

# Poverty in Scotland 2020

## The independent annual report



# Briefing: Poverty in Scotland 2020

This report looks at what has happened to poverty in Scotland before and during the coronavirus outbreak. We benefitted from the insights of an advisory group made up of people with lived experience of poverty. Both our analysis and their insight underline the importance of work, social security and housing costs in solving poverty in Scotland, as well as how much the coronavirus storm has unleashed strong currents sweeping many people into poverty and others deeper into poverty.

## Joseph Rowntree Foundation

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### What you need to know

- Even before coronavirus, around a million people in Scotland were in poverty, living precarious and insecure lives.
- The Scottish Government is committed to tackling poverty, but poverty has been rising and we are not on course to meet interim child poverty targets within three years. The relative child poverty target requires a fall of a quarter in the proportion of children in poverty compared to the latest data, which has increased compared to five years previously. The picture for other groups over the last five years is similarly disappointing, with no change in poverty for working-age adults and an increase for pensioners.
- We need stronger support at the UK level to retain as many jobs as possible. Both the UK and Scottish Governments need to strengthen training support quickly for those whose jobs disappear and key employment programmes in Scotland like the Parental Employment Support Fund should be increased and extended across the lifetime of the next parliament (2021-26).
- The UK Government must retain the uplift to the standard allowances in Universal Credit and Working Tax Credit and extend this to key legacy benefits.
- While it may not be possible to extend Scottish Child Payment to eligible school-age children before 2022, the Scottish Government and COSLA should use local government payment channels as an interim alternative.
- The UK Government must keep the increase in the Local Housing Allowance and review the adequacy of support available to low-income and struggling homeowners. The Scottish Government must commit fully to an Affordable Housing Supply Programme that will create 53,000 new affordable homes, 70% of which should be for social rent. They should be prepared to step in with additional legislative support and further help with housing costs, if the existing support for renters proves insufficient to keep them in their homes. The Scottish Government should evaluate all their investment in housing for its impact on reducing child poverty and supporting equality groups.
- The interim child poverty targets must be a strong focus of both political and public will as we shape economic and social recovery. Longer term, we need to prevent more people being pulled into poverty and open up routes out of poverty. Bold action by both the Scottish and UK governments across work, housing and social security will need to be matched by commitment from employers, housing providers, public services and the third sector. Scotland's recovery, if it is to be successful, must be shaped directly by those with experience of living in poverty, at every stage, as equal partners.

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## How we developed this year's briefing

2020 has been a year like no other. JRF's usual approach to producing our annual state-of-the-nation report on the scale of poverty in Scotland, relies on analysing big datasets that offer a comprehensive picture of the scale and nature of poverty in Scotland for diverse groups - but this year would only cover up to March 2019. If we want to adequately reflect the impact of the pandemic on low-income households, and ensure they were protected in responses to the virus, that approach isn't an option. Instead, we have drawn on a range of data, both quantitative and qualitative, to give us an up-to-date idea of poverty in Scotland now.

### Poverty in Scotland advisory group

JRF worked alongside a small group of citizens with direct experience of living on a low income, and practitioners we knew well from local support agencies. They shared the impact that COVID-19 was having on low-income households and communities as it happened. Over our five sessions together they spent time reflecting on what they thought were the key priorities, and worked with us to shape the report and discuss potential solutions. We are incredibly grateful to each of them for the time, energy, ideas and insight they have contributed and hope to continue to work with them as we further develop their proposals.

All the quotations are drawn from our advisory group discussions, and are reproduced here, under pseudonyms, with their permission.

## Overview of poverty in Scotland

In last year's report<sup>i</sup> we concluded that poverty in Scotland was rising, from an already unacceptably high level. Since then, new poverty data show no progress on the previous period. The next data shows that in the period 2016-19, around a million people in Scotland were in poverty - 230,000 children, 640,000 working-age adults and 150,000 pensioners.

The impact of the coronavirus outbreak will not show up in this data yet, but it will have had a dramatic effect on poverty levels, causing both heartache and hardship, especially for those of us whose daily lives are already a struggle. It is too soon to say what the long-term effects of the coronavirus will be on living standards, but as temporary job assistance through furlough is withdrawn from November and replaced by less generous replacements, and if temporary UK benefit increases aren't maintained beyond next April, it is clear poverty will rise.

It is also clear that the Scottish Government is taking this situation seriously, bringing forward additional measures to help people worst affected by the outbreak. They have undertaken a detailed examination of the drivers of increasing or reducing poverty levels, with the Child Poverty Act targets being a motivating factor. The findings were set out in the Scottish Government's Tackling Child Poverty progress report in August<sup>ii</sup>.

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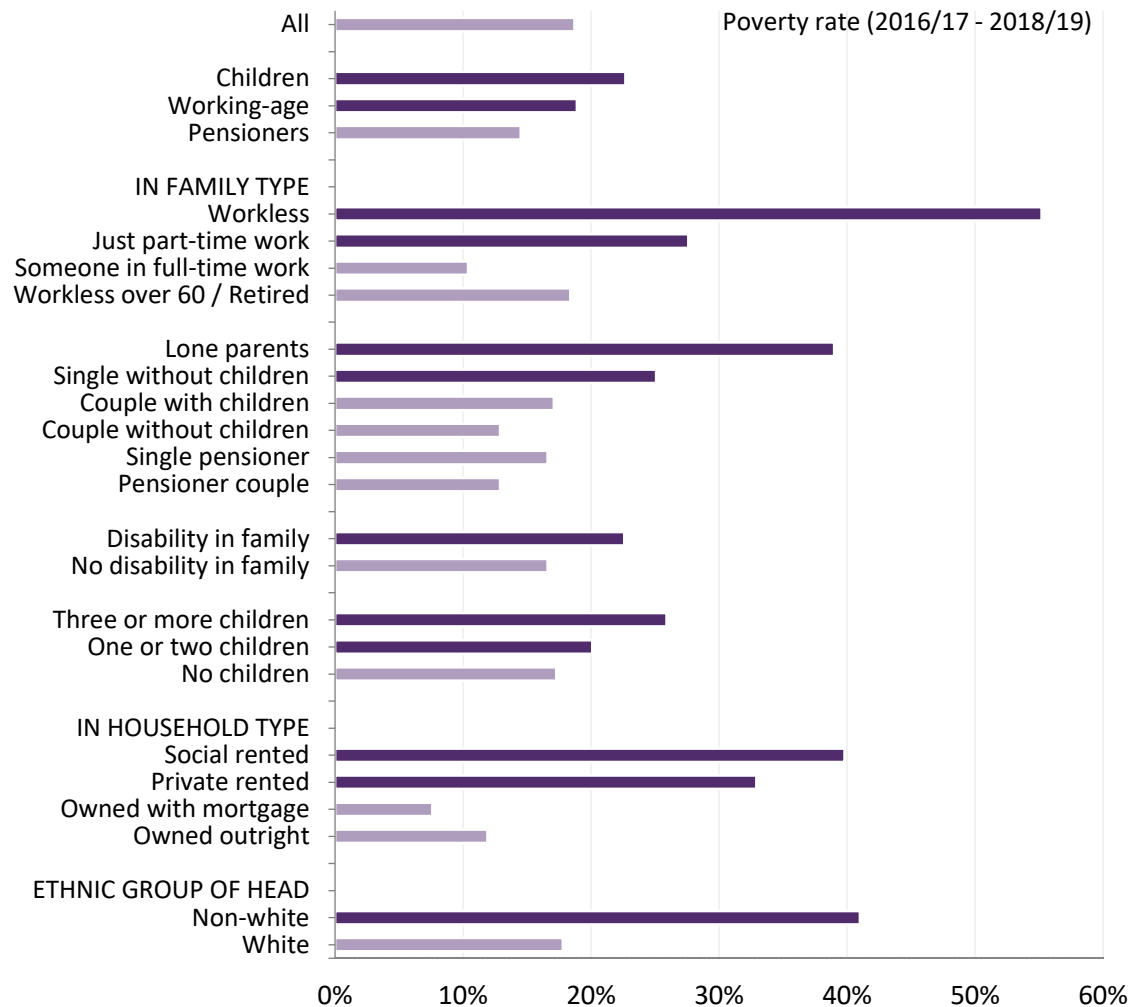
That analysis clearly shows we are off course to meet the targets. The interim relative child poverty target is that by the end of 2023-24 (or three years from next Spring) the proportion of children in poverty should be no higher than 18%. This implies a fall of a quarter in the proportion of children in poverty compared to the latest data, which showed 24% of children were in poverty in 2016-19, a level which was itself higher than five years previously. The picture for other groups over the last five years is similarly disappointing, with no change in poverty for working-age adults and an increase for pensioners.

Further progress is possible, even in the face of the economic storm created by the pandemic. We need to protect people who were already struggling before the outbreak and open up routes out of poverty, as well as helping people whose livelihoods have been swept away to find new jobs quickly. The longer someone is buffeted by this storm, the worse the negative effects on mental health, the increased difficulty of getting a new job, and the greater risk of falling deeper into poverty.

The announcement of the Scottish Child Payment last summer shows the Scottish Government's willingness to use new social security powers to help meet its legal duty to reduce child poverty. More recently, the steps both the Scottish and UK Governments have taken in response to coronavirus are just and proportionate. However, the increases in the Local Housing Allowance and standard allowances within Universal Credit and Working Tax Credit need to be changed from temporary to permanent and extended to other key legacy benefits. But to achieve the child poverty targets, and to make a Scotland without poverty a reality, we need more ambitious solutions across work, housing and social security. The chart below shows how poverty levels vary by key 'risk' groups, showing how dramatically the likelihood of being in poverty differs by work status, family type or housing tenure.

The remaining sections look at work, social security and housing in Scotland, starting with the situation before the coronavirus outbreak, and then exploring the latest available data to present the emerging picture. What is clear is that in a world where both the furlough schemes and temporary benefit increases are withdrawn or significantly reduced, poverty will be higher. This is because unemployment will be higher, working hours and earnings may be falling, benefits would be reduced back to pre-coronavirus levels while housing costs will be no lower. Such a situation would be deeply worrying, not just in the context of interim child poverty targets three years away, but in the daily lives of people who face being swept further and deeper into poverty. None of this is inevitable. We can get through the economic storm and chart a course back to lower poverty levels if policymakers at all levels put compassion and justice at the heart of their decisions.

**Figure 1: Poverty rates vary a lot by characteristics, with many of the same groups having higher risks over time**



Source: JRF analysis of Households Below Average Income

## Work and poverty in Scotland

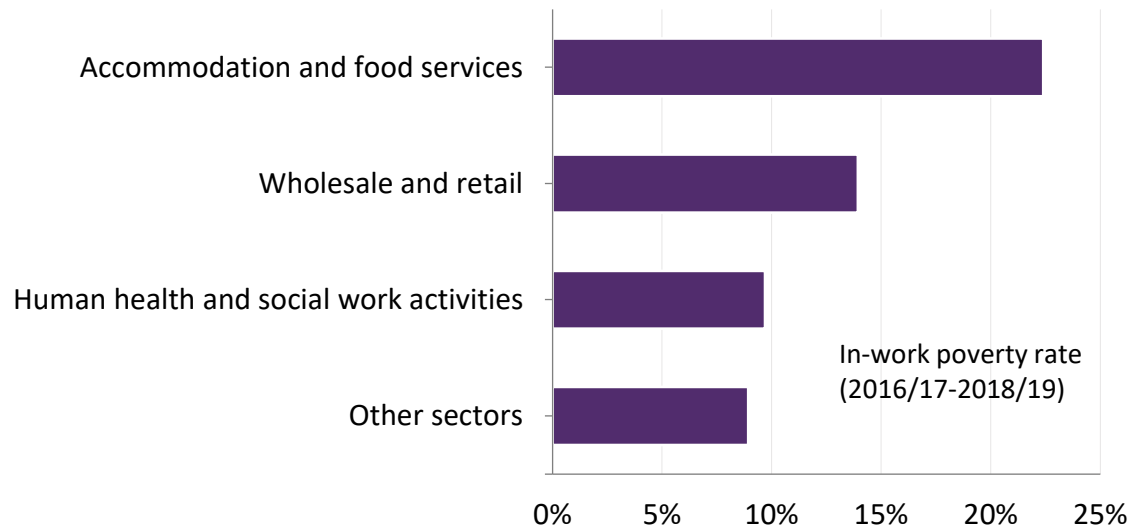
The coronavirus pandemic has had a detrimental effect on jobs and financial security, with workers on low wages or in poverty deeply affected. Although some of the labour market changes are still uncertain, it is important to assess what these initial changes have meant for workers in poverty, as well as the job market they face during recovery.

It is essential to understand the pre-coronavirus picture for in-work poverty, as well as the barriers for escaping poverty such as underemployment and childcare. By setting out the pre-coronavirus picture, we can fully understand how this has changed during the coronavirus pandemic, and properly discuss the policy actions needed to help those currently in poverty and to prevent a rising tide of in-work poverty.

## In-work poverty before coronavirus

In-work poverty in Scotland (defined here as the proportion of workers who are in poverty) was 10% in 2018/19, the lowest in the UK. Workers in food and wholesale, and retail, faced amongst the highest in-work poverty rates by industry.

**Figure 2: Accommodation and catering, health and retail have higher rates of workers in poverty. Over four in ten workers in poverty work in these sectors.**



Source: JRF analysis of Households Below Average Income and Family Resources Survey

Women are over-represented in sales and customer service occupations, as well as the health and social work sector. They are also more likely to work in accommodation and food services as well as wholesale and retail, which have higher poverty rates<sup>iii</sup>. Single parents, who are more likely to be single mothers, have the highest poverty rate. In addition to the sectoral differences, single parents are also more likely to work part-time, and the poverty rate for part-time workers is higher than for full-time workers.

For ethnic minority groups, there is a distinct inequality in labour market outcomes, but this is partly due to the over-representation in lower-paid and higher in-work poverty sectors such as accommodation and food services. As discussed above, women, single parents, and ethnic minorities are more likely to work in high-poverty sectors and this has not improved over the last few years.

## Underemployment

Our previous work has highlighted that an important factor driving in-work poverty is workers not being able to work as many hours as they would like to – known as underemployment. Pre-coronavirus, underemployment in Scotland was about 10%, and more likely to be a problem in certain geographic areas due to the proportion of jobs in affected sectors. This is a problem, as being restricted in the number of hours a person can work restricts their choices and income.

The other main factor of underemployment is pay. With those working fewer hours being more likely to be on low pay, the problem of underemployment is compounded.

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Underemployment is higher for those working in accommodation and food services, retail and health. These sectors also have lower average hourly wages than other sectors.

From March to June 2020, the median hourly pay for Scotland was £12.74, lower than London (£16.83) but higher than Wales (£11.55). Furthermore, Scotland has some of the lowest median hourly pay rates by industry, such as wholesale and retail (£8.95)<sup>iv</sup>.

### **Childcare**

Childcare should be easily accessible and affordable for all families and enable parents to work. It is simply not right that accessibility and cost of childcare can be a barrier to work for families. While families in Scotland are paying comparatively less for childcare, with lower rising costs, they face a tougher job in accessing childcare that matches their working hours.

According to the Family and Childcare Trust, for a part-time place at a Scottish nursery for children under two, the average cost is £111.26 per week. Although this is the lowest average cost for a part-time nursery place in the United Kingdom, it is still more than many families on a low income can afford.

*“You’re being pressured to or need to get a job to boost your income, but I’ve got a one-year-old and don’t qualify for any funded childcare ... I know for me personally finding and affording childcare at this stage makes it even more difficult to get into work. How am I supposed to change my situation? Where do you make the cuts when you’re already on a low income?”*

*Drew, Fife*

*“There’s a petition at the moment, calling for an extension to maternity leave – those of us who have had babies during this time, we’re feeling pressured to go back to work but our babies aren’t ready – they haven’t been socialised, or seen anyone. We can’t just drop them into childcare.”*

*Alex, remote and rural Scotland*

Less than 30% of local authorities have enough childcare for parents working full-time, compared to 56% in England. Scotland has one of the lowest provisions of childcare for full-time working parents, compared to the rest of the UK. Previous JRF research has shown that families on a low income are more likely to work atypical hours, and therefore accessing childcare that fits those hours is important<sup>v</sup>. In Scotland, just over 20% of local authorities do not report any availability of childcare for parents working atypical hours.

Furthermore, less than 15% of local authorities report availability for parents working atypical hours in all local areas. However, this is an improvement from previous years when around 9-10% of local authorities reported availability.

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## The impact of coronavirus

The impact of coronavirus will be heightened for certain groups, like low-paid workers, underemployed workers, and women and ethnic minorities, who were already struggling before coronavirus. Areas with a high number of low-paid at-risk jobs will be heavily impacted by the threat of rising poverty. This is mostly due to the nature of the pandemic and the appropriate response to address the health crisis.

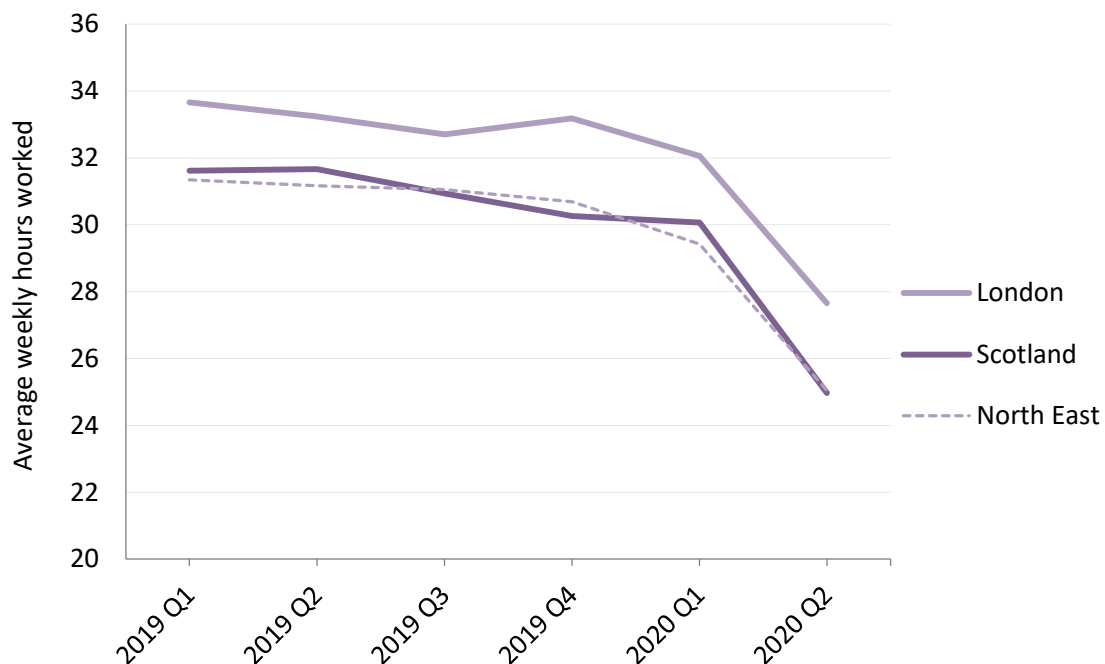
After the Scottish Government announced a lockdown, all non-essential shops and other public spaces were ordered to close. This restriction led to significant falls in economic activity. The UK Government introduced a range of policies, including the Job Retention Scheme (JRS) to support jobs. The Scottish Government supplemented these policies by extending eligibility for the Self Employment Income Support Scheme. The JRS was a welcome protection of jobs in Scotland. However, the impact of coronavirus has not been equal throughout Scotland, with workers in the lowest-paid sectors most likely to be furloughed and made redundant. The storm is impacting everyone, but workers and locations that were already struggling are being even harder hit. Bold and compassionate action will be needed, as well as the collective will to carry this forward.

We are only just beginning to see the full economic effects of coronavirus and it is clear from the initial impact that those effects are not going to be evenly spread. By location, as of August 2020 Moray had the highest rate of furloughed jobs in Scotland at 32%. By sector, 42% of jobs in manufacturing were furloughed, and 77% in accommodation and the food services sector<sup>vi</sup>. Targeted action in areas most affected by the coronavirus pandemic will be needed. It is important to note that nowhere in Scotland has been spared from the economic effects of the crisis. However, areas like Moray, with a greater concentration of jobs in hard-hit sectors, will be affected much more than others.

The pandemic also resulted in a drop in the hours worked in Scotland, and this mirrored a drop in the rest of the UK. A key factor to escaping in-work poverty is the ability to work enough hours at a Living Wage. However, because of the pandemic, Scotland's mean hours worked per week dropped from 32 in the beginning of 2019 to 25 in the period up to June 2020. The average hours worked per week by industry dropped significantly for accommodation and food, from 29 in the beginning of 2019 to 12 in the period up to June 2020. For hard-hit workers in those sectors, at low pay, a loss in hours will make them particularly vulnerable to falling into poverty.



**Figure 3: Average hours worked have fallen by similar amounts across the UK**



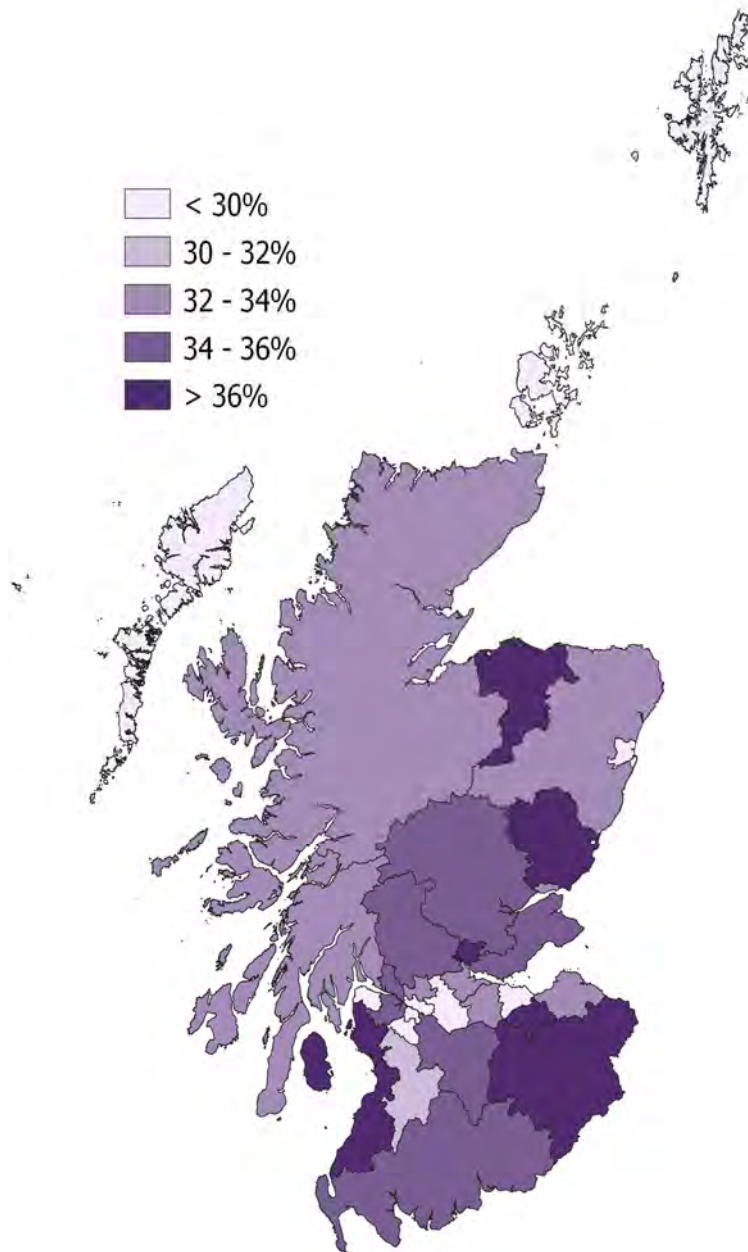
Source: JRF analysis of Labour Force Survey

The average hourly wage in Scotland has increased during the coronavirus pandemic, but only for certain industries. Again, the hardest-hit sectors, like accommodation and food, which are the lowest paid in Scotland with the highest number of furloughs, have also seen a decline in the average hourly wage. Workers on low wages are more likely to lose their jobs in recessions, regardless of the sector they work in. However, this can lead to more job losses in weaker economies where low wages and insecure work are more prevalent. This is most evident when looking at the Universal Claimant data by local authority in Scotland.

When looking at the recovery, the most affected areas will need a range of vacancies for previously employed workers to fill. Local labour markets may reflect a difficult recovery in some areas due to the loss of jobs. Furthermore, some areas will have higher unemployment and thus, without intervention, unemployed workers face stiff competition for jobs during the recovery. For example, North Lanarkshire (39 claimants per vacancy), East Renfrewshire and West Dunbartonshire (both 31 claimants per vacancy)<sup>vii</sup> face high numbers of unemployed claimants per vacancy (July 2020). Claimant-vacancy ratios are particularly high in ex-industrial areas. Glasgow, for example, has lower ratios compared to the surrounding areas. For Scotland, this has improved since May 2020, however unemployed workers will face a competitive jobs market. The types of vacancies point to a challenging jobs future if those low-wage workers in retail and hospitality find they do not have the skills or experience for these new vacancies. Again, targeted support and actions are needed to aid those areas that face a particularly difficult recovery and to stem a possible rise in poverty. Also, it is essential that the new jobs created are good jobs, that keep people out of poverty. This will need targeted Government and employer action to lift the barriers to work, but also to create good jobs with good pay that alleviate in-work poverty.

Looking ahead, it will be essential that these workers face few barriers to returning to work, including the ability to find affordable transport to the available jobs, affordable childcare to support working families, and good jobs that keep people out of poverty. Areas hardest hit by the coronavirus pandemic will need targeted action to aid their recovery and improve labour market outcomes for workers in those areas. Those who were in poverty before coronavirus will need targeted support to weather this continuous storm.

**Figure 4: The proportion of workers in at-risk industries varies across Scotland**



Note: At-risk industries are defined as Accommodation and food, Retail and wholesale, Manufacturing, and Arts and entertainment.

Source: Business Register and Employment Survey (2018), Contains OS data, Crown copyright 2020.

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### **Advisory group priorities: fair work**

Participants talked about the stark inequality in employment circumstances facing many low-income workers during the COVID-19 pandemic. They spoke of people they knew who were left with reduced hours and a pay cut due to services being restricted. While the furlough scheme has protected over 800,000 jobs and incomes for self-employed people in Scotland, it also created significant gaps – failing to reflect the additional hours worked some weeks but not others, or to protect those who were about to take up a new job offer. Some took lower-paid jobs in cleaning but with reduced and atypical hours compared with their previous job.

Women were more likely to work in shut-down sectors like hospitality and non-food retail. Those who have been furloughed have very often been juggling childcare, money worries, and support with schoolwork, while others have had the additional pressure of working from home. Group members spoke of the emotional burden, isolation, intense anxiety, and poor mental health experienced by many.

Participants spoke of a clear social class divide between keyworkers who are unable to work from home – the carers, cleaners, supermarket staff and delivery drivers - and better-paid workers able to work from home with greater flexibility. A survey over this period of around 500 people undertaken by Dundee Fighting for Fairness has also found disabled people reporting the additional barriers of staying in or finding work. If it is hard enough in ‘normal’ times, it is even harder without support.

Participants told us about people’s anxieties of going back to work after a period of shielding or living with a health condition that puts them at higher risk, especially if employer guidance on health and safety is inadequate, or if very little notice to return to work is given.

To advance the Scottish Government’s ‘national mission to create new jobs, good jobs and green jobs’, advisory group members want to see:

- An opportunity guarantee for all ages, spanning education, skills development and fair work with on-the-job training for people who are unemployed or at risk of losing their jobs when the furlough scheme ends, going further than the Youth Guarantee for 16 to 24 year-olds.
- Investment in specialist support to enable lone parents, disabled people, people from Black and minority ethnic communities, and people with few qualifications, to prepare for new jobs.
- Genuine choice over working from home, especially for people with long-term conditions and unpaid carers.
- Progress to expand the offer of free early learning and childcare to 1140 hours per year has been delayed by the effects of COVID-19. But even with this in place, participants pointed to the shortfall in funding through Universal Credit – which covers only 85% of childcare – and the lack of support for parents of the youngest children.
- Traineeships leading to the offer of a secure, good job.

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“It is a problem that people from BME communities generally are facing ... unfortunately discrimination is one of the reasons. People with relevant experience and qualifications find it difficult to secure a well-paid job ... they are either not being kept in the organisation where the internship has been undertaken or being offered a low-paid job. Helping employers to train people and then keep hold of them would be helpful ... developing a more diverse workforce where people's competences are valued. Although it is an offence, discrimination in the workplace is still happening - not only in BME communities but in disadvantaged communities in general. One solution would be to raise awareness on workplace discrimination and ensure training on the issue is taken up by every organisation in Scotland.”

Taylor, Glasgow

As Scotland gears up again to increase the funded hours available in early learning and childcare, we must look to ensure that access for low-income parents is being supported in practice, as well as in principle. Several of our Advisory Group members felt under pressure to return to work but were unable to access appropriate childcare because their youngest child was under two or provision was simply not available to match early and late working hours in the job available - circumstances made all the more difficult by COVID-19 closures.

## Social security and poverty in Scotland

Social security is something we should all be able to rely on when needed, designed to offer a lifeline to prevent people from experiencing poverty, and to level-out some of the financial disadvantages that certain life circumstances may present. The Scotland Act 2016 devolved new powers to the Scottish Government, including enhanced control of a range of social security payments, the ability to create new benefits and top-up reserved benefits. As a result, some changes have already been implemented, with more in the pipeline. The weaknesses of the UK social security system were well known long before the coronavirus outbreak, particularly the shortcomings of Universal Credit. For many, the social security system is not working.

“It’s the fear – and the impact that has on your mental health. Having to fight for everything (even though you’re entitled) and then challenging decisions is really scary because you don’t want to upset the apple-cart.”

Chris, Glasgow

### Social security and poverty before coronavirus

It is anticipated that existing and proposed changes to benefits within Scotland will go some way to alleviate the current poverty issues. In the lead-up to the coronavirus outbreak, just under half of those in poverty in Scotland lived in families<sup>vi</sup> in receipt of income-related benefits. Whilst the poverty rate amongst those in receipt of income-related benefits has fallen since its peak five years ago, it still remained high at around

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four in ten, some 26 percentage points higher than those who are not in receipt. This gap has persisted over recent years.

Amongst families with children, the situation is even more stark. Children who live in families in receipt of income-related benefits are over three times more likely to live in poverty than those whose families are not in receipt, and the introduction of the new Scottish Child Payment to low-income families – starting with children aged under six - seeks to address this as part of the Scottish Government’s Tackling Child Poverty delivery plan.

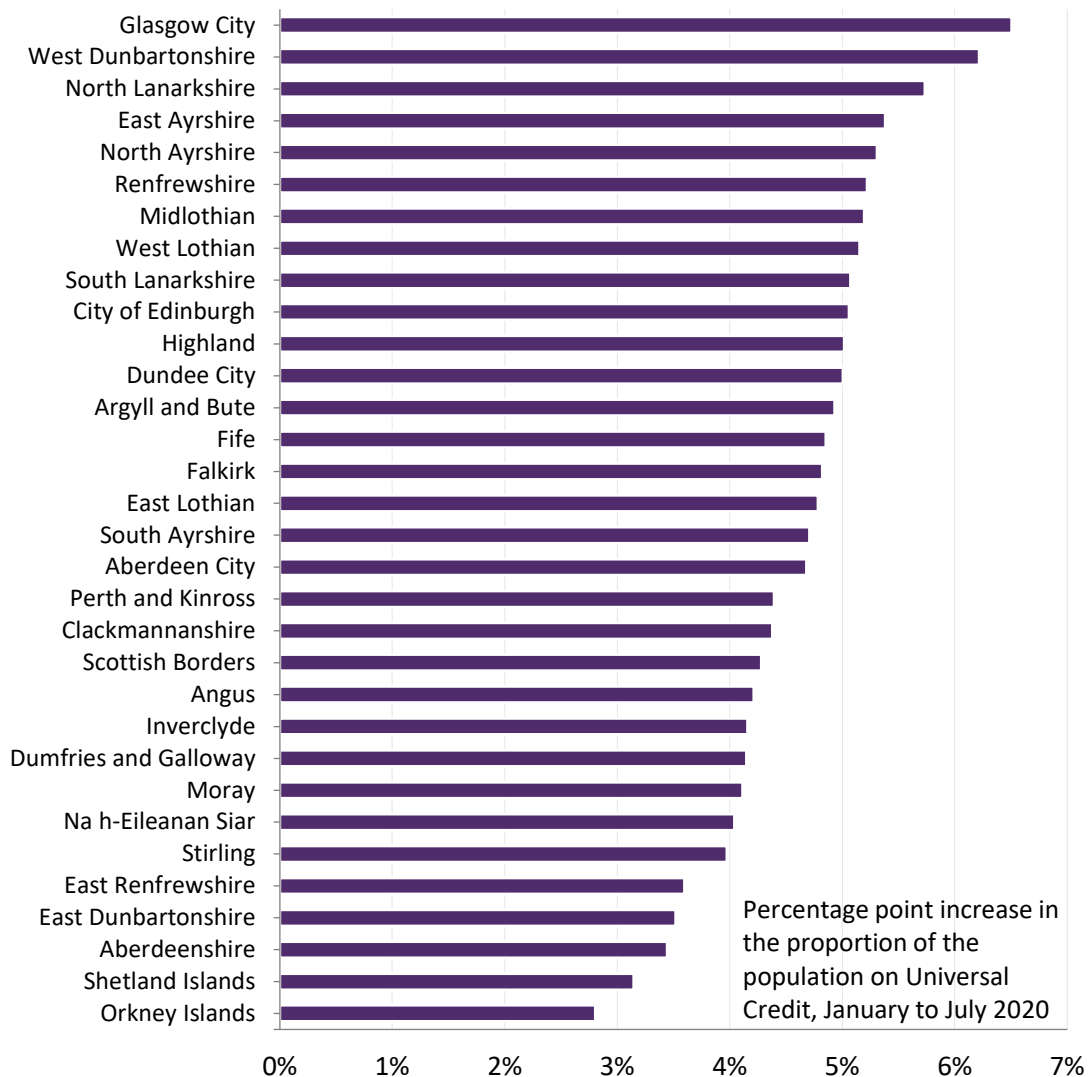
Poverty amongst disabled people has also proved problematic in recent years. The disability rate is higher in Scotland than the rest of the UK, with 23% of people reporting having a disability or long-term illness in 2016-19, compared to the overall UK figure over the same period of 21%. Whilst the poverty rate for those with a disability at 31% in Scotland is slightly lower than the overall UK rate of 32%, there has been no progress on reducing this in recent years.

### **The impact of coronavirus**

As coronavirus took hold, the number of Universal Credit claims in Scotland increased significantly along with the rest of the UK. Finding yourself out of work and needing to make a claim for support for the first time can be a confusing experience. By May 2020, there was a 65% increase in the number of households in receipt of Universal Credit (UC) compared to the start of the year, some eight percentage points lower than the UK overall increase of 73%. Of note are single adults with no children and couples with children who have seen a three-fold increase and a doubling in the number of claims since the start of the year, respectively. By August 2020, the number of individuals in receipt of UC in Scotland had nearly doubled compared to January, reaching over 470,000 claimants.

Normally during a recession, areas that have more low-quality and precarious jobs (and hence higher levels of social security claims) tend to take a greater hit. This has been reflected during the outbreak, with bigger increases to UC claims often seen in local authorities that already had high proportions of their population claiming Universal Credit. Alongside this there have also been some notable increases in Universal Credit claims in areas where furlough take-up has been high.

**Figure 5: Increases in the proportion of the population on UC vary by Local Authority**



Source: Department of Work and Pensions

As the economic effects of coronavirus started to be felt, the proportion of UC claimants who are in employment increased to 34%, as those who had seen their hours and earnings fall through either furlough or a reduction in hours needed financial support to weather the storm. Further to this, the demographics of those claiming has also changed. By July 2020, men constituted over half of all claimants, whereas up until April 2020, women formed the majority. Younger claimants aged under 30 show the largest increase in the number of claims since the start of the year, almost doubling and now representing just under a third of all claimants. This reflects younger workers being more likely to have been employed in sectors shut down by the outbreak or on zero-hour contracts.

Increases in Universal Credit and Working Tax Credit as a result of the COVID emergency have stopped family incomes from falling further. However, these temporary measures by the UK Government are due to end in April 2021. JRF modelling estimates that 1.2 million people of all ages in Scotland will benefit if these increases are instead continued. A further 100,000 people would gain if the same increase were extended to legacy benefits (Jobseekers Allowance, Employment Support Allowance and Income Support). In combination with the first phase of the

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Scottish Child Payment in 2021-22, we estimate 25,000 fewer children would be in poverty. It is essential that the UK Government keeps this lifeline and extends it further.

Through devolved powers, the Scottish Government has been able to offer some financial support to those in need during the pandemic. A further 53,000 children became eligible for free school meals (FSM) during the pandemic<sup>iv</sup>. In response, an additional £12.6 million was made available to provide support during the school summer holidays, with a growing number of councils switching to cash payments in place of vouchers.

The Scottish Welfare Fund had a 40% increase in the number of Crisis Grant applications and a 43% increase in Crisis Grant expenditure in June 2020 compared to the same point last year. In a similar vein, the committed expenditure for Discretionary Housing Payments increased by 13% over the same time frame. What is unknown is the degree to which these local payments are meeting the needs of households under financial pressure. This needs to be evaluated in order to determine what more needs to be done to boost take-up and levels of support.

The Scottish Government has further powers to make decisions about social security. While the introduction of the new Scottish Child Payment has been delayed only slightly to February 2021, children returned to school in August. This has left a six-month gap where families under growing financial pressure have no additional support. Case transfer for existing disability and carer benefits and claims for replacement Scottish payments will begin in 2021-22. There has been a welcome focus so far on designing a system of applications, assessments and appeals rooted in principles of dignity, respect and advancing human rights as embedded in the Social Security (Scotland) Act 2018. In addition, there is a duty on Scottish Ministers to boost take-up levels and to ensure social security contributes to poverty reduction. However, in order to prioritise the start of the Scottish Child Payment, the trade-off is the delayed introduction of new disability and carer benefits, leaving those who would be eligible continuing to face the same risks of poverty.

### **Advisory group priorities: social security**

#### **Accessing advice and support services to stabilise family finances**

Our advisory group met when funding cuts to Glasgow's welfare rights and money advice services were proposed. The conversation focused on the need to invest in independent advice and support services as essential infrastructure. Rather than people having to access separate services for each financial need, often at times of crisis, participants want to see advice and support integrated into services and community spaces where people usually go. We discussed successful examples of advice-staff being embedded within GP surgeries and schools, offering a confidential service to people who might not otherwise know about it. Other potential hubs include libraries, supermarkets, housing offices and job centres, although protecting anonymity in rural communities is an important design principle. Another is to offer the service outside typical working hours. The emphasis on wraparound support in addition to income maximisation and debt reduction is deliberate:

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“Addressing poverty requires a holistic approach - the advice needs to be accompanied by support to make it successful. For example, we had families who engaged with advice from [our local advice service] but they then needed the support of Fife Gingerbread to follow-up on actions such as getting a bank account opened or presenting birth certificates. Without this, the advice may not be actioned to improve families’ financial stability.”

Laura, Fife Gingerbread

### **Navigating complex systems**

How secure is the lifeline offered by social security for people at risk of poverty or being pulled deeper into poverty? A consistent theme for our advisory group was the difficulty many people face in finding out what support they may be entitled to and in navigating multiple systems to secure it via DWP, HMRC, Social Security Scotland and local government.

Finding yourself out of work and needing to make a claim for support for the first time can be a confusing experience. While Universal Credit has coped well with the surge in new claims in recent months, and conditionality has been paused during lockdown when job vacancies plummeted, advisory group members told us that neighbours and other people they were aware of only heard about local sources of support like Discretionary Housing Payments and the Scottish Welfare Fund via word of mouth rather than from their work coach. Our research [on Universal Credit in Glasgow](#) found the same pattern before the COVID-19 pandemic. Grassroots organisations and volunteers in Dundee, Edinburgh and beyond included information sheets with freephone numbers in emergency food parcels. One consequence of not claiming a Discretionary Housing Payment to offset the bedroom tax or reduce a rent shortfall if incomes drop is the risk of rent arrears.

Having applied, eligibility decisions were not always clear or understood. One group participant told us that her application to the Scottish Welfare Fund was rejected despite fleeing domestic abuse. We are aware of emergency support from charities, including Aberlour’s Urgent Assistance Fund, stepping in to fill some of these gaps when participants expected a consistent type of dignified support to be available throughout Scotland in such circumstances.

At the same time, the DWP’s Great Britain-wide disability benefits system was identified as a particular source of anxiety. Participants told us of people they were supporting who were reluctant to apply because the application process for Personal Independence Payment (PIP) meant stressful medical assessments, the fear of not being believed, future reviews for conditions that would not improve, and the fear of other benefits being disrupted.



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“For conditions where there’s no likelihood of improvement ... what purpose does the review serve? She was taken through an assessment and judged to have ‘improved’. She has spina bifida. It was heart wrenching watching her ... lose some of her income to support her mobility. She felt the goalposts had been moved.”

Drew, Fife

The recent Programme for Government announcement that the Scottish Government and COSLA will work to extend the automation of local payments, extend the social security legislative principles into these local benefits and payments systems, and develop an online benefits checker, is a promising step towards a system that reduces the barrier to income security. Advisory group participants want to see much clearer integration between local, Scottish and DWP benefit systems with holistic forms of advice and support for people whichever system they approach first.

The advisory group also discussed the longer-term challenge of people being able to achieve an adequate income, rather than struggling to keep their heads just above water. Participants are attracted to the idea of a Minimum Income Guarantee for families regardless of age, building on the progress that has been achieved for pensioners in the last 25 years. This is an alternative to a Universal Basic Income in that a core payment would not be made to everyone. Instead, this would set a floor below which no one could fall – a promise of security which we make to each other as a society and which we call upon at times in life when incomes are low or we face the extra costs of disability, illness and caring. While this idea is only in the early stages, it is one that should be tested further. Since policy over the major drivers of income – setting the minimum wage, personal tax allowance, income-related benefits and pensions – is set at Westminster, this is an idea that could be pursued across the UK. Advisory Group members thought that steps in this direction could be taken in Scotland through:

- automation of local payments,
- sustained investment in the infrastructure to boost benefit take-up with wraparound advice,
- annual uprating of all Social Security Scotland and local payments,
- a proactive approach to building-in child maintenance support,
- working with DWP in Scotland to drive down the use of benefit sanctions and switch to work coaching that builds skills, helps people to achieve manageable goals over time, and aims to find a good match in terms of job role and earnings to prevent in-work poverty.

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## Housing and poverty in Scotland

### Housing and poverty before coronavirus

As we set out in last year's Poverty in Scotland report, Scotland has experienced lower poverty rates relative to England and Wales, which correlate strongly with lower average housing costs over the last decade, and a smaller share of low-income households in the private rented sector where average rents are higher.

Lower social rents than in England and Wales and a bigger social housing sector - boosted by a commitment of £3 billion of public investment to build 50,000 affordable homes including 35,000 new social homes over the current Parliamentary term - have been key to ensuring that poverty rates after housing costs, especially for children, are lower. However, we warned in 2019 that these relative advantages were under threat: firstly, from rapidly rising social rents and secondly, from the financial pressure on the sector (for example, subsidy levels for new housing, rising costs of construction and land, and the need to fund achieving higher energy efficiency standards across the existing stock of social housing).

*“When I moved in, there was no floor coverings, urine on the walls and faeces in the bathroom. I was told it was ‘within the guidelines’. I had to spend £80 on cleaning products and do it myself. I was 20 years old, with a one-year-old baby in tow and I had to lay carpets myself, with a bread knife.”*

*Alex, remote rural Scotland*

We concluded that if Scotland is to achieve its child poverty reduction targets, housing would need to make a significant contribution by keeping rents manageable, boosting the supply of social housing, and improving access to high-quality social housing for more of Scotland's low-income families with children.

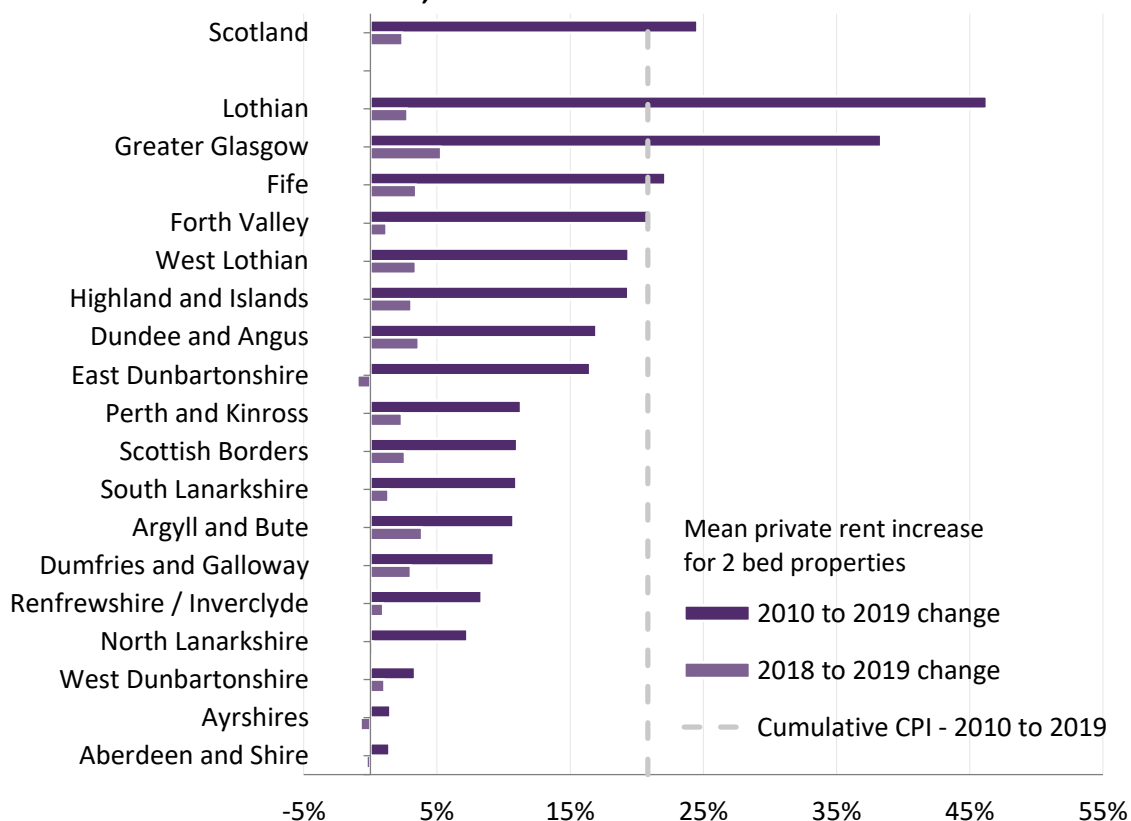
Since then, updated research on Scotland's levels of housing need has concluded that affordability challenges are likely to continue: the proportion of new households projected to require 'below market rent' housing has significantly increased (62%, up from 46% in 2015).<sup>viii</sup> The authors calculated that a further 10,600 affordable homes would be required every year from 2021-26 (53,000 in total), and that comparable levels of public investment in the next parliament (£3.4 billion) would be needed.

Alongside that, the latest homelessness statistics published in August highlighted there were 31,333 households assessed as homeless in 2019/20 – an increase of 4% on the previous year, with 11,665 households in temporary accommodation on 31 March 2020, an increase of 6%. This includes 7,280 children, 7% more than the previous year. While the trend has largely been stable over the last five years or so, it is highly concerning that despite policy commitments and dedicated resources from the Scottish Government to eradicate homelessness, we entered the pandemic with significant numbers of households in temporary or unsuitable accommodation, including a growing number of families with children.

Prior to the crisis, poverty rates in the private rented sector (PRS) had fallen from a high of 36% in 2011-14 to 33% in 2016-19. Over the past five years, Scottish private renters saw a modest 5% real-terms growth in earnings (amongst those households with an employment income) but were better protected from losses in benefit income than elsewhere in the UK. On average, rent increases have been marginally higher than inflation over the past decade, with slow growth in the past five years resulting in a real-terms fall in housing costs of around 2%. As a result, 50,000 fewer people in private renting households were in poverty by 2016-19 compared to five years previously. However, the proportion of income spent on rent in the private sector has begun to inch up in recent years from 28% in 2014-17 to 29% in 2016-19. While there is no agreed definition of affordability, JRF believe that where lower-income households are spending in excess of 30% of their incomes on rent, they are in danger of having to cut back on essentials.

National figures for rent increases obscure significant local variations with above inflation increases in key high-pressure, high-cost areas in the Lothians, parts of Greater Glasgow, Fife and Forth Valley, and in family-sized accommodation of three or more bedrooms. Sluggish wage growth over the same period contributed to an increasing affordability challenge, and no local authority area has yet applied to create a Rent Pressure Zone, to curtail rent increases in those hot spots.

**Figure 6: Average private rents for two-bedroom properties have risen above inflation in Scotland since 2010, but there are variations across Scotland**



Source: Private Sector rent Statistics, Scotland 2019

In contrast poverty rates in the social rented sector (SRS) increased from 35% in 2012-15 to 40% in 2016-19, with much of this down to rapidly rising rents. On average

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Scottish social renters saw their housing costs rise by 9% over this period. The impact of policies such as the benefit freeze, benefit cap and two-child limit, combined with increasing housing costs resulted in an additional 40,000 social renters in poverty by 2016-19 than there were five years previously.

While poverty rates in the SRS and PRS in Scotland are high, they still tend to be lower than anywhere else in the UK – with the exception of Northern Ireland. In addition, Scotland has a much smaller proportion of the population living in the PRS (14%) compared to England, and a larger proportion of the population in social housing (24%). This also tends to lower poverty rates in the SRS in Scotland, as greater availability of social housing means poorer renters are often able to access social rented homes where they would otherwise need to rely on expensive private rented accommodation (as is the case in many parts of England).

### **The impact of coronavirus**

Our homes remain critical to both the public health response to coronavirus and our experiences of the pandemic. In our Scotland briefing<sup>ix</sup> in July, we welcomed the steps taken by the Scottish Government and housing providers to accommodate people experiencing homelessness swiftly and in a dignified way, to ensure there was no return to the numbers of people sleeping rough prior to the health crisis, and to start to implement the new Homelessness and Rough Sleeping Action Group recommendations. We emphasised the need for a strong, preventative approach and acknowledged that supporting people to move on into settled accommodation with the right support was going to be challenging given the supply pressures both for those newly accommodated, and those who were already in temporary accommodation.

COVID-19 brought social housing construction to a halt, leading the Scottish Government to confirm that despite having previously been on track, we would not now be able to achieve our 50,000 affordable homes target (including 35,000 social homes) by May 2021<sup>x</sup>.

In addition, pressure on local housing and homelessness services continues to mount. In August 2020, according to the latest survey of landlords from the Housing Regulator, just under 3,000 people presented as homeless and over 14,383 households were living in temporary accommodation (Scottish Housing Regulator, September 2020)<sup>xi</sup>.

Local authorities anticipate an increase of homelessness applications over the coming months, and many in the housing sector resilience groups argue that allocations should continue to prioritise homeless households. The constraints on supply mean that it is imperative that we avoid adding further demand into local housing and homelessness services. This means finding ways to keep tenants who are experiencing financial difficulty in their home. It will also present real challenges to opening-up access to lower-cost housing quickly for families with children currently living in unaffordable accommodation.

However, in August 2020, social landlords issued 647 notices of proceedings for rent arrears and recovered 30 properties – lower than average in normal times, perhaps,

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but still a sharp increase and deeply concerning in the context of an on-going pandemic and local lockdowns<sup>xii</sup>.

“There are policies and practices – and they just don’t join up. I’ve been helping a woman who just couldn’t manage the responsibilities of her tenancy, so she built up arrears, at a cost to the Council. They then took eviction action against her, at a cost to her – she had to put her stuff in storage – and to the Council. They then put her out her home, adding trauma to an already difficult set of circumstances, and had to accommodate her in temporary accommodation at huge cost to the Council, and in a place she doesn’t like and doesn’t feel safe, so she’ll be at risk of losing this, too. Not one part of that makes any sense [as a response to her needs, or the rent arrears].”

Sam, North Ayrshire

Housing in Scotland is very likely to have served as a protective factor for many going into the coronavirus crisis compared to other UK nations. As many households lost income, lower housing costs in Scotland meant that the shortfall between incomes and expenditure was less severe than in England, Wales and Northern Ireland. As of June 2020, around 5% of all households in Scotland were behind on their housing costs, compared to 5% in Northern Ireland, 6% in England (excluding London), 8% in Wales and 8% in London.

Cheaper average rents in the SRS, which our 2019 analysis showed have consistently been more than 20% lower than in England over the last decade, will have helped many families to stay afloat during the crisis. But many Scottish social renters will have struggled as a result of income shocks. Polling by YouGov for JRF in June showed that 32% of social renting households had fallen into rent arrears on at least one bill, with the most common being council tax (15%), followed by rent (12%).

Data from the Scottish Housing Regulator showed that by August 2020, total arrears in the SRS increased to over £165 million, averaging 6.37% compared to £137.3 million for the full year to March 2019 and an average of 5.72%. Almost half (48%) of tenants in the SRS who had seen their incomes drop during the crisis said they worried about being able to pay their rent. Much of this is down to the precarious financial position social renters were in pre-crisis. In 2018-19, two thirds (67%) of all social renting households in Scotland were in the poorest two income quintiles. For many of these families, a small income shock was enough to financially pull them under.

“The general skintness has been hard and been exacerbated by changes to how we shop – we are having to get more things from the corner shop, which is more expensive than the supermarkets. And because we’re both home all the time, we’re spending more money on food and fuel.”

Respondent to survey, Dundee Fighting for Fairness

While some social renters have evidently struggled during the crisis, the economic impacts of coronavirus seem to have hit private renters in Scotland especially hard. JRF’s June polling showed that almost half (45%) of private renting households had

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seen their incomes drop since March – a significantly higher proportion than those who owned with a mortgage (36%) or rented through a local authority or housing association (27%). While only 3% private renters had fallen behind on their rents, a quarter of private renting households had fallen behind on at least one bill (most commonly gas and electric – 9% of households).

Private rents in Scotland are often more affordable than in other parts of the UK, but there is still a great deal of variability around the country. A median two-bedroom property in Lothian costs almost double to rent (£800 per month) than the cheapest area in Scotland – Ayrshire (£450 per month). Rents in Lothian also tend to outstrip earnings, particularly for those on low earnings. For a resident in City of Edinburgh, an employee earning a wage on the lowest quarter of full-time earnings would pay around 42% of their salary on rent for a two-bed property that is in the lowest quarter of market rents. In South Ayrshire, an equivalent employee would pay 22% of their monthly earnings on an equivalent two-bed property. Lack of affordability severely impacts the ability of renters to cope with income shocks, particularly where rents are beginning to outstrip earnings.

To help fill the gap between lost earnings and rental costs, the UK Government increased the local housing allowance to the 30<sup>th</sup> percentile of rents in an area, and the Scottish Government increased the funds available through Discretionary Housing Payments. For a household claiming the maximum amount of housing support from the benefits system in a two-bedroom property in Lothian, this uplift could have meant up to a £36 per week increase in housing benefit income. This change will have provided a much-needed boost for previous housing benefit or Universal Credit claimants, while also providing a lifeline for those families pulled into financial strain by the crisis. The latest data on Universal Credit and Housing Benefit shows that 47,000 more households were claiming support with housing costs in Scotland in May 2020 than in Feb 2020 (an increase of 10%), with the biggest increases occurring in City of Edinburgh (17%), Aberdeen City (16%) and Highlands (15%).

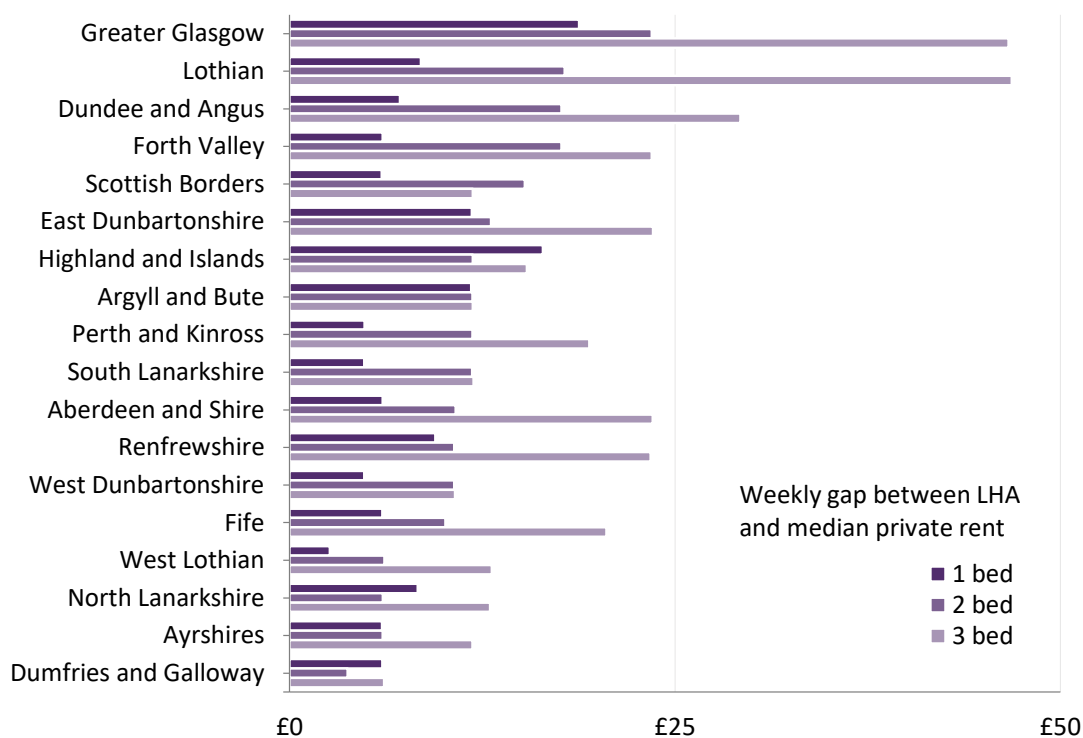
Yet this uplift still leaves large gaps between rent and income for any family renting a property above the 30<sup>th</sup> percentile of rents and facing financial hardship. A family that pre-crisis was able to afford the cost of a median-rent two-bed property in Lothian but has since fallen into financial hardship and now relies on Universal Credit to make ends meet will face a shortfall of £18 per week between their housing benefit and rental costs. For a family in a median three-bed property, this increases to £47 per week. This is money that the family must find from elsewhere, or face falling into arrears at a time when moving home has not been a safe or viable option.

For many of these households, plugging this gap with savings may not be possible in the short-term. In Scotland in 2019, 31% of renters had no savings, while 21% had less than £1000. When savings run dry for renters in Scotland, they may either be forced into debt or arrears. Results from polling in June by YouGov showed that 9% of all those privately renting had borrowed money from a bank or family/friends.

While the proportion of renters borrowing remains low, this may pick up as pressure on finances grows, and increases in borrowing among renters may suggest problems down the line. As the furlough scheme ends, those who cannot go back into a job may

need to fall back on borrowing to plug the gap left by the social security system. For those who are already struggling to make ends meet, the reliance on borrowing may push them into long-term debt problems that they will find difficult to escape, while those unable to find enough money to cover their rent may face eviction in the future.

**Figure 7: The gap between Local Housing Allowance (LHA) and median rents exists across Scotland**



Source: JRF analysis of Scottish LHA rates and Private Sector rent Statistics, Scotland 2019.

To fill the gaps in benefits, local authorities in Scotland can use Discretionary Housing Payments (DHPs) and the Scottish Welfare Fund (SWF). As already mentioned, DHP and SWF claims increased significantly during the crisis, with DHPs used principally to mitigate the removal of the spare room subsidy (the bedroom tax), and lessen the impact of the benefit cap and local housing allowance shortfalls.

Meanwhile, to mitigate the risks of eviction that may follow any escalation of rent arrears, the Scottish Government has extended the emergency protections for renters until March 2021 (at the time of writing, subject to Parliamentary approval). Longer notice periods of up to six months (except for those being asked to leave on anti-social behaviour grounds), new regulations requiring landlords to offer support to tenants prior to seeking possession on grounds of rent arrears, and discretionary powers for Tribunals to refuse to grant eviction orders where it would not be 'reasonable' to do so, could provide security and breathing space for tens of thousands of renters who are struggling to pay their housing costs now and over the coming months. It will also give those who have lost income earnings time to find other work where possible, and to start to get their financial situation under control before those security measures are removed. However, to date, we have not yet seen the First Tier Tribunal for Scotland (Housing and Property Chamber) - established to deal with many housing

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cases that would previously have gone through the courts - use the discretionary powers it was given through emergency legislation; eviction orders on arrears and other grounds continue to be granted despite the pandemic.

There is currently limited evidence on the level and severity of private sector rent arrears and repossession proceedings. The second Scottish Government report to Parliament (about the use and impact of emergency powers) refers to one source, PayProp data, which suggest that the percentage of tenants in arrears, based on the sample of tenants paying rent across the January to May 2020 period, has increased from 8% in January up to 13% in April, and then 14% in May.

### **Coronavirus response**

Much of the Scottish Government support announced since the start of the crisis has justifiably been directed towards supporting jobs and businesses weather the immediate economic crisis. This has included supporting housebuilders and RSLs with sizeable loan funds, decreased regulatory burdens, and extra grant funding to support preventative work.

In September's Programme for Government 2020-21, and in response to calls to offer more support directly to struggling renters, the Scottish Government announced a further boost to Discretionary Housing Payments (bringing the extra funding up to £8 million) and their intention to establish a Tenants Hardship Loan Fund worth £10 million.

The new fund is anticipated to be open from November and to support those who are not eligible for other support such as Discretionary Housing Payments (DHPs) and Scottish Welfare Fund (SWF) because, for example, they are not eligible for Universal Credit (UC). While funding to support tenants directly is welcome, there is a risk that loan finance could add unreasonable debt burdens to low-income households unless very carefully targeted and supported with independent financial advice and planning support. We will be assessing in consultation with tenants over the coming months, the extent to which this mix of grants and loans is meeting their needs.

However, take-up of funds like the DHP and SWF is not always consistently high and current budget expenditure does not seem to reflect the extra demand we would have anticipated by this time, although there may be a lag as households find out about what's available and use up savings or borrow.

*“There's still a level of skill required to unearth the right information, find out what help is available – and the onus is on the applicant to do all the running. It should actually be the job of DWP, councils and others like housing associations to inform people.”*

*Sam, North Ayrshire*



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“Information [on Discretionary Housing Payments and the Scottish Welfare Fund] can be really well hidden on a council’s website – you’d have to know what you are looking for to find it and try to claim it. It’s almost as if they are reluctant to give it to you.”

Drew, Fife

In addition, while the extension of many of the emergency protections will be a welcome intervention for private renters, it does not solve some of the longer-term issues many are likely to face. Those who have experienced a drop in pay, are already out of work or who face redundancy when furlough ends may be given some extra time to put right their finances before issues such as arrears spiral. But, given the current economic situation and lack of job vacancies explored earlier, going back into work quickly may not be possible for everyone who has lost income as a result of this crisis. It is likely that dwindling savings, increasing debt and the threat of eviction will still pose problems for renters by March 2021 and this threatens to pull many more households into poverty. Both Governments must be prepared to step in if tenants and low-income householders are independently assessed as being unable to pay arrears or face a long-term struggle to meet their costs.

### **Advisory group priorities: housing**

#### **Support to create homes, not tenancies**

The advisory group discussion on housing focused in on their experiences of moving into an unfurnished tenancy or supporting others to do so. One participant was offered a social rented house without any floor covering, white goods or furniture. She was offered only a ‘paint pack’ to make the property a home. With a crawling baby, she felt pressed into taking a Universal Credit advance in order to furnish it before moving in but is now having £70 per month deducted. She may have been eligible for assistance from the Scottish Welfare Fund but was not informed of this possibility. Instead, she borrowed money from friends and family to lay carpets.

Echoing what we have heard from our grassroots partners in Edinburgh, moving house just before lockdown meant being unable to switch from the previous internet provider and key-card meter company, and being locked into more expensive bills. Participants want to see all social landlords committing to a ‘prevention duty’, which is broadly defined, including offering move-in ready homes with active support to reduce the costs facing new tenants. Glasgow Housing Association’s Think Yes approach was identified as one way to shift to a more helpful organisational culture, breaking out of the bureaucratic procedures that get in the way of treating people with dignity:

“We need to put housing and humanity together – bringing kindness where it is lacking in the housing sector.”

Taylor, Glasgow

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## Rurality, debts and digital inclusion

Advisory group members raised the variations in costs as a factor in poverty in different parts of Scotland. High average wages in Shetland, for example, are undone by the very high cost of heating and travel. One participant pays £200 each month for energy. In common with JRF's findings on a Minimum Income Standard for the UK, participants stressed how essential digital inclusion now is, describing it as a 'basic necessity of life' and proposing a right to digital inclusion be enshrined in law:

"I don't have the internet to know which numbers to call (for help with fuel costs), so this is all very stressful for me."

Survey respondent, Dundee Fighting for Fairness

A number of participants have helped neighbours and clients to get on-line and connect to family, friends and school. As well as ensuring all households are connected to high-speed broadband with suitable equipment, the ongoing cost of being connected needs to be addressed:

"I'd happily spend an extra £5 a month if everyone could easily access high quality Wi-Fi. If you can't afford it, you're stuffed."

Alex, remote and rural Scotland

Families with existing debt may have just about managed before the pandemic, but unexpected reductions in income and increased costs have tipped some into an unmanageable position:

"Where do you make the cuts when you're already on a really low income? Food parcels have been a really welcome addition to the budget along with tips and help to make budgets stretch further but you can be set up to fail. It is too easy to get into a downward spiral of expensive borrowing because you've no alternatives. With a one-year-old and no childcare, how do you change your situation?"

Drew, Fife

Falling behind with energy bills is one feature of financial strain seen in the YouGov Scottish survey commissioned by JRF in the summer. But for households with pre-payment meters, that coping mechanism is not available – when you run out, you go without. Low-income households may be stuck with expensive tariffs and unable to switch to a cheaper provider.

Driving down the cost of essentials has a similar effect to raising incomes: families are left with more money in their pockets. Rather than being left to navigate a complex marketplace to try to make savings on each bill, housing providers could 'bundle' packages for tenants to offer low-cost energy, home insurance, Wi-Fi, furniture and

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white goods. One example is Citrus Energy, the energy advice arm of Cunninghame Housing Association in Ayrshire. Another is a not-for-profit affordable credit provider Fair for You which ships furniture and white goods to households throughout the UK without the delivery charge of around £150 for Shetland residents.

## Conclusion – getting back on course

This report has shown that even before coronavirus, around a million people in Scotland were in poverty, living precarious and insecure lives. In many instances, coronavirus will have swept them deeper into poverty, as well as dragging others under, many of whom will have not experienced this situation before. Both the Scottish and UK Governments have responded with some bold and compassionate actions, but too many of these are temporary.

To get back on course with reducing child poverty in the next three years, both Governments will have to increase their level of ambition and bring forward solutions to match the scale of the task. Even bolder action is needed on work where a staggering 150,000 children are in families experiencing in-work poverty, and on housing, to close the gap between Before Housing Costs and After Housing Costs which currently results in an extra 30,000 children in Scotland being in poverty only due to housing costs. The income lifeline offered by UK and Scottish social security will need to be strengthened. While governments must lead, they alone cannot get us back on course. Further commitment from employers, housing providers and service providers in the public and third sectors to prevent and reduce poverty will be needed.

To ensure **work offers a more secure route out of poverty**, the Scottish Government must go further. The recent Programme for Government<sup>xiii</sup> goes some distance in responding to the need for a jobs lifeline we identified in the summer for example through a Youth Guarantee with additional funding for Modern Apprenticeships; a doubling of the Flexible Workforce Development Fund; an ambitious Green Jobs Fund; and the opening of a planned Job Start Grant for young people returning to work. We welcome the announcement of a National Training Transition Fund for up to 10,000 people made redundant or at risk of losing their job in the sectors and regions most exposed, but this already looks inadequate to meet the likely surge in unemployment. Given the limits to the UK Job Support Scheme, it is even more important that the Scottish Government invests enough in this new Fund and works closely with employers to help at-risk workers find good jobs.

A just approach to economic recovery must pay attention to those population groups facing the highest risks of poverty. We also welcome growing investment in the Parental Employment Support Fund (PESF) which has started to provide intensive person-centred employability support for low-income parents in and out of work with a clear focus on equalities. However, this specialist support remains too small relative to other commitments if we are to drive up the contribution of good jobs to reducing child poverty. The PESF, including support for disabled parents, should continue to rise and the programme be extended until the end of the next parliamentary term in 2026. Eligibility for the Job Start Grant should be extended to these families. This would be a

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timely investment in being able to take and keep a job at a vulnerable time, with additional costs long before the first pay day.

To ensure **more people in Scotland have secure, affordable homes as a contribution to solving poverty**, the Scottish Government should fully commit to a new Affordable Housing Supply Programme which guarantees sufficient investment to address the most recent evidence of housing need, with 53,000 high-quality, adaptable and affordable homes including 70% for social rent from 2021-26.

We welcome the clear signal the Scottish Government gave at the end of September about the vital role social housing investment can make to Scotland's future recovery and renewal, with the inclusion of an indicative £2.4 billion of grant funding for social housing in the Draft Infrastructure Investment Plan<sup>xiv</sup>.

Ahead of looking at the detail of what's proposed, we support this early indication to enable the housing sector to plan, but would urge the Scottish Government to be bolder and take full advantage of the potential that new housing and an ambitious retro-fitting programme will bring as a significant economic stimulus, building confidence in the construction sector and its supply chains, and ensuring that housing plays its full part in accelerating Scotland's recovery.

The Scottish Government should work with all stakeholders to explore the potential for some measures to be made permanent (for example, longer notice periods and tribunal discretion). No evictions into homelessness should be possible from any sector - sustained work is needed to prevent homelessness, with clearer duties and guidance on all landlords to do so, in concert with relevant local health and social care, and independent advice, benefit and debt support. New approaches to support those at most risk of losing their tenancy may be required, using all relevant powers (for example, paying rent directly to landlords from wages and/or benefits if needed).

A just approach to the treatment of rent arrears is needed and we are not persuaded that the measures currently in place – DHPs, voluntary pre-requirement protocols and mediation, and tenant loans, will be sufficient. A rapid review of the adequacy and take-up of support for low-income homeowners jointly with the UK Government is also required.

Working to establish a new agreed definition of housing affordability set at no more than 30% of income, and extending the use of the Minimum Income Standard (currently in use in fuel poverty) into all public investment for housing, will be a further area for JRF focus over the coming year.

The Scottish Government should commit to an evaluation of the impact of all their housing investment over the course of this parliamentary term, and specifically its contribution to reducing child poverty.

Finally, we must continue to evaluate whether the scale, impact and geographic distribution of grant subsidies, alongside the role of planning, tax and land reform, is taking us closer to the core ambitions of Housing 2040 (homes not wealth). This should be done with the clear purpose of improving affordability and driving equality of

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access for low-income households, addressing the particular needs of groups at high risk of poverty including lone parents, disabled people, BME and gypsy traveller communities.

To ensure we build **a social security system that prevents and reduces poverty**, the UK Government must keep the income lifeline offered to recipients of Universal Credit and Working Tax Credit beyond April 2021 **and** extend it to those receiving other legacy benefits (Jobseekers Allowance, Employment Support Allowance and Income Support). We estimate that 1.3 million people of all ages in Scotland will benefit if this happens. In combination with the first phase of the Scottish Child Payment in 2021-22, 25,000 fewer children would be in poverty.

Scotland's existing and new devolved social security powers have further potential to boost incomes for people caught in an economic storm. Looking ahead, JRF's priority in 2021 will be to address the issue of adequacy of core payments designed to compensate in part for the extra costs of disability and caring. In the meantime, the Scottish Government has set a very clear priority in response to the disruption caused by the pandemic: to open applications for the Scottish Child Payment which JRF has described as a golden opportunity to turn the tide on child poverty<sup>xv</sup>. We warmly welcome the timetable for opening applications for eligible families with children aged under six in November, and to make the first payments by February 2021. However, this leaves a gap in support over the winter when many low-income families will come under further strain, and the Scottish Child Payment will not be open to eligible families with older children for another two years. While we fully recognise why Social Security Scotland may not have the capacity or data to take this much larger volume of applications sooner, we would urge the Scottish Government and COSLA to prepare local government payment channels to be used as an interim alternative. Building on claims for Free School Meals, School Clothing Grant and Education Maintenance Allowance would only be a partial solution, since eligibility is more limited than for the Scottish Child Payment, but we believe this 'workaround' option for some is much better than all eligible families having to wait longer.

### **Participation – calling on experts by experience**

During our conversations within the advisory group, it became clear that whatever next set of priorities were identified, the process of designing them is what really counts if they are to be successful. Participants want to see the principle of participation embedded in the development of solutions with the Scottish Government, local authorities, employers, housing providers, energy companies and others. In order to solve poverty, those who bring expertise through first-hand experience should always be round the table. A commitment to listening before acting is likely to reveal the emotional toll of struggling to keep your head above water or constantly feeling like you are being swept further into poverty. Our advisory group wants to see a '10,000 Voices' campaign in Scotland (similar to that which led to [The Promise](#) for care experienced children and young people) led by people with experience of poverty, to challenge stigma, improve understanding, identify allies including good employers and landlords and build know-how when it comes to solutions. In this way, citizens can support others to become advocates for social change.

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We have responded as a society so far to meet the challenges of coronavirus. It is now right and necessary to do the same to make sure we turn the tide on poverty and those of us on low incomes, who are most exposed by the economic storm arising from coronavirus, see our lives improved by escaping poverty's grip. Getting back on course to arrive at significantly lower levels of child poverty, as defined by Scotland's interim targets to be met within three years, demands bolder ambition across the three drivers of work, housing and social security as well as a stronger commitment to involving people with experience of poverty.

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## Notes

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from [www.jrf.org.uk](http://www.jrf.org.uk)

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