



Poverty, power and the changing face of Scotland

PHINS seminar

11 September 2015

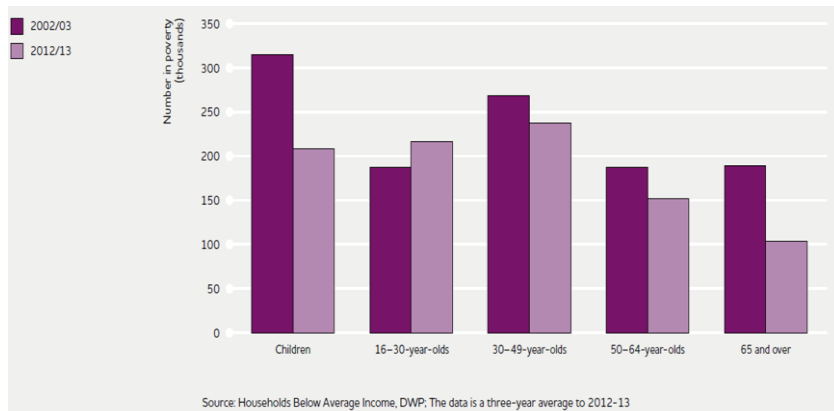
Jim McCormick



- Poverty is costly, wasteful and risky. But not inevitable.
- However it's measured, it's likely to grow without fresh action.
- Scotland and the UK need a costed, evidence-based set of solutions...
- ...involving action by many: employers, the NHS, housing providers, education providers, as well as governments.

The changing face of poverty by age

There are more 16 to 30 year olds living on a low income than a decade ago – the only group to have seen a rise

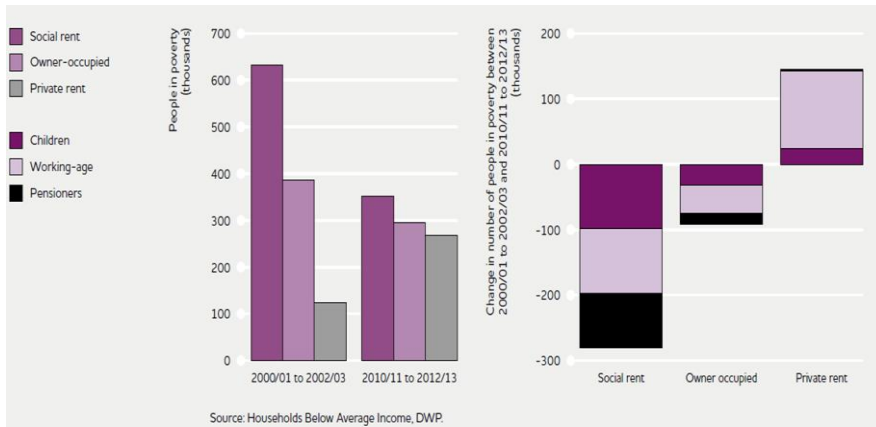


Distribution of disadvantage: Fife

SIMD indicator (2012)	Living in 20% most deprived areas of Fife	Living in rest of Fife
% children in poverty	43.6%	56.4%
% JSA claimants	42.4%	57.6%
% income deprived	40.7%	59.3%
% employment deprived	38.8%	61.2%
% households <£300 pwk (gross)	30.2%	69.8%
% low-income households (BHC)	28.9%	71.1%

The changing face of poverty by housing tenure

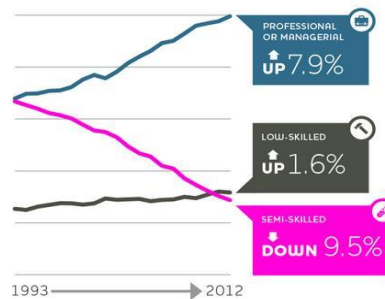
Poverty is rising in the Private Rented Sector – mostly among working age people



The changing face of work



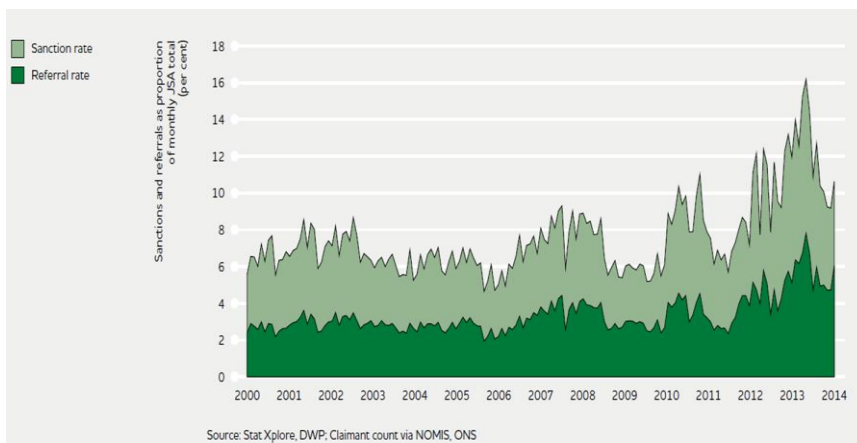
THE NUMBER OF SEMI-SKILLED JOBS HAS FALLEN DRAMATICALLY



Source: Schmuecker, K. (2014) Future of the UK labour market

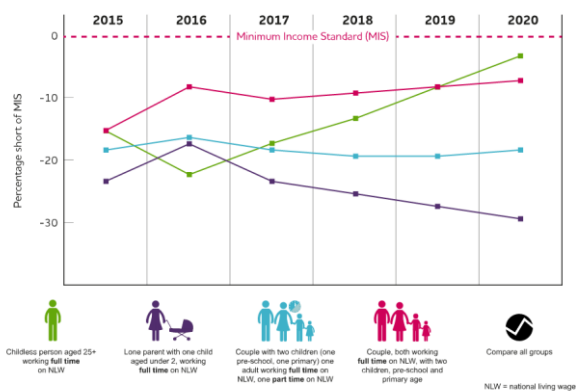
Sanctions for JSA claimants

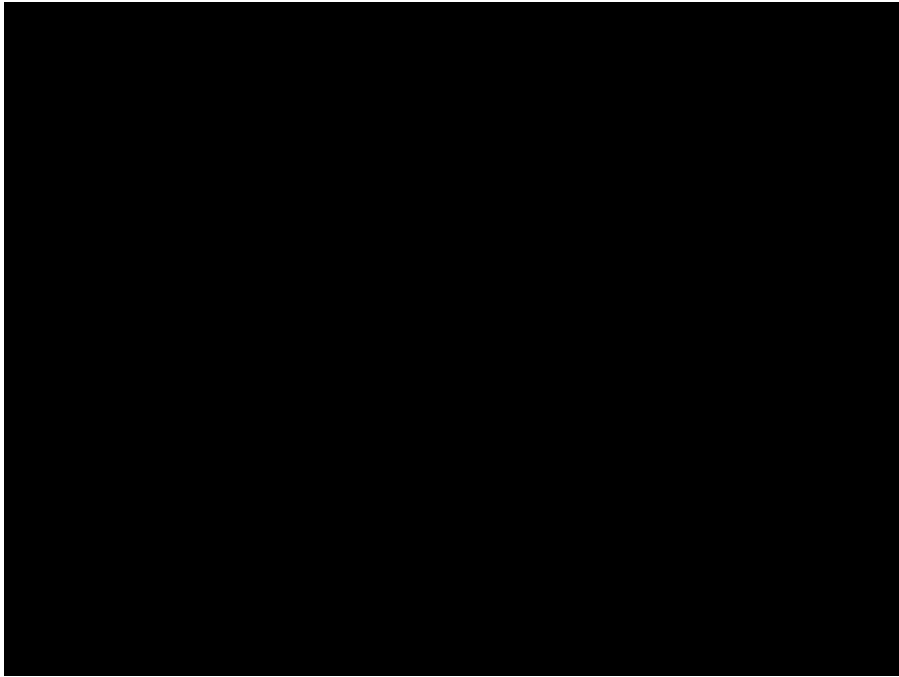
At its peak, 1 in 6 JSA claimants were referred for a sanction each month



Summer Budget: living standards by 2020

Will people earning the national living wage be closer to affording the Minimum Income Standard in 2020?





Social security: Scotland (2012-13)

Benefit	Cost	Share	Per head (GB)
State Pension	£6,783m	38.3%	-0.1%
Tax Credits	£2,226m	12.5%	-0.8%
Housing Benefit	£1,789m	10.1%	-1.0%
DLA (PIP)**	£1,450m	8.2%	+2.3%
ESA	£752m	4.2%	+2.0%
Pension Credit	£688m	3.9%	+0.7%
Income Support	£496m	2.8%	+0.9%
Attendance Allowance**	£478m	2.7%	+0.5%
JSA	£461m	2.6%	+0.8%
Council Tax Benefit (CTR)**	£380m	2.1%	-0.8%
Incapacity Benefit	£371m	2.1%	+2.8%
Total	£17,727m	100%	+0.1%

Things to come

- Further welfare reform: biggest impact for low income families with children, lone parents, many disabled people
- Important though limited protections: Council Tax Reduction, Discretionary Housing Payments, Scottish Welfare Fund, extra £ for Advice
- Scotland Bill: some flexibility on Universal Credit payment, devolution of some disability & carer benefits, devolution of employment programmes

Powers and choices

- Direct voice and local fairness/anti-poverty action
- Fair alternative to Council Tax
- Living Wage expansion
- Scottish Rate of Income Tax: interaction with childcare and social security (e.g. target by using tax system rather than means-testing?)
- Replace the Work Programme: decentralise/diversify with the aim of poverty reduction
- New borrowing/bond issuing powers: priority for affordable housing?

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