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# Briefing

## Poverty in Scotland 2017

This briefing summarises how poverty rates in Scotland are changing, and is part of JRF's monitoring across the UK of changes to poverty rates and the underlying drivers of poverty. This briefing accompanies UK Poverty 2017, which looks at trends in poverty in the UK as a whole.

### **JRF Analysis Unit**

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### What you need to know

- Poverty is lower in Scotland than in the rest of the UK and falls in poverty among pensioners and families with children have been greater and more sustained than elsewhere.
- More than a third of people in the poorest fifth of the population now spend more than a third of their income on housing; rising over the last 20 years and particularly in the last decade.
- The gap in attainment among children from the most and least deprived areas is very large and increases as children get older.
- Nearly one in five adults in the poorest fifth of the population experience anxiety or depression, far higher than in those who are better off.
- The majority of people in the poorest fifth of the population in Scotland do not have any savings or investments, and are not building up a pension.

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## Poverty rates in Scotland

Poverty is when a person's resources are well below their minimum needs, including the need to take part in society. Measuring poverty accurately is difficult, with most measures providing only a partial view.

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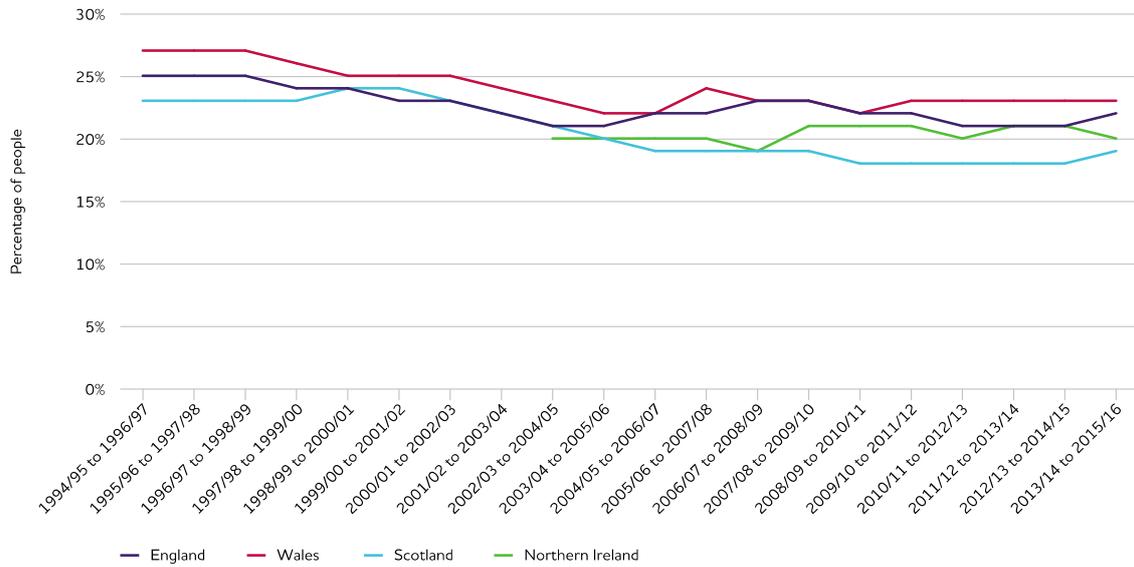
The main poverty indicator used throughout this report is when someone lives in a household with less than 60% of median income, adjusted for household size and type. This is the most commonly-used measure, both in the UK and internationally. The report also references other measures where these provide particularly important information which is not captured by the headline indicator.

This report looks back over 20 years, examines the trends in poverty and related issues in Scotland, and compares these to the situation in the UK as a whole and in Wales, Northern Ireland and England. Because of small sample sizes for each part of the UK in many of the household surveys which are used in this type of analysis, the report concentrates primarily on three-year averages rather than data for single years, particularly in relation to income and poverty rates<sup>i</sup>.

Overall poverty rates<sup>ii</sup> have seen a gradual decline in Scotland over the last 20 years (Chart 1). In the three-year period 1994/97, 23% of the Scottish population lived in poverty. This fell to a low of 18% in 2008/11, and this proportion remained stable until 2012/15. In the last year, there has been a slight increase, to 19% in 2013/16.

The poverty rate in Scotland is lower than in other UK nations, and this has generally been the case over the last 10 years or so<sup>iii</sup>.

Chart 1: Proportion of people living in relative income poverty (after housing costs), by nation

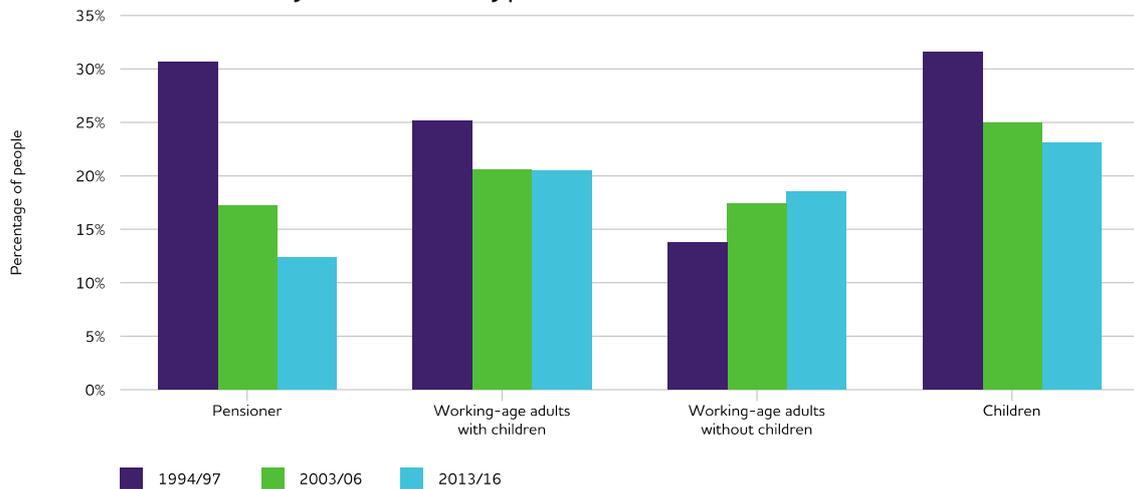


Source: Households Below Average Income

Note: figures are based on three-financial-year averages

The poverty rate varies greatly between different groups within the population in Scotland, however. Pensioners have the lowest poverty rate, followed by working-age people without children. Poverty is highest amongst families with children.

Chart 2: Proportion of people living in relative income poverty (after housing costs) in Scotland, by household type



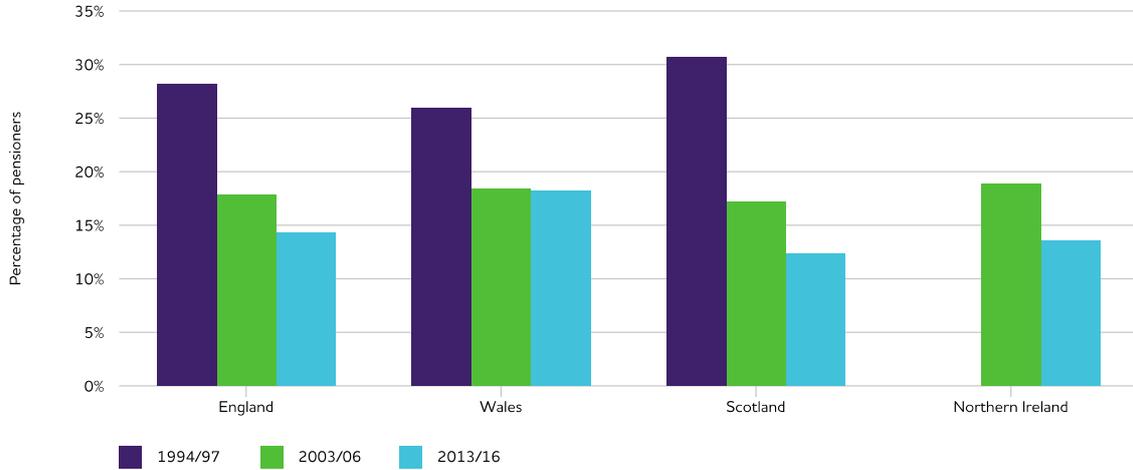
Source: Households Below Average Income (JRF analysis)

Note: figures are based on three-financial-year averages

The most striking fall has been in poverty among pensioners. The poverty rate for pensioners in Scotland fell from 31% in 1994/97 to 17% in 2003/06 (Chart 3). This trend continued until 2008/11, since when the poverty rate has remained constant (at 12%). The same 20-year pattern can be seen in the rest of the UK, although the scale of the fall over the full 20-year period has been particularly pronounced in Scotland. In 1994/97 the poverty rate for pensioners in Scotland

was higher than in England or Wales, but in the last three years the rate is now lower in Scotland than the rest of the UK.

Chart 3: Proportion of pensioners living in relative income poverty (after housing costs), by nation

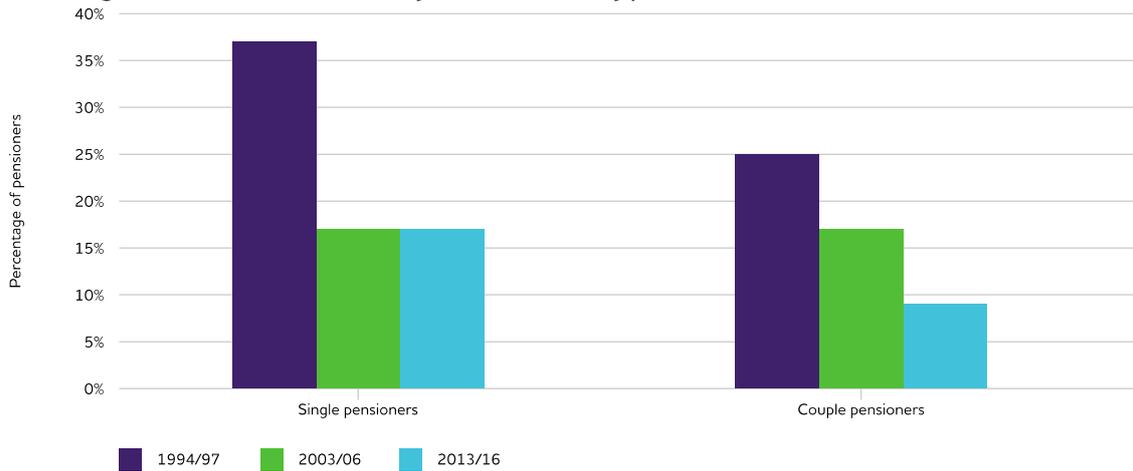


Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-financial-year averages*

Poverty among pensioners varies depending on whether they live alone or in a couple (Chart 4). The poverty rate among pensioners living alone fell dramatically between 1994/7 and 2003/06 (from 37% to 17%), but has since levelled out (still 17% in 2013/16). The rate among pensioners living in a couple fell more gradually, but the fall has continued into more recent times (25% in 1994/97, 17% in 2003/06 and 9% in 2013/16).

Chart 4: Proportion of pensioners living in relative income poverty (after housing costs) in Scotland, by household type



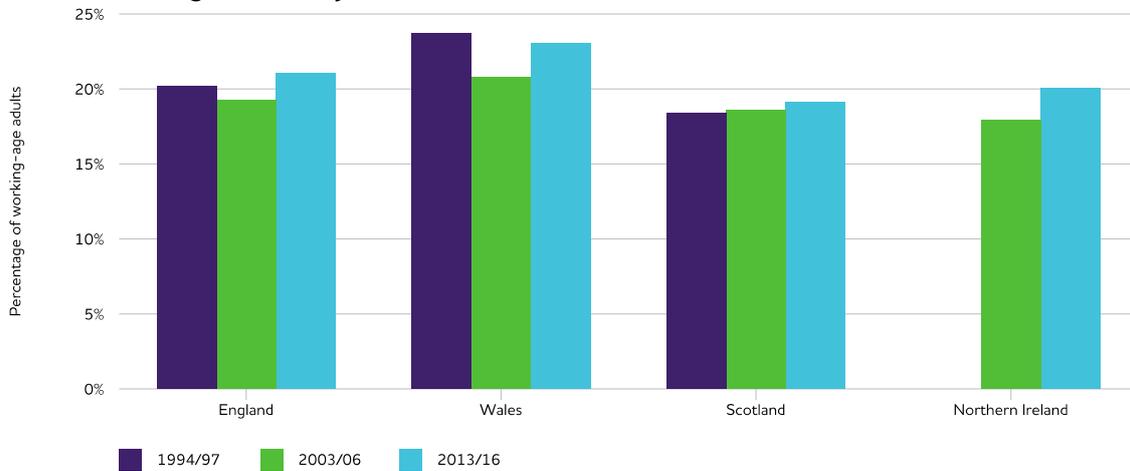
Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-financial-year averages*

In Scotland, the poverty rate for working-age adults has remained stable over the last 20 years, at 18% in 1994/97, and 19% in 2003/06 and 2013/16 (Chart 5). This is broadly in line with the rest of the UK, where poverty rates have increased

slightly in the last 10 years. The poverty rate in Scotland is still slightly lower than in England and Wales, and similar to Northern Ireland.

Chart 5: Proportion of working-age adults living in relative income poverty (after housing costs), by nation

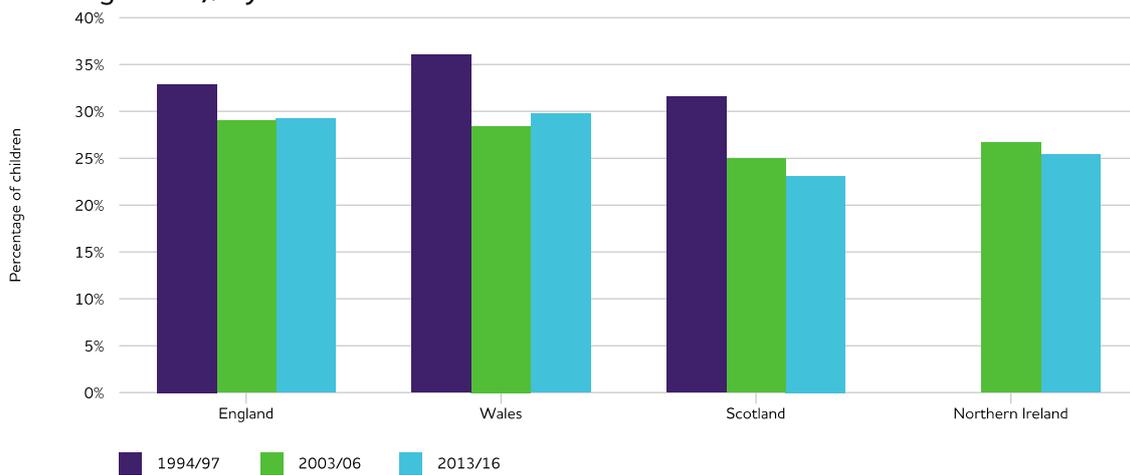


Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-year averages*

Child poverty in Scotland fell from 32% to 25% between 1994/97 and 2003/06, and then to 23% in 2013/16 (Chart 6). Child poverty in the UK as a whole started at a similar level (33% in 1994/97<sup>iv</sup>), but fell less sharply between 1994/97 and 2003/06 (from 33% to 29%), and then remained at the same level in 2013/16 (29%)<sup>v</sup>.

Chart 6: Proportion of children living in relative income poverty (after housing costs), by nation

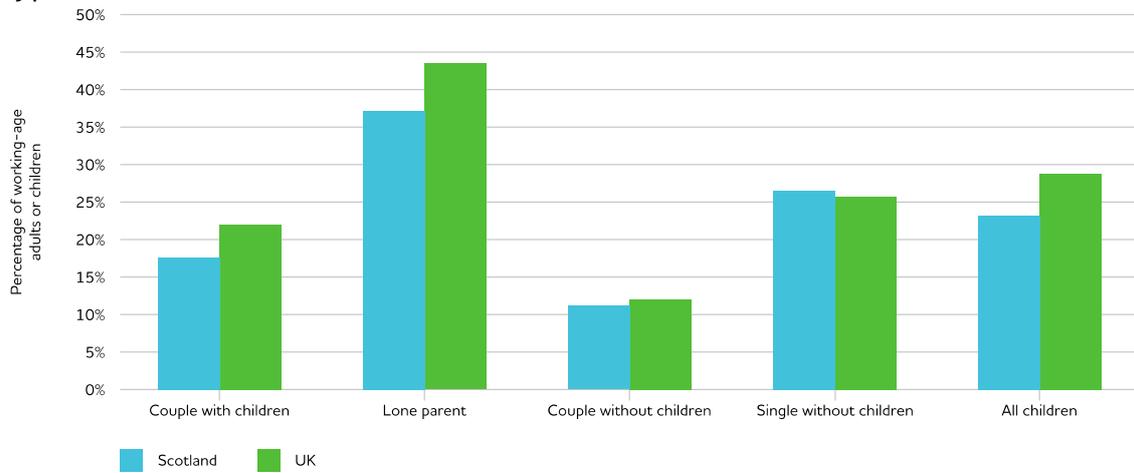


Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-year averages*

Overall in Scotland, families with children (both couples and lone parents) are at lower risk of poverty than in the UK as a whole (Chart 7), while working-age adults without children show similar rates between Scotland and the UK.

Chart 7: Proportion of working-age adults and children living in relative income poverty (after housing costs) in 2013/14-2015/16, by household type, Scotland and the UK



Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-year averages*

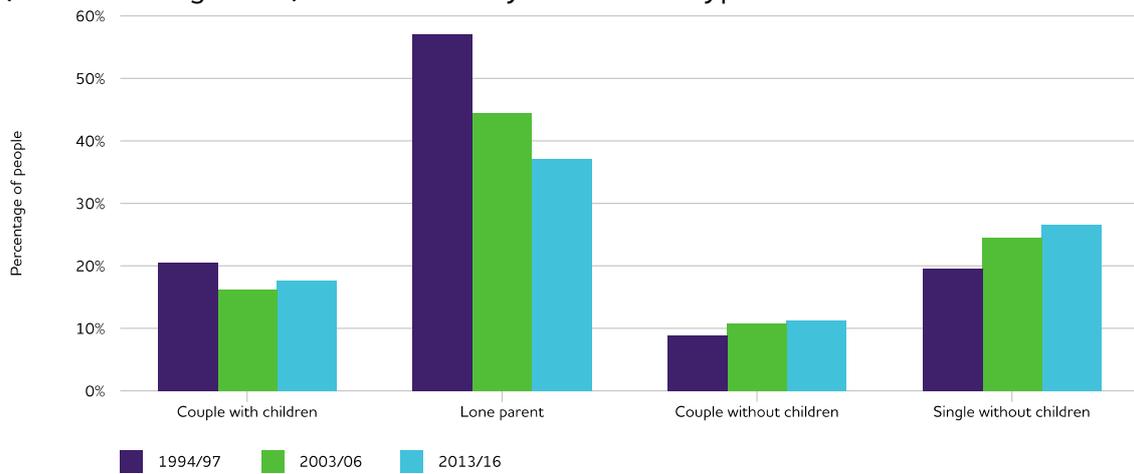
The group with the highest poverty throughout the last two decades is *lone parents*. They still have the highest poverty rates, but this is the group where the greatest progress has been made (Chart 8). This has been due to a steep net rise in the lone parent employment rate over this period, along with the introduction of tax credits, although this did fluctuate, with a dip in employment after the Great Recession. In 1994/97, 57% of lone parents in Scotland lived in poverty, but this fell to 45% in 2003/06 and 37% in 2013/16. This is broadly in line with the pattern for the rest of the UK, although in the UK as a whole, the fall in poverty has slowed in recent years and there are signs that it is starting to rise again. As a result, the poverty rate for lone parents is now lower in Scotland than the UK as a whole (37% compared with 44% in 2013/16).

*Couples without children* have always had the lowest poverty rates and this has not changed greatly in 20 years. In Scotland in 1994/97, 9% lived in poverty. That rose to 11% in 2003/06, and the figure was the same in 2013/16. These rates have remained similar to the UK as a whole over the last 20 years.

*Couples with children* have the next lowest poverty rates, which have also stayed fairly steady: 21% in 1994/97, 16% in 2003/06, and 18% in 2013/16. The latest poverty rate in Scotland (18%) is lower than for the UK as a whole (22%).

The one group that has seen a rise in poverty in Scotland are *single people without children*. In 1994/97, 19% were in poverty, rising to 25% in 2003/06 and further to 27% in 2013/16. The pattern in the rest of the UK has been more stable, although the figures for 2013/16 are very similar (27% in Scotland, 26% in the UK as a whole).

Chart 8: Proportion of working-age adults living in relative income poverty (after housing costs) in Scotland, by household type



Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-financial-year averages*

## Work and worklessness

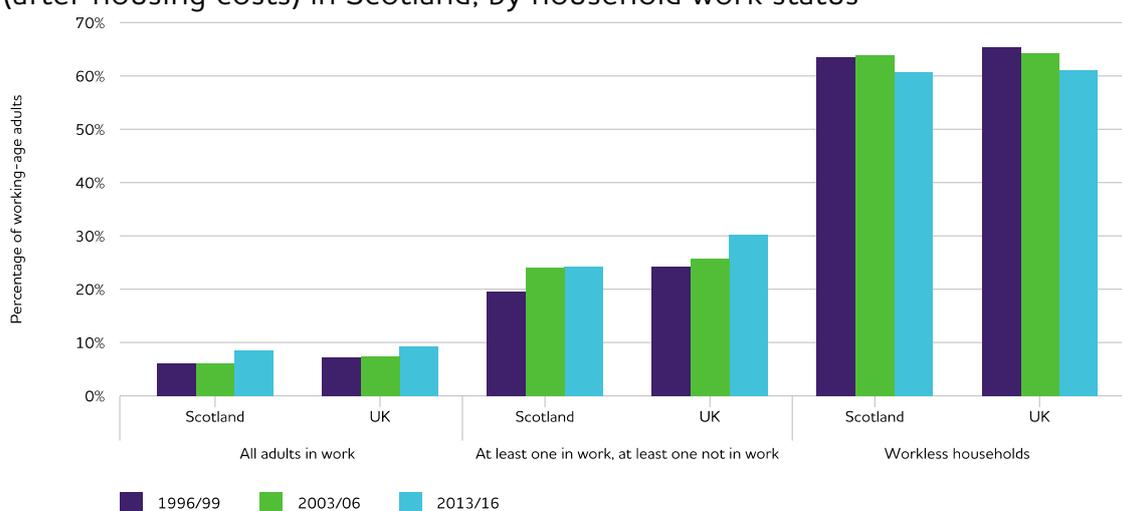
The risk of poverty is much higher among people living in workless households than those where one or more adults are in work. In Scotland, the 2013/16 poverty rate for working-age adults living in workless households was 61%, compared with 24% in households where at least one adult was in work and at least one not in work, and 9% where all adults in the household were in work (Chart 9).

The poverty rate among working-age adults living in workless households in Scotland has fallen slightly since 2003/06 (from 64% to 61%), having been stable between 1996/99 and 2003/06. By contrast, the poverty rates for adults in working households have increased since 1996/99: both where all adults are in work (from 6% to 9%), and where at least one adult is in work and at least one is not in work (from 20% to 24%).

Overall, 43% of working-age adults in poverty live in workless families, while 57% live in families where at least one adult is in work. This contrasts with the situation in 1996/99, when 52% of those in (working age) poverty lived in workless families, and 48% in those with at least one person in work.

These trends are similar to those seen in the UK as a whole, except that in the last 10 years the UK has seen a rise in poverty rates among working-age adults living in households where one person is in work and one not in work (from 26% to 30%), while the proportion in Scotland has stayed the same (24%).

Chart 9: Proportion of working-age adults living in relative income poverty (after housing costs) in Scotland, by household work status

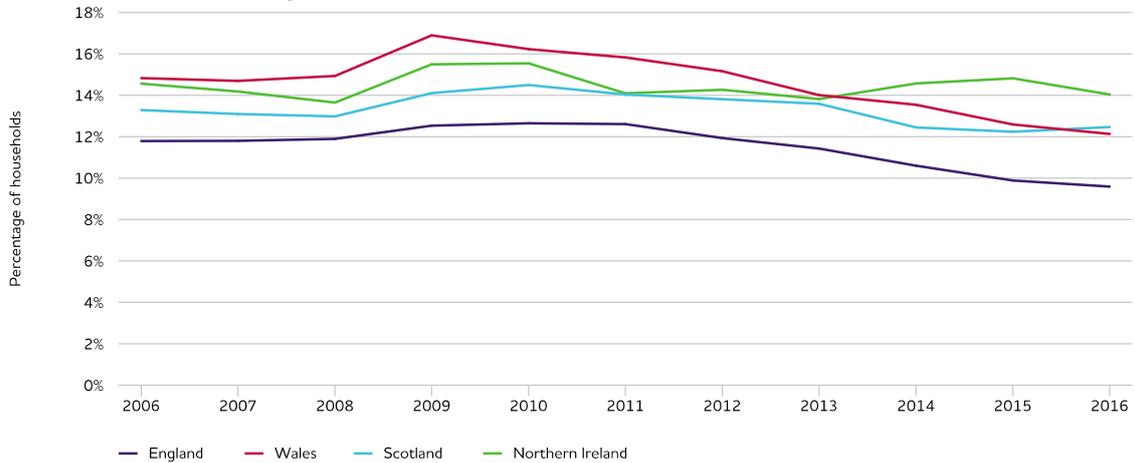


Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-year averages. Analysis of workless households is not available in HBAI before 1996/97, so the first three-year period shown is 1996/7 - 1998/9*

In Scotland, 13% of working-age households were workless households in 2016 (Chart 10). This proportion has fallen since 2010 (15%) following an increase since 2008 (13%). The proportion for 2016 in Scotland is higher than in England (10%) and Wales (12%), but lower than in Northern Ireland (14%).

Chart 10: Percentage of workless households in the UK

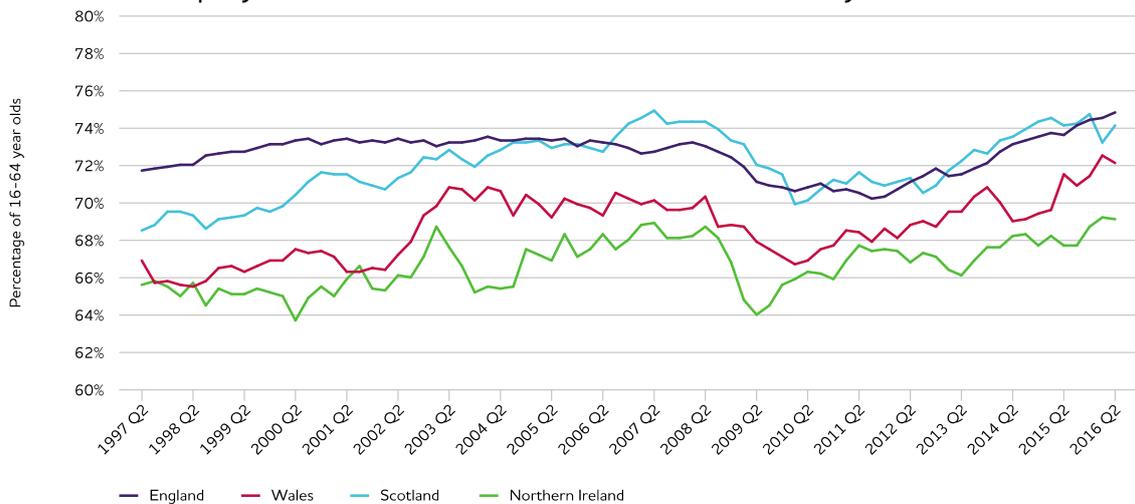


Source: National Statistics

Note: figures are based on single year estimates. Figures for 2006 to 2016; published statistics do not show data before 2006

Employment rates in Scotland have fluctuated over the last 20 years (Chart 11). The overall employment rate (among 16-64 year olds) increased from 69% in 1997 to 75% in 2007, before falling back to 70% in 2010-2011. There has since been an increase to the current level of 74% (2017)<sup>vi</sup>. In the middle of 2017, the employment rate for Scotland was very slightly higher than the rate for England – 75.8% compared to 75.6%<sup>vii</sup>.

Chart 11: Employment rate in Scotland over time, 16-64 year olds



Source: Labour Force Survey

Note: figures are based on quarterly data

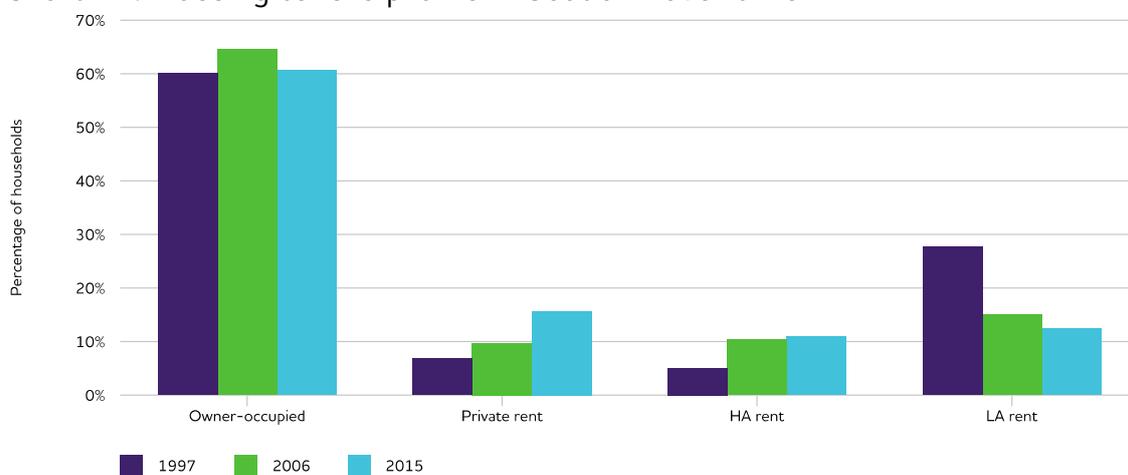
## Housing

Paying for housing, whether rent or mortgage payments, is the single biggest cost for many households. Being able to afford a decent, secure home is a fundamental requirement, underpinning mental and physical health, relationships and access to education and work. The cost of housing therefore has a major impact on whether people can meet this basic need, and what resources they have left over to meet all their other needs.

Over the last 20 years there has been a fall in the proportion of local authority housing in Scotland and a rise in the private rented sector and in Housing Association accommodation. The level of home ownership rose somewhat from 1997 to 2006, and then fell back to around its previous level in 2015.

In Scotland, the social rented sector remains larger than the private rented sector; 23% compared with 16% (Chart 12), in contrast to England where the private rented sector is now larger. Indeed, the social rented sector in Scotland is larger than other UK nations; 23% in Scotland compared with 17% in England and 16% in each of Wales and Northern Ireland.

Chart 12: Housing tenure profile in Scotland over time



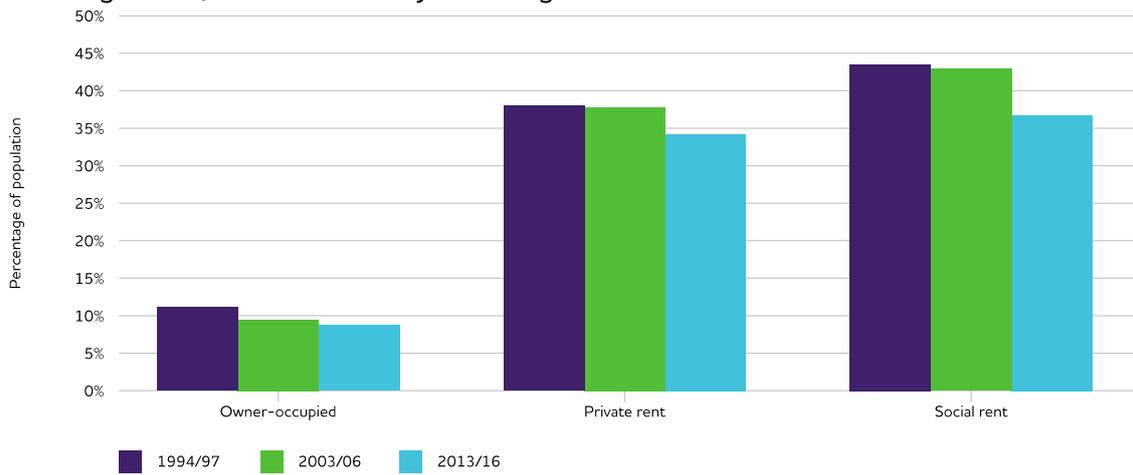
Source: Department for Communities and Local Government

*Note: figures are based on annual data.*

The poverty rate in Scotland has fallen for all people in all types of housing in the last 20 years, but the largest fall has been among social tenants (Chart 13). In 2013/16, 37% of Scottish people living in social housing were in poverty, falling from 43% in 2003/06. The poverty rate has also fallen among people living in the private rented sector, although to a lesser extent (from 38% to 34%). The poverty rate among owner-occupiers is much lower (9%); this is little changed in the last 10 years, while there was a more notable decrease since 1994/97 (11%). These trends are similar to those seen in the rest of the UK.

Overall poverty rates are now lower in Scotland than in the UK as a whole, and the difference is greatest for people in the social rented sector (37% in Scotland compared with 44% in the UK as a whole). This difference – and the fact that the social housing stock is proportionally greater in Scotland than the rest of the UK – provide part of the reason as to why the overall poverty rate is lower in Scotland than the rest of the UK.

Chart 13: Proportion of the population living in relative income poverty (after housing costs) in Scotland, by housing tenure



Source: Households Below Average Income (JRF analysis)

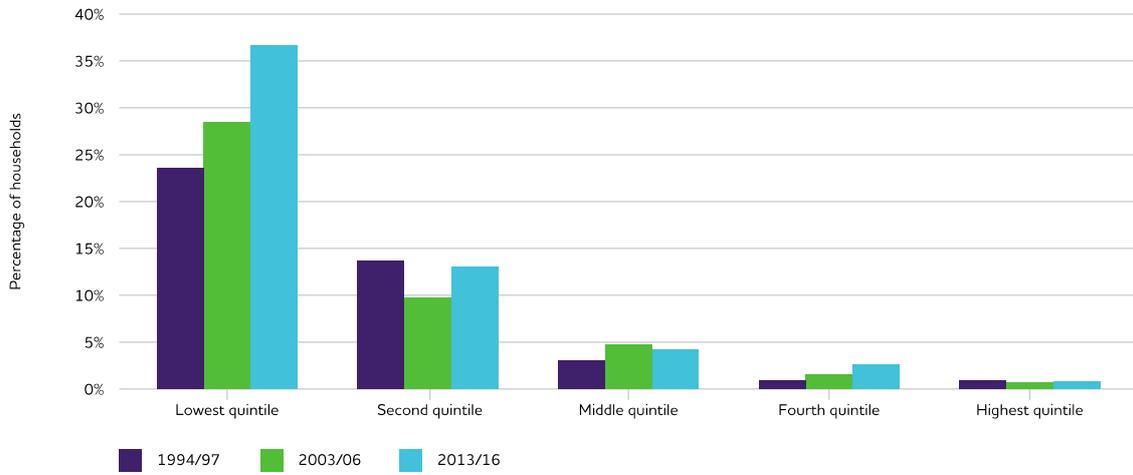
*Note: figures are based on three-financial-year averages*

Overall, 12% of Scottish households spend more than a third of their income (including housing benefit) on housing costs; a commonly-used indicator of high housing costs. This is lower than in the UK as a whole (16%). However, this difference does not apply to the poorest fifth of the population: in Scotland, 37% of these households spend more than a third of their income on housing costs (Chart 14), the same proportion as the UK overall.

In addition, the proportion of Scottish households in the poorest fifth of the population who spend more than a third of their income on housing costs has risen from 24% in 1994/97 to 37% in 2013/16 – catching up with the level in the UK as a whole. There has been little change for households in higher income bands.

This increase among the poorest fifth in Scotland is larger than in the UK as a whole, where the proportion who spend more than a third of their income on housing costs has risen from 30% to 37% over the same time period.

Chart 14: Proportion of households in Scotland spending more than a third of their income on housing, by income quintile

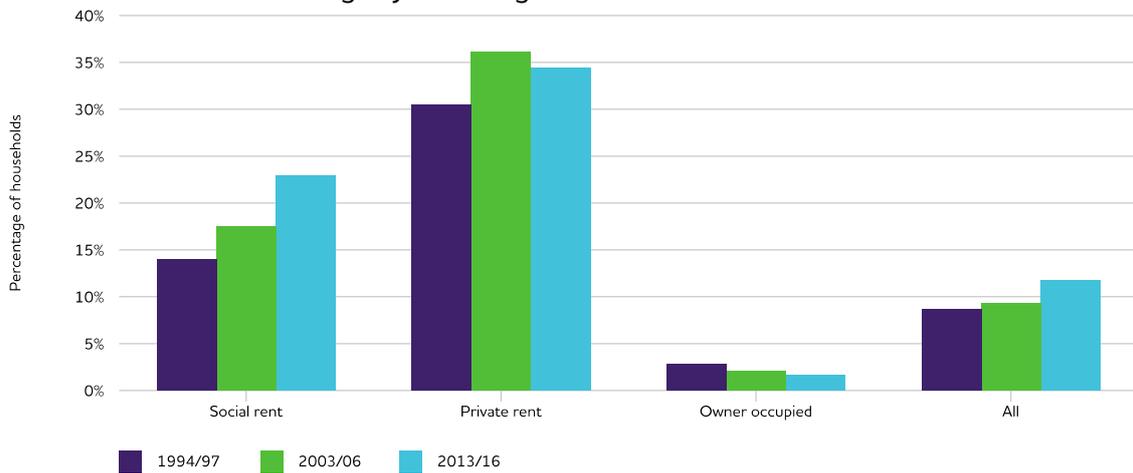


Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-financial-year averages*

Households in the private rented sector are more likely to spend more than a third of their income on housing than those in any other sector (Chart 15). However, in the last 20 years there has been a sharp rise in the proportion of those in the social rented sector spending this proportion of their income, from 14% to 23% in Scotland.

Chart 15: Proportion of households in Scotland spending more than a third of their income on housing, by housing tenure



Source: Households Below Average Income (JRF analysis)

*Note: figures are based on three-financial-year averages*

Overall, housing costs remain low in Scotland relative to the UK as a whole and this does help to reduce poverty. However, the benefits are being felt less by households with the lowest incomes.

## Housing quality

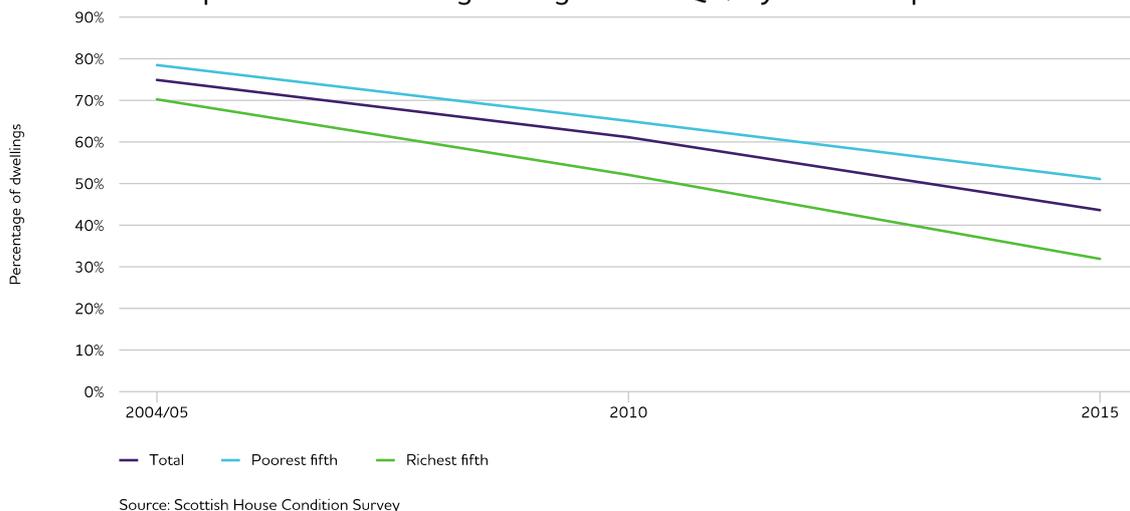
The cost of housing is an important driver of poverty – high housing costs leave families with less money to pay for the rest of their needs. The quality of housing which an individual or family can afford is also, of course, closely linked to their income, but also to their tenure. The housing system, with social housing, housing benefit and support for homeless people has played an important role in protecting people from some of the impact of poverty. It also broke the link between poverty and poor housing conditions, at least to some extent<sup>viii</sup>.

In recent years, however, the protection offered by the housing system to those in poverty has been weakened. The rising cost of housing and reductions in Housing Benefit have left more and more families having to cover part of the cost of their housing from income other than Housing Benefit.

The Scottish Housing Quality Standard (SHQS) was announced by the Minister for Communities in February 2004. A target was agreed that all social landlords must ensure that all their dwellings pass the SHQS by 2015.

In 2015, 44% of dwellings in Scotland did not meet the Quality Standard. The proportion failing the standard has fallen from 75% in 2005 to 61% in 2010 and 44% in 2015. The proportion failing to meet the standard is lowest among social renters (39%), compared with 44% of owner-occupied dwellings and 50% in the private rented sector. Households in the poorest fifth of the population are more likely to be living in housing which fails to meet the standard than those in the richest fifth (51% compared with 32%). The gap between the poorest and richest fifths of the population has widened over time, from 8 percentage points in 2004/5, to 13 points in 2010 and 19 points in 2015 (Chart 16).

Chart 16: Proportion of housing failing the SHQS, by income quintile



*Note: figures are based on single year estimates. The SHQS was introduced in 2004; therefore figures are not available for previous years.*

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## Health

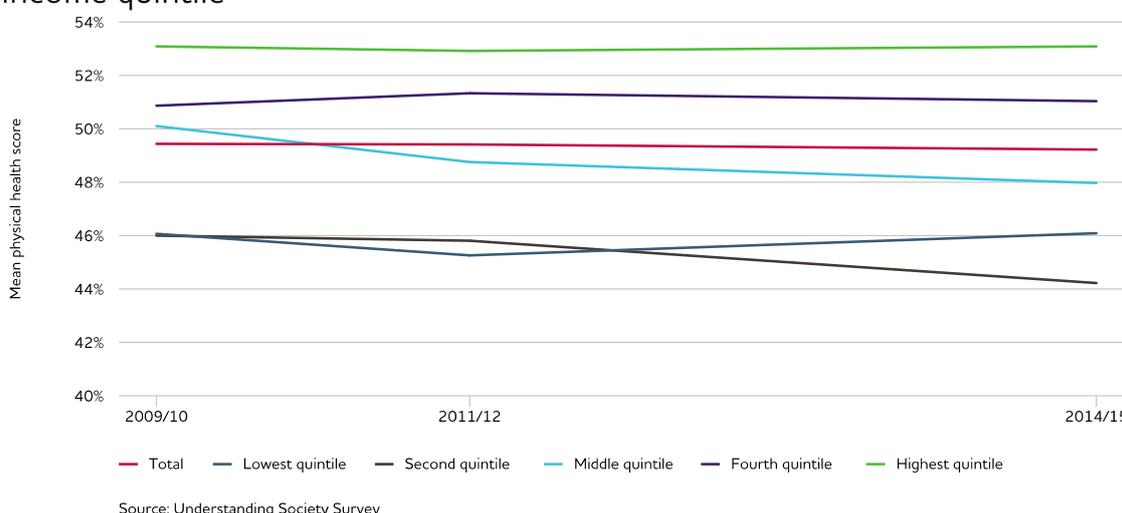
Physical and mental health have close links to poverty. People on lower incomes are more likely to experience poor physical and mental health. The stress of living on a low income can have a negative impact on health. Being disabled or in poor health can also contribute to having a low income, since people may find it harder to work, have lower earnings and face additional costs<sup>ix</sup>.

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Information about the links between physical health and poverty is available for Scotland and the rest of the UK, based on a series of questions which are combined to give an individual a score between 0 and 100; a higher score indicates better physical health. In general, people living on low incomes have a lower average score than those on higher incomes, and this applies to Scotland as well as the UK as a whole (Chart 17).

Over time, the average score for adults in Scotland has remained very steady, and the differences by income have remained broadly consistent between 2009/10 and 2014/15.

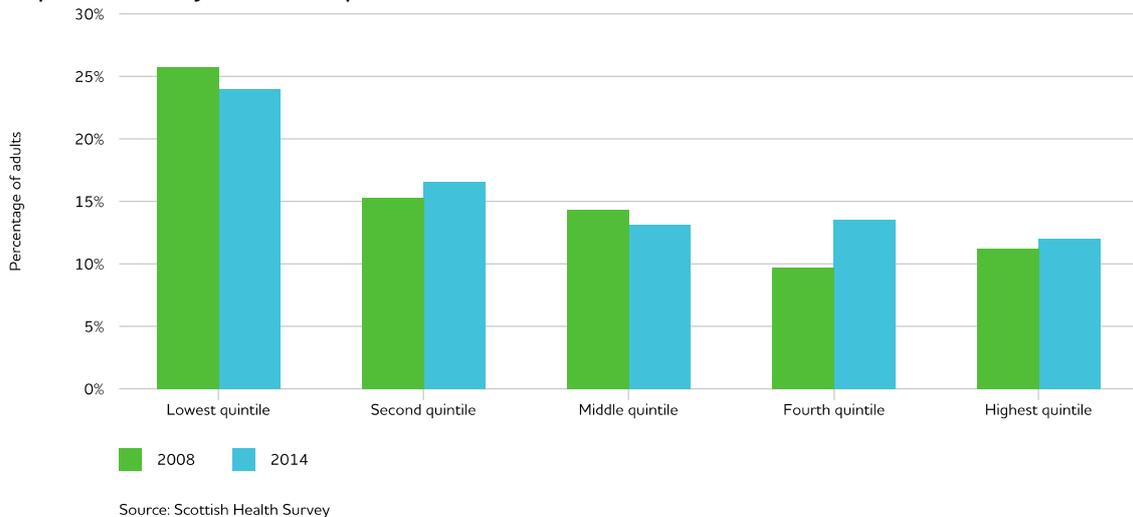
Chart 17: Mean physical health score among adults (16+) in Scotland, by income quintile



*Note: figures are based on single-year figures. The Understanding Society survey started in 2009/10, so data is not available before this.*

In relation to mental health, in 2014/15 17% of adults in Scotland showed some evidence of anxiety or depression, and this was higher among those in the lowest income quintile (24%) than other quintiles (between 12% and 17%); see Chart 18.

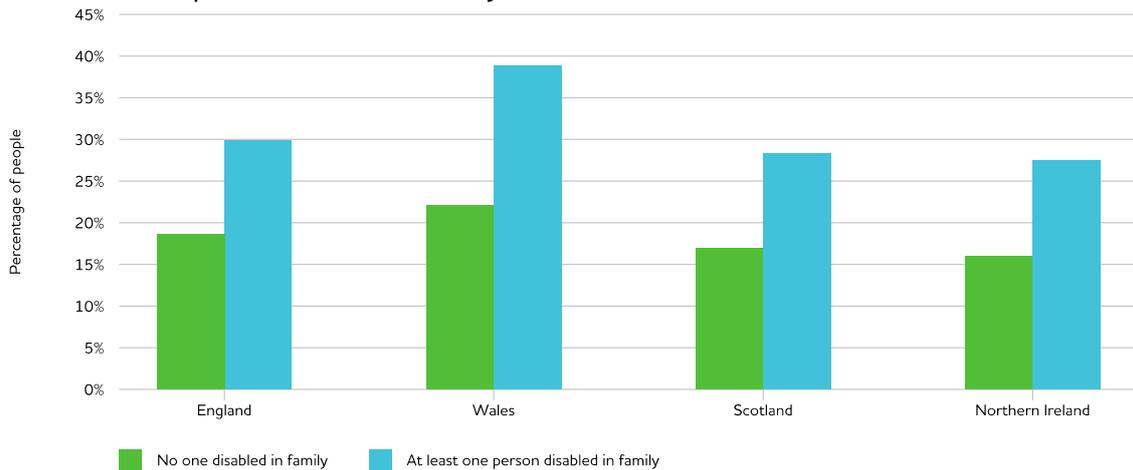
Chart 18: Proportion of adults that show some evidence of anxiety or depression, by income quintile



*Note: figures are based on single-year figures. Data from the Scottish Health Survey is not available for this measure before 2008.*

There are strong links between disability and poverty. Disabled people are much more likely to have low incomes than non-disabled people, as are people who live in a family containing disabled people. For instance, in Scotland, 28% of people living in families with a disabled member are in poverty, compared to 17% of those in families without a disabled member. Compared to other UK nations, Scotland has a lower rate of poverty than England or Wales amongst families with a disabled member, and has a similar rate to Northern Ireland.

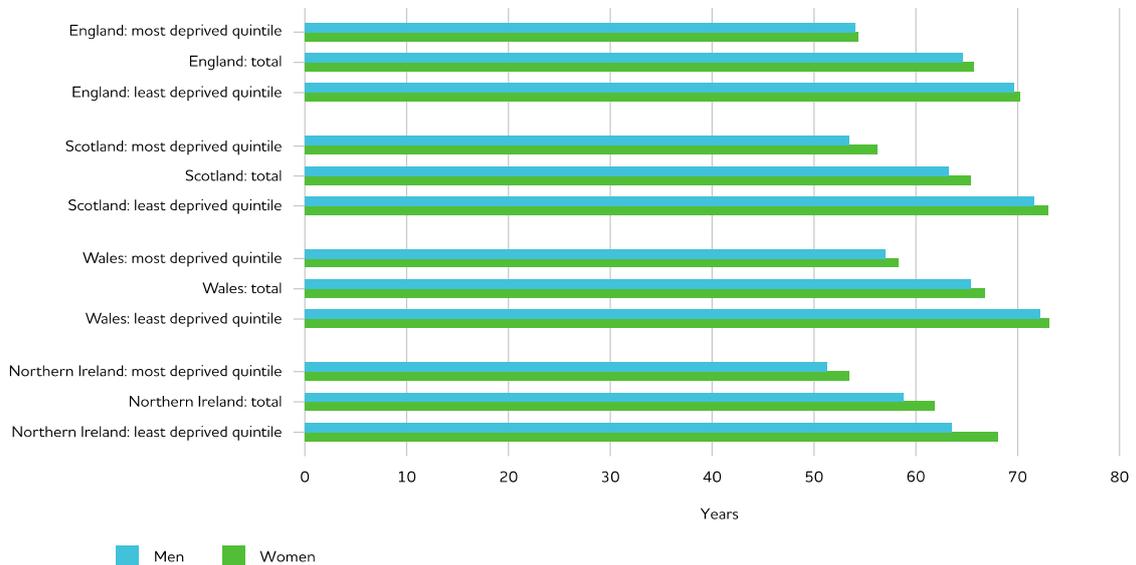
Chart 19: Proportion of all people in poverty in Scotland, by having at least one disabled person in their family or not, 2015/16



The lifelong association between health and poverty culminates in large differences in the healthy life expectancy of those with different incomes. Data limitations mean that these are measured according to the level of deprivation of the area people live in, rather than their household income. Overall, people living in more deprived areas have a lower healthy life expectancy than those in less deprived areas. The difference between the latest healthy life expectancies in the

least and most deprived fifth of areas was highest for men in Scotland at 18 years, but in all parts of the UK it was more than 12 years for both men and women.

Chart 20: Healthy life expectancy at birth by quintile of area deprivation: England 2013-15, Northern Ireland 2012-14, Wales 2010-14, Scotland 2009-13



Source: Health state life expectancies by Index of Multiple Deprivation (IMD): England, 2013 to 2015, Office for National Statistics; Scottish Public Health Observatory; Public Health Wales Observatory; Health Inequalities, Department of Health, Northern Ireland

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## Family and Relationships

The relationships people have with family, friends and wider social networks are crucially important to most people's lives. Support drawn from these sources plays an important role for many people in enabling them to cope with adversity, get by when in poverty or other difficulties and, for some, improve their circumstances and prospects<sup>x</sup>. Relationships with family and wider social networks are closely linked to factors including income, geography and ethnicity<sup>xi</sup>.

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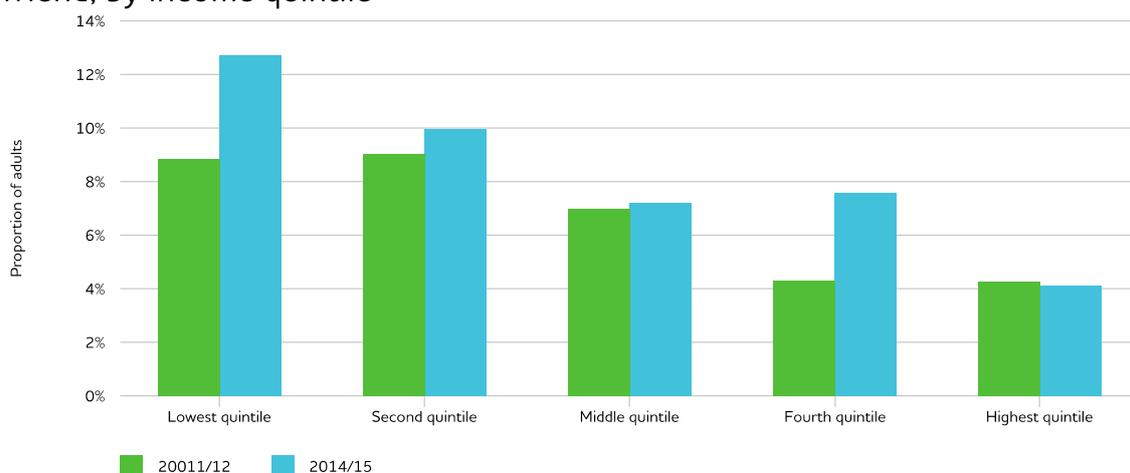
Relationships between parents (whether living together or not) and between parents and children have a major impact on children's well-being and development, as well as on the family's income and the well-being of the adults involved<sup>xii</sup>. Relationships marked by conflict can also have negative impacts on both children and adults. The stress of living on a low income can be linked to relationship breakdown among couples, and to the relationships between parents and children.

Many people draw on their social networks for material support, information and advice and opportunities to find work or training. However, living in poverty can also affect the family and wider social networks which people are able to draw on and sustain. Wider social networks can also be harder to develop and maintain for people on low incomes<sup>xiii</sup>.

### *Social isolation*

Social isolation can be measured in many ways. Here the analysis is based on a question asking how many close friends people have and focuses on the proportion of people who say they have no more than one close friend. The proportion of people in Scotland who say they have no or only one close friend is higher for those in lower income groups than for better-off groups (Chart 21). It is also higher among those living in workless households (12%) than households where at least one person is in work (6%). These patterns are the same for the UK as a whole. The overall proportion of people in Scotland who have no more than one close friend has increased slightly since 2011/12, and is around 8% as of 2014/15 (compared with a decrease from 11% to 9% over the same period for the UK as a whole).

Chart 21: Proportion of adults (16+) in Scotland with no more than one close friend, by income quintile



Source: Understanding Society Survey

*Note: figures are based on single year-figures. This question was first asked in 2011/12, so data is not available before this.*

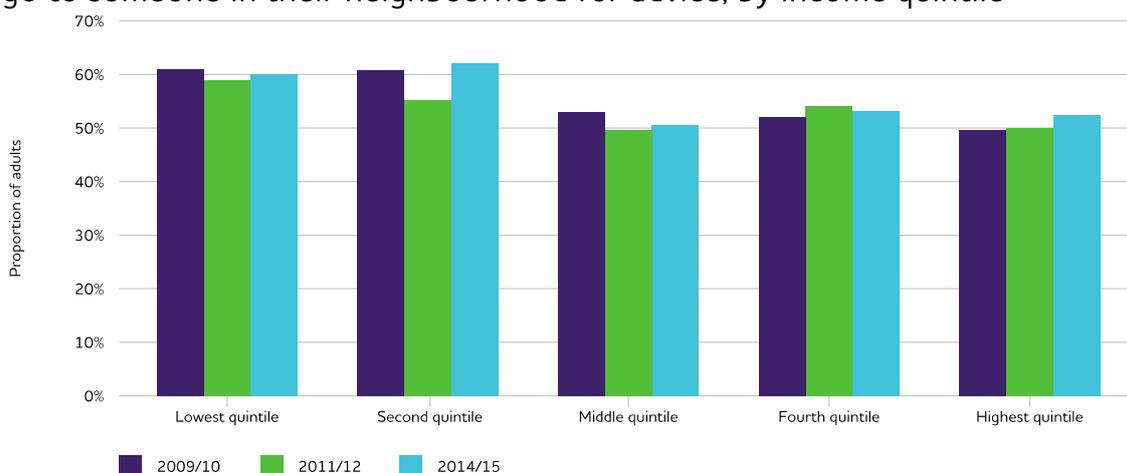
### Support networks

The analysis in this section is based on a question in the Understanding Society survey which asks whether respondents agree or disagree with the statement: "If I needed advice about something I could go to someone in my neighbourhood".

The analysis examines respondents who agree or strongly agree with the statement. In 2014/15, 55% of adults in Scotland said that there is someone in the neighbourhood that they could go to for advice. The proportion was higher among those in the poorest two fifths of the population (Chart 22), as in the UK as a whole.

Further work is needed to interpret these patterns and explore the range of sources of social support drawn on by people in different groups, and how far they feel that these meet their needs.

Chart 22: Proportion of adults (16+) in Scotland who agree that they could go to someone in their neighbourhood for advice, by income quintile



Source: Understanding Society Survey

*Note: figures are based on single-year figures. The Understanding Society survey started in 2009/10, so data is not available before this.*

### *Relationships between children and parents*

Measuring the nature and quality of relationships between children and parents is complex. Here, the analysis focuses on situations where children aged between 10 and 15 report that they ‘quarrel’ with at least one parent more than once a week, and hardly ever discuss important issues with either parent. This is defined as having a poor relationship between the child and parent.

At the UK level, there is some association between these issues and income (sample sizes are too small to look at income differences within Scotland). In the UK, the proportion of children reporting that they have a poor relationship with their parents is somewhat higher for those in the poorest fifth of the population (9%), compared with those in the richest two fifths (5%). This has remained steady for the last few years.

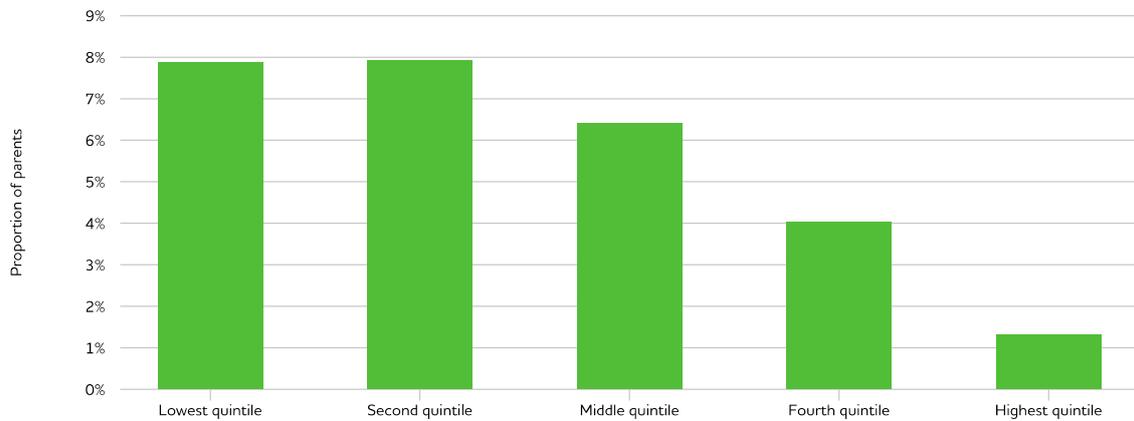
In Scotland, the proportion of children reporting a poor relationship with parents in 2013/14 was 7%, slightly higher than for the UK as a whole (6%); in Scotland there was no statistically significant change between 2009/10 and 2013/14<sup>xiv</sup>.

### *Relationship distress*

Relationship distress is a concept developed by the charity Relate<sup>xv</sup> and used by the Department for Work and Pensions in their Improving Lives report<sup>xvi</sup>. A couple is defined as experiencing relationship distress if they say that most or all of the time they consider divorce, regret living together, quarrel or get on each other’s nerves, when asked about their relationship with their partner.

Six per cent of parents living in a couple in Scotland report relationship distress. This varies slightly by income, being higher among parents in the poorest two fifths of the population (8%) than those in the richest fifth (1%) (Chart 23).

Chart 23: Proportion of parents living in a couple in Scotland who report relationship distress, by income quintile, 2013/14



Source: Understanding Society Survey

*Note: figures are based on single-year figures*

Research carried out by Relate<sup>xvii</sup> also found that people on low incomes tended to experience 'lower relationship quality' and that money worries were cited as the biggest external strain on relationships.

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## Drivers of future poverty

The biggest driver of future poverty is the educational attainment of children when they leave full-time education<sup>xviii</sup>. This has a major impact on their chances of being employed and of earning enough to avoid poverty as adults. For those who have already left full-time education, skill levels are an important predictor of employment, earnings and poverty.

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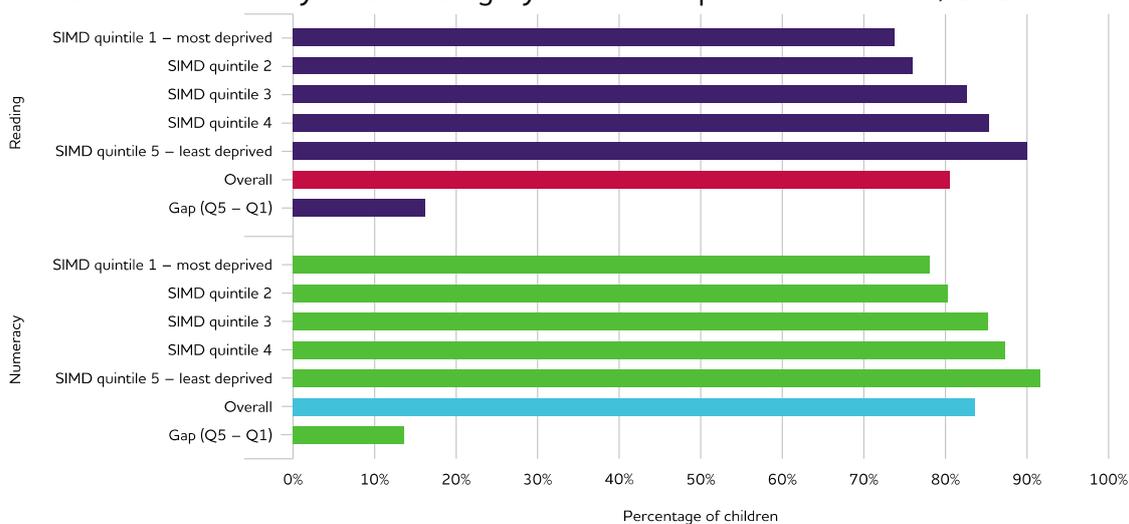
Current income is not the only factor affecting the resources available to meet a household's needs. Having some savings can be an important buffer to cover unexpected fluctuations in income and avoid having to take on high-cost credit in order to meet day-to-day expenses. Likewise, getting into debt by falling behind with bills can make it much harder for someone to reach a reasonable living standard, even if their income increases. Building up a pension is an important factor mitigating risk of poverty in later life.

## Education and skills

Across the UK, there are big differences in the educational attainment of children from richer and poorer backgrounds. The information available for Scotland is currently based on the area that children live in, rather than their family circumstances, making it more difficult to understand the relationship between poverty and education than in other parts of the UK. There is a significant difference in the educational attainment among children in more and less deprived areas of Scotland. This is evident at very early ages.

Data for Scottish children at age five is only available for 2015, preventing any trend analysis. In that year, gaps of 16 percentage points and 14 percentage points existed between children from the least and most deprived areas for reading and numeracy respectively (Chart 24).

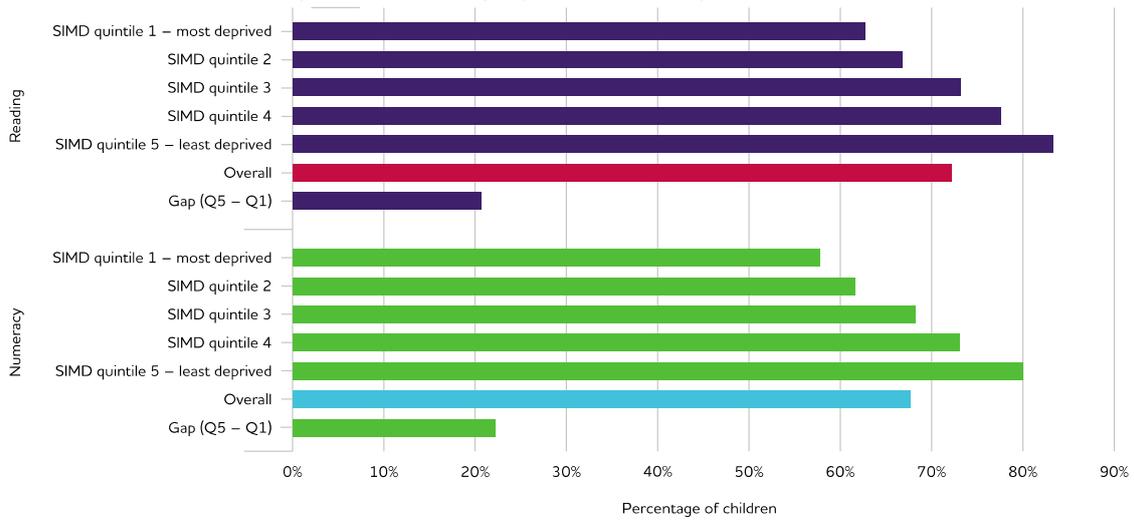
Chart 24: % of children in Scotland at age five reaching the required P1 standard in numeracy and reading by level of deprivation of area, 2015



Source: Scottish Government

At age 11 in Scotland, there were marked differences in performance based on the deprivation of the area where a child lives. The gaps between the least and most deprived areas in 2016 were 21 percentage points in the case of reading and 22 percentage points in the case of numeracy (Chart 25).

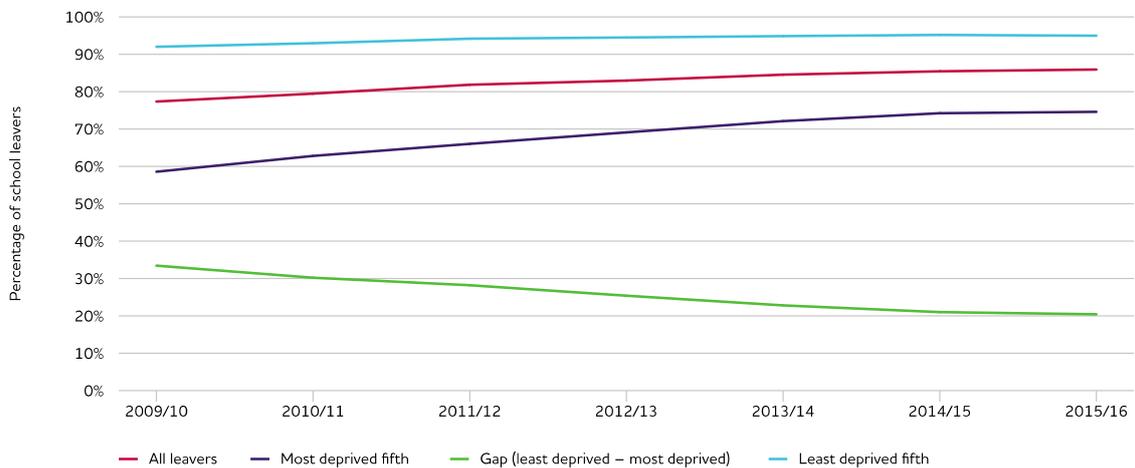
Chart 25: % of children in Scotland at age 11 reaching the required P7 standard in numeracy and reading by level of deprivation of area, 2016



Source: Scottish Government

The percentage of school leavers in Scotland achieving one or more Level 5 qualification has increased from 77% in 2009/10 to 86% in 2015/16 (Chart 26). The gap between the least and most deprived areas has decreased, partly because the percentage of achievers in least deprived areas was already 92% at the start of the period. The gap decreased from 33 to 20 percentage points in this period.

Chart 26: % of school leavers in Scotland who achieved one or more qualification at SCQF level 5 or better, by level of deprivation of area



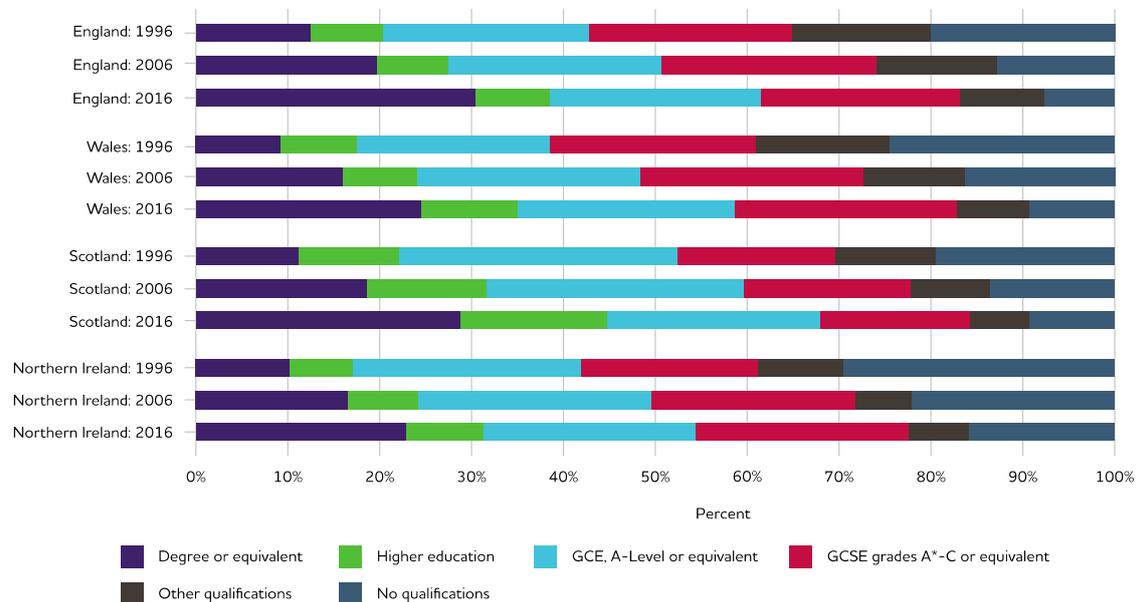
Source: Scottish Government

## Adult skills

There have been large decreases in the proportions of working-age people with no qualifications, and increases in the proportions with higher education qualifications across the whole UK between 1996 and 2016.

In all age groups, Scotland has a higher percentage of its population educated to degree or other higher education level than other countries; and the proportion of people educated to this level has increased the fastest in Scotland.

Chart 27: Working-age population by highest level of qualification 1996, 2006 and 2016



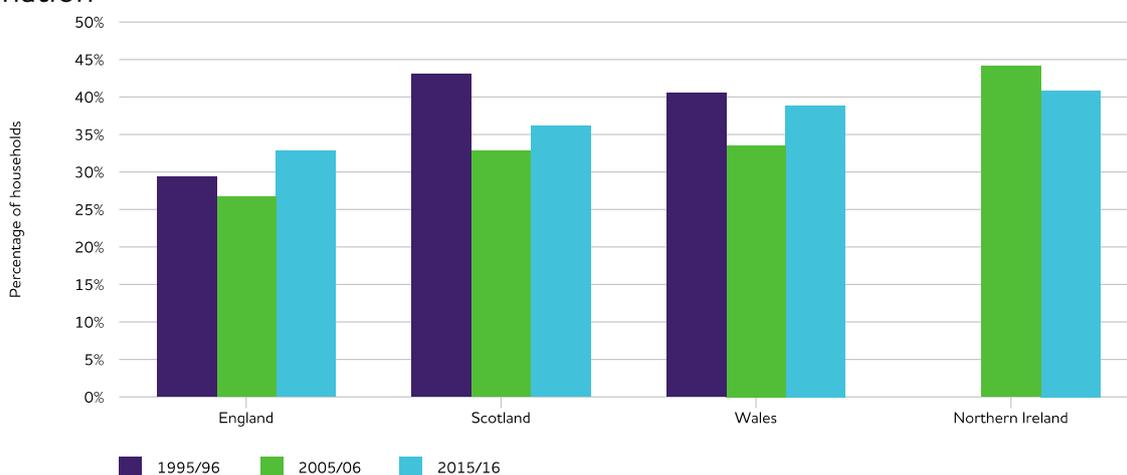
Source: Labour Force Survey (JRF analysis)

## Savings, pensions and debt

More than a third of households in Scotland have no savings or investments (36% in 2015/16). This is an increase on the proportion in 2005/06, although the longer-term trend is more positive: in 1995/96, 43% of households had no savings.

Households in Scotland are less likely to have any savings than those in England, although the gap has narrowed over the last 20 years. In 1995/96, there was a gap of 14 percentage points between Scotland and England, but this was just three percentage points in 2015/16 (Chart 28).

Chart 28: Proportion of households with no savings or investments, by UK nation

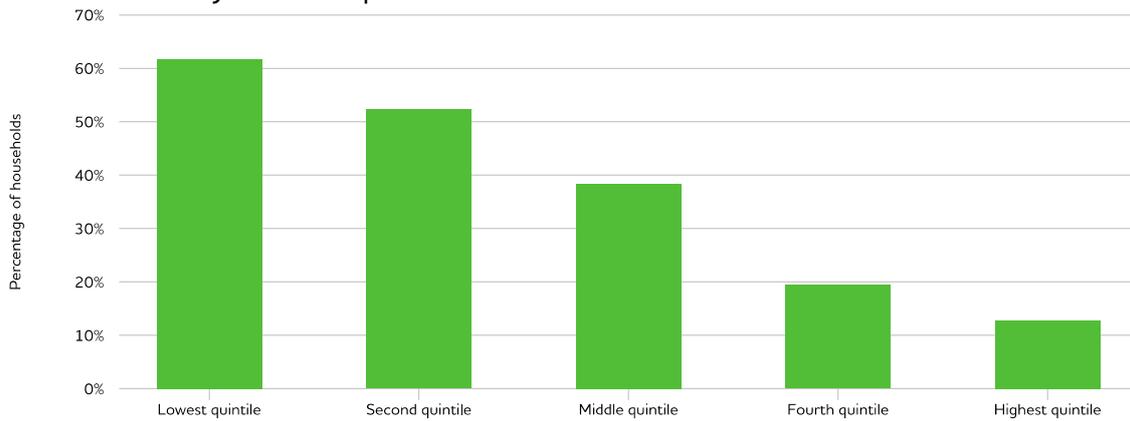


Source: Family Resources Survey (JRF analysis)

*Note: figures are based on single-year figures*

There is substantial variation by income group, in the proportion of households without any savings or investments. In Scotland, more than half of households in the poorest two fifths of the population have no savings or investments, compared with just one in eight households in the richest fifth (Chart 29). The findings for Scotland reflect the wider UK pattern.

Chart 29: Proportion of households in Scotland with no savings or investments, by income quintile, 2015/16



Source: Family Resources Survey (JRF analysis)

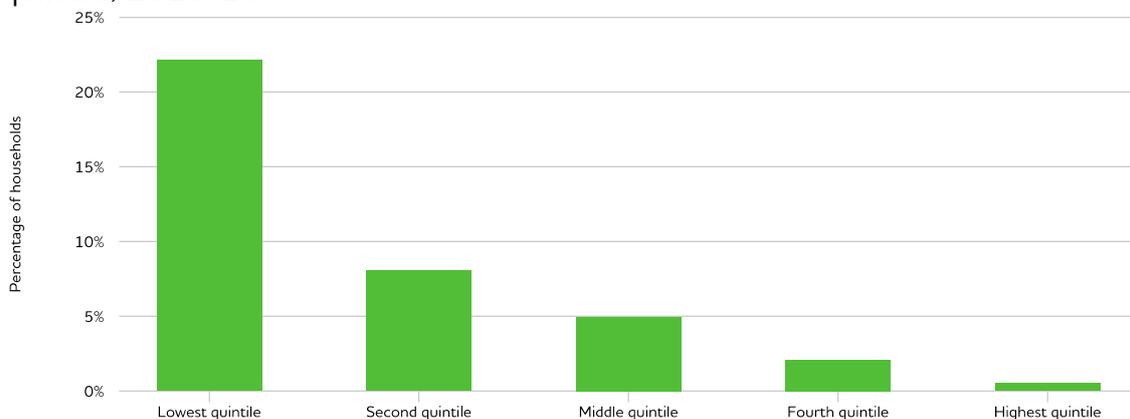
*Note: figures are based on single-year figures*

In 2015/16, 7% of Scottish households were in problem debt (defined by the Family Resources Survey as being behind with any household bill or credit commitment). This proportion fell between 2012/13 and 2015/16 (from 10% to 7%), after being stable between 2005/06 and 2012/13. The figures for Scotland are similar to those for the UK as a whole.

Problem debt is concentrated among lower-income households, in Scotland as well as the rest of the UK. In Scotland, 22% of households in the poorest fifth of the population were facing problem debt in 2015/16, compared with just 1% in the richest fifth (Chart 30).

However, this measure of problem debt does not include debt incurred on store cards, mail order payments and informal loans from friends or family. It does include electricity, gas and other household fuel bills, Council Tax, phone bills, hire purchase, water rates and rent or mortgage payments. From 2012/13, the survey also included other loans, and from 2015/16, credit card or other loan repayments.

Chart 30: Proportion of households in Scotland with problem debt, by income quintile, 2015/16



Source: Family Resources Survey (JRF analysis)

*Note: figures are based on single-year figures*

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Among adults of working-age and in employment in Scotland, 59% are actively participating in a pension scheme (2015/16)<sup>xix</sup>. This is higher than the UK figure of 55%. The proportion in Scotland increased between 2011/12 and 2015/16 (from 52% to 59%), and was stable between 2006/07 and 2011/12.

There are large variations in the proportions contributing to a pension scheme in different groups in Scotland:

- Only 28% of people in the poorest fifth of the population have a pension, compared to 74% of those in the richest fifth.
- Employees are far more likely to have a pension (64%) than self-employed people (21%). Analysis for the UK as a whole indicates that the increase in pension take-up after 2012 was concentrated among employees, with the rate falling for self-employed people.
- Full-time employees (64%) are more likely to have a pension than part-time employees (43%).

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## Conclusions

Overall, poverty rates have seen a gradual decline in Scotland over the last 20 years. The poverty rate in Scotland is lower than in other UK nations, and this has generally been the case over the last 10 years or so.

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There has been a steep fall in pensioner poverty, and this has been more pronounced than the reduction in the rest of the UK. In Scotland, the poverty rate for working-age adults has remained stable over the last 20 years, in contrast to the rest of the UK, where there was a small fall between 1994/97 and 2003/06, followed by a slight increase.

The poverty rate for lone parents has fallen markedly in Scotland over the last 20 years, and is now lower in Scotland than the in UK as a whole. The latest poverty rate for couples with children is also lower in Scotland than the rest of the UK. Overall, the poverty rate among children is lower in Scotland than the rest of the UK, and has fallen more sharply over the last 20 years. However, the latest single-year figures do show an increase in child poverty in Scotland (as is the case in the rest of the UK). This would be a very worrying trend if it continues and emerges in the three-year averaged figures for the next few years.

Housing costs continue to be lower in Scotland than England, and the social rented sector remains larger, which contribute to Scotland's lower overall poverty rate. However, there have been sharp rises in the proportion of in the poorest fifth of the population who spend more than a third of their income on housing – from 24% in 1994/97 to 37% in 2013/16. The rise has also been particularly noticeable among social renters.

The links between poverty and both health and education remain troubling. People in the poorest fifth of the population are much more likely to experience anxiety or depression than those who are better off. There are very large gaps in education attainment between children living in richer and poorer areas. These are stark when children are five or six, increase as they move through primary school, and remain large at age 16.

The stress of poverty also affects relationships, particularly between couples and between parents and children. Young people in the poorest fifth of the population are more likely to have poor relationships with their parents. Couples with low incomes also report more difficulties in their relationships.

The majority of people in the poorest two-fifths of the population in Scotland do not have any savings or investments, and are not building up a pension. This increases their risk of being unable to cover unexpected living costs and of living in poverty when they are older. Reducing poverty among the working-age population is vital in itself, and also to enable people to build up savings as a buffer against future costs, and a pension to reduce poverty among future pensioners.

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent organisation working to inspire social change through research, policy and practice. JRF works with governments, businesses, communities, charities and individuals to solve UK poverty.

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

If you would like to arrange a meeting with one of our experts to discuss the points raised, please contact:

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<sup>i</sup> Poverty statistics in this report differ from statistics published by the Scottish Government. Poverty statistics in this report are based on three-year averages, whereas published statistics are based on one-year periods. This report uses three-year averages because it compares the findings for Scotland with other UK nations, some of which have small sample sizes in the relevant household surveys.

<sup>ii</sup> 'Poverty' is used here to mean a household income, adjusted for family size, below 60 percent of family-adjusted median income. Income is measured after housing costs have been deducted.

<sup>iii</sup> Poverty statistics are drawn from Households Below Average Income. This survey has only included Northern Ireland since 2002; earlier data therefore excludes Northern Ireland.

<sup>iv</sup> 1994/7 proportion for the UK does not include Northern Ireland.

<sup>v</sup> Figures from Households Below Average Income, three-year average, 1994/5-1996/7, 2003/4-2005/6 and 2013/14-2015/16

<sup>vi</sup> Figure for 1997 is from the second quarter of the year; the figures for 2007 and 2017 are from the first quarter of the respective years.

<sup>vii</sup> Figures for May-July 2017:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/september2017>

<sup>viii</sup> Tunstall, R. et al (2013) *The links between housing and poverty* London: Joseph Rowntree Foundation

<sup>ix</sup> *UK Poverty: causes, costs and solutions*, ibid

<sup>x</sup> *UK Poverty: causes, costs and solutions*, ibid

<sup>xi</sup> Finney, N. et al (2015) *How are poverty, ethnicity and social networks linked?* London: Joseph Rowntree Foundation

<sup>xii</sup> *UK Poverty: causes, costs and solutions*, ibid

<sup>xiii</sup> Finney et al, ibid

<sup>xiv</sup> Figures are based on single year estimates from the Understanding Society Survey, 2009/10, 2011/12 and 2013/14.

<sup>xv</sup> Sserwanja, I. and Marjoribanks, D. (2016) *Relationship Distress Monitor* London: Relate

<sup>xvi</sup> Improving lives, helping workless families (2017) London: Department for Work and Pensions

Available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/621364/improving-lives-helping-workless-families-web-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/621364/improving-lives-helping-workless-families-web-version.pdf)

<sup>xvii</sup> Marjoribanks, D et al (2017) *It takes Two; Couple relationships in the UK* London: Relate

<sup>xviii</sup> *UK Poverty: causes, costs and solutions*, ibid

<sup>xix</sup> Figures are based on single year estimates from the Family Resources Survey, 2006/07, 2011/12 and 2015/16.