFYING THE COST OF HEALTH INEQUALITIES

Scotland is infamous in western Europe for the scale of its physical ill-health challenge, and excessive cases of deaths of despair. The Fraser of Allander Institute estimates that, to account for a proportionally older population and additional health needs, Scotland requires 10 per cent more spending per person on health relative to the rest of the UK (FAI 2022). Most recently, the Scottish Fiscal Commission have estimated that, in response to demographic change and an increasing prevalence of long-term health conditions, health funding will grow from 35 per cent of the overall Scottish budget to 50 per cent by 2072/73 (Scottish Fiscal Commission 2023)

Compounding this, as the Christie Commission identified more than a decade ago and despite record levels of funding, the health system often still treats the disease rather than the symptoms – with ill-health rooted in poverty. This represents a national failing – but it also comes at a significant cost to an already overstretched service.

Here, we can start to quantify how much of the cost of health care in Scotland can be attributed to poverty by estimating the proportion of health board budget's which are attributable to poverty[5] through analysis of the Scottish National Resource Allocation Formula (NRAC).

This is the formula used to guide allocation of funding across health boards in Scotland. The formula identifies the relative budget need of health boards based on the number of people they serve, with adjustments reflecting:

- the age/sex composition of the population
- the relative health needs due to morbidity and multiple life circumstances (MLC)
- the unavoidable excess costs of delivering healthcare in remote areas (Public Health Scotland 2022).

Following Bramley et al (2016) we analyse the relationship between health funding and the proportion of people in an area with a low income using the Scottish Index of Multiple Deprivation income indicator.[6] In contrast to similar research, we focus only on the role low income plays in driving the MLC parameters, rather than the relationship between low income and final spend. This allows us to isolate the relationship between income, health needs and budgets, without confounding correlations (for example, between rates of low income and the costs of delivery in remote areas). Across all health programmes, the relative health needs of an area are strongly correlated with the number of people on low incomes (figure 3.4).

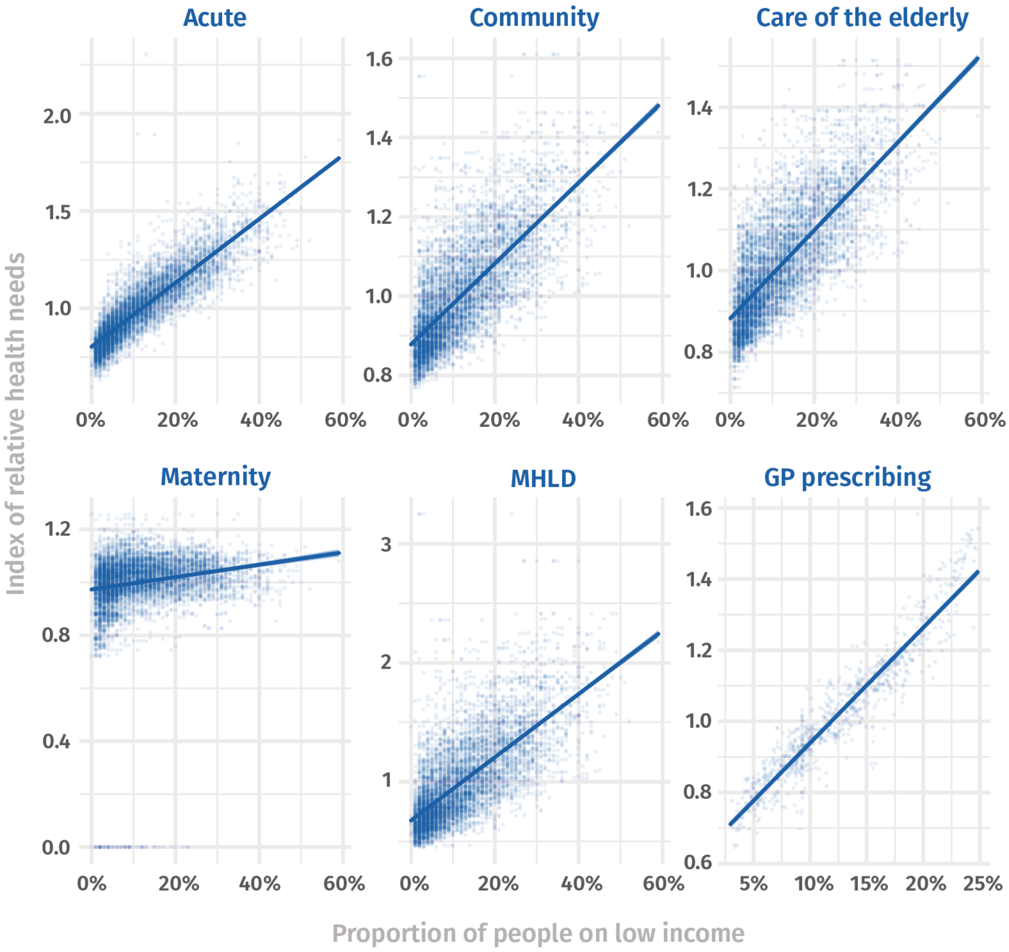
5 We do not estimate the economic consequence of poor health in terms of lost earnings and higher unemployment. The analysis of the long-term impact of child poverty elsewhere in this report will include some of those effects, so trying to estimate a health-specific lost income effect would introduce double counting.

6 Adults in receipt of income support, income-based employment and support allowance, jobseekers allowance, universal credit (excluding those with 'no work requirements') or tax credits (families on low incomes) and their dependent children, plus adults receiving guaranteed pension credit (Scottish Government 2020a).

FIGURE 3.4

Relative health needs show a strong relationship with rates of low income across all health programmes other than maternity care

Relationship between rates of low income and MLC parameters used in NRAC calculations for 2023/24



Source: Authors' analysis of PHS (2021)

Note: MHLD = mental health and learning difficulties. Each point represents a single data zone, except for GP prescribing which is based on GP practices.[7] Solid line shows linear regression model.

We then estimate the cost of poverty by subtracting the poverty effect shown in figure 3.4 from the NRAC relative health need parameters and reconstructing the formula.

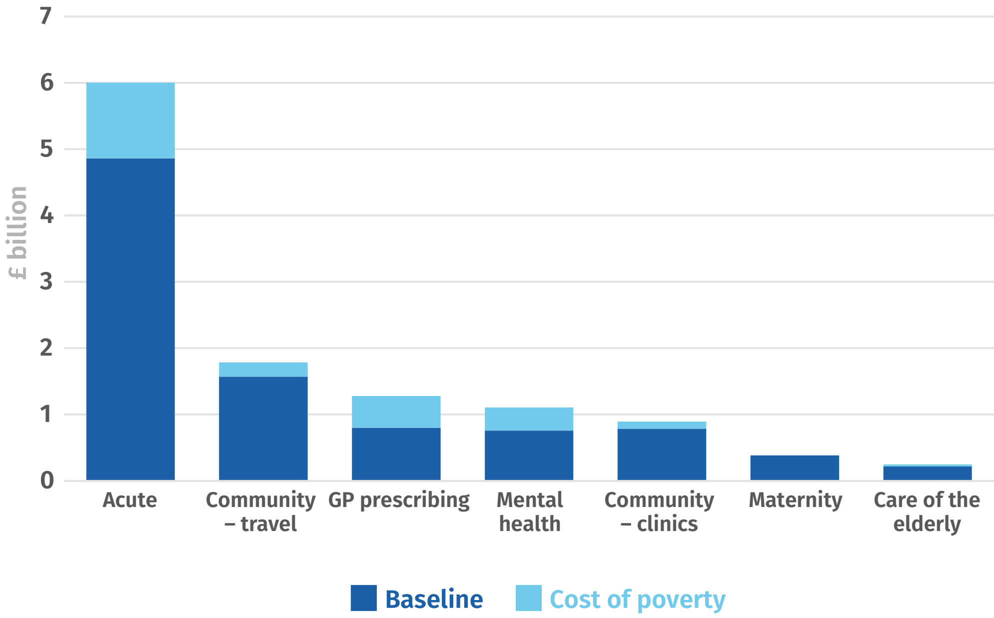
This results in an overall budget allocation some 20 per cent lower than the original formula, which translates into a **£2.3 billion cost of poverty in health boards' 2023/24 budgets** (figure 3.5).

7 GP populations are not defined by data zone boundaries. However, estimates of the proportion of each GP's population living in each SIMD quintile are published. We use those to estimate the proportion of each GP practice's surgery that has a low income. We multiply the proportion of a GP's practice in each SIMD quintile by the average proportion of people with low income in each quintile.

FIGURE 3.5

Estimated 'cost of poverty' across health programmes

Modelled share of 2023/24 programme budget allocations driven by poverty/inequality effects



Source: Authors' analysis of PHS (2021)

While this analysis covers the most significant element of funding provided the health budget – that to hospitals and community health services – there are other elements particularly pertinent to the issue of health inequalities. Most notably, funding provided to GP surgeries which are often at the forefront of tackling health inequalities.

GPs are rooted in their communities and the first point of contact for people presenting not just with physical health concerns but wider issues such as mental ill-health and even personal issues which can often be related to their health circumstances. More importantly, where secondary care will primarily treat the consequences of health inequalities, they can play a frontline role in helping to address their root causes. However, the additional patient-needs faced by practices in more deprived areas mean that the inverse care law can often take hold (GPs at the Deep End 2022).

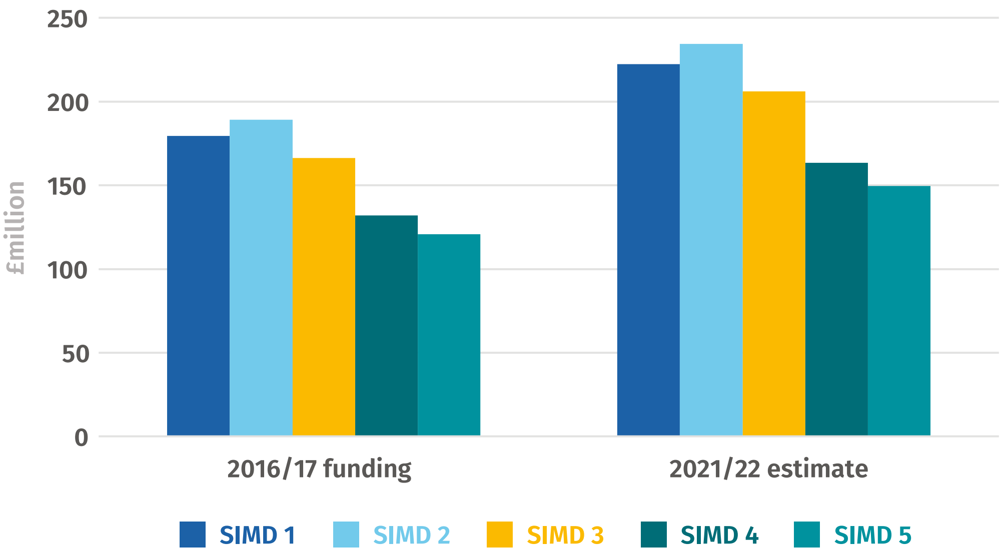
Until 2017, the Scottish government produced an estimate of GP funding by deprivation band – however, it was then discounted as an official statistic (ISD 2018). This was an inherently uncertain figure, as the methodology was only able to consider the postcode of the GP practice and not those of patients – in many instances, the 'catchment' areas of practices can be much wider than their immediate postcode area.

In lieu of any other estimates, and the difficulty of replicating the preceding NRAC analysis for GP funding, we can use this previous figure as the basis of a 'best-guess' estimate, taking the last official figure and applying an increase across all deprivation bands proportionate to the increase in the overall budget (figure 3.6).

FIGURE 3.6

If previous estimates held today, GP practices in the most deprived areas would receive around 50 per cent more funding than those in the least deprived areas

NHS Scotland payments to general practice by deprivation, 2016/17, and 2021/22 estimate



Source: IPPR Scotland analysis of ISD Scotland (2018) and Public Health Scotland (2023a)

While this figure comes with several caveats, it illustrates a clear trend in health funding.Billions of pounds are being put through the system to deal with the impacts of ill-health and disease which too often arise from poverty and inequality. Funding which, in a society with a stronger social contract, could instead be directed at prevention and/or wider elements of the system which continue to struggle for resources.

Beyond primary and secondary care, further investment is then directed at treating the impacts of poverty, and to compensate for a creaking social safety net, through failure spend most strongly associated with three key areas: mental ill-health, alcohol and drugs.

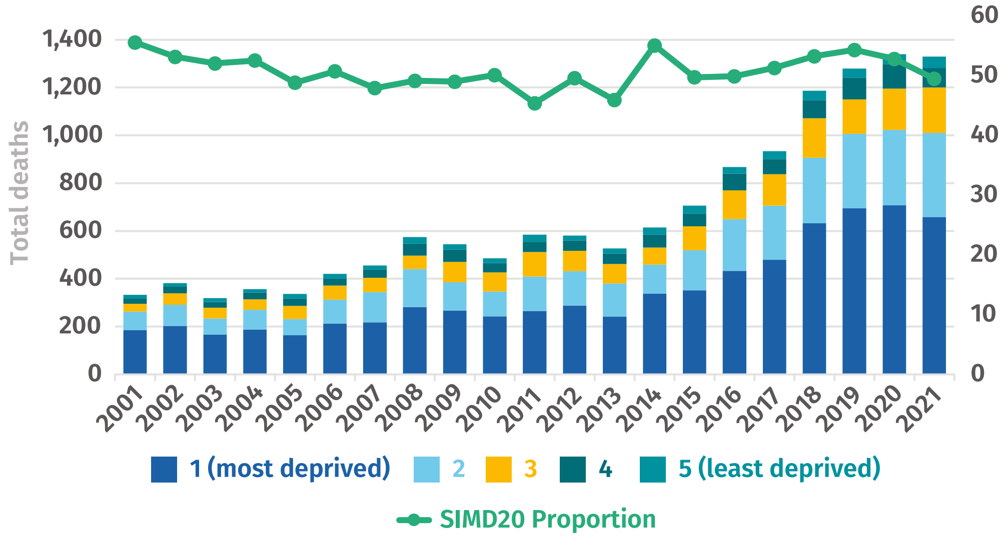
The prevalence, and impact, of alcohol and drug related harms in Scotland is well documented. The most recent statistics show that, per 100,000 population, the rate of alcohol-related admissions is over four and a half times higher in the most deprived areas compared to the least deprived, and almost 19 times higher for drug-related admissions (Scottish Government 2023b).

That is a shameful legacy which causes untold harm and brings significant costs in treating those twin-crises. But it also brings immense human tragedy, in far higher rates of alcohol and drug related deaths in our poorest communities (figures 3.7 and 3.8).

FIGURE 3.7

Drug-related deaths have increased more than three-fold over the last decade – deepening health inequalities across communities

Annual drug misuse deaths by Scottish Index of Multiple Deprivation deciles, and proportion of total deaths within the most deprived quintile

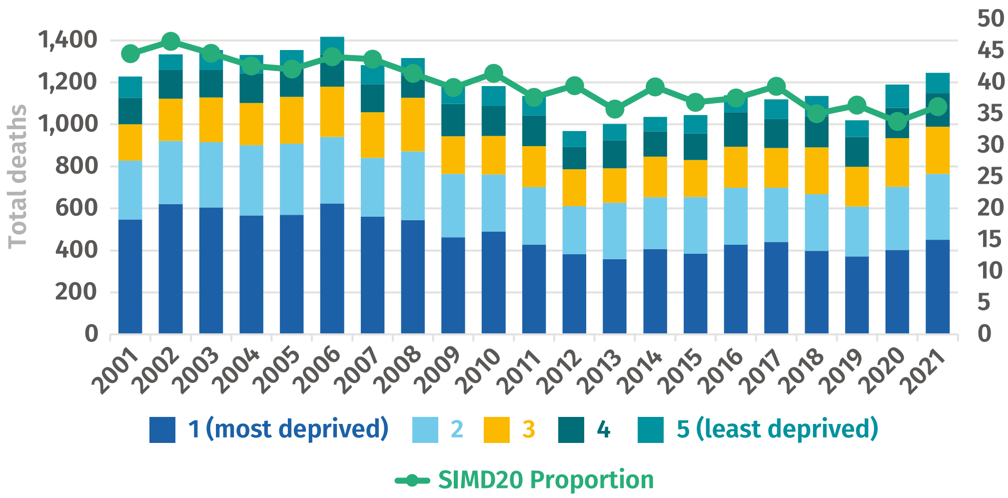


Source: National Records of Scotland (2022a)

FIGURE 3.8

Declines in alcohol-specific deaths in the 2000s and early 2010s were driven primarily by reductions in the most deprived communities – but progress has stalled

Alcohol specific deaths by Scottish Index of Multiple Deprivation and proportion of deaths in the 20 per cent most deprived communities



Source: National Records of Scotland (2022b)

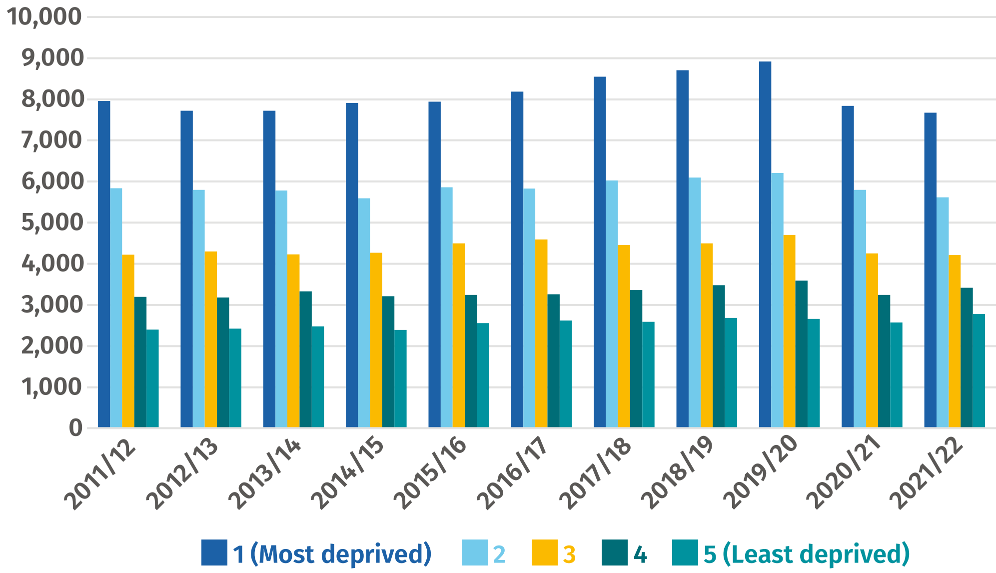
Given the personal difficulties poverty creates, it is unsurprising that it also risks mental health, though the scale of harm is shocking. As seen acutely through the cost of living crisis, financial insecurity can bring people to the brink of desparation

– forcing them to make difficult decisions between basic human rights like going cold or going hungry (JRF 2022). That is not confined to one-off events, however, and instead is a persistent trend (figure 3.9).

"[I feel] caught in a trap – I have mental health issues, [but] would love to work full-time."
Focus group parent

FIGURE 3.9

Mental health ill-health is overrepresented in the most deprived communities
Mental health inpatient activity: Number of patients by deprivation quintile



Source: Public Health Scotland (2023b)

In response, the Scottish government has made a range of commitments – from declaring drugs death a national emergecy, to scaling up investment in mental ill-health – alongside additional funding for key services (table 3.1).

TABLE 3.1

Almost £350 million a year is being directed at health inequality-related spend.
Scottish government funding for mental health, alcohol and drugs support, 2023/24

Funding	£ million
Mental health service improvement	142.72
Mental health renewal and recovery plan	120.00
Reducing drug deaths	61.00
Alcohol and drugs	24.40
Total	**348.12**

Source: IPPR Scotland analysis of Scottish government (2022a)

Note: Mental health spending here is that provided over and above health board allocations captured in NRAC analysis. In its 2021/22 Programme for Government, the Scottish government committed that '... by the end of this parliament 10 per cent of all frontline NHS spend will go to mental health' (Scottish Government 2021). On the basis of current territorial board spend this would equate to £1.2 billion.

While not all of this spend will be directly attributable to poverty – with drugs, alcohol and mental ill-health being national issues which can affect everyone – from all the evidence it is clear that deprivation continues to be the overriding factor in determining whether a person will be impacted by these three, closely linked, issues. And in turn, it is the overriding factor in the investment required – often too late – to tackle them.

4.
EARLY YEARS AND EDUCATION

KEY FINDINGS

- At least 10,000 people were held above the poverty line, over 2017–20, by the incomes earned while children were in free childcare.
- We estimate that, on average, families gross free-childcare-enabled income was around £4,800, and that families retain on average around half of this. By comparison, the avoided-fees value to families of 600 hours of free childcare is in the region of £2,500.
- Persistent gaps in attainment remain due to poverty among school-aged children, bringing additional costs: potentially over a quarter of a billion pounds a year is being invested in responding to poverty in the education system.

Early years and education are well recognised as having a key role in breaking the cycle of poverty. Inequalities at birth can inescapably follow a children and young people into later life (Marmot 2010), with a damaging impact on their social, health and economic outcomes, tied to their development and performance at successive stages – evidenced through a stubbornly persistent attainment gap.

Research has shown how investment at the earliest stages of a child's life – particularly those with the lowest household incomes – can reap the greatest reward, for individuals and society (Heckman 2023). It can help to level the playing field, break the cycle of poverty and improve life chances.

EARLY LEARNING AND CHILDCARE

In keeping with the Heckman equation, investment in early years education is recognised as one of the single greatest investments in breaking the link between poverty at birth and poverty in later-life. High-quality childcare brings significant developmental benefits for children, while ensuring it is affordable for parents can help them to access or progress in work, bringing increased incomes (Statham and Parkes 2022).

This is an area where Scotland has taken a more progressive approach through a strong early learning and childcare (ELC) offer, with 1,140 free hours a year for all three- and four-year-olds, and eligible two-year olds (primarily those in care or in a household on certain low-income and out-of-work benefits). However, concerns do persist that it is not being delivered in an optimal way support lower income families and/or those with more irregular working patterns.

> *"[Restrictions on when hours can be chosen] are a factor that prevents a lot of people entering work."*
>
> *"I had to fight the council for an actual [childcare] place during the summer, I didn't know there was an option to go in during the holidays until two years in."*
>
> Focus group parents

Despite these legitimate concerns, the 1,140-hour commitment stands as the most generous entitlement in the UK. Further commitments have been made to extend this again to one- and two-year-olds, starting with the lowest income households in this parliament, and to develop a new system of school-aged 'wraparound' care (Scottish Government 2021).

While a high-quality, free or subsidised offer brings significant benefits, it clearly also represents a significant item in the Scottish budget. Following expansion, **the Scottish government expects to invest around £1 billion a year in ELC**, with around half of this, for pre-expansion hours, 'delivered' through the local government general revenue grant (so, at least in theory, not protected) and around half ring-fenced for expansion hours.

CHILDCARE IMPACTS ON POVERTY

Given the scale of investment required, and the centrality of ELC to supporting many of the government's wider child poverty ambitions, it is right to consider how free childcare affects poverty rates.

Using the Family Resources Survey (FRS), we estimate the income families are able to earn during the free childcare hours and quantify the impact this has on poverty rates.[8] Available data pre-dates the expansion to 1,140 hours, so we focus on the impact of the previous 600 hours offer, and examine the three-year period of 2017-2020, smoothing disruption caused by the pandemic.

Of the free childcare hours we can identify in the FRS, around a quarter of those provided for three and four year-olds were used by children in relative poverty – broadly the same proportion as the number of children in relative poverty (figure 4.1). For two-year-olds the proportion of free hours used by children in poverty is higher, reflecting policy targeting.[9]

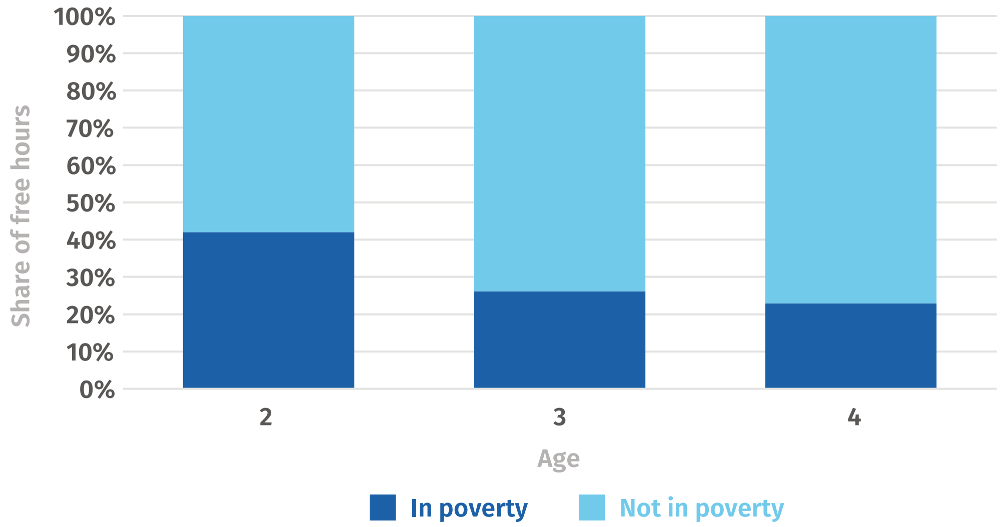
8 We restrict analysis to income recorded in the FRS that appear to depend on free childcare hours (so, for example, excluding any income for families where one adult does not work, on the conservative assumption that the non-working adult would be able to provide childcare if the free hours were not available). We take account of the fact that a parent is able to work fewer hours than the free childcare their child receives, eg due to travel between childcare site and work, with the following formula: work hours per week = (childcare hours per week – 1.74) / 1.16. Where multiple jobs are worked by family members, we assume the work that is dependent on childcare is that which is paid at the lowest rate. We calculate gross pay dependence on childcare as an hours-based proportion of gross pay for the relevant job. We calculate disposable income dependence on childcare using an hours-based proportion of net pay for the relevant job, but where a family receives universal credit this is modulated to account for the taper rate.

9 In keeping with our earlier analysis, this also demonstrates how 'poverty' does not necessarily track with low income as our modelling indicates a high proportion of households receiving free hours for two-year-olds (in the main those receiving certain benefits) who are not in technical poverty.

FIGURE 4.1

The universal offer of free childcare to three- and four-year olds means take up across children in poverty reflects the child poverty rate

Proportion of free childcare hours used by children in poverty 2017–2020



Source: Authors' analysis of Family Resources Survey (DWP and NatCen Social Research 2021)

From this, we can then consider what impact free childcare has on child poverty rates. To address this, we model what families' after housing cost disposable income if they were no longer able to work during the hours freed up by free childcare.

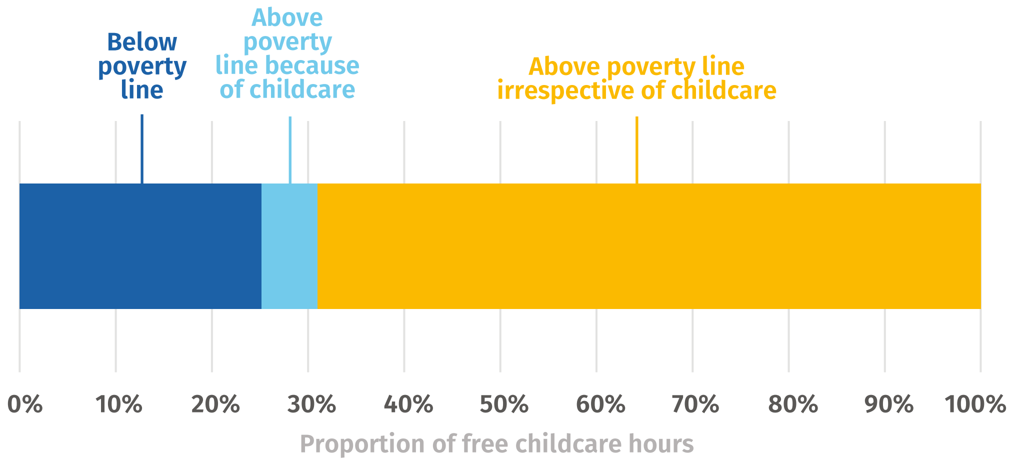
We find an average of at least 10,000 people each year were held above the poverty line by the incomes parents earned while their children were in free childcare, over 2017-2020.

While these are relatively modest impacts when set against the total numbers of adults and children living in poverty, the intervention only covers a short period of a child's life. When viewed in terms of the number of free hours that made the difference between a child being in poverty, we find around that around a third of free childcare hours supported children either in poverty or who would be in poverty without the free hours (figure 4.2).

FIGURE 4.2

Universal free childcare enables parents to work, helping keep at-risk children out of poverty

Proportion of free childcare hours over 2017-2020 received by children in or at risk of poverty



Source: Authors' analysis of Family Resources Survey (DWP and NatCen Social Research 2021)

Over and above the child development and household poverty benefits, parents working during free childcare hours creates economic value. We estimate that, **on average, families gross free-childcare-enabled income was around £4,800**, and that families retain on average around half of this (with returns to the public finances either as tax or reduced benefits due to the universal credit taper). By comparison, the avoided-fees value to families of 600 hours of free childcare is in the region of £2,500.[10]

Were families faced with paying this themselves, our estimates show the additional income they earned would on average not cover the expense of childcare. However, the value accruing to the public finances (mainly through lower benefit payments) is of a similar scale to the value of avoided fees (table 4.1). Rather than representing a cost of poverty, this indicates that, where free childcare enables work, the wider savings made broadly cover the cost to the public finances.

TABLE 4.1

Income impacts of free childcare hours for those families in or at risk of poverty across 2017–2020

Total impact on annual gross pay	Average impact on household annual gross pay	Average impact on annual disposable income	Annual difference between gross pay and disposable income impacts
£60 million	£4,800	£2,200	£2,600

Source: Authors' analysis of Family Resources Survey (DWP and NatCen Social Research 2021)

Note: Figures are averaged over families for whom some income was identified as dependent on free childcare hours.

10 This is a rounded estimate based on Scottish Government (2022c) figure of 1,140 hours of free childcare being worth up to £4,900 per eligible child.

This will undoubtedly underestimate the true impacts – in particular, it will not always be the case that a non-working adult in a household will be able to provide childcare for a variety of reasons. However, it demonstrates the strong impact investment in high-quality, free childcare can have for households, and the role it can play in boosting incomes – by reducing costs and improving work opportunities. We would anticipate the balancing effect on the public finances to be broadly similar with 1,140 free hours.

This would seem to indicate that childcare is an area which would benefit from increased investment. This could either be targeted at those with lower household incomes, given the returns to the public finances in the near term, or offered universally with higher income families enabled to spread the cost of childcare across their life-course.

SCHOOL AGED EDUCATION

Investment in high quality early learning and childcare isn't just an investment in tackling poverty at that point in time, but an investment in the longer-term educational wellbeing and life chances of young people.

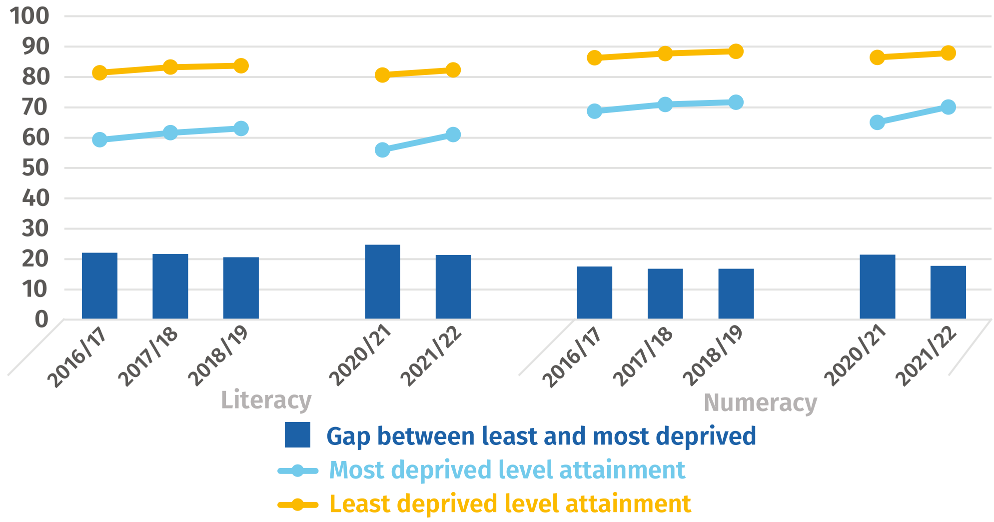
Without tackling early years inequalities, we experience social immobility, on the back of severe inequalities which can blight a young person's development. At its extremes, this can cause significant harm which, even at a young age, can become difficult to rectify at later stages: "at the age of five … [children] in the highest income quintile were around 13 months ahead in their knowledge of vocabulary and 10 months ahead in their problem-solving ability [compared to those in the lowest income quintile]" (Scottish Government 2015).

This scarring effect can be seen – from the start of primary school through to secondary, and into further and higher education – in the continued poverty-related attainment gap (figures 4.3 and 4.4).

FIGURE 4.3

Gaps in attainment between primary school pupils from the most and least deprived communities have remained broadly static

Percentage of P1, P4 and P7 pupils combined achieving expected level in numeracy and literacy, and gap in attainment, by deprivation



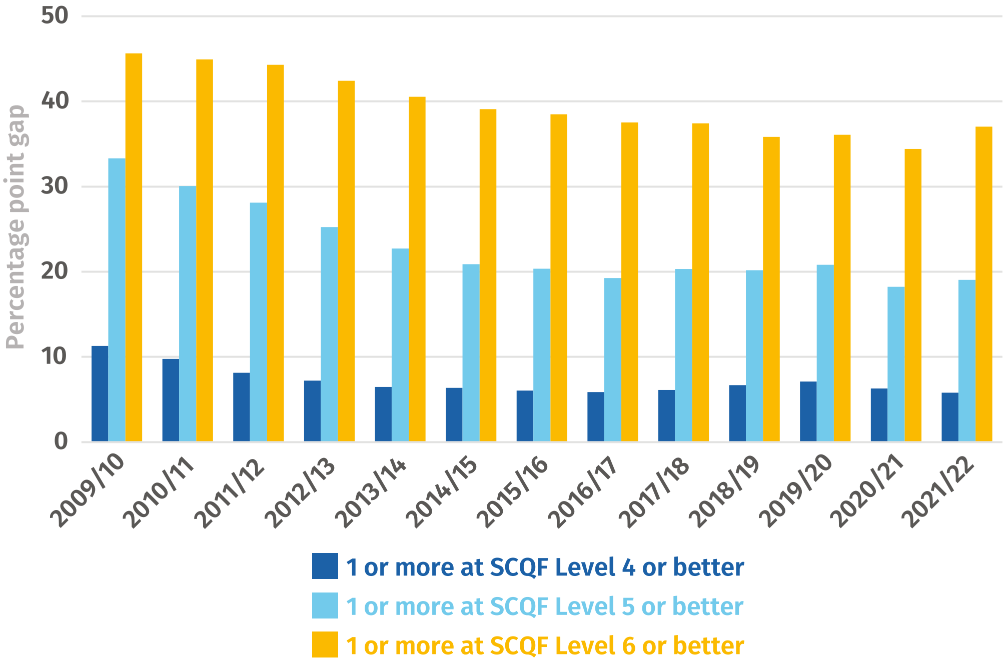
Source: Scottish Government (2022c)

Note: Due to Covid-19-related revisions to examinations and marking, care should be taken when comparing attainment of school leavers in, and prior, to 2018/19 with those in 2019/20 and beyond.

FIGURE 4.4

Despite some progress over the last decade, significant inequalities in educational attainment remain

Percentage point gap between school leavers from most and least deprived background by qualification attained.



Source: Scottish Government (2023c)

Note: Due Covid-19-related revisions to examinations and marking, care should be taken when comparing attainment of school leavers in, and prior, to 2018/19 with those in 2019/20 and beyond.

At primary school, despite some fluctuations over the last five years, the gap in attainment – across numeracy and literacy – between pupils from the most and least deprived communities has stubbornly sat at around 20 percentage points. The attainment gap then grows even more pronounced at secondary school and, despite some signs of optimism in the early part of the last decade, progress to reduce it has flatlined.

In 2016, the Scottish government stated that closing the poverty-related attainment gap was its 'defining mission' (Scottish Government 2016) with a range of policy measures to support this. That included the introduction of a fund bringing together a range of programmes and funding streams to help improve attainment. Today that is delivered through the Scottish Attainment Challenge with committed investment of £1 billion across this parliament.

That alone represents a significant sum in tackling one of the impacts of poverty – but is not the only one. The vast majority of schools funding in Scotland is delivered through local authorities and in turn a core part of the local government general revenue grant. However, the level of funding each local authority chooses to direct towards education is entirely a matter for them.

Local authorities do not provide a detailed, publicly available, breakdown of what funding it directs towards services and/or how it arrived at its allocations – the Scottish government does, however, publish a needs-based methodology for how it arrives at each local authority's budget, the Scottish local government finance green book.

While it is important to note that this is simply a methodology for determining overall funding levels, and there are no prescribed budgets or allocations (apart from certain ring-fenced areas), it does provide a benchmark for the potential level of education funding being directed at compensating for the impacts of poverty and deprivation.

Using the 'green book' 2023/24, we find that the Scottish government's methodology assumed **£28.5 million for primary schools and £30.5 million for secondary schools to account for deprivation in education funding**.

Arguably that is a tiny amount, relative to the overall education funding the methodology hypothesises. However, if all that funding was provided, together with 2022/23 spend on the Scottish Attainment Challenge (£200 million) it would represent **over a quarter of a billion pounds a year being invested in responding to poverty in the education system.**

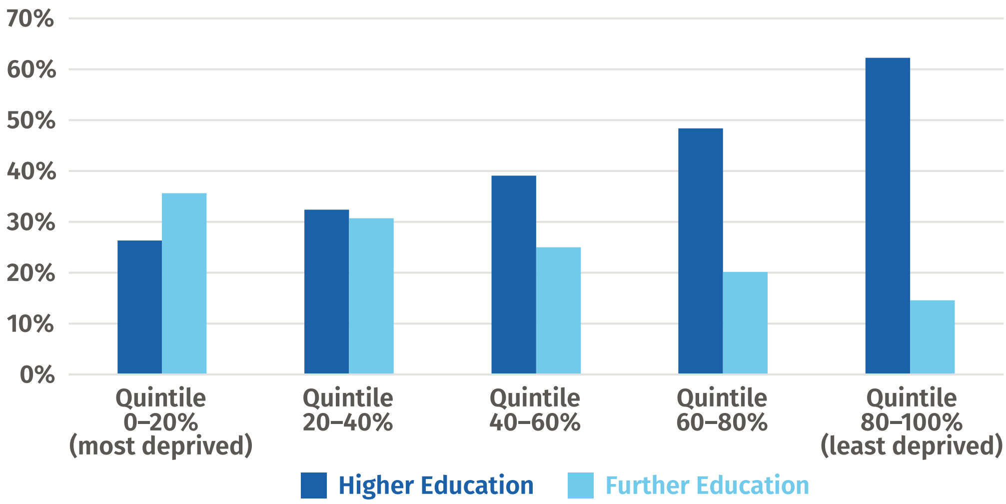
That is significant investment – however, it is unrealistic to expect it to deliver immediate change. Tackling the attainment gap is at root an issue of tackling poverty, and its effects may be complex. However, the importance is undoubted – and can have lasting impacts, not least in breaking the intergenerational link of poverty, as educational attainment at school can follow a person through their life.

While Scotland has a strong proportion of school leavers who go on to positive destinations, including post-secondary education, this is often skewed towards a general bias of those from more deprived backgrounds going to further education and those from less deprived backgrounds going to higher education (figure 4.5).

FIGURE 4.5

School leavers from the least deprived areas are far more like to attend higher education – and those from the most deprived more likely to attend further education

Percentage of school leavers by initial destination category by SIMD quintile



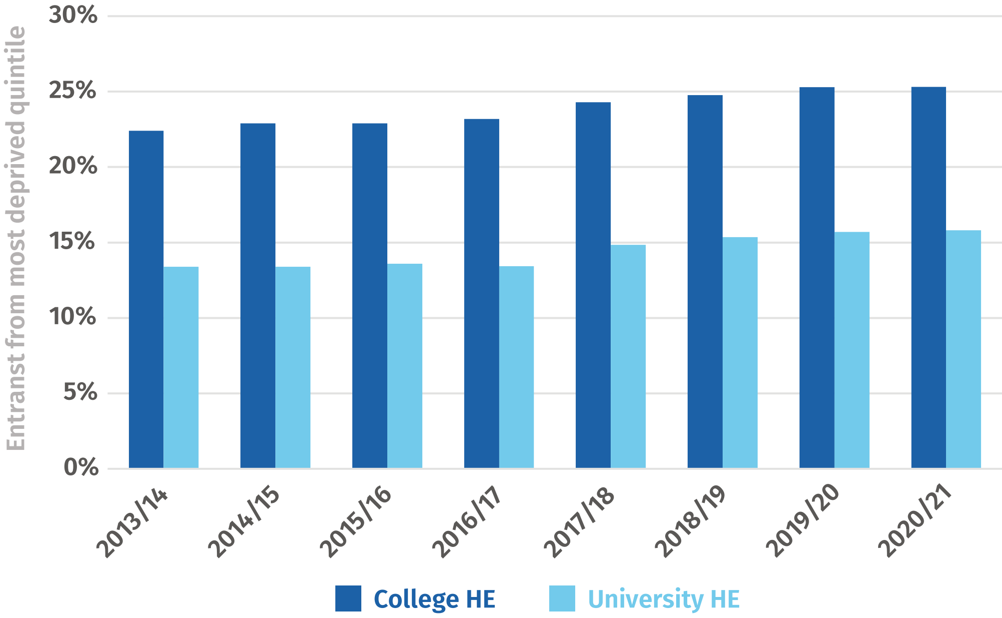
Source: Scottish Government (2023c)

However, even this does not show the full picture, and masks further inequalities, due to a significant proportion of higher education in Scotland being delivered through colleges. When figures are further broken down, people from the least deprived communities continue to be 'overrepresented' in our universities (figure 4.6).

FIGURE 4.6

Entrants to higher education from the most deprived backgrounds are still significantly more likely to go through colleges than universities

Scottish domiciled undergraduate entrants to higher education from 20 per cent most deprived areas, by institution type



Source: Scottish Funding Council (2022)

This represents another significant inequality and hurdle young people who experience poverty can face – and adds further barriers to breaking the cycle of poverty.

As we will analyse in chapter 6, educational attainment at school can follow a young person into their later life, particularly where that affects their access to higher education. In keeping with similar research, we find that degree attainment can have a strong effect on reducing the likelihood of a child born in poverty experiencing later life poverty.

5. HOUSING

KEY FINDINGS

- Scotland has traditionally had a lower rate of after housing cost poverty than other UK countries for much of the last decade due to lower cost social housing – but the gap has closed as the density of social housing drops.
- Investing in social housing is a key lever to tackling poverty: on average over the 2010s, had low-income private renting households instead been in social tenancies they would have seen each year around £2,200 lower housing costs, received £800 less in benefits and been left £1,400 better off.
- There is over £500 million of 'failure spend' related to housing – through responding to low income and a broken UK welfare system and tackling homelessness.

Having a safe, warm, and secure place to call home is of vital importance in Scotland's ambition to a fairer and more equal country. Along with meeting a basic need and human right, the availability, affordability, quality and security of housing can play a significant role in people's mental wellbeing and establishing a sense of purpose and place within a community (Shelter 2017) and tackling health inequalities across society and reducing the costs to the health service (Roys et al 2010).

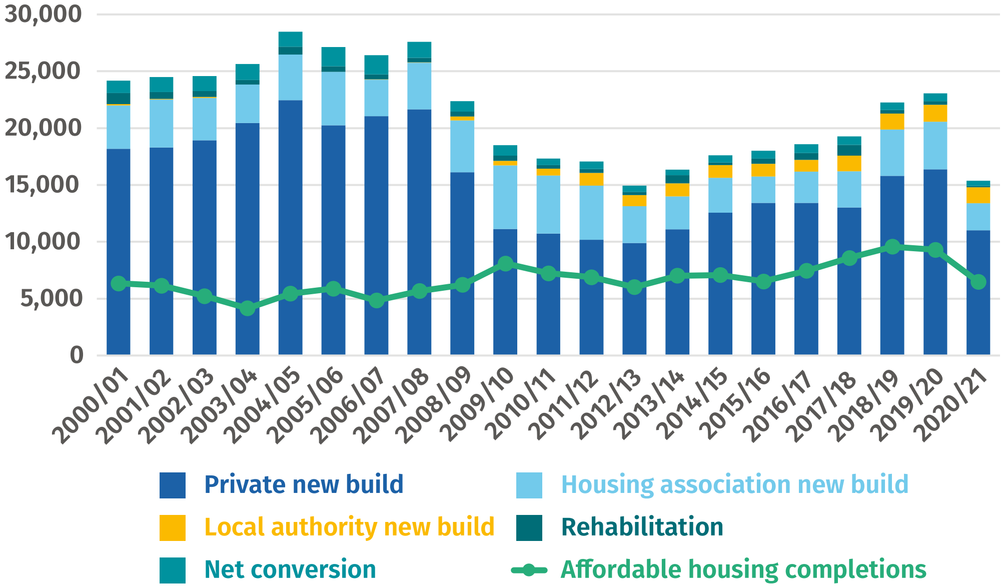
In that, it is similar to our analysis for childcare – investment in good quality, affordable housing shouldn't be seen as failure spend, but rather as an investment in breaking the cycle of poverty and providing a higher quality of life overall.

While there have been signs of hope since devolution, however, the more recent history of house building in Scotland is one where scale continues to be lacking. While the construction industry, like countless others, was significantly hit by the impacts of the financial crash and recession, the period that followed saw some improvement – though never to previous highs – and came off the back of private sector new builds (figure 5.1).

FIGURE 5.1

New housing supply was hit following the 2007-2009 recession and never fully recovered – with new affordable housing supply also remaining relatively static

Components of new housing supply and affordable housing supply units completed



Source: Scottish Government (2022e)

Note: Affordable housing refers to completions for social rent, affordable rent, and affordable home ownership. While the figures fluctuate, today social rent makes up most of this figure.

Despite strong Scottish government commitments in this area – most prominently, to see 110,000 affordable homes built by 2032 with at least 70 per cent for social rent (Scottish Government 2021) – history shows this won't be achieved without the necessary investment. In the decade to 2020 there was only a net increase of around 10,000 social housing homes (ONS 2022) and future funding is at risk – with Shelter Scotland showing a 16 per cent cut (£112.8 million) to the housing budget in 2023/24 (Shelter Scotland 2023).

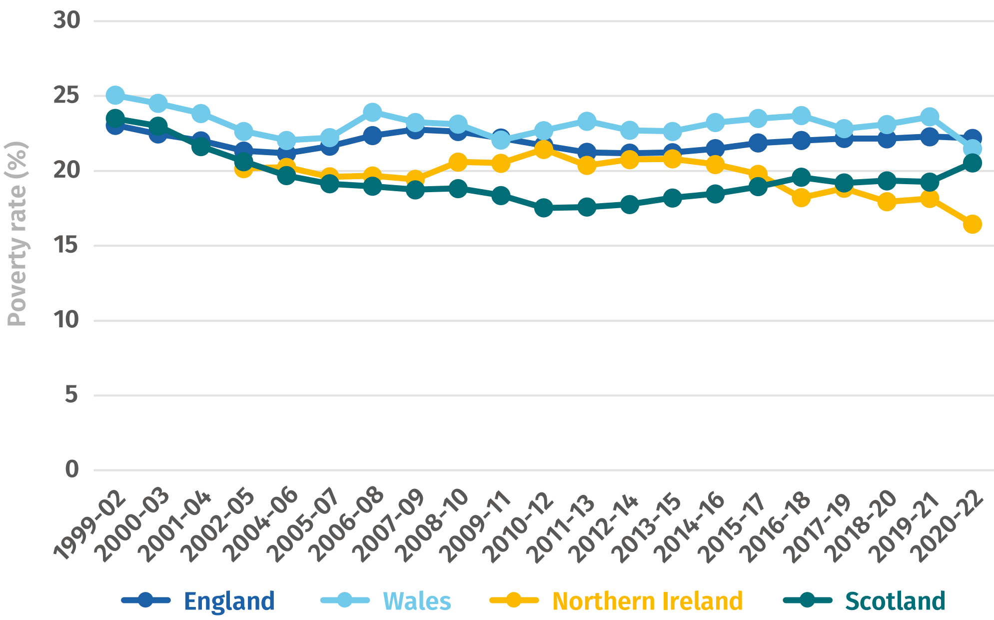
The role of social housing in tackling poverty – and in turn the argument for increasing investment – is shown in a poverty rate comparison between Scotland the rest of the UK.

Traditionally, Scotland has had a lower rate of after housing cost poverty than the rates in England, Wales and Northern Ireland thanks to a combination of higher density and lower cost of social housing – but worringly, more recently this gap has closed (figure 5.2).

FIGURE 5.2

Scotland had a lower rate of after housing cost poverty than other UK countries for much of the last decade but the gap has closed

Relative poverty rate, after housing costs, by UK nation



Source: DWP (2023)

"When I first moved in, three years ago, it [social rent] was £320 a month. This year alone it went up to £500."
Focus group parent

A CASE FOR INCREASING SOCIAL HOUSING INVESTMENT

Given the positive role social housing can play in helping to reduce poverty, we can consider to what extent housing tenure more widely can have on poverty and the case for increasing investment. Here we compare the financial position of low-income private renters with equivalent households in the social rented sector.

The financial impact of housing tenure in Scotland has two broad components. Like-for-like housing costs are generally higher for private sector tenants than social sector, but because of this, benefit income (housing benefit or the housing element of universal credit) may also be higher.

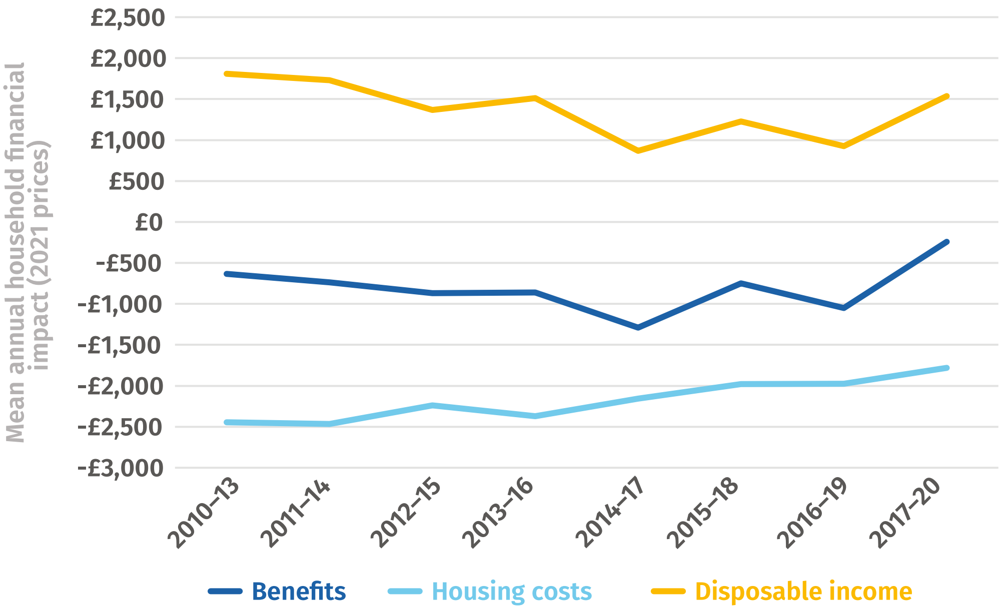
Using survey data, we model both factors to estimate the net impact on disposable income of living in the social or private rented sector, and then ask what costs families would face were they to change tenure from private to social or vice versa (figure 5.3).

We narrow our focus to families receiving universal credit or equivalent, in order to ensure comparability of household circumstances other than tenure. In particular this allows us to screen-out the wealthier end of the private housing market which may inflate average rents beyond what low income families in Scotland actually face. Our modelling[11] accounts for household composition, earnings and factors that may also affect benefit income (disability and eligibility for housing support beyond the shared accommodation rate).

FIGURE 5.3

Private renters in Scotland would be better off in social housing

Average change in benefit income, housing costs and AHC disposable income for low-income private tenants modelled as moving into social housing



Source: Authors' analysis of Family Resources Survey (DWP and NatCen Social Research 2021)

On average, over the 2010s, **had low-income private renting households instead been in social tenancies they would have seen around £2,200 lower housing costs, received £800 less in benefits and so been left £1,400 better off, each year.**

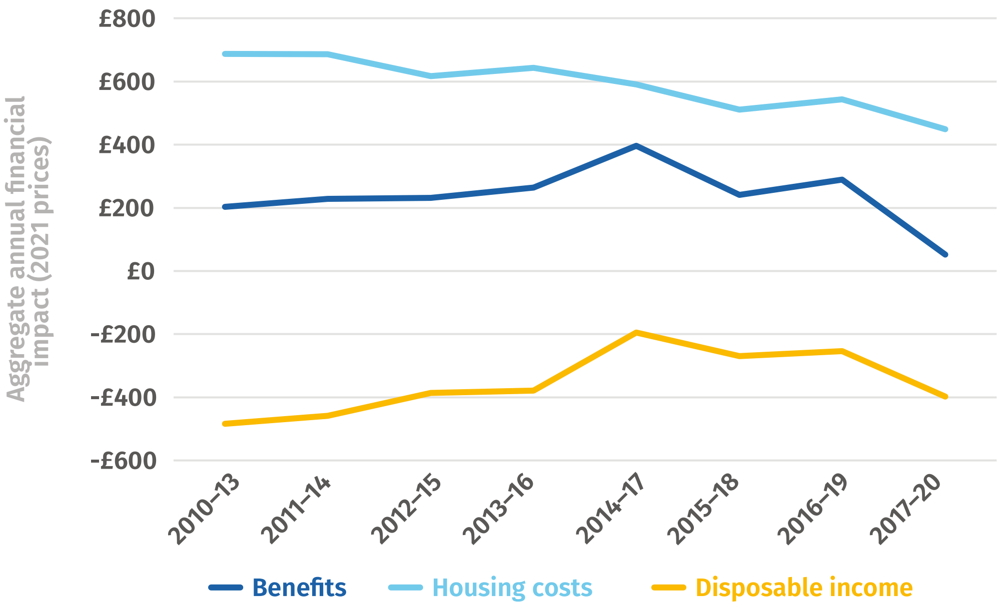
Figure 5.4 shows the aggregate effect of modelling social housing tenants as facing private sector housing costs and benefit incomes. Over the 2010s social housing in Scotland saved around £240 million in benefit payments per year compared with private rented housing, and tenants were still better off.

11 We construct linear regression models over three-year batches of households living in Scotland represented in the Family Resources Survey. We construct separate models for housing costs and benefit income, treating private and social tenants separately. By using the same parameter specification for each model we are able to estimate counterfactual income impacts for households in the Family Resources Survey in a scenario where they switch tenures – private renters to social housing and vice versa. By matching households to their representation in the Households Below Average Income data set we are able to estimate counterfactual disposable income levels, from which we estimate poverty rates.

FIGURE 5.4

If social renters in Scotland had instead been in private rental accommodation, they would have received higher benefits but been left with less disposable income

Modelled impact of counterfactual scenario in which social renters were instead housed in private rented accommodation



Source: Authors' analysis of Family Resources Survey (DWP and NatCen Social Research 2021)

More than anything, this analysis demonstrates the strong role of housing in tackling (or perpetuating) poverty and the need for greater investment. We estimate that **around 40,000 to 60,000 people in social housing are kept out of poverty due to not having to rent privately, and around 10,000 to 20,000 of these are children**. Conversely, around 10,000 to 30,000 private renters are in poverty but would not be if they lived in social housing, and around 5,000 to 10,000 of these are children.

DIFFERENCES BETWEEN PRIVATE AND SOCIAL RENT HOUSING COSTS OVER TIME

While the scale of housing being invested in and delivered – particularly social housing – is hugely important, it is just one side of the equation. Of equal importance are the costs people face once in it. With spend of around **£1.3 billion on housing benefit[12] alone in Scotland** (DWP 2022), the housing model can play a significant role in addressing poverty – but it may currently do more to cause it.

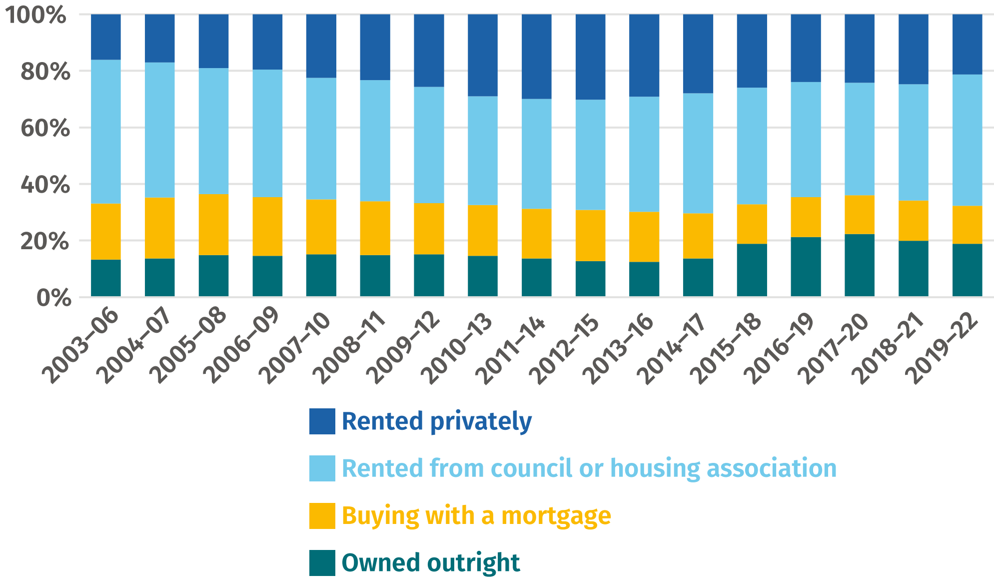
As noted above, the cost of social housing has traditionally been a factor in helping to keep the AHC poverty rate in Scotland below that of the other UK nations. However, that does not mean subsidised rents have helped to substantially reduce poverty – or at least not at the scale they might if costs were reduced further. In Scotland, there has been a persistent trend of people in social housing make up almost half of all those who are in poverty after housing costs (figure 30).

12 This will undercount housing support as it excludes housing elements of universal credit which are not broken down.

FIGURE 5.5

While social housing helps to reduce costs it still traps significant numbers of people in poverty

Composition of people in poverty (after housing costs), by household tenure, in Scotland



Source: Authors' analysis of Scottish Government (2023d)

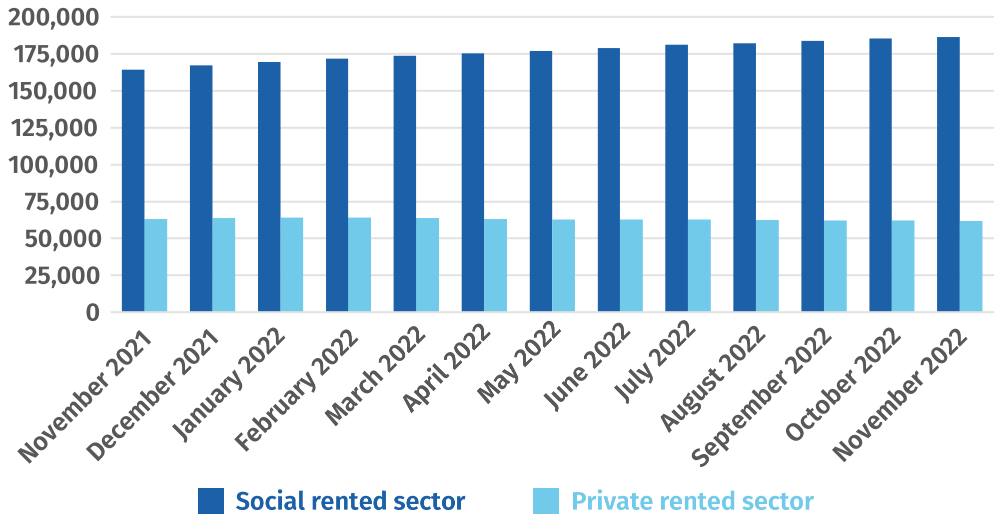
While this ultimately is an issue of social housing eligibility – people in it will be on low incomes to start with – it also points to a sector where costs (and subsidies) are not working well enough to lift more people out of poverty.

While previous research has found that tenants in the social housing sector pay around the same proportion of their income as private rented households (24 per cent compared to 25 per cent – SPICe 2018), this can fluctuate and, more importantly, social housing tenants will more often be starting from a far lower position. Almost three-times more households in the private rented sector currently receive a housing element through universal credit than private rented sector ones (figure 5.6).

FIGURE 5.6

Around three times as many households receive housing support through UC than private rented sector households

Households on universal credit by tenure, Scotland



Source: Author's analysis of DWP (2023b)

FAILURE SPEND IN HOUSING

The preceding analysis underpins the importance and value of increasing investment in affordable housing and reducing costs. However, the realities of poverty – and lack of substantial progress to ensure everyone can access an affordable and high-quality home – mean that significant sums continue to be spent on areas which could more readily be classified as failure spend in Scotland.

Here we consider three of the most significant of those – discretionary housing payments, council tax reduction, and homelessness.

Discretionary housing payments

Intended to provide additional assistance to make up the shortfall between housing benefit or universal credit and housing costs, discretionary housing payments (DHPs) represent a failure of public policy on a number of levels: a failing UK benefits system which does not provide the necessary adequacy by itself and a housing system which traps people in financial insecurity and risks poverty.

> ***"You have to apply for that [DHP] and it takes between six to 12 weeks to go through, by that time you are building debt on your account. Hopefully it goes through, and that debt is cleared but it's a short-term help. You have to re-apply, re-apply, re-apply."***
>
> Focus group parent

Of those households in Scotland on universal credit and receiving a 'local housing allowance' (the housing element for private rented sector tenants) – which has been frozen for much of the last decade – it covers the rent for just a third of tenants; for the remaining two-thirds, a gap remains.[13]

13 Figures relate to a monthly snapshot in September 2022; however, our analysis shows that this broad two-thirds / one-third split has been broadly constant.

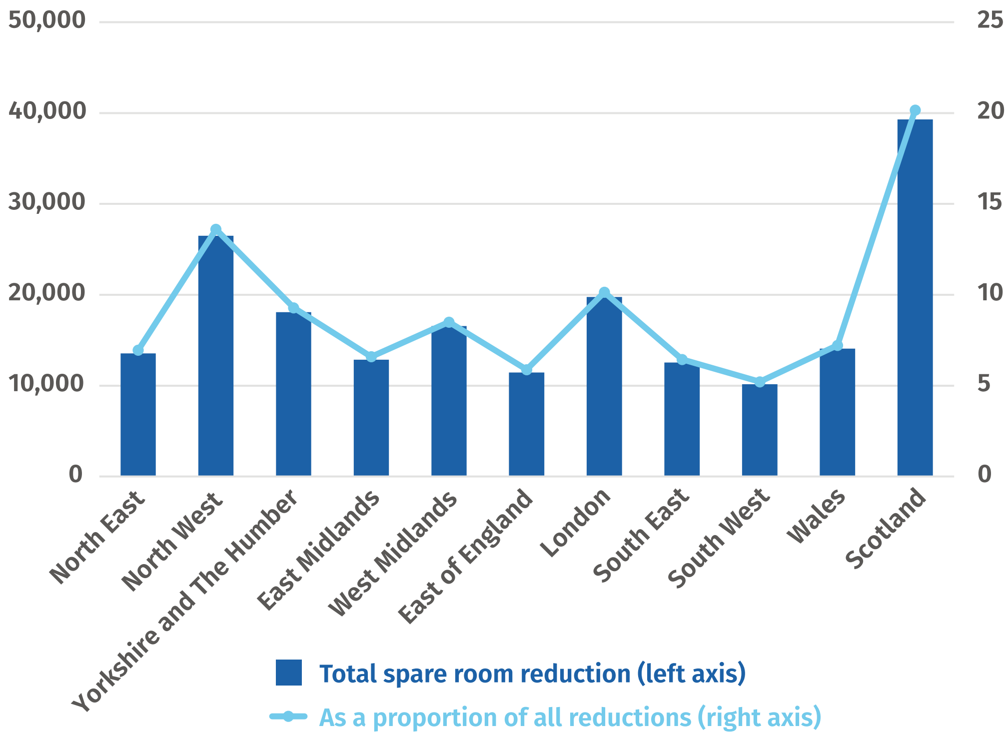
Increasingly, however, DHPs are also being used to mitigate the effects of UK government policy. When they were first devolved to the Scottish parliament (in 2017) the Scottish government announced its intention to use the new powers to mitigate the bedroom tax – enabling people to apply for a DHP where their housing benefit or universal credit had been reduced under the policy.

That is particularly important in Scotland as statistics show it has the highest rate of reductions across the UK (figure 5.7) – underscoring an unequal housing market.

FIGURE 5.7

Scotland is bearing the brunt of the bedroom tax – with almost 20 per cent of claimants having their award reduced.

Spare room reduction – total (left hand axis) and as a proportion of all reductions (right hand axis) – by region, November 2022



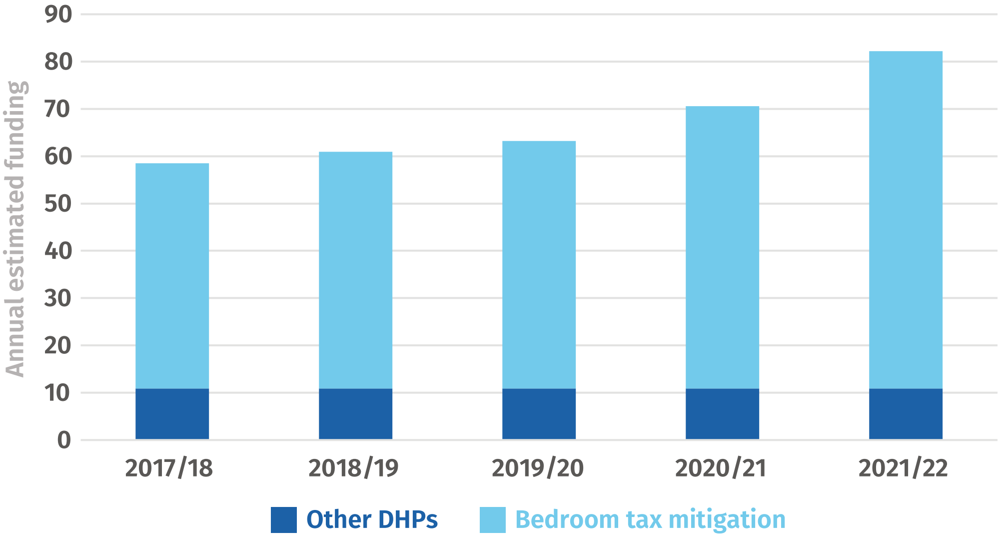
Source: IPPR Scotland analysis of Stat-Xplore (DWP 2023b) - Local Housing Allowance indicator by Payment Indicator.

In part this higher rate may be driven by the Scottish government's use of DHPs to mitigate the bedroom tax – meaning people are not forced to leave their homes to escape its effects. But this again creates significant spend each year addressing the twin failures of a high-cost housing market and punitive reserved welfare policy – over **£80 million** in total in 2021/22 (the last year for which official figures are available), with a 40 per cent increase in spend since DHPs were devolved (figure 5.8).

FIGURE 5.8

Since DHPs were devolved, funding has increased by 40 per cent to mitigate the bedroom tax

Estimated funding for DHPs, 2017/18 to 2021/22



Source: Authors' analysis of Scottish Government (2023e)

Council tax reduction

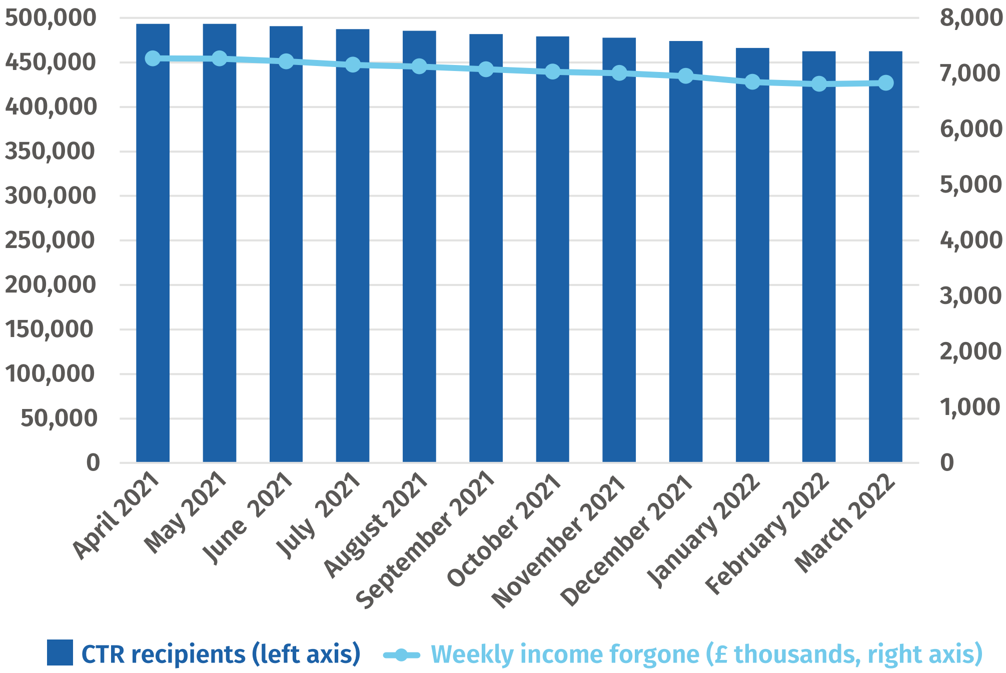
A significant source of failure spend in the housing system comes through council tax reduction. In part, it responds to low income – providing a full or partial rebate on council tax bills depending on household income – but more fundamentally it responds to an outdated system, and a broken housing market which can often be the root cause of poverty.

Council tax is based on the value a property would have sold for in *1991.* It bears little resemblance to the housing market today, individual circumstances, or even whether a person owns their home or is renting, and previous IPPR Scotland analysis has shown how it is a highly regressive tax. Unsurprisingly, then, the investment needed to compensate for those twin factors of income and market is significant (figure 5.9).

FIGURE 5.9

Almost half a million households receive a reduction on their council tax – costing local authorities, on average, £7 million pounds a week

Council tax reduction – recipients and weekly income forgone, 2021/22



Source: Scottish Government (2022f)

While the amount of funding will vary year-on-year, generally council tax reduction requires around **£350 million a year**; investment which is compensating for the effects of low income but compounding that through a system which is inherently regressive.

Homelessness

Finally, the twin impacts of financial insecurity and a precarious housing market too often take the form of an increased risk of poverty – not just where an individual finds themselves without a home but also where poor quality housing make it unsafe for living.

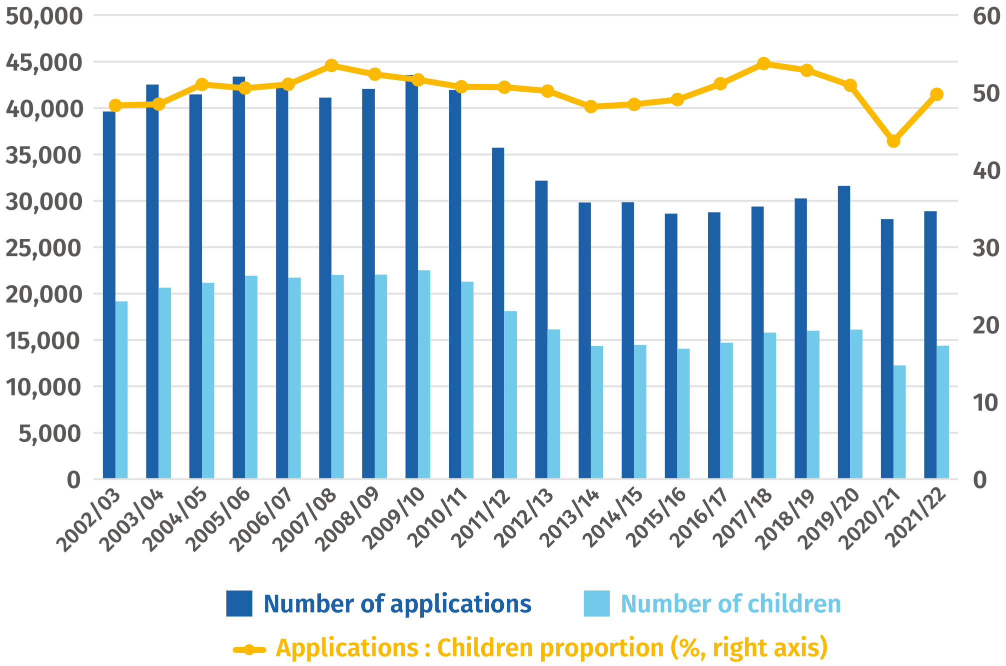
> *"Why are there so many empty houses?"*
>
> *"We went passed on the bus, you will see one block with one house alive and the rest is dead...another block half broken."*
>
> Focus group parents

Following a steady decline in the numbers of homelessness applications being made to local authorities between the late 2000s and mid 2010s, that progress has since broadly stagnated. More worryingly, in the context of the Scottish government's child poverty commitments, even with a drop in applications the proportion of children associated with applications has remained broadly static, fluctuating around 50 per cent (figure 5.10).

FIGURE 5.10

While the numbers of homelessness applications fell by the mid-2010s that has since flatlined while the proportion of children associated with applications has remained broadly consistent over the period

Applications assessed as homeless or threatened with homelessness (left axis), and number of children associated with applications (right axis)



Source: Scottish Government (2023f)

Like education, homelessness funding is an often-opaque area with the majority of it delivered through the local government general revenue grant – and so, similar to education, it is not possible to determine precise spend at a local authority area where funding isn't ring-fenced. However, we can again use the local government finance green book to look at funding assumptions and provide a guide (table 5.1).

TABLE 5.1

Assumed local authority homelessness funding, 2023/24

Funding stream	Cost (£m)
Preventing and responding to homelessness	30.5
Homelessness	55.3
Rapid rehousing transition plan	8
Total	**93.8**

Source: Scottish Government (2023f)

While individual reasons for presenting as homeless can often be complex and inter-linked – covering social causes and life events – there is a strong relationship between poverty (both as a cause and an impact) and homelessness. Related to our analysis of health inequalities, previous research has also shown a strong link between health inequalities and homelessness (Scottish Government 2018).

6. ECONOMIC IMPACT

KEY FINDINGS

- A conservative estimate suggests that the lost income due to historic child poverty in Scotland is of the order £1.6 to £2.4 billion per year – up to 1.5 per cent of Scottish GDP.
- People over the age of 30 who had experienced poverty during their childhood have around 25 per cent lower income than those who didn't.
- The unemployment rate among individuals over 25 who experienced child poverty is much higher (16 per cent) than the rate among those who had not (2 per cent).
- Questions remain over scale and delivery of the Scottish government's employability offer: with £455.6 million of funding over the period 2022/23 to 2025/26, the government hopes to help 6,225 people into work and a further 2,610 to increase their earnings in work. An investment of almost £55,000 per positive outcome.

The case for eradicating child poverty in Scotland is ultimately a moral one. But that moral argument, and the human cost of poverty, also comes with a strong economic case: poverty ultimately acts as a barrier to collective prosperity. Persistent inequality, even during times of economic growth, holds back otherwise unrealised prosperity (OECD 2014). A policy agenda which alleviates poverty and inequality within society is one that will also bolster our economy.

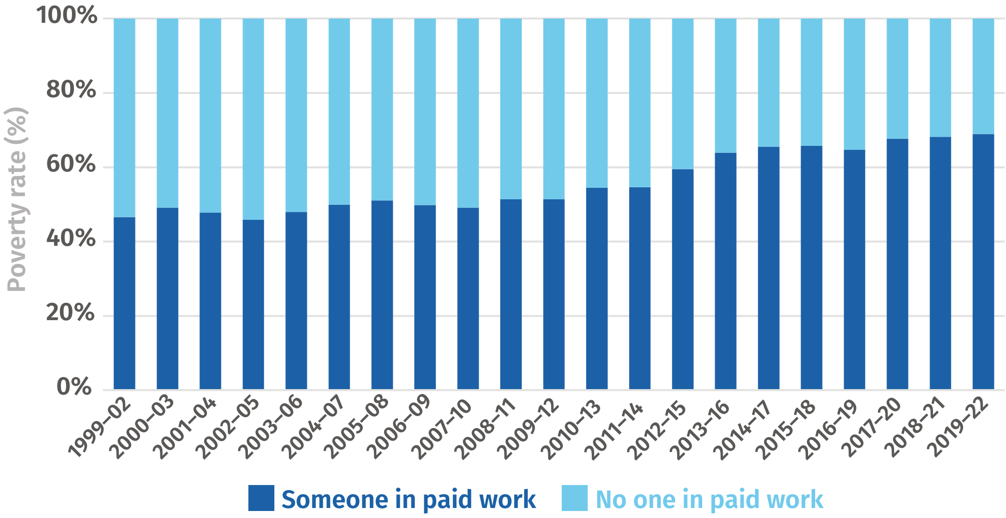
However, while work is often portrayed as the primary route out of poverty the reality is, despite historically high levels of employment in the UK, that has masked significant structural inequalities in the economy and labour market. That is typified by increasingly precarious work and a rise in zero-hours contracts, low pay and stagnating wage growth, and diminishing prospects of in-work progression (Statham et al 2021). At the same time, many people will, fairly, be unable to work – including those with disabilities and/or ill-health – unable to find work, or find their work undervalued, including parents and carers.

Most pressingly, the reality that work – in the current economic model – is not a silver bullet to alleviate poverty is borne out in child poverty statistics by household work status. Over the last two decades we have witnessed a growing trend where most children who are in poverty are in a household where at least person is in work (figure 6.1).

FIGURE 6.1

More than-two thirds of children in poverty are in a working household – a trend which has grown over the last decade

Share of children in relative poverty, after housing costs, by household work status



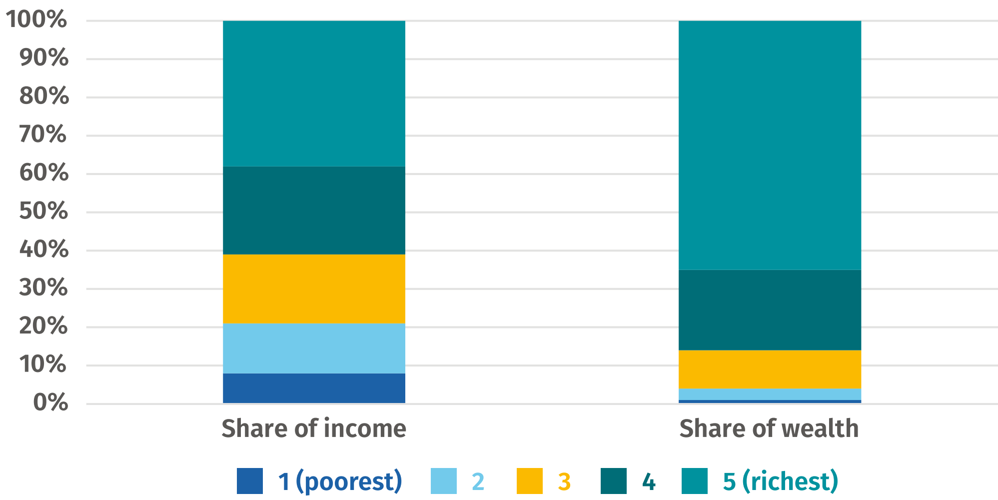
Source: Scottish Government (2023a)

That can create a vicious cycle of financial insecurity and poverty which can be difficult to escape from. Children are born into poverty, which is often caused by an unequal economic model, and in turn will enter a labour market that can exacerbate the experience of poverty. At a national level, it scales up to a country which remains deeply unequal and where income and wealth are highly concentrated (figure 6.2).

FIGURE 6.2

The poorest fifth of households in Scotland have one per cent of household wealth compared to 65 per cent for the richest fifth

Share of total wealth and of total household income in each 20 per cent wealth and income band, 2018–2020.



Source: Scottish Government (2022g)

Ultimately, action to tackle child poverty is a long-term investment in addressing the imbalance of the current economic model and securing later-life gains – seeking only short-term gains from tackling child poverty should be guarded against.

INVESTING IN PEOPLE AND SKILLS

> ***"The difference between an entry level professional wage and the minimum wage is tiny, miniscule … [dedicating time and resource to re- or up-skill] with the cost of living, it can't be done."***
>
> **Focus group parent**

Given the importance of employment in helping lift people out of poverty, Scottish government commitments and emphasis to employment support through its Tackling Child Poverty Delivery Plan should be welcomed – particularly targets to reach 86,000 parents by 2025/26 through its employability offer. However, that requires – as the government themselves allude to – ambitious optimism (Scottish Government 2022d).

At present, the bulk of Scotland's (devolved) employability offer comes through two main sources: Fair Start Scotland and No One Left Behind. While Fair Start Scotland has supported tens of thousands of people to secure work they may not have otherwise, there remain concerns around whether it is fully realising its potential. Most noticeably, there is a significant gap between the number of people referred to the service and those who ultimately find their way into secure work.

The programme was launched in April 2018 "with funding to support up to 38,000 people into work over an initial three-year referral period to end March 2021" (Scottish Government 2023g). However, over that period, while 32,504 people started receiving employability support just 10,417 people who joined started a job, and longer-term job outcomes (beyond three months) are lower still.

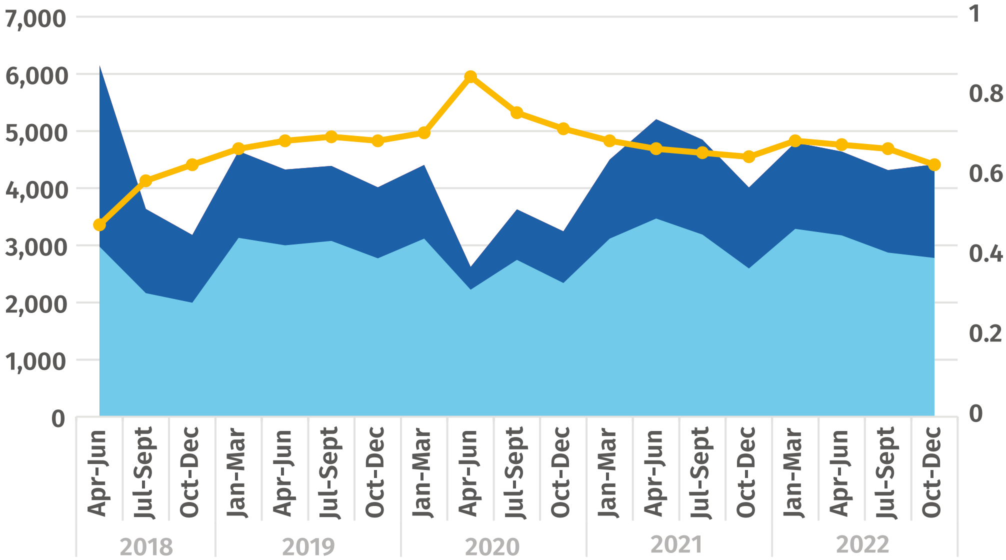
For the most recent period (to December 2022) these figures increased to 54,030 programme starts and 18,819 job starts – with the proportion of programme starts achieving job starts generally sitting at around a third, and decreasing further for those sustaining employment for at least one year.

Figure 6.3 shows the number of referrals to the programme, and those who then then started across each quarter since its introduction in April 2018, and in turn the start rate.

FIGURE 6.3

Employability support in Scotland has struggled to meet the original ambitions set by Scottish government.

Fair Start Scotland referrals, starts, and start rate, April 2018-December 2022



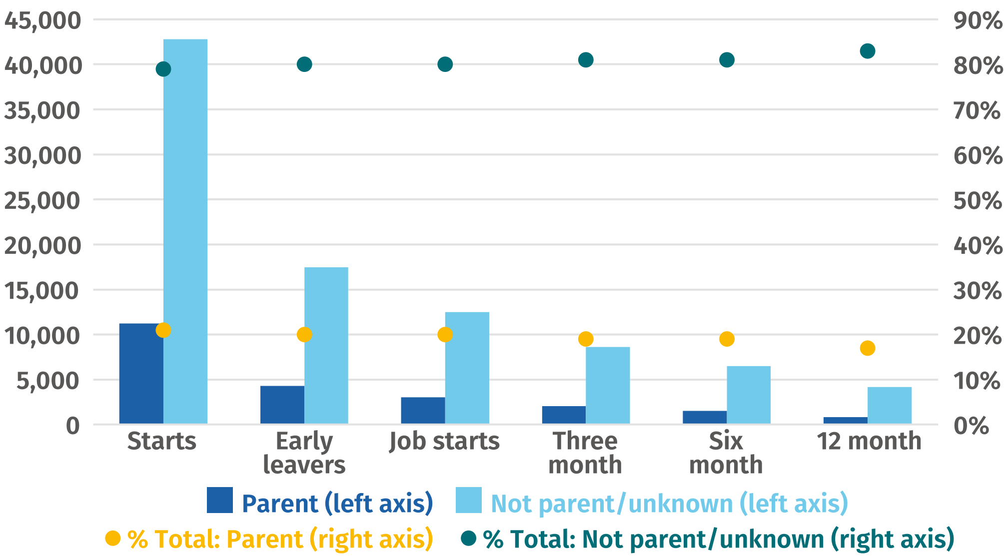
Source: Authors' analysis of Scottish Government (2023g)

Barring some fluctuations – the number of people starting on the programme has remained around two-thirds of those who are referred there, indicating that the true scale of the scheme is being unrealised. Perhaps most pressingly, in the context of the Scottish government's child poverty commitments, only a fraction of these starts are parents (figure 6.4).

FIGURE 6.4

Only a small proportion of Fair Start Scotland participants are parents

Fair Start Scotland starts and outcomes by parental status, April 2018-December 2022

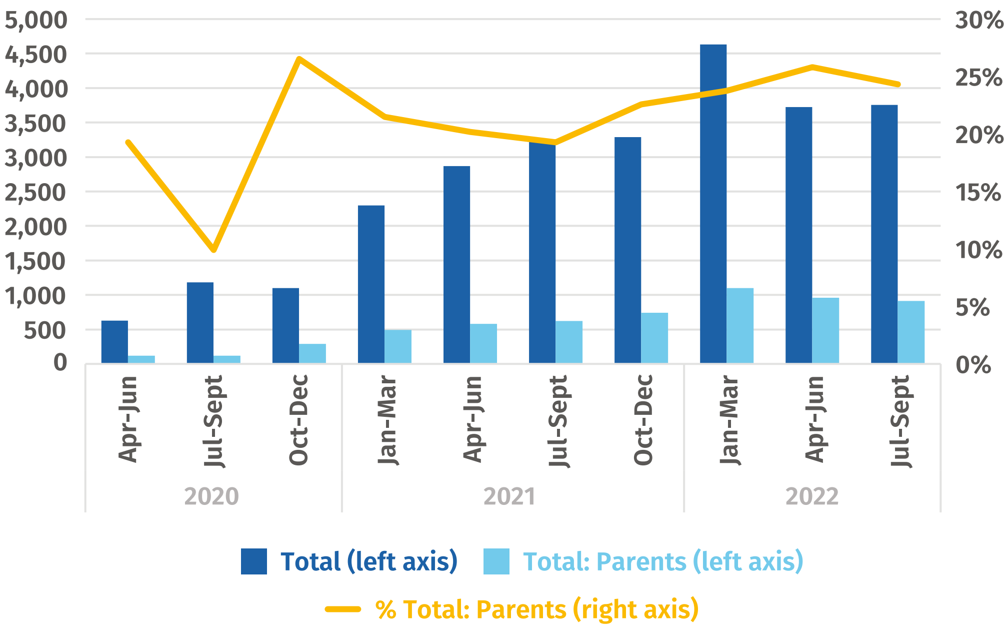


Source: Authors' analysis of Scottish Government (2023g)

This pattern of lower parental uptake and positive outcomes is reinforced in the numbers of parents accessing employment support through No One Left Behind: in total, since April 2020, of 26,710 people overall starting to receive support, just 22 per cent (5,944) were parents (figure 41).

FIGURE 6.5

Parents make up around just a fifth of people supported by No One Left Behind
No One Left Behind total number and parents accessing employment support, April 2020-Sept 2022



Source: Authors' analysis of Scottish Government (2023g)

Over and above this, there is a question of what the programmes deliver for the funding provided. The Scottish government's own modelling shows that, with **£455.6 million of funding in its employability offer over the period 2022/23 to 2025/26**, it hopes to help 6,225 into work and a further 2,610 to increase their earnings in work. Even based on optimistic assumptions, that is **an investment of almost £55,000 per positive outcome**.

Particularly at a time when almost half a million people are in receipt of universal credit in Scotland – many of whom will be subject to a reserved sanctions system through DWP-run Job Centres – that represents a significant investment in trying to stem a tide which rose far earlier in life but without a clear sign that scale or funding is big enough.

Along with the costs to public services identified earlier in this report, further costs also come through in lost earnings potential, and continuing the poverty trap we have today. Next, we begin to quantify those costs.

THE DAMAGE CAUSED BY POVERTY

Impact on earnings

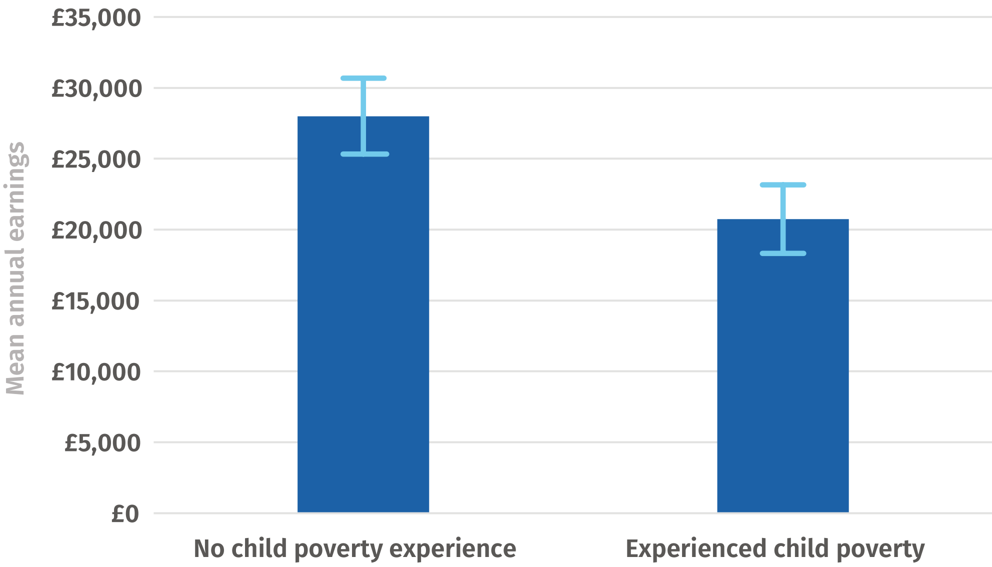
Previous research has found that the experience of child poverty reduced later-life earnings and increased the probability of not being employed in the UK (Blanden et al 2008). Here we replicate the analysis with more recent data and find starkly similar impacts – experience of poverty during childhood is associated with a roughly 25 per cent reduction in income above the age of 30, and a much higher probability of being unemployed.

Using data from the British Household Panel Survey and its successor Understanding Society[14] we identify individuals over the age of 30 for whom household income data from their childhood (under the age of 16) is available. Due to the limited sample size we analyse data gathered across the UK rather than just in Scotland. We construct linear models of log earnings, controlling for additional factors that may contribute to understanding income differences (figure 6.6).

FIGURE 6.6

People over the age of 30 who had experienced poverty during their childhood had around 25 per cent lower income in 2018-2020

Average gross income of adults over 30 by childhood experience of relative poverty.



Source: Authors' analysis of University of Essex (2022). Error bars show 95 per cent confidence interval

Note: Error bars show 95 per cent confidence interval.

Our estimate of the effect of child poverty on later life earnings is remarkably similar to Blanden et al's (2008) earlier analysis. We find a similar effect size amounting to around a 25 per cent reduction in earnings, and that the size of this effect reduces when gender and family background are controlled for (table 6.1). The effect size reduces still further when education is controlled, suggesting different levels of educational attainment is a key factor in producing the overall child poverty earnings penalty.[15]

14 To avoid picking up impacts of the pandemic, we analyse labour market outcomes in wave 10 which surveyed participants between Jan 2018 and May 2020 (so only a small minority of participants would have been surveyed once lock-down started).

15 In our analysis, the effect of child poverty dips below the 0.05 significance level when we control for background and education. However, given the similarity of parameter estimates to those found by Blanden et al. (2008) it is reasonable to consider this a reflection of our smaller sample size, rather than interpreting the child poverty effect to be exhaustively accounted for by family background and education.

TABLE 6.1

Model parameters for the impact of child poverty experience on log earnings over the age of 30

	No controls	Gender and parents' socioeconomic status	Gender, parents' socioeconomic status and whether university graduate
Poverty under age 16	-0.303 (0.097) ** n = 438	-0.228 (0.110) * n = 438	-0.185 (0.124) n = 438

Source: Authors' analysis of University of Essex (2022)

Note: Model parameter estimates, with standard errors in brackets and sample size. Impact on earnings of individuals aged 30 and above. ** significant at 0.01 level, * significant at 0.05 level.

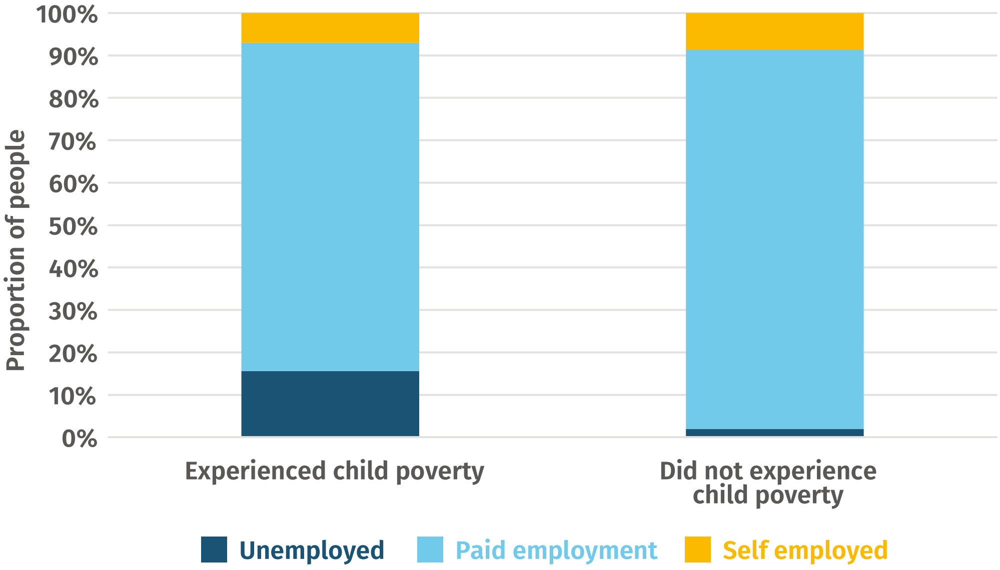
Impact on unemployment

As with the earnings analysis, we use a regression model to identify the impact of child poverty experience on unemployment. We use logistic regression to model whether a person is unemployed, taking as our population those economically active (ie excluding students, people in unpaid caring roles etc) in order to align with official unemployment statistics. We consider individuals over the age of 25 in order to capturing adulthood impacts while aligning with ONS category boundaries.

FIGURE 6.7

People over the age of 25 are more likely to be unemployed if they experienced poverty during childhood

Proportion of economically active individuals over the age of 25 by child poverty experience



Source: Authors' analysis of University of Essex (2022)

On this analysis, **the unemployment rate among individuals over 25 who experienced child poverty in 2018-2020 was 16 per cent, much higher than the 2 per cent rate among those who had not experienced child poverty** (figure 6.7).

To test the effect size while controlling for additional factors we construct several models, first with child poverty experience as the only independent variable, then with sex and parent's socioeconomic status, and finally also with whether the individual received a degree. Childhood poverty experience has a strong and significant impact on people's likelihood of being unemployed in later life across models. The effect size reduces as family background and educational attainment are controlled for, indicating these partially explain the difference between groups (table 6.2).

TABLE 6.2

Childhood experience of poverty brings a significantly higher likelihood of unemployment above the age of 25

	No controls	Gender and parents' socioeconomic status	Gender, parents' socioeconomic status and whether university graduate
Poverty under age 16	2.227 (0.600) *** n = 741	1.908 (0.618)** n = 741	1.703 (0.619)** n = 741

Source: Authors' analysis of University of Essex (2022)

Note: Logistic regression parameter estimates (log odds ratio). Model parameter estimates, with standard errors in brackets and sample size below. Impact on unemployment of individuals aged 25 and above. *** significant at 0.001 level, ** significant at 0.01 level.

AGGREGATING THE IMPACTS OF CHILD POVERTY EXPERIENCE

To determine an overall aggregate impact, we estimate the economic impact of child poverty by combining two calculations. First we estimate the increase in income if the child poverty impact on earnings among those in work was reduced to zero. Second, we estimate the additional income that would be generated if those who experienced child poverty experienced unemployment at the same low rate as those who did not. To do so, we assume the additional jobs created generate an income at the 25th percentile. We use earnings and unemployment figures for Scotland broken down by age in 2022 (ONS 2023a, 2023b), and base our calculations on the upper and lower parameter estimates set out above.

We modulate these estimates downward to account for the extent to which the economy would absorb these additional workers. This accounting is then necessarily a high-level modification of the estimate. Blanden et al's (2008) view was that the most conservative is that the aggregate income effect would be halved.

Taking that conservative approach suggests **the lost income due to historic child poverty in Scotland is £1.6 to £2.4 billion per year – or 1 to 1.5 per cent of Scotland's GDP.**

That represents not just a significant loss of human potential – and risks trapping hundreds of thousands of children in a vicious cycle of intergenerational poverty – but also a severe economic loss. Lost gross income means both lower disposable income for households and lower tax revenues.

At a time when public finances are under unprecedented pressure which shows no sign of abating, and demographic change will only add to it, the true cost of poverty has never been so high.

REFERENCES

Arnold S, Caddick D and Krebel L (2021) 'How our benefits system was hollowed out over 10 years', blog, New Economics Foundation. https://neweconomics.org/2021/02/social-security-2010-comparison

Baars S, Bernardes E, Elwick A, Malortie A, McAleavy T, McInerney L, Menzies L and Riggall A (2014) *Lessons from London Schools: Investigating the success*. https://cfey.org/wp-content/uploads/2014/06/Lessons-from-London-Schools-final-report-ful-text.pdf

Blanden J, Hansen K and Machin S (2008) *The GDP cost of the lost earning potential of adults who grew up in poverty*, Joseph Rowntree Foundation. https://www.jrf.org.uk/report/gdp-cost-lost-earning-potential-adults-who-grew-poverty

Bramley G, Hirsh D, Littlewood M, and Watkins D (2016) *Counting the cost of UK poverty*, Joseph Rowntree Foundation. https://www.jrf.org.uk/report/counting-cost-uk-poverty

Bramley G and Watkins D (2008) *The public service costs of child poverty*, Joseph Rowntree Foundation. https://www.jrf.org.uk/report/public-service-costs-child-poverty

Centre on Household Assets and Management (University of Birmingham) (2018) *Homes & Wellbeing: Breaking down housing stereotypes*. https://www.birmingham.ac.uk/documents/college-social-sciences/social-policy/chasm/2018/homes-and-wellbeing-reportmay2018.pdf

Centre for Research in Social Policy (2022) 'Using Minimum Income Standard Data', dataset. https://www.lboro.ac.uk/research/crsp/usingmisdata/

Centre for Research in Social Policy (2023) 'MIS Online Calculator', calculator. https://www.lboro.ac.uk/research/crsp/minimum-income-standard/calculator/

Christie Commission (2011) *Christie Commission on the future delivery of public services*. https://www.gov.scot/publications/commission-future-delivery-public-services/

Department for Work & Pensions [DWP] and NatCen Social Research (2021) 'Family Resources Survey', data series accessed via UK Data Service. SN: 200017, http://doi.org/10.5255/UKDA-Series-200017

Department for Work & Pensions [DWP] (2022) *Benefit expenditure and caseload tables 2022*. https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2022

Department for Work & Pensions [DWP] (2023a) 'Households below average income: for financial years ending 1995 to 2022', dataset. https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022

Department for Work & Pensions [DWP] (2023b) 'Stat-Xplore', online data portal. https://stat-xplore.dwp.gov.uk/

Dwyer P J (2018) *Final Findings Report: The Welfare Conditionality Project 2013-2018*, Monograph. https://eprints.whiterose.ac.uk/154305/

Fraser of Allander (2022) *Health Inequalities in Scotland: Trends in the socioeconomic determinants of health inScotland*. https://fraserofallander.org/publications/health-inequalities-in-scotland-trends-in-the-socio-economic-determinants-of-health-in-scotland/

GPs at the Deep End (2022) 'Addressing the Inverse Care Law in Scotland's most deprived communities: Inclusion Public Health delivery in General Practice', presentation. https://www.gla.ac.uk/media/Media_836194_smxx.pdf

Health Foundation (2023) *Leave no one behind: The state of health inequalities in Scotland*. https://www.health.org.uk/sites/default/files/upload/publications/2023/HF_Health_Scotland_Web_Final.pdf

Heckman J J (2023) *Invest in early childhood development: Reduce deficits, strengthen the economy*. https://heckmanequation.org/wp-content/uploads/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf

House of Commons (2019) *Problem drug use in Scotland*, Scottish affairs select committee report. https://publications.parliament.uk/pa/cm201919/cmselect/cmscotaf/44/4402.htm

Humpherson E (2023) 'Ed Humpherson to Pam Duncan Glancy MSP: Cost of living measures', written response. https://osr.statisticsauthority.gov.uk/correspondence/ed-humpherson-to-pam-duncan-glancy-msp-cost-of-living-measures/

Hutchinson J, Reader M, and Akhal A (2020) *Education in England: Annual Report 2020*. https://epi.org.uk/wp-content/uploads/2020/09/EPI_2020_Annual_Report_.pdf

Information Services Division [ISD] (2018) *NHS Scotland Payments to General Practice: Financial Year 2016/17*. https://www.isdscotland.org/Health-Topics/General-Practice/Publications/2017-11-07/2017-11-07-ScotlandGPPayments2016-17-Report.pdf

Joseph Rowntree Foundation [JRF] (2022) *Poverty in Scotland 2022*. https://www.jrf.org.uk/report/poverty-scotland-2022

Marmot M (2010) *Fair society, healthy lives: the Marmot Review: strategic review of health inequalities in England post-2010*. https://www.gov.uk/research-for-development-outputs/fair-society-healthy-lives-the-marmot-review-strategic-review-of-health-inequalities-in-england-post-2010

McCartney G et al (2022) *Resetting the course for population health: evidence and recommendations to address stalled mortality improvements in Scotland and the rest of the UK*. https://www.gcph.co.uk/publications/1036_resetting_the_course_for_population_health

McNeil C, Hochlaf D and Quilter-Pinner H (2019) *Social (in)security: Reforming the UK's social safety net*, IPPR. https://www.ippr.org/research/publications/social-insecurity

National Records of Scotland (2022a) *Drug-related deaths in Scotland in 2021*. https://www.nrscotland.gov.uk/files/statistics/drug-related-deaths/21/drug-related-deaths-21-report.pdf

National Records of Scotland (2022b) *Alcohol-specific deaths 2021*. https://www.nrscotland.gov.uk/files/statistics/alcohol-deaths/2021/alcohol-specific-deaths-21-report.pdf

Organisation for Economic Co-Operation and Development [OECD] (2014) 'Inequality hursts economic growth, finds OECD research', news story. https://www.oecd.org/newsroom/inequality-hurts-economic-growth.htm

Office for National Statistics [ONS] (2022) 'Housing building data, UK: financial year ending March 2022', dataset. https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/ukhousebuildingdata/financialyearendingmarch2022

Office for National Statistics [ONS] (2023a) 'Earnings and hours worked, UK region by age group', dataset. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/earningsandhoursworkedukregionbyagegroup

Office for National Statistics [ONS] (2023b) 'X02 Regional labour market: estimates of unemployment by age', dataset. https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/regionalunemploymentbyagex02

Parkes H (2023) *The sanctions surge: Shining a light on the universal credit sanctions regime*, IPPR. https://www.ippr.org/research/publications/the-sanctions-surge

Public Health Scotland [PHS] (2021) *Resource Allocation Formula (NRAC) - Results for financial year 2023 to 2024*. https://www.publichealthscotland.scot/publications/resource-allocation-formula-nrac/resource-allocation-formula-nrac-results-for-financial-year-2023-to-2024/

Public Health Scotland [PHS] (2022) *Resource Allocation Formula: How it works in practice*. https://beta.isdscotland.org/media/9510/resource-allocation-how-formula-works-in-practice-phs.pdf

Public Health Scotland [PHS] (2023a) *NHS payments to General Practice: Financial year 2021 to 2022*. https://publichealthscotland.scot/publications/nhs-payments-to-general-practice/nhs-payments-to-general-practice-financial-year-2021-to-2022/

Public Health Scotland [PHS] (2023b) *Mental health inpatient activity: Annual - Year Ending 31 March 2022*. https://publichealthscotland.scot/publications/mental-health-inpatient-activity/mental-health-inpatient-activity-28-march-2023/data-explorer/

Roys M, Davidson M, Nicol S, Ormandy D and Ambrose P (2010) *The Real Cost of Poor Housing*. https://www.hud.gov/sites/documents/REAL_COST_POOR_HOUSING.PDF

Scottish Fiscal Commission (2022) *Scotland's Economic and Fiscal Forecasts*. https://www.fiscalcommission.scot/download/2022/12/Scotland_s-Economic-and-Fiscal-Forecasts-December-2022-Summary.pdf

Scottish Fiscal Commission (2023) *Fiscal Sustainability Report - March 2023*. https://www.fiscalcommission.scot/publications/fiscal-sustainability-report-march-2023/

Scottish Funding Council (2022) *Report on Widening Access 2020-21*. https://www.sfc.ac.uk/publications-statistics/statistical-publications/2022/SFCST062022.aspx

Scottish Government (2015) *Tackling Inequalities in the Early Years: Key messages from 10 years of the Growing Up in Scotland study*. https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2015/10/tackling-inequalities-early-years-key-messages-10-years-growing-up-scotland-study/documents/tackling-inequalities-early-years-key-messages-10-years-growing

Scottish Government (2016) *A plan for Scotland: the Scottish Government's programme for Scotland 2016-2017*. https://www.gov.scot/publications/plan-scotland-scottish-governments-programme-scotland-2016-17/

Scottish Government (2018) *Health and Homelessness in Scotland: Executive Summary*. https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2018/06/health-homelessness-scotland/documents/00536909-pdf/00536909-pdf/govscot%3Adocument/00536909.pdf

Scottish Government (2020a) *SIMD 2020 technical notes*. https://www.gov.scot/publications/simd-2020-technical-notes/

Scottish Government (2020b) *Scottish house condition survey: 2019 key findings*. https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/pages/5/

Scottish Government (2021) *A Fairer, Greener Scotland: Programme for Government 2021-22*. https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/documents/

Scottish Government (2022a) *Scottish Budget: 2023-24*. https://www.gov.scot/publications/scottish-budget-2023-24/documents/

Scottish Government (2022b) *Government Expenditure & Revenue Scotland (GERS) 2021-22*. https://www.gov.scot/publications/government-expenditure-revenue-scotland-gers-2021-22/

Scottish Government (2022c) *Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022-2026*. https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/documents/

Scottish Government (2022d) *Achievement of Curriculum for Excellence levels: 2021/22*. https://www.gov.scot/publications/achievement-curriculum-excellence-cfe-levels-2021-22/

Scottish Government (2022e) *Housing Statistics 2020 & 2021: Key Trends Summary*. https://www.gov.scot/publications/housing-statistics-2020-2021-key-trends-summary/pages/1/

Scottish Government (2022f) *Council Tax collection statistics: 2021-2022*. https://www.gov.scot/publications/council-tax-collection-statistics-2021-22-2/

Scottish Government (2022g) 'Wealth in Scotland', dataset. https://data.gov.scot/wealth/

Scottish Government (2023a) 'Poverty and Income Inequality in Scotland 2019-22', dataset. https://data.gov.scot/poverty/#Children

Scottish Government (2023b) *Long-term Monitoring of Health Inequalities*. https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2023/03/long-term-monitoring-health-inequalities-march-2023-report/documents/long-term-monitoring-health-inequalities-march-2023-report/long-term-monitoring-health-inequalities-march-2023-report/govscot%3Adocument/long-term-monitoring-health-inequalities-march-2023-report.pdf

Scottish Government (2023c) *Summary Statistics for Attainment and Initial Leaver Destination, No. 5: 2023 edition*. https://www.gov.scot/publications/summary-statistics-attainment-initial-leaver-destinations-no-5-2023-edition/

Scottish Government (2023d) 'Poverty and child poverty data', dataset. https://data.gov.scot/poverty/download.html

Scottish Government (2023e) *Scottish Government Social Security statistics publications*. https://www.gov.scot/collections/sg-social-security-scotland-stats-publications/#discretionaryhousingpaymentstatistics

Scottish Government (2023f) *Scottish local government finance - Green Book: 2023-2024*. https://www.gov.scot/publications/scottish-local-government-finance-green-book-2023-24/documents/

Scottish Government (2023g) *Scotland's Devolved Employment Services: statistical summary February 2023*. https://www.gov.scot/publications/scotlands-devolved-employment-services-statistical-summary-17/pages/3/

Shelter (2017) *The impact of housing problems on mental health*. https://england.shelter.org.uk/professional_resources/housing_and_mental_health

Shelter Scotland (2023) 'Scottish budget: choosing to increase homelessness in Scotland', blog. https://blog.scotland.shelter.org.uk/choosing-to-increase-homelessness/

SPICe (2018) 'What's been happening with social housing rents?', blog. https://spice-spotlight.scot/2018/03/28/whats-been-happening-with-social-housing-rents/

SPICe (2022) 'Cost of living: Scottish Government support', blog. https://spice-spotlight.scot/2022/07/29/cost-of-living-scottish-government-support/

Statham R, Parkes H and Gunson R (2021) *Delivering a Fair Work Recovery in Scotland: Securing a living income for all*, IPPR Scotland. https://www.ippr.org/files/2021-08/delivering-a-fair-work-recovery-in-scotland-aug21.pdf

Statham R and Parkes H (2022) *A lifeline for families: Investing to reduce child poverty this winter*, IPPR. https://www.ippr.org/files/2022-11/a-lifeline-for-families-november22.pdf

Thomas C, Poku-Amanfo E and Patel P (2022) *The State of Health and Care 2022*, IPPR. https://www.ippr.org/files/2022-08/state-of-health-and-care-march-22.pdf

Tims S and Stirling A (2022) *The national living income*, New Economics Foundation. https://neweconomics.org/2022/12/the-national-living-income

University of Loughborough (2022) 'Minimum Income Standard Excel Calculator', dataset. https://www.lboro.ac.uk/media/wwwlboroacuk/content/crsp/downloads/mis2022/MIS%20Excel%20Calculator_2022.xlsx

University of Essex (2022) 'Understanding Society: Waves 1-12, 2009-2021 and Harmonised BHPS: Waves 2-18, 1991-2009', dataset. https://beta.ukdataservice.ac.uk/datacatalogue/doi/?id=6614#!#18

Institute for Public Policy Research

GET IN TOUCH

For more information about IPPR Scotland,
please go to www.ippr.org/scotland

You can also call us on +44 (0)131 281 0886,
e-mail info@ippr.org or tweet us @ipprscotland

Institute for Public Policy Research

Registered Charity no. 800065 (England & Wales),
SC046557 (Scotland), Company no, 2292601 (England & Wales)

The progressive policy think tank