



SUBMISSION FROM THE POVERTY AND INEQUALITY COMMISSION TO THE UN SPECIAL RAPPORTEUR ON HUMAN RIGHTS AND EXTREME POVERTY

Background to the Commission

The Poverty and Inequality Commission was established by the Scottish Government in July 2017 with a remit to:

- provide independent advice to Scottish Ministers on reducing poverty and inequality in Scotland;
- scrutinise progress that is being made;
- and to have an advocacy role, developing its own work programme and working with business and wider civic society to promote the importance of particular issues.

The Commission published its first advice to Scottish Ministers on the Scottish Government's Child Poverty Delivery Plan in February 2018 (see attached). It is currently undertaking work to advise Scottish Ministers on meeting the needs of families during school holidays and is developing a piece of work to examine what difference the adoption of 'inclusive growth' is making to policy design and delivery in Scotland. Future work priorities include the areas of housing wealth and transport.

The Commission aims to work in a way that is:

- solution focused – not just describing the problem
- about numbers and people – reducing the big numbers in poverty but also ensuring that solutions work for everyone
- honest and realistic – bringing honesty and clarity to the debate, being pragmatic and realistic about action required
- courageous – having the will to say what is right, not what is easy
- concerned with people – not lost in statistics, but focused on the lives of individuals
- speaking up for those who are often not heard – tackling stigma and recognising the needs of those who are under-represented
- influential
- educational – helping wider society understand the challenge and building consensus to action
- collegiate – working with other and offering support where positive steps are being taken

The Commission is made up of eight members who bring a mix of expertise from policy, practice, research and direct lived experience. Each Commissioner has been appointed as an individual, not as a representative of a particular organisation or

interest group. While established by the Scottish Government, the Commission is independent from Government.

The current Commission will come to an end on 30 June 2019. From July 2019 a statutory Poverty and Inequality Commission will be established through the Child Poverty (Scotland) Act 2017. The remit of the new statutory Commission is broadly the same as that of the existing Commission.

Poverty in Scotland

Approximately one million people in Scotland (19%) were living in relative poverty after housing costs (AHC) in 2014-17 and 910,000 (17%) were in absolute poverty¹. Poverty rates are higher amongst households with children. Child poverty rates have been falling for many years but have started to rise again since 2011-14. It is estimated that 24% of children (230,000 children) were in relative poverty (AHC) and 22% in absolute poverty.

Progress has been achieved in reducing poverty rates amongst pensioners. After housing costs 13% of pensioners (140,000) were in relative poverty in 2014-17 and 11% in absolute poverty. These proportions have been broadly stable since 2008-11, and had been decreasing between 1998-2001 and 2008-11.

In work poverty, however, is an increasing problem in Scotland. In 2014-17, 66% of children and 59% of working age adults in relative poverty (AHC) were living in working households.

Some people in Scotland are much more likely to experience poverty than others. Lone parent households are more likely to experience poverty than other households: 41% of children living in a single parent household are living in relative poverty (AHC). People from non-white minority ethnic groups are more likely to be in poverty than those who are 'White-British'. Over a third of people in minority ethnic groups (36%) were in poverty after housing costs compared to 18% in the 'White-British' group. Households with a member who is disabled have higher rates of poverty after housing costs (24%) than those without a disabled member (16%). Where the analysis excludes benefits that are specifically paid as contribution towards the additional living costs that are faced by disabled people, the poverty rate for households with a disabled person increases to 29%.

Analysis of poverty by gender is more difficult because of the way that data is collected about household incomes, but we know that the vast majority of single parent households, with their high rates of poverty, are headed by women. The rate of relative poverty after housing costs for single female pensioners is higher than for single male pensioners (18% compared to 11%) and relative poverty after housing costs was also higher for single working age women (30%) than for men (26%)

¹Statistics are taken from the Scottish Government publications *Poverty and Income Inequality in Scotland 2014-17* <https://www.gov.scot/Publications/2018/03/3017/4> and *Supplementary tables – characteristics of poverty* <https://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/povertytable>. Further details of how poverty rates are calculated can be found in the main publication.

We suggest that in his visit to Scotland the Special Rapporteur should look particular at those groups who are at most risk of poverty and inequality.

General principles

The Commission identified a number of general principles in its advice to the Scottish Government on the Child Poverty Delivery Plan that should underpin the Scottish Government's approach to eradicating child poverty. The Commission sets these out here as they may be useful for the Special Rapporteur to take into account in considering the actions being undertaken in Scotland. They are:

- **Linking actions to impact** – the Scottish Government must be specific about the expected impact of each action on the statutory targets. It should commit to monitoring and evaluating the impact of its actions.
- **Cross-portfolio approach** - The Scottish Government should take a cross-portfolio approach focusing on actions that will have the biggest impact.
- **Focusing on people as well as numbers** – action should be set in the context of human rights and should recognise that some households have a much higher risk of poverty than others, and that some households face additional costs in order to achieve the same living standards as other households. People with direct experience of poverty should be involved in the development and delivery of the actions.
- **Reducing the poverty gap in the long term** – actions need to be taken to improve outcomes and reduce inequalities in the longer term. This will require action on future prospects as well as current income.
- **Considering the geography of poverty** – poverty can be concentrated in particular areas and place based initiatives have a role to play. On the other hand the majority of people living in poverty do not live in multiply deprived areas. The experience of poverty can differ depending on where families live.

Engaging with people with lived experience of poverty and inequality

The Commission is committed to ensuring that it listens to and amplifies the voices of those with lived experience of poverty and inequality. **The main message the Commission would like to emphasise in its submission is about the importance of hearing from people with lived experience while visiting Scotland.** In developing our work we have been able to engage with people with lived experience of poverty and inequality and have benefited from the support of a number of organisations to enable us to do this. In particular we have worked with the Poverty Alliance, the Poverty Truth Commission, Oxfam Scotland and the Menu for Change project, the Dundee Fighting for Fairness Commission, Fife Gingerbread, and Inclusion Scotland. We would encourage you to contact some of these organisations to enable you to hear from people with lived experience. If there is anything the Commission can do to facilitate this we would be happy to do so.

Measurement of poverty

Last year the Scottish Parliament passed the Child Poverty (Scotland) Act 2017, which sets in law four targets relating to ending child poverty that the Scottish Government is required to ensure are met by 2030.² These targets measure relative poverty, absolute poverty, combined low income and material deprivation, and persistent poverty. The Scottish Parliament has chosen to set child poverty targets that are measured after housing costs in recognition of the increasing impact of high housing costs on poverty.

The Special Rapporteur asked specifically for views on the definition and measurement of poverty. Scotland is the only part of the UK to have targets relating to child poverty. The legislation had cross-party support and the Commission welcomes the targets. While there can be debate about to what extent the targets capture different aspects and impacts of poverty, they provide an impetus for action and a tool to measure progress.

Powers within Scotland to tackle poverty and inequality

The Commission does not have a remit to advise the UK Government and therefore its work concentrates on the levers for change that lie within the powers of the Scottish Parliament, the Scottish Government, and local authorities in Scotland. In this submission the Commission is focusing on the use of powers *within* Scotland to tackle poverty and inequality. **These are the powers that we suggest the Special Rapporteur should focus on during his time in Scotland.**

It is clear that many factors in relation to poverty and inequality in Scotland are outside of the control of the Scottish Parliament and Scottish Government. We would particularly highlight changes to the UK social security system, including the roll out of Universal Credit, the benefits freeze and the imposition of the two-child limit for tax credits and Universal Credit that are having a negative impact on poverty in Scotland.

Nevertheless there are significant powers in Scotland to address poverty and inequality and specific commitments have been made in relation to ending child poverty.

Powers in Scotland to address poverty and inequality have increased. Some tax raising powers have been devolved to Scotland, including powers over income tax on earnings. Some social security powers have also now been devolved to Scotland. The major levers for addressing poverty in Scotland relate to social security, employment and housing and the new tax raising powers offer further scope to make use of these levers. **We recommend that the Special Rapporteur should explore the extent to which the Scottish Government and local authorities are using the powers and levers available to them and what impact this is having.** We have provided some further information on relevant reserved and devolved powers in Annex A.

² <http://www.legislation.gov.uk/asp/2017/6/contents/enacted>

Social Security

While the majority of social security benefits are reserved, including tax credits, housing benefit, Universal Credit and pensions, the Scottish Parliament has gained significant new powers in relation to social security. This includes a range of existing benefits that have been devolved to Scotland, along with powers to top-up reserved benefits and create new social security benefits in areas not connected with reserved matters.

We suggest that the Special Rapporteur should look at the Scottish Government's plans for the use of its powers in relation to social security and at what impact this will have on poverty in Scotland. The Scottish Government is currently very much focused on the safe and secure delivery of the existing benefits that are being devolved to Scotland. We endorse the Scottish Government's commitment to creating a social security system based on rights, dignity, respect and fairness, however, we are keen to see the Scottish Government go further in reflecting on the purpose of social security and the potential opportunities the new powers offer.

Modelling carried out for the Commission looked at a range of options for topping up benefits to reduce child poverty. If the Scottish Government were to top up the Universal Credit Child Element by £45 per month, alongside removing the Benefit Cap and Two-child limit, for example, it could lift 45,000 children out of poverty. In our advice to Scottish Government we recommended that the Scottish Government should set out the options that it would consider to top up or create benefits to address child poverty. In response the Scottish Government committed to introducing a new income supplement for low income families by 2022. We will be scrutinising progress towards delivering this commitment.

Employment

Employment provides a potential route out of poverty but in-work poverty is a growing problem in Scotland. **We suggest that the Special Rapporteur should look at the extent to which powers are being used to ensure that employment is a route out of poverty, with a particular focus on the factors that are driving in-work poverty, including low pay and low hours.**

The Scottish Government has powers in relation to economic development, education and training (including the provision of apprenticeships), and employment support programmes for disabled people and those at risk of becoming long-term unemployed. Inclusive Growth – defined as 'growth that combines increases in prosperity with greater equity, creates opportunities for all and distributes the dividends of increased prosperity fairly' - is a central element of the Scottish Government's 2015 Economic Strategy³. This focus on inclusive growth is a welcome development, however, there are questions as to the extent to which delivery of policy is matching policy ambition.

³ <https://beta.gov.scot/publications/scotlands-economic-strategy/>

The Commission's Child Poverty Delivery Plan Advice recommended that the Scottish Government should take action to support parents who are able to work, or able to work more into employment. In its Delivery Plan the Scottish Government committed to invest £12 million to provide intensive support for low income parents to help them get into work and – for those already in work – to progress through a career. We welcome this commitment, but the scale of the investment may need to be greater if it is to have a significant impact on the numbers living in poverty.

Housing

Housing costs as a percentage of income is becoming more of a problem in Scotland. **We suggest that the Special Rapporteur may wish to explore the extent to which rising housing costs are an increasing driver of poverty, and what solutions are being offered by housing policies.** 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, while there has been little change for households in higher income bands.⁴ Poverty is highest amongst children living in households in rented accommodation: 43% of children living in households that rent privately and 39% of children in households that rent from a council or housing association are living in poverty. Over the last 20 years there has been a fall in the proportion of local authority housing in Scotland which has pushed people into the private rented sector and housing association accommodation, where rents are generally higher.⁵

While some aspects of housing costs and housing policy, such as housing benefit, are reserved to the UK Government, other aspects are devolved. The Scottish Government has policy levers around housing supply and investment in affordable homes, fuel poverty, private residential tenancies, planning, council tax and land tax. Local authorities have powers and responsibilities around the provision of council housing, reducing homelessness, providing advice and support to private tenants, as well as dealing with planning applications. In its child poverty advice the Commission recommended that the Scottish Government should explore ways of reducing housing costs for families with children living in poverty.

For any further information please contact Katherine Hudson, Secretariat Manager, Poverty and Inequality Commission
katherine.hudson@povertyinequality.scot

⁴ Joseph Rowntree Foundation, *Poverty in Scotland 2017* (Joseph Rowntree Foundation, 2017)
<https://www.jrf.org.uk/report/poverty-scotland-2017>

⁵ Joseph Rowntree Foundation, *Poverty in Scotland 2017* (Joseph Rowntree Foundation, 2017)
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Annex: Reserved and Devolved powers to address poverty and inequality

The state of the economy and the decisions of the UK Government have a significant impact on poverty and inequality in Scotland, however, there are also significant powers in Scotland to address poverty and inequality.

Tax and budget

The majority of taxes, including National Insurance Contributions, are determined by and paid to the UK Government and the block grant, which makes up around half of the Scottish budget, is determined by spending allocations of the UK government. Some tax raising powers have now been devolved to Scotland, in particular powers to set rates and bands of income tax.

Social Security

The majority of social security benefits are reserved, including tax credits, housing benefit, Universal Credit and pensions. The Scottish Parliament has gained significant new powers, however, in relation to social security. This includes a range of existing benefits that have been devolved to Scotland, such as disability and carers' benefits; benefits that are currently part of the Regulated Social Fund, such as the Sure Start maternity grant and winter fuel payments; discretionary housing payments; and welfare foods. In addition to these devolved benefits the Scottish Parliament is also getting the power to top-up reserved benefits; the power to create new social security benefits in areas not otherwise connected with reserved matters; and powers to vary the housing cost element and change payment arrangements for Universal Credit. These powers follow the establishment of the Scottish Welfare Fund and the Council Tax Reduction in 2013.

Once all those benefits are devolved the Scottish Government will be responsible for around 15.6% of social security spending in Scotland, totalling about £2.9 billion⁶. The Scottish Government has already made some use of these powers to diverge from the UK position, enabling Universal Credit applicants in full service areas the choice to be paid twice monthly and have the housing element of Universal Credit paid directly to their landlords. It has also committed to increasing the level of Carer's Allowance and introducing a Young Carer Grant, creating a Best Start Grant that replaces and expands the Sure Start Maternity Grant, and launching a new Funeral Expense Assistance benefit.

Employment

Employment rights, provisions for minimum wages, industrial relations, employment support programmes for those out of work in the short-term, and trade and industrial policy are reserved to the UK Government. Education and training (including the provision of apprenticeships), employment support programmes for disabled people

⁶ http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180328_managing_scotland_acts.pdf

and those at risk of becoming long-term unemployed, economic development and business rates and income tax are devolved to the Scottish Government.

Responsibility for employment support for people who are long-term unemployed and for disabled people was devolved to Scotland in 2017. Contracts worth up to £96 million have been awarded to public, private and third sector organisations across Scotland to deliver the new Fair Start Scotland service, which began in April 2018.

Housing

Some aspects of housing costs and housing policy are reserved to the UK Government. Housing benefit (and the housing costs element of Universal Credit) and the related rules around the local housing allowance, the 'bedroom tax', and restrictions to shared accommodation rate for tenants under 35, is reserved.

Other aspects of housing policy and housing costs, however, are devolved. The Scottish Government has policy levers around housing supply and investment in affordable homes, fuel poverty, private residential tenancies, planning, council tax and land tax. Local authorities have powers and responsibilities around the provision of council housing, reducing homelessness, providing advice and support to private tenants, as well as dealing with planning applications. The Scottish Government also has levers to mitigate the impact of some UK Government policies. The Scottish Government has been able to take steps to mitigate the impact of the 'bedroom tax', for example, by using Discretionary Housing Payments to reimburse the shortfall.