

# Briefing note: Baseline evidence

November 2018

## Key messages

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- 19% of people in Scotland, an estimated 1 million people, live in relative poverty. This rate is rising slowly in recent years.
- Poverty rates among families with children are much higher than those of the population as a whole. It is estimated that 24% of children in Scotland, or 230,000 children each year, live in relative poverty.
- A number of groups and household types show higher than average risk of poverty, including lone parents, households with a disabled adult or child, ethnic minority households, and tenants of social and private rented housing.
- Levels of in-work poverty have risen rapidly in recent years - 59% of all working adults in poverty, and 66% of children in poverty live in households where at least one adult is in work.
- Edinburgh is an affluent city, with high average incomes, low unemployment, high employment rates, and high average wages.
- Despite this, the city also holds a high number of residents who fall into the high poverty risk groups cited above. Also, despite a successful economy, 13% of all workers in Edinburgh earn wages at rates below the living wage foundation recommended rate, and 10% of all workers rely on 'non-permanent employment'
- The City of Edinburgh Council models estimate that 82,000 people in Edinburgh live in relative poverty, an estimated 16% of the total population of the city.
- These rates vary considerably between electoral wards across the city, from as low as 5% in some areas, to as high as 27% in others.
- An estimated 22% of all children in Edinburgh live in poverty. Again, this rate varies widely, with some areas recording child poverty rates as high as 35%. At the high end, these rates rank among the highest levels of child poverty recorded in any local authority in Scotland.
- Scottish Index of Multiple Deprivation provides a useful analysis of the micro-geography of deprivation in the city. The analysis estimates that 45,920 people in Edinburgh are 'income deprived'. Of these, almost two thirds live outside areas ranked among the most deprived in Scotland.

# Poverty in Scotland

## What is poverty?

Poverty means not being able to heat your home, pay your rent, or buy essentials for your children. It means waking up every day facing insecurity, uncertainty, and impossible decisions about money.

To be in poverty is to have resources that are well below the level needed to maintain a decent standard of living.

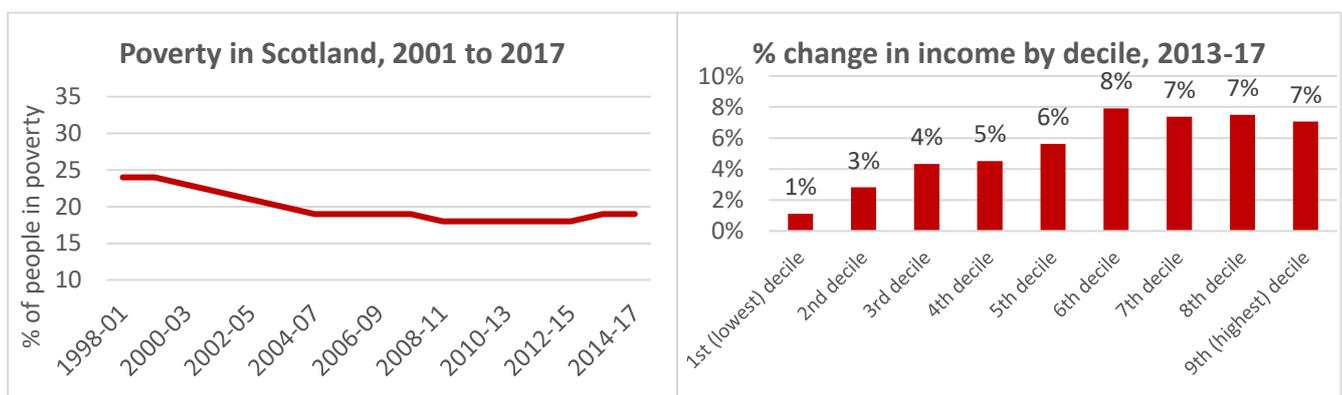
For this analysis we adopt a definition of relative poverty after housing costs as our baseline. The relative income poverty line is set at 60% of UK median household income after housing costs, adjusted for family size. It changes each year according to changes in median income.

As an illustration, for a couple with 2 children in Scotland, this threshold is the equivalent of £21,100 per annum.

Almost anyone can experience poverty. Unexpected events such as bereavement, illness, redundancy, or relationship breakdown are sometimes all it can take to move into circumstances that then become difficult to escape.

## Rising poverty and income inequality

19% of people living in Scotland, a total of 1 million people, were living in relative poverty after housing costs during 2014-17. Following a decline in the early 2000's, poverty rates in Scotland have begun to show evidence of a slow increase in the years following the last recession, from a low of 18% recorded in 2011-14.



This rising trend comes despite a rise in average incomes recorded in recent years. Since 2010-13, median incomes in Scotland have risen by 6%, but this increase has not been felt equally across all households. Indeed, income growth for affluent households has been recorded at 7 to 8 times higher than that of the lowest 10% of households in Scotland by income during this period. Similarly, income growth for households with children during this period has been much lower than for other households.

Analysis produced by the institute of fiscal studies identifies four key drivers for this trend:

- labour market improvements and resulting increases in earned income tend to benefit medium and high income households more rapidly than those in low income groups
- cuts to the value of working age benefits have affected low income households most severely, and families with children most directly
- reductions in mortgage costs due to low interest rates in this period provided most benefit to high income households, while
- rising private rents have had a disproportionately high impact on incomes for low income groups.

### Case study: Experiences of Poverty

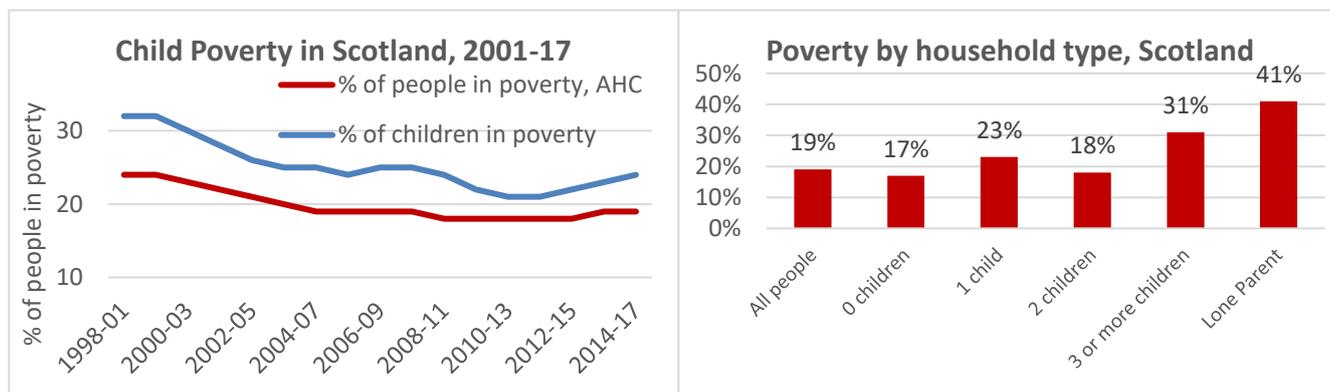
“S is a single mother living in private rented flat in Edinburgh. While her rent is covered by benefits she regularly faces difficult decisions about money. At the end of every week she knows she will have £10 left over once all her expenses are covered. This remaining money will be all she has left to either heat her home over the weekend, buy food for her family, buy school clothes or other essential for her children. The money she has will not cover all these needs. Every week something has to give.”

Source: The City of Edinburgh Council

### Child poverty in Scotland

Poverty rates among families with children are much higher than those of the population as a whole. It is estimated that 24% of children in Scotland, or 230,000 children each year, live in relative poverty. Child poverty rates had been falling for many years but have started to rise again since 2011-14.

Within this population, the risk of poverty varies further depending on the number of adults and number of children in the household. Some 41% of all single parent households in Scotland live in relative poverty, in 2014-17, for instance. As do 31% of households with 3 or more children.



### Case study: Child poverty and innovative practice in schools

Mary's mother takes drugs and she had not been attending school regularly. When she got to P4 she was able to get herself to school and her attendance improved, as did her attainment. When her younger sister started school though, both of the girls stopped attending and it was felt that this was because Mary was unable to get them both ready and out for school. When the 'Walking Bus' project was set up both Mary and her sister were supported to leave their home on time and get to school together. Over the past few months the school have noted Mary's progress and improved marks. The school have also developed a relationship with the mother who is now getting support for her substance misuse.

Source: The City of Edinburgh Council

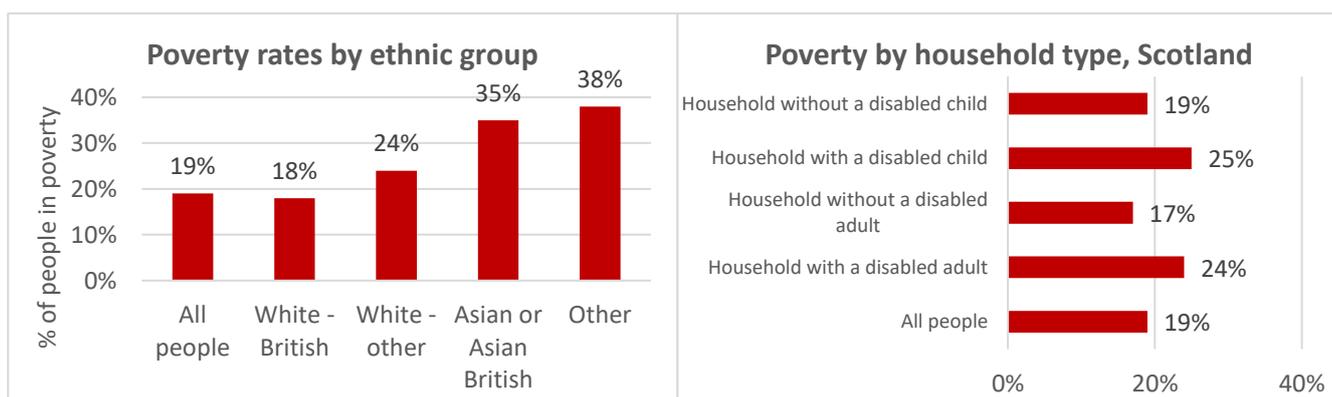
### Poverty and gender, disability, and ethnicity in Scotland

Because poverty rates are based on an assessment of household income, it is difficult to make good analysis of the gender effects of poverty in households where there are a number of individuals of different genders. Analysis of single person households, however, shows that poverty rates tend to be slightly higher for women than for men. When lone parents are included in this analysis, the gap grows much wider – around 90% of all lone parents in Scotland are women.

Overall, after housing costs, the poverty rate of single working-age women was 30% in 2014-17. In comparison, the poverty rate for single working-age men was 26%.

People from minority ethnic (non-white) groups are more likely to be in poverty, both before and after housing costs, compared to those from the 'White - British' group. Over a third of people in minority ethnic groups were in poverty after housing costs were taken into account. For comparison, the poverty rate for the 'White – British' group was 18%.

Similarly, poverty rates remain higher than average for families in which somebody is disabled. In 2014-17, the poverty rate after housing costs for families with a disabled person was 24%. This compares with 16% of people in a family without a disabled person who were in poverty.

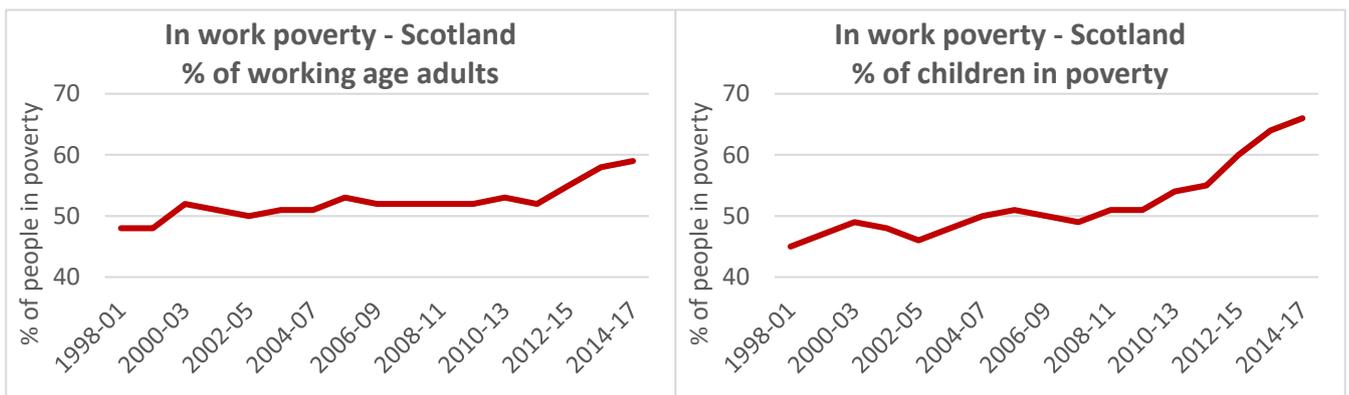


## Poverty and work

Among working age adults, the availability and accessibility of well-paid full-time work remains one of the most important factors influencing rates of poverty. Some 74% of all unemployed people in Scotland are in poverty in 2014-17, compared to only 5% of people in households where all adults are in full time work.

Nevertheless, work alone does not guarantee an escape or avoidance of poverty. 34% of households which rely on part time employment are in poverty, as well as 26% of multiple adult households where only one adult is in full time employment.

In-work poverty refers to people living in households where at least one member of the household is in either full or part-time paid work, but where the household income is below the relative poverty threshold. Over recent years the number of people living in in-work poverty in Scotland has risen significantly. After housing costs, in 2014-17 some 59% of all people in poverty in Scotland were living in households where at least one adult is in work. For families with children this ratio is even higher. 66% of all children in poverty live in households where at least one adult is in work.



### Case study: Work, poverty, and childcare

“I wouldn’t be able to work without access to affordable, flexible childcare” - Mother, North Edinburgh Childcare Social Impact Report 2015 – 16

“I would have to reduce my hours at work significantly if North Edinburgh Childcare was not available’ - Parent, North Edinburgh Childcare Social Impact Report 2015 – 16 “North Edinburgh Childcare provides my son with a wide range of social interactions with children of different ages; it allows him to be creative and also exercise when he wants to join in” - Mother, North Edinburgh Childcare Social Impact Report 2015 – 16

Source: People Powered Community, Community Action North

### **Case study: Experiences of Poverty**

“C was referred to the Edinburgh Poverty and Social Inclusion Programme Youth Programme in February 2016.”

“C was sofa surfing and living between friends and had no fixed abode. They had no mobile phone and with poor mental health, found it difficult to sustain appointments from one week to the next. The hostels that C was given were a negative influence on their recovery. Negative peer pressure meant on several occasions they received warnings or were booked out of their accommodation due to behaviour.”

Source: [Working Capital October 2017](#)

## **Poverty in Edinburgh**

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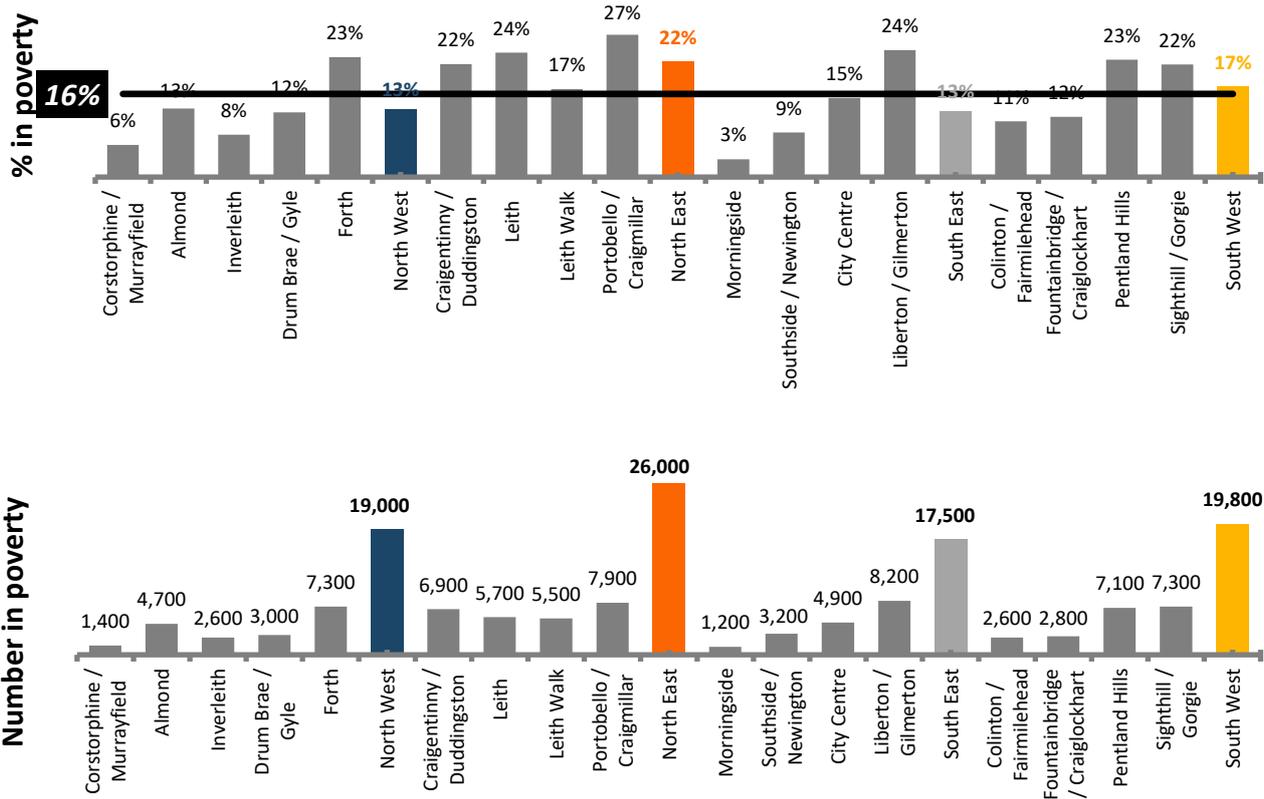
Edinburgh is an affluent city. Average incomes are 27% higher than the Scotland average. Unemployment rates are lower than those of any other major UK city. Employment rates are high and average wages are higher than those of most other areas in the UK. Despite this economic success, however, poverty does exist in Edinburgh.

There are no official Scottish Government estimates for measuring poverty at the local authority level in Scotland. The figures presented in this paper are modelled estimates produced by the City of Edinburgh Council based on analysis of Scotland wide poverty patterns, and locally administered data on housing benefit recipients.

Using this model, it is estimated that 82,000 people in Edinburgh live in relative poverty after housing costs. That is the equivalent of 16% of the city population, slightly lower than the Scottish average of 16%.

Poverty rates in Edinburgh vary considerably between different areas of the city, with rates of up to 27% recorded in some electoral wards, and as low as 3% in other. This pattern of inequality is replicated across all four of the locality areas which make up the city – North West, North East, South East, and South West. Every locality contains areas of high poverty. Most localities contain areas of relatively low poverty.

## Poverty in Edinburgh by ward and locality



Seven of the 17 electoral wards in the city show poverty rates rising to above 20%. These include Forth, Craigtinny/Duddingston, Leith, Portobello/Craigmillar, Liberton/Gilmerton, Pentland Hills, and Sighthill Gorgie.

Together, these seven wards account for 50,400 of all people in poverty in Edinburgh. This means that more than a third of all people in poverty live outside areas of high poverty concentrations.

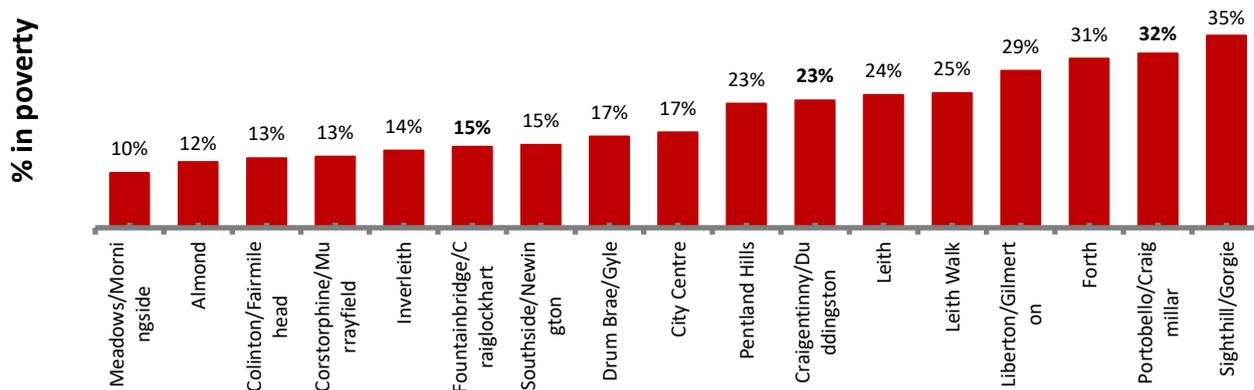
## Child poverty in Edinburgh

This spatial pattern of poverty is replicated by modelling of local child poverty rates published by the End Child Poverty coalition.

Overall, this analysis estimates that 22% of all children in Edinburgh live in relative poverty after housing costs. This is more than 1 in 5 children across the city and is estimated at approximately 17,000 children.

Child poverty rates vary across the city and all Localities have concentrations of children living in very low-income households North East Locality has consistently high rates of child poverty across all four wards, with an overall rate of 27%.

## Child poverty by ward



### Case study: Experiences of Poverty

“R left home aged 17 and has lived on her own and looked after herself since then. All of the family live locally although she receives no support from them. Her mother has recently remarried, has her own young children to look after and her own financial struggles. ‘I don’t speak to anyone else really. I’ve been used to this all my life so I just get on with it... I don’t rely on anybody or expect anything. That way I don’t get let down.’”

“R’s housing situation is unsatisfactory and unstable. She is in a temporary furnished flat for emergency homeless use. The temporary homeless accommodation is cold, draughty, and unpleasant and causes Rebecca a great deal of distress. She believes it is having a negative effect on her baby daughter’s health as she cannot afford to heat it. She has started taking antidepressants, because of her dire circumstances.”

Source: [Child Poverty Action Group](#)

### SIMD analysis

The Scottish Index of Multiple Deprivation (SIMD) is one of the key tools for identifying concentrations of deprivation in Scotland. The 2016 SIMD is the latest iteration of the data set, which is updated approximately every three to four years.<sup>1</sup>

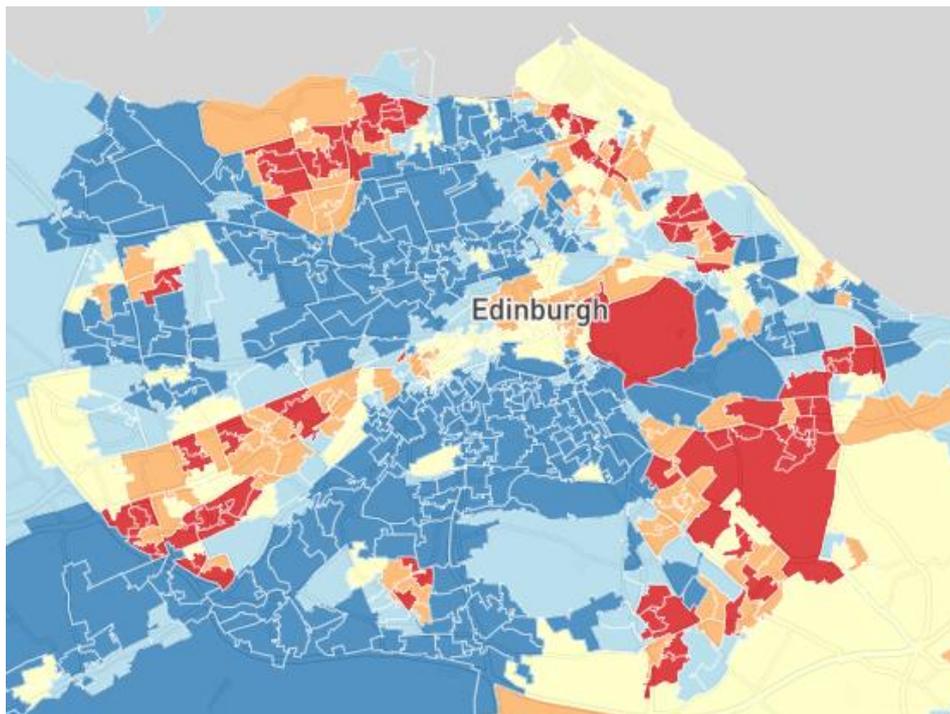
Since its creation, SIMD has been widely used by Scottish Government and public-sector bodies to allocate resources to areas of need. Former ring-fenced grants, including Supporting People, Fairer Scotland Fund and Antisocial Behaviour, make use of SIMD to allocate funding. In general terms, the more concentrated the incidence of deprivation, the greater the level of funding received.

<sup>1</sup> SIMD provides information for small areas across Scotland down into a number of data zones. A data zone is a geographic area, usually with a population of between 500 and 1,000.

Edinburgh's share of the most deprived areas in Scotland has increased slightly since the last SIMD in 2012. Of the 20% most deprived data zones in Scotland, 5.9% (81 data zones) are in Edinburgh, compared to 5.1% in SIMD 2012.

The index provides a useful analysis of the micro-geography of deprivation in Edinburgh, showing analysis below the ward level cited above. In the map below, for instance, areas coded red rank among the most deprived 20% of areas in Scotland, with areas coded dark blue amongst the least deprived.

### **SIMD 16 – Quintile analysis**



### **Income deprivation measure within SIMD 2016**

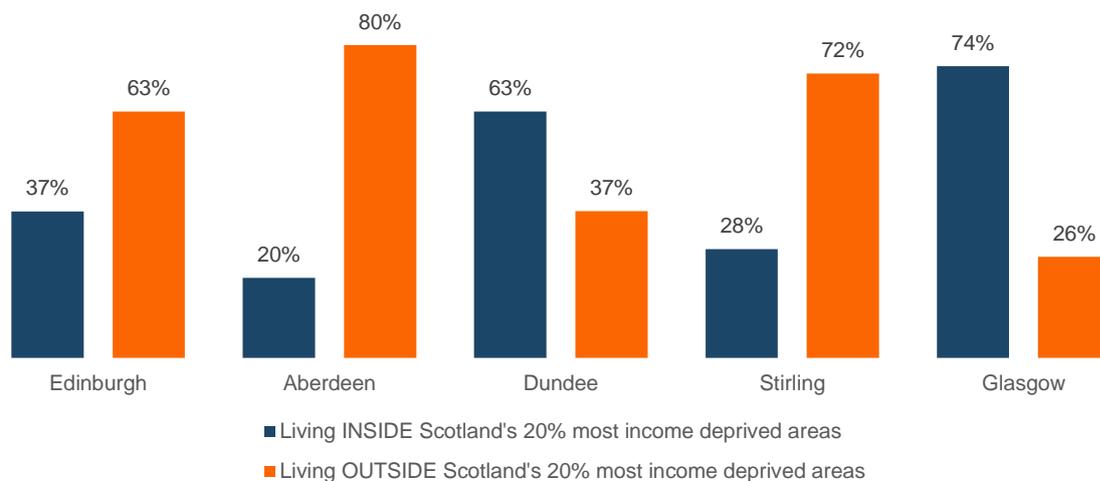
Within the SIMD analysis, each area in Scotland is ranked based on weighted indicators grouped within seven theme areas: income, employment, health, education, housing, access to services, and crime. Within the income domain, the analysis uses data on benefits dependency to estimate the number of 'income deprived' individuals in an area. While this estimate is likely to understate the true level of poverty in an area, it does give a useful proxy for the small area distribution of poverty across Edinburgh.

Overall, the analysis estimates that 9.3% of people in Edinburgh are income deprived, or a total of 45,920 people. Within this group, an estimated 17,000 people live within areas that are ranked within the 20% most deprived areas in Scotland (i.e. the red areas noted in the map above.). A further 28,795 income deprived people, however, live in areas which are not considered among the most deprived in the country. In other words, around 63% (almost two thirds) of people who are income deprived live outside of the 20% most deprived areas of Scotland. A policy focus, in other

words, which concentrated solely on those most deprived areas would fail to support almost two thirds of all income deprived residents of Edinburgh.

In following this pattern, Edinburgh does seem to fit a distribution common across other more affluent cities in Scotland. Aberdeen, for instance, also records more income deprived people living outside its most deprived areas than inside. In Glasgow and Dundee, by contrast, the opposite pattern is observed.

### Percentage of people who are income deprived living outside or inside Scotland 20% most income deprived areas



Source: Scottish Government SIMD 2016

### The impact and cost of poverty

Poverty is damaging. Not just to those directly affected, but to society, families, education system, taxes, and the economy. Poverty is not an individual affliction but a social problem.

#### Impact of poverty

“During the period April 2015 – March 2016, 18 people died whilst sleeping rough in Edinburgh.”

“Parents, usually mothers, become trapped in low paid, part time work as the high cost of childcare prevents them from extending working hours.”

“In 2011-15 the suicide rate was more than three times higher in the most deprived areas compared to the least deprived.”

Poverty puts considerable strain on family budgets and relationships, health and education attainment. Whatever the type of family or its experience of poverty, they are all affected by not having the resources to meet their needs. For example, in Edinburgh:

- 28% of all households say they find it ‘difficult’ or ‘very difficult’ to get by on their current income.
- the gap in life expectancy between the poorest and most affluent parts of the city is as high as 24 years.
- tariff scores for pupils in disadvantaged areas is over 300 points lower than the average for all schools. That is the equivalent of an additional four A-grades in Higher-level exams.

Poverty costs the public sector an estimated £408m every year, through additional spending on healthcare, school education, justice, children’s and adults’ social services and housing. Children who grow up in low-income households have poorer mental and physical health than those who grow up in better-off families. Poverty is associated with low self-esteem, high levels of depression and anxiety, and impacts significantly on the cognitive, social and behavioural development of young people.

### Case study: Experiences of Poverty

“Life was going along quite happily. We didn’t have much money, but my children were well fed and clothed and we were okay. That all changed in the space of a few weeks and I struggled to cope. First my wife had to give up her work earlier than we had planned. She became ill so had to stop working. She had high blood pressure and we did not want to put her life, or the baby’s life, in danger.”

“My car broke down and it needed a really expensive repair. At the time I was doing three different jobs to try and make ends meet. I needed the car for delivering parcels during the day and also to get me to my other jobs. What made things worse was that if I didn’t work I didn’t get paid. Then, the same weekend, I injured myself playing football with my son, I fell awkwardly and landed on my wrist. I had planned to cycle to one of my other jobs to keep some money coming in, but I sprained my wrist and ankle and so now I couldn’t even do that.”

With no income the debts quickly spiralled, “We were facing eviction unless immediate action was taken we would have found ourselves homeless.” “It was very serious, but our advisor was so good. She made sure that we were able to stay in our home. She also worked with us to find out what benefits we were entitled to. I had thought I could not claim benefits because I was working – but I was wrong.”

Source: [Compact Voice, Edinburgh’s Third Sector 2018](#)

## Contact

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# Appendix 1: further resources

## More data about Edinburgh

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[Edinburgh by Numbers 2018](#) provides a comprehensive compendium of statistics with more than 140 datasets covering Edinburgh, its population, its economy, and its environment.

[Edinburgh Economy Watch](#) is a quarterly publication providing up to date tracking of key indicators on the progress of Edinburgh's economy.

[Edinburgh People Survey](#) is the largest annual survey of residents run by any local authority in the UK. It provides detailed analysis of citizen's changing perception of the city, the Council, and their neighbourhoods.

## More case studies of citizen's experience

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[Compact Voice 2018](#) is an annual publication produced by Edinburgh's third sector. This year Compact Voice is all about telling people's stories and illustrating the positive change that Edinburgh's third sector organisations make to people's lives.

## More analysis of poverty in Scotland and the UK

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[Poverty and income inequality in Scotland: 2014-2017](#) is an annual publication produced by the Scottish Government. It provides high level analysis of trends in income and poverty in Scotland and is the source for many of the Scotland level statistics included in this briefing.

[Poverty in Scotland 2018](#) was published by the Joseph Rowntree Foundation in October this year. It provides a new analysis looking at poverty trends for families with children in Scotland, reflecting the commitments in the Child Poverty (Scotland) Act to achieve substantial reductions by 2030.

[Report on poverty in the UK by the United Nations Special Rapporteur on extreme poverty and human rights](#) was published in November following visits by Professors Philip Alston to a number of cities in the UK, including Edinburgh.