



# Poverty in Scotland 2022

# Poverty in Scotland 2022 – what more evidence do governments need to act?

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This year's Poverty in Scotland paints a bleak picture of a society in crisis. Nearly one in five households on low incomes in Scotland have gone hungry *and* cold this year, even before we enter the winter months. It demands action from all tiers of government to avert the worst of this crisis, and time is short.

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## Recommendations

- The UK Government must immediately uprate all means-tested benefits by the current rate of inflation, rather than waiting for April.
- The Scottish Government should maintain current tax levels and use available funds to ease the cost of living for low-income households. In particular they should provide a one-off payment of £260 to all Scottish Child Payment recipients and all Council Tax Reduction recipients as soon as possible.
- All public services in Scotland should show the same forbearance on debts they did during the Covid-19 pandemic. They should far more vigorously advertise the availability of cash support and their services.

# Contents

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Foreword – a frightening crisis	3
Executive summary	4
1 A different approach to the report	9
2 A national emergency – a precarious financial situation for families	12
3 How the cost of living crisis is affecting households	12
4 Conclusion and recommendations	32
5 Appendix A: Motivations for this year’s approach to poverty in Scotland	38
6 Appendix B: Highlighting the priority families	37
7 Appendix C: The position coming into the crisis	43
8 Appendix D: Available support services	45
Notes	46
References	47
About the authors	48

# Foreword – a frightening crisis

'[She asked] "Why can't we get more food Mummy?" and I broke down in tears and just left the room because I just couldn't answer her... But to have to explain to like your 5 year old why you can't buy more food is actually horrendous.'

(Alex, Fife)<sup>1</sup>

This report is published as families across Scotland face the fiercest attack on our standard of living that most of us will have seen in our lifetimes. Energy bills have doubled in less than 18 months, inflation stands at over 10% and tales of people cutting back on the basics of survival abound.

We find that nearly one in five families on low incomes have gone both hungry and cold. That single parents and families where someone is disabled face a dire situation. That the mental health of the majority of households we already knew were at risk has worsened. That most people think things are going to get worse. A nation in crisis mode.

We also hear a chorus of complaints that people feel left behind by governments. And the new Chancellor's 'mini-budget' in September has compounded those fears.

While the UK Government's decision to cap energy bills at £2,500 on average was necessary, their wilful abandonment of low-income households in last month's budget is outrageous. Meaning without further intervention by them the situation described in this report will be worsened from an already terrible position by the oncoming winter.

For families with children, the Scottish Government's full rollout of the Scottish Child Payment will provide some comfort and renters will be relieved by the temporary freeze on rents, but this is not enough given the scale of the challenge and the UK Government's recalcitrance.

Some may be understandably confused that one of the biggest one-off government interventions ever, the recent energy price guarantee, could leave so many people so far behind. But this is the reality of years of government decisions coming home to roost.

This cost of living crisis is not just caused by increasing costs. The incomes of low-income households have been intentionally reduced by a decade of reductions in social security support, leaving households at the mercy of rising energy bills and wider inflation. A fact now brought into stark contrast by a recent budget that cut taxes for some of the most wealthy people in society.

Without further government support, this winter and 2023 will be etched into the memories of families across Scotland. Deep scars will be caused by hunger, cold and trauma.

Our report shows people anxious, over-stretched and, in some cases, angry.

People are putting all of their efforts into getting by. It is time for governments to stop standing by and watching and to provide the compassionate support that families need.

# Executive summary

This year's report is different from those of previous years due to a lack of official statistics in light of the Covid-19 pandemic. As a result, we have conducted what we believe to be the biggest poll so far of people in Scotland's experiences of the current cost of living crisis.

Our research sought insight into:

- People's level of income, debt and savings.
- The things people have done to cut back as a result of the crisis.
- The things that people have done to try to increase their incomes to deal with the crisis.
- The impact that the crisis has had on their health, family, social and work lives.
- Households' ability to deal with unexpected costs and their general feelings of financial security.
- Whether people thought that governments and businesses were doing enough to help in light of the crisis.

The findings are nothing short of shocking. They show a nation in deep crisis and are reflected in the insight and guidance we have received from our End Poverty Scotland Group, a group of people from across Scotland with lived experience of poverty.

## People are already fragile

Our research shows that around one-third of all people have either no savings or under £250. This rises to nearly two-thirds for households who are unemployed and 70% for single parents. Nearly half of all households have a debt and, of those, more than one in ten of them (or 160,000 households) have debts of five times their equivalised monthly incomes. Almost one in five households are already behind with a bill (including 7% on energy bills) and one in twenty households are behind on rent or mortgage payments.

## People are desperately cutting back

We often say that people are making adjustments 'to make ends meet' but it is clear that for many, that is no longer possible. Going without essentials is endemic – nearly two in three (65%) have cut back on an essential, while one in four (26%) have cut back on three or more essentials. Even the basics are hard to come by, with three in four households having already cut back on the basics. And despite it being the summer months, over two in five (44%) households have heated their homes less than they needed to or less often, to reduce cost.

The cost of living crisis is leaving one in ten families cold and hungry (and one in five low-income families) as they could not heat their home and have skipped or reduced the size of meals. Three in twenty households that had skipped meals or reduced the size of meals had also accessed a food bank.

## People feel insecure and fear the worst

In August 2022, more than one in five (23%) people said they felt their household financial situation was very insecure, and 68% of them thought the next six months would make things worse. Renters feel much more insecure than home owners, with one in five people that own with a mortgage reporting that they felt financially very insecure compared to almost one in three private renters and two in five social renters.

Connected to that, one in ten families would be unable to cover an unexpected bill of £200 and only just over half of all households would be able to pay from their current income or savings. This is a particularly worrying finding, given the constantly rising prices around us.

## Impact on mental health

The cost of living crisis is having a deleterious impact on people's mental health in particular. Given that we have already shown in previous work how a lack of support for good mental health is acting to lock people in poverty (JRF and Save the Children, 2022), our findings are very concerning.

Some of the key household types that reported a negative impact on their mental health due to the cost of living crisis were:

- Three in four families with a child where someone has a disability (74%).
- Seven in ten single-parent families (69%).
- Four in five families with a baby.

If left untreated, this wave of poor mental health will affect individual wellbeing, limit individuals' ability to work and create a legacy of damage to households that will take years to repair.

## Repeating the isolation of much of the Covid-19 pandemic

Households also reported a huge impact on their social and personal lives as a result of the crisis. Half of all people have experienced a negative impact on their social life and about the same proportion have had a negative impact on their personal life. And this has been particularly acute for some households, not least single parents, with three in four reporting a negative impact on their social life and two in three seeing a negative impact on their personal life.

## Governments posted missing

There was wide consensus that neither governments nor wider society was matching the scale of the crisis. Nearly everyone (92%) thought the UK Government was not doing enough, but businesses (in setting prices) (90%), councils (86%) and the Scottish Government (85%) did not fare much better. These findings were, however, prior to the new Prime Minister's announcement of the energy price guarantee the budget that followed it and the Scottish Government's confirmation of the timing for the rollout of the Scottish Child Payment and a rent freeze, so it is possible these numbers will change when we run this question again.

## Conclusions and recommendations

In conclusion, governments need to take urgent and significant action to prevent widespread destitution and trauma this winter and into next year. We are not sure what further evidence governments need to do more.

They should focus on two areas:

1. Providing immediate action to protect low-income households from the unaffordable costs in the coming months.
2. Actions that will prevent the impacts of this crisis from reoccurring.

## Immediate actions

For the UK Government this means urgently bringing forward the uprating of means-tested benefits to the current rate of inflation. Without this, families in the UK will be left with a £450 gap to fill in their finances, and that is just on average – many will be in a much worse position.

The Scottish Government should:

- Make a payment to all those in receipt of Council Tax Reduction of £260 as was done during the pandemic. This is particularly important as it will also target households with no children.
- Make a one-off payment to all recipients of the Scottish Child Payment in early 2023 to assist with energy bills and the broader cost of living.
- Double the Child Winter Heating Assistance to £429.20.
- Boost the Scottish Welfare Fund by 50%, along with enhancing the administrative capacity and take-up of the funds.
- Work with the wider public sector, and those who provide public services to practise forbearance on debts and arrears.
- Work with the wider public sector to actively promote all support that is available, whether cash support or otherwise.
- Increase the Scottish Child Payment by above inflation in 2023/24 to ensure the interim child poverty targets are met.

## In the longer term

The UK Government needs to ensure that the social security system is adequate to protect people from, at a minimum, destitution.

The Scottish Government must:

- Ensure that mental health services are recognised as a vital means of reducing poverty and are designed as such.
- Urgently ensure that childcare is more flexible, more accessible and more affordable.
- Immediately move from trialling 'no-wrong door' approaches to public services, such as the Pathfinders identified in Best Start, Bright Futures (Scottish Government, 2022c), and embed this approach in all public services.
- Rollout the Minimum Income Guarantee to parents with babies first and as soon as possible.
- Undertake a rapid analysis of the Affordable Housing Supply Programme to assess its poverty-reducing capacity and plan its delivery accordingly.
- Greatly increase the funding available for, and ambition of, the Warm Homes Scotland scheme to provide both insulation and more efficient carbon heating solutions for those on low incomes.
- Rethink and reinstate funding to support parents into employment.

# 1 A different approach to the report

## A crisis that cannot be ignored

This year's Poverty in Scotland is slightly different. We strive to represent the experience of people living in poverty in Scotland and, as a result, it is impossible to ignore the current crisis that households face. Of course, we will continue to argue for structural changes to release the grip of poverty, but the extent of the struggles that so many face forces us to concentrate on the experience today and what can be done about it.

To do so, we worked with Savanta ComRes who interviewed 4,196 adults aged 18+ in Scotland online between 11 July and 2 August 2022. Data was weighted to be representative of Scotland by age, gender, region, ethnicity and social grade. As far as we are aware, this is the biggest poll of its kind in Scotland during this crisis.

Our questions focused on the cost of living crisis, people's ability to deal with these spiking costs, the impact on people's lives and people's opinions on society's response to it.

The core of this report, therefore, looks at the experience of all households in Scotland in this crisis, allowing us to show which households face the biggest challenges.

And 'challenges' is frankly an understatement. To give just one example, this report shows that one in ten families and nearly one-fifth of families with low incomes are already going both hungry and cold.

## The voice of lived experience

This year, JRF continued to work with the End Poverty Scotland Group – a group of eight people with experience of living on low incomes – as part of the production of this report. Their insight has driven our approach to the polling, our analysis and our recommendations, and their voices are woven through this report. Those voices were often those of deep anger, worry and fear.

The conversations we had with the group were wide ranging and often covered difficult and sensitive subjects but were always conducted by the group with a strong belief that, despite the extreme circumstances they face, things must change and that they could change.

*'I am tired of the uphill struggle to get support, why would you make someone whose life is already hard, fifty times harder. It's wrong and inhuman.'*

(Alex, Fife)

We held group sessions and one-to-one interviews with members of the group. The insights and ideas shared are an invaluable part of our work. We would like to thank this year's group for their commitment to each other, the creation of this report and to the mission of creating a Scotland free from poverty.

## Official statistics have been affected by the pandemic

Poverty in Scotland is usually an opportunity to explore the latest round of official statistics on poverty in Scotland but this year, due to challenges with the data, we cannot. Unfortunately and understandably, the official data source on poverty levels in Scotland was affected by the Covid-19 pandemic. As a result, the Poverty and Inequality Statistics published by the Scottish Government were deemed unreliable and do not, as a result, accurately estimate poverty levels or allow a comparison with previous years.<sup>2</sup>

In any event, as we warned in last year's Poverty in Scotland (Birt et al, 2021), the statistics for 2020–21 would always have been something of an outlier due to the extent of government intervention in that first year of the pandemic.

We have, however, provided some analysis of the limited official statistics that are available in Appendix C to this report.

## Format of the report

The report covers:

- The current state of incomes, savings, debts and arrears.
- How people have had to cut back.
- How people have tried to increase their incomes and seek support.
- People's financial security, and lack thereof.
- The impact of all this on people's wellbeing.
- People's opinion on the support given by government and others.
- What needs to be done to help people now and in the future.

There are also four appendices:

- **Appendix A** – sets out the methodology and rationale for it.
- **Appendix B** – sets out the specific findings relating to the Scottish Government's Priority Families for tackling child poverty.
- **Appendix C** – provides analysis of the official statistics that are currently available.
- **Appendix D** – provides a list of resources for people to access if they are affected by the cost of living crisis.

## 2 A national emergency – a precarious financial situation for families

Our poll of over 4,196 adults in Scotland, between 11 July and 2 August, shows in stark terms just how precarious a position many people in the country are in.

### Box 1: Useful definitions

There are terms that we use throughout this report that we define as follows.

#### Income

We use low, middle and high income to define different incomes throughout this report. These incomes are calculated before families pay for housing (BHC) but after tax. We also take into account the number of adults and children in the household – this is called equivalisation.

- **Low income** – a monthly equivalised (BHC) net income of less than £2,063.
- **Middle income** – a monthly equivalised (BHC) net income of between £2,063 and £4,000.
- **High income** – a monthly equivalised (BHC) net income of more than £4,000.

#### Borrowing and being behind on bills

**Debt** – we asked respondents whether they had any form of borrowing or loan and they could select from a list of six types of borrowing or ‘other’. Examples include: credit card that they are not currently able to pay off in full every month, borrowing from friends or family, and a buy now, pay later purchase/hire. We also asked respondents for the total amount (£) of debt their household has.

**Arrears** – we asked respondents whether they were behind on any regular bills or payments. This could include a bill such as an electricity or gas bill, rent/mortgage or behind on repaying a debt. We also asked respondents for the total amount (£) of the payments that their household is currently behind on.

#### Feeling financially secure

We asked respondents: on a scale from 0 to 10 where 0 is very insecure (i.e. you struggle to afford essentials on a day-to-day basis) and 10 is very secure (i.e. you have money to save, invest or spend on non-essentials), how would you rate your household’s financial situation? In this report, when we refer to a person ‘feeling very financially insecure’, we mean that they selected 0–3 on this scale. If we refer to a person ‘feeling very financially secure’, we mean that they selected 8–10 on this scale.

## Income

For the purposes of this report, we have defined low incomes as households in the bottom 40% of equivalised incomes before they pay for housing (based on UK incomes in 2020). This means that four in ten households in Scotland have a monthly household income, before housing costs, after tax and accounting for the number of people in the household, of under £2,063.

One in ten (11%) households in Scotland were on high incomes before housing costs. This means that their monthly income is above £4,000, before they pay for their housing, after tax and accounting for the number of people in the household. This leaves around half of households with middle incomes.

# Savings

*'There's just no room for saving money at all.'*  
(Laura, Glasgow)

One-third of households have very little or no savings (that is, less than £250) and three-quarters of those households have no savings at all. This worrying situation is important, as it is clear that a lack of savings greatly increases a household's chances of suffering acutely from the current inflation crisis, with nothing to fall back on if bills become too high.

This also varies considerably by employment status, income level and household type. Of those who are unemployed, almost two-thirds were in households with little or no savings; the same is true for over 40% of those who only work part-time. Low-income households are around three times as likely to have no savings as those on high incomes and nearly twice as likely as those on middle incomes. Perhaps most concerningly, nearly 60% of single parents have no savings at all and almost 70% have either no savings or less than £250.

**Figure 1: Savings by employment, income and family type**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Approximately, how much does your household currently have in savings? Savings includes money in current and savings accounts, shares, stocks, ISAs, bonds, trusts and other financial assets. People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

# Debt and arrears

As well as having fragile incomes and limited savings, almost half (47%) of all households have at least one debt. Debt is not, in itself, a bad thing. However, the number of debts and size of debts, particularly in relation to income, are worrying. In Scotland, 7% of households have three or more debts and two in five (41%) households with debt have more than £2,500 of debt – roughly equivalent to almost two months of take-home pay for a person working full-time at the minimum wage. In addition to this, over one in ten (14%) households that have some debt, have a debt that is more than five times their monthly equivalised income before they pay for housing.

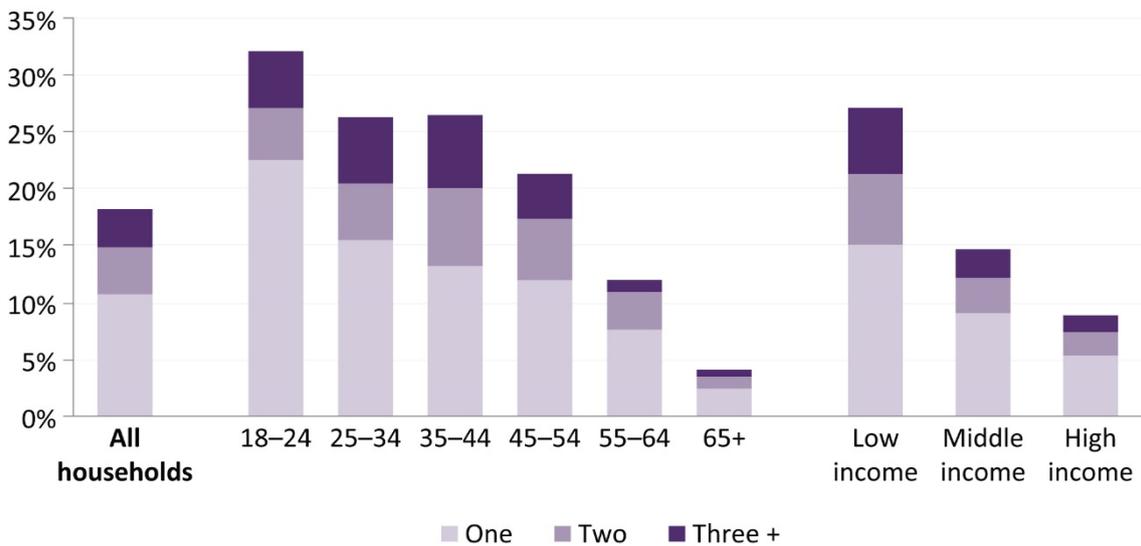
We also found that lower income households were more likely to have debt, with around half of low- and middle-income households having at least one debt compared to just less than two in five high-income households. For many low-income households, having access to credit is a way for them to manage the insecurities of living on a low and often precarious income.

*'Debt is my lifeline; debt should not be a lifeline. I got told my credit card limit could be increased, I did a happy dance due to having more money. So, if the car goes, we have an option and I'm glad it will be there.'*

(Alex, Fife)

It is very worrying in the context of extremely high energy bills and high inflation that, in summer 2022, almost one in five households (18%) were already behind on one or more bills or payments, with 7% of households having more than one type of arrears. We also found that 7% of households were already behind on an energy bill. Similarly concerning is that just over one in twenty households were behind on their rent or mortgage – putting people at risk of losing their homes. Renters were also at a higher risk of arrears more generally, with around one in three renters being behind on one or more bills. Of people in arrears, it is also worth noting that 42% have missed a payment to a public body.

**Figure 2: Proportion with arrears broken down by number of types of arrears, by age and income**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Is your household behind on any regular payments (arrears)? .People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

# 3 How the cost of living crisis is affecting households

At a population level we can see that there are endemic issues of low income, high costs, low savings and high debt and arrears. This is forcing households to make dramatic adjustments to their quality of life. Normally we would say that people are making adjustments 'to make ends meet' but it is clear that, for many, that is no longer possible.

Here we explore what households have been doing to reduce costs and to increase their income. Given the repeated warnings from organisations ranging from community charities to the energy market regulator Ofgem, it may be that some are becoming numb to the repeated warnings of how bad things are for many families. Clearly this is not the case for those families that are struggling, but it is worth underlining that what we describe below is a situation where in Scotland hundreds of thousands of households are going without food, warmth and the essentials that we need to survive.

This is not living. This is surviving on a day-to-day basis. And as many have warned, without significant government intervention there may be people who do not survive.

## How people are trying to make ends meet

We asked people in our research how they were attempting to reduce costs and also how they had tried to increase their incomes. On cutting back, it is clear that households are already going without bare essentials, unable to afford basics and increasingly becoming isolated from their social circles.

Households have also tried a variety of ways to prop-up household budgets but, with inflation outstripping wage rises and benefits rates, they are fighting a losing battle.

### **Box 2: How we have defined essentials and the basics**

When we say people have cut back on the essentials, we mean they have done one or more of the following things, due to cost:

- Reduced spending on food for adults.
- Reduced spending on food for children.
- Changed the type of food their household buys.
- Heated their home less than they needed to/less often.
- Have not replaced clothing that is outgrown or worn.
- Skipped or cut down the size of meals.

When we say that they have cut back on the basics, it means they have done any of the above and/or any of the following, due to cost:

- Reduced spending on transport.
- Changed the way they cook (for example, used the oven less).
- Used appliances (for example, washing machine, dishwasher, microwave) less often.
- Reduced the number of showers or baths taken in their house.
- Have not replaced broken items.
- Stopped or reduced socialising with friends and family.
- Taken children out of nursery or childminder.
- Reduced spending on their child(ren)'s activities and hobbies.

The essentials are items that we need to keep ourselves warm and fed; the basics are items we need to get by with a very basic standard of living.

## Cutting back

Chiming with the findings of our polling, many in our End Poverty Scotland Group have reported that they have been cutting back, leaving little leeway to cut back further as costs rise.

**'My 14 year old is growing and is hungry all the time. We cannot afford the extra food so we have to bulk up his portions so my other children get less.'**

(Laura, Glasgow)

## Scotland in crisis mode

Even at their highest level the findings of our polling are shocking. We found that:

- **Going without essentials is endemic** – around two in three (65%) have cut back on an essential while one in four (26%) have cut back on three or more essentials.
- **Even the basics are hard to come by** – three in four households have already cut back on the basics.
- **Despite families' efforts, children are going without** – one in four (26%) families with children have cut back on things their child needs, such as food or childcare.
- **Almost one in five low-income families are neither heating nor eating** – 18% of low-income households have skipped or reduced the size of meals *and* not heated their home due to the cost of living crisis. Over one in four (27%) households that do not have savings have done the same. Even at a population level, more than one in ten (13%) of all households are in this position.
- **Being in arrears and going without essentials go hand in hand** – 85% of families in arrears have cut back on essentials and 39% of those in arrears with kids have cut back on items for their children.<sup>3</sup> Of people who are in arrears to a public service, 87% have cut back on essentials.

Our group has repeatedly told us about how their incomes have been stretched until breaking point, leaving them with nothing left to cut except the most essential items.

**'I am scared to wean my baby when I look at the cost of food, I know I should be introducing food but I am delaying that as long as possible.'**

(Alex, Fife)

## Even in the summer, people have gone cold

Looking in more detail at how people are cutting back, we find that even in the summer over two in five (44%) households have heated their home less than they needed to or less often, to reduce cost. Although this has been a warm summer across the UK generally, many areas of Scotland experienced cold and/or wet spells. For example, in late July, Tyndrum experienced a low temperature of 2.3 degrees overnight (Met Office, 2022). As temperatures continue to fall and energy prices sit so high, it is likely that more and more households in Scotland will be heating their home less than they need to, leaving people cold.

**'When I think of the hike in the gas and electricity it terrifies me and thinking of my children coming home getting cold and needing to wrap up, gives me anxiety thinking about it.'**

(Laura, Glasgow)

## Food insecurity is rife

It is becoming more and more difficult for low-income families to afford sufficient food. The End Poverty Scotland Group has told us how they have had to cut back and manage every mouthful of food:

*'I've had to reduce food intake, we make one meal for everyone. You take what you need and no more. We cannot waste one drop. I check the bin, and plates to make sure no one is leaving any food.'*

(Grace, Glasgow)

Our poll also shows that there has been a huge change in how people are feeding their households. Families have changed how they shop, prepare and how often they eat food. One in three households have reduced the amount of money they spend on food for adults, one in four have changed how they cook (for example, they have used the oven less) and one in five have skipped or reduced the size of their meals.

For low-income households we see that this rises to almost one in three changing how they cook and almost one in four skipping or reducing the size of their meals.

The cost of living crisis is leaving one in ten families cold and hungry. This rises to one in five in low-income households, as they cannot heat their home and have skipped or reduced the size of meals. This is shameful.

## Isolation is not just a feature of the Covid-19 pandemic

We have seen that the isolation caused by the Covid-19 pandemic has affected families and this cost of living crisis is having a similar impact. Families are cutting back on things that isolate both adults and children:

- One in three have reduced socialising with friends and family.
- One in four have reduced spending on transport.
- One in five have reduced spending on children's activities.

We know isolation can pose a risk to people's mental health and wellbeing, but it also reduces people's access to support systems that can help them get through difficult times, creating a cycle of isolation. We will look further at the mental health impact of the cost of living crisis later in this report.

## Straining every sinew to keep going

We also asked people to set out what they have done to try to increase their income or seek additional support to fill the gaps left by the crisis. Our findings show that households are straining every sinew to try to make ends meet but, as shown by the previous section, it is an impossible task. Whether it is by seeking extra hours at work, getting support for mental ill-health or trying to renegotiate debts, households are desperately trying to manage the cost of living crisis in the isolation we have described above.

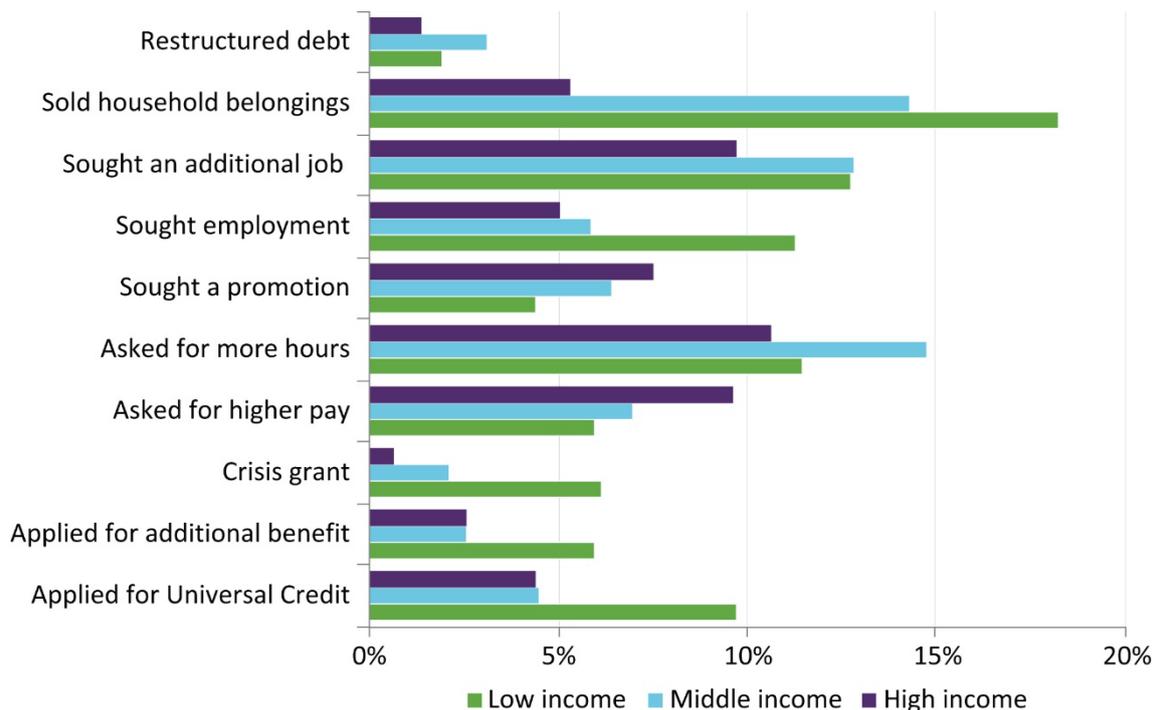
## Efforts to increase incomes

Of course, it is not possible for all families to seek work, or extra hours, particularly those with caring responsibilities (whether for children or adults). We also know that single parents and disabled people face significant, and often very different, barriers to employment. Similarly, many people in low-income jobs will have little power within the workplace, making demands for greater pay, hours or conditions unlikely to succeed. Having said that, on average three in ten households have tried to increase their income via work, but we see that the ways that people have tried to increase their income varies across groups. For example, minority ethnic households are twice as likely to have tried to increase their income via work, with six in ten minority ethnic households<sup>4</sup> having tried to increase their income in this way.

There are also differences in how people from high- and low-income households have sought to increase their income. Higher income households are more likely to have asked for higher pay and a promotion, while low-income families are more likely to have asked for more hours or applied for new or additional employment.

This could signal a lack of employment security and empowerment within the workplace, leaving low-income households more reliant on social security and filling the financial gap in other ways. For example, we found that almost one in five (18%) low-income households have sold household belongings to deal with rising costs – compared to 14% for medium and 5% for higher income households.

**Figure 3: Ways that people have tried to increase their income to deal with rising costs, by income**



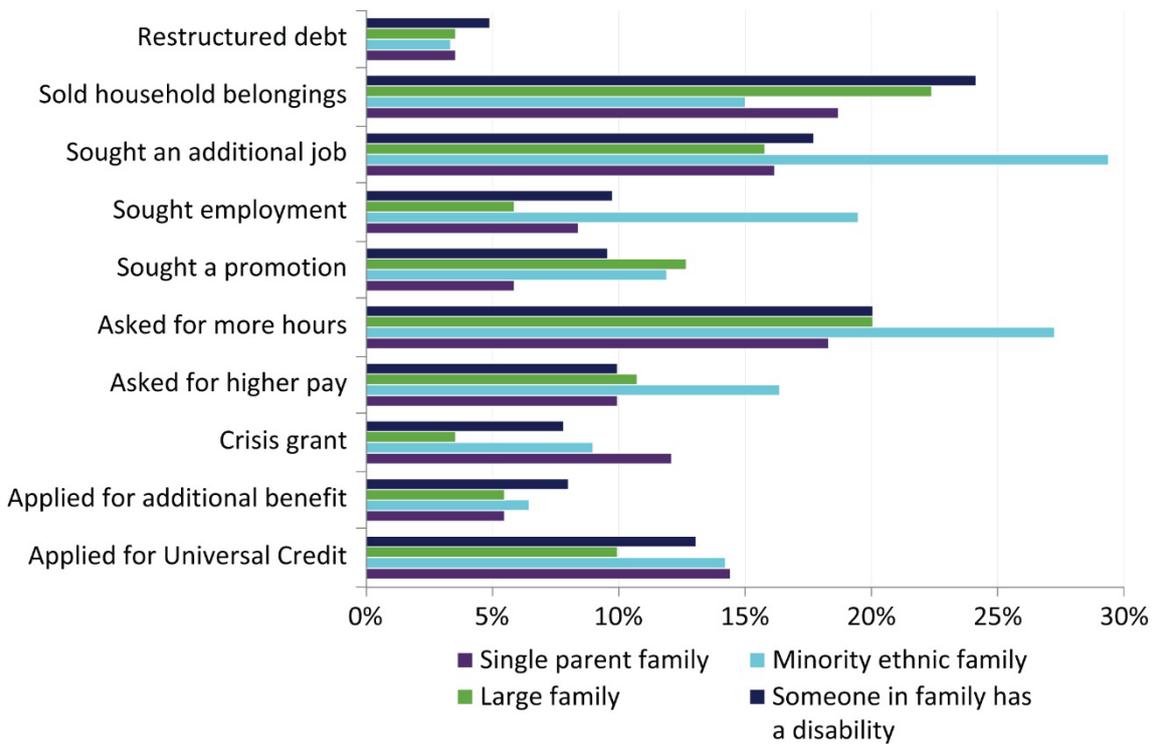
Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Which, if any, of the following have you or someone in your household done to increase your income as a result of the rising cost of living? People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

## The priority families – how have they reacted?

We know that priority families have different needs and experiences of poverty (Birt et al, 2021; JRF and Save the Children, 2022). The well-known barriers to increasing priority families’ incomes show up clearly in the findings of this research.

**Figure 4: Ways that people have tried to increase their income to deal with rising costs, by priority family**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: The sample size for families with a baby was too small for analysis and was therefore excluded. Question wording – Which, if any, of the following have you or someone in your household done to increase your income as a result of the rising cost of living? People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

In Scotland, minority ethnic families with children in poverty are more likely than white families in poverty to have one or more parent in work. In previous work we have shown that despite minority ethnic families being more likely to have someone in work, the outcomes are often worse when compared to their white counterparts. For example, people from minority ethnic backgrounds have higher underemployment rates as well as lower average pay (Cebula and Evans, 2021). Therefore, it is not surprising that minority ethnic households are much more likely to have tried to increase their income via work than white families. Nearly three in ten minority ethnic families with children have sought an additional job, and more than one in four have asked for more hours from their current employer.

In contrast, this is much more challenging for single-parent families who are more likely to be locked out of work due to childcare responsibilities. Single-parent families are more likely to have sought support from the state, with more than one in ten seeking a crisis grant.

Significant proportions of large families (22%) and families with children where someone has a disability (24%) sold household belongings to increase their income – that is equivalent to 50,000 households with children where someone is disabled having to sell their household belongings to try to make ends meet.

## Reaching out for help in managing life and bills

People who have reduced spending and cut back have also sought support from public services and advice services to help cope with the cost of living crisis. As reflected in our *Delivering for Families?* report (JRF and Save the Children, 2022), the most regularly accessed service has been for mental health support. This underlines the strain that this crisis, hot on the heels of the Covid-19 pandemic, has placed on households.

Almost three in twenty (14%) adults who had cut back or reduced spending have accessed NHS mental health services. This increases significantly for the priority families who have cut back or reduced costs, with:

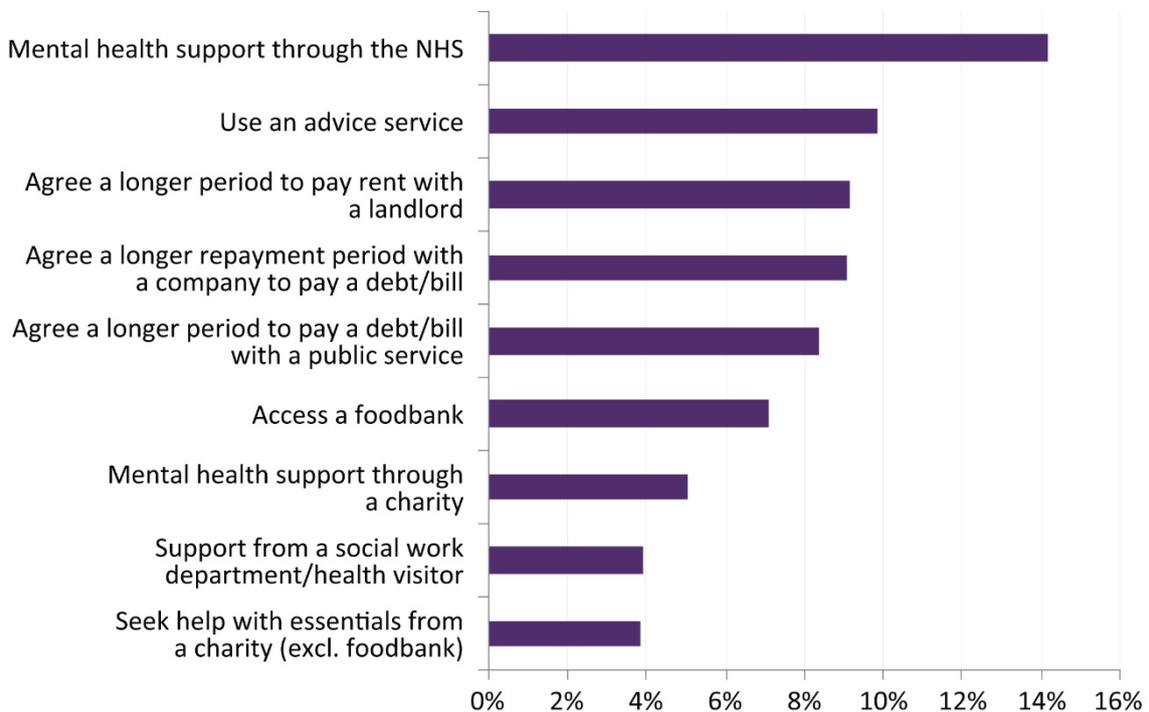
- More than one in five (22%) single-parent households and the same rate for large families.
- And around one in four (24%) of families where someone is disabled.

People have also accessed advice services in massive numbers. One in ten households who have cut back have used an advice service. This rises to one in four large families (24%) and one in five households with no savings (19%). This is reflected in the experience of Citizens Advice Scotland who, even in the early part of 2022, had already seen huge increases in the number of people needing support for queries related to the cost of living crisis, such as utility and food insecurity advice (Citizens Advice Scotland, 2022).

Almost one in ten who have cut back or reduced spending have agreed a longer period to pay a bill (with either a public body or business) or with their landlord.

As households have had to cut back to save on the cost of food, people have relied more heavily on food banks. Of all households who have cut back or reduced spending, 7% have accessed a food bank. This rises for single parents (12%), minority ethnic families with children (13%) and low-income families (10%). Three in twenty households that had skipped meals or reduced the size of meals have also accessed a food bank. Again, this is reflected in evidence from food bank providers, such as the Trussell Trust, who have seen a 50% jump in demand in April/May this year compared to the pre-pandemic period.<sup>5</sup>

**Figure 5: Support used to deal with the cost of living crisis**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: This question was asked to people who had reduced or cut back in some way. Question wording – You mentioned that you have reduced your spending on household expenses as a result of the rising cost of living. Which of the following, if any, have you done or planned to do as a result?

## A lack of security

### How the cost of living crisis has increased precariousness

A lack of financial security is anxiety inducing at the best of times, but in a time of dramatically rising costs it makes it nigh-on impossible for families to cope. We have already seen that around one-third of the country have less than £250 in savings – making them incredibly vulnerable to spikes in prices. This is starkly exposed by the findings in this report, where an increase of, on average, around £700 in the energy price cap before the further rise at the start of October, as well as wider inflation, have fundamentally undermined hundreds of thousands of households' ability to maintain even the most basic standard of living.

To get a proxy measure of how financially secure people feel, we first asked how people would deal with an unexpected bill of £200. Our findings were echoed in the reactions of the members of our End Poverty Scotland Group:

*'I could not pay it; panic would set in, and my heart would sink, and anxiety would set in. I'd phone them and ask for a payment plan. I have done this in the past and sometimes they show empathy, and work with you and other times they are quite forward and say that they won't allow it.'*

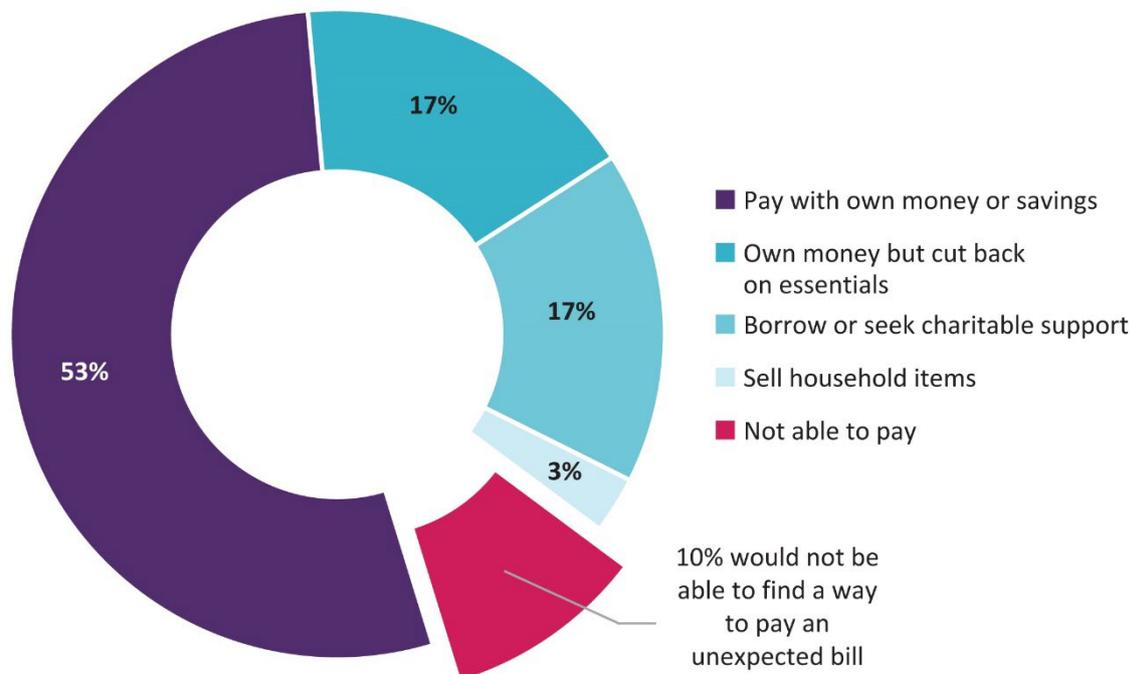
(Laura, Glasgow)

*'Honestly, I would be lost, like totally lost... getting a bill of £200 is like suicidal... that's like suicide.'*

(Sylvia, Glasgow)

This was the reality reflected in our survey, with only just over half (53%) of households saying they would pay an unexpected bill of £200 using their monthly income or savings without needing to cut back on essentials.

**Figure 6: How would people deal with an unexpected bill of £200?**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Thinking about an unexpected essential bill of £200 that your household would have to pay in the next seven days, which of the following would you do? If you think you would do more than one, please select the main thing you would do, that is, the one you would get the most money from. People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

Almost one in five (17%) would be able to pay but would have to cut back on essentials to do so. Nearly one in five (17%) households would have to borrow or seek charitable support to cover the cost, and 3% would sell household items to make up the cost.

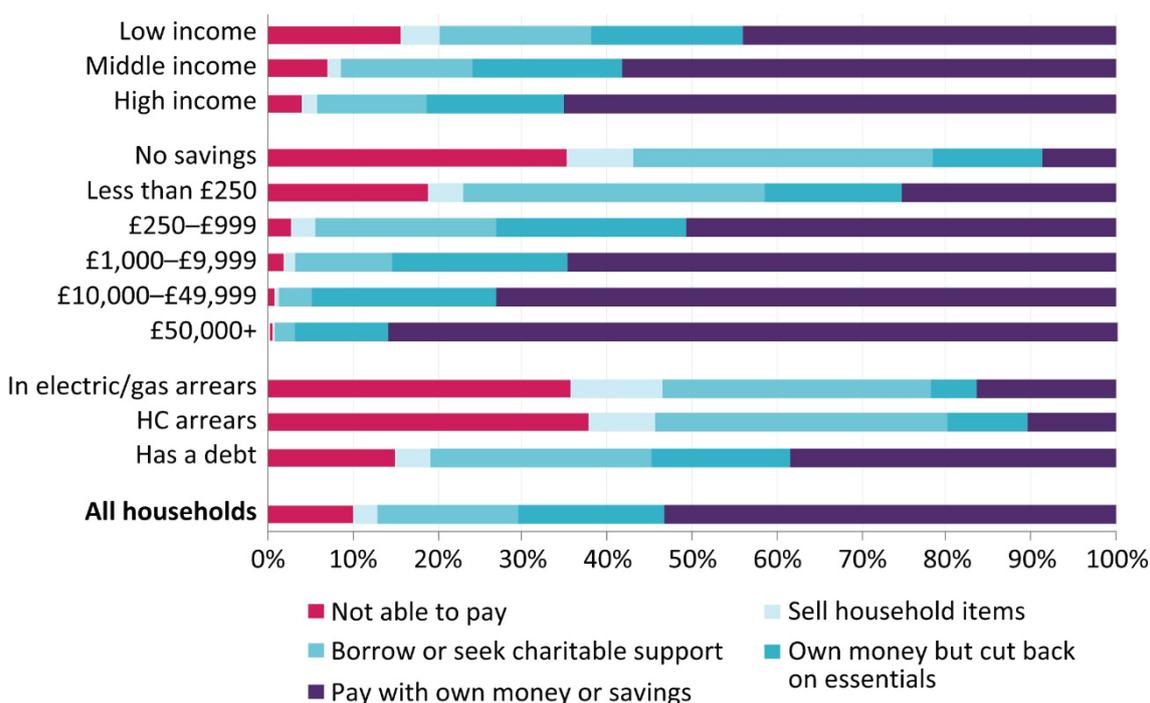
Most worryingly, one in ten households, equivalent to a quarter of a million households in Scotland, would not be able to pay an unexpected bill of £200 in any way. This shows just how close so many families are to going without.

As we have highlighted throughout this report, the impact for some families is far worse than the average. Nearly two in five households that are behind on electricity and/or gas bills or who are behind on their rent or mortgage at the moment would be unable to find a way to pay an unexpected bill of £200. This is four times what is seen across the population generally and highlights just how damaging facing unsustainable gas and electricity bills is.

As would be expected, households with higher incomes and households with more savings are protected from the fears of being unable to pay an unexpected bill, but it is striking the differences in who would manage to pay bills. More than one in three households with no savings would be unable to find any way to pay, compared to one in one hundred households with savings of £1,000 or more.

Single parents were also in a particularly impossible position, with only one in four able to pay with their income and savings without cutting back on essentials and almost one in three unable to pay.

**Figure 7: How would people deal with an unexpected bill of £200 (excl. those that would pay with their monthly income or savings), by financial security indicators**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Thinking about an unexpected essential bill of £200 that your household would have to pay in the next seven days, which of the following would you do? If you think you would do more than one, please select the main thing you would do, that is the one you would get the most money from. People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

This is particularly important in the context of the current rise in energy bills. While the cap that the new Prime Minister announced on 8 September is clearly welcome, at £2,500 (on average), it is still twice what bills were less than 18 months ago. The UK Government also appears to be on course to provide no further support to low-income families. With the second one-off payment of £324 due before the end of the year, households will face the full doubling of their bill to £2,500 next year. When taken together with wider inflation, even with the already announced cost of living support, this will leave UK families £450 short from breaking even.<sup>2</sup>

A position these findings show will be impossible for many. It is also worth noting that the cap is on the unit price so the average bill will be considerably higher for families with higher energy needs, such as larger families or some households where someone is disabled or has a long-term health condition. As we note above, people who fall behind on energy bills are highly unlikely to be able to pay other unexpected bills, leaving them with little or no resilience.

Feelings of insecurity are a constant reality for many of the End Poverty Scotland Group. These are caused partly by their experience of poverty and also by the continual stream of worrying news about increasing prices.

One of the group, who is in a more secure financial position now, explained that the feelings of insecurity caused by living on a low income stay with you far beyond the period of financial instability. It hardwires mental and even physical reactions.

*I still react the same way because I've been used to not having enough money, so if we are out doing the uniform shopping, I can feel myself getting agitated and snappy with my children... because you're still coming from that place of just not having enough... you hear all this stuff about a trauma response to certain things as well, and I think it's that, it's in your system.'*

(Sam, North Ayrshire)

To get a better understanding of the scale of these feelings of insecurity we asked respondents how financially secure they feel at the moment, rating their experience from 0 – very insecure (i.e. you struggle to afford essentials on a day-to-day basis) to 10 – very secure (i.e. you have money to save, invest or spend on non-essentials). We have taken people with scores of 0–3 as being very insecure, although people in the middle range of 4–8 are clearly in a vulnerable position too.

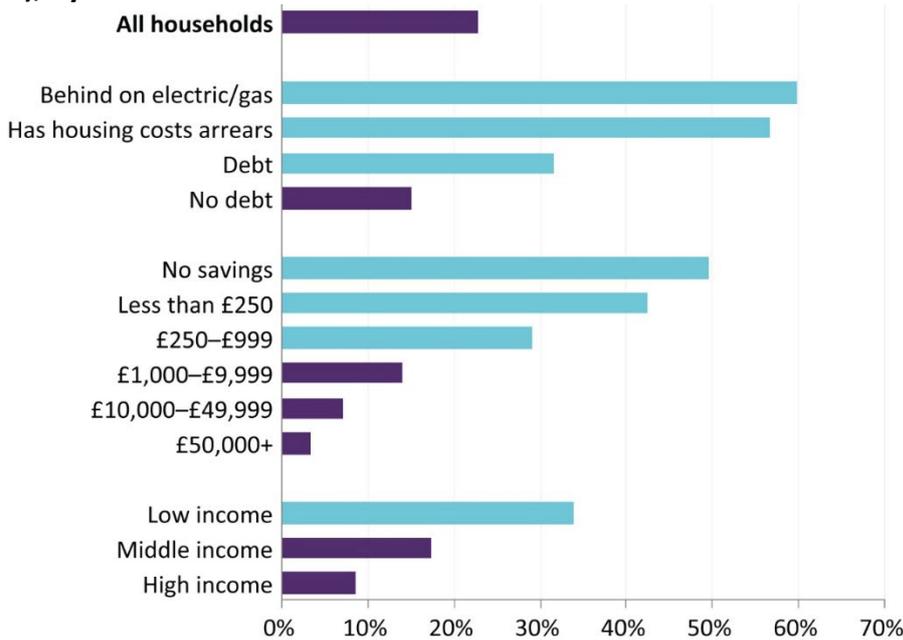
It is also worth noting that just less than one in ten households, that is about 220,000 households across Scotland, gave a score of 1 or 0. This shows that the number of households living in extreme insecurity is almost equivalent to the number of households in Edinburgh (NRS, 2018).

In August 2022, more than one in five (23%) people said they felt their household financial situation was very insecure.

Although financial indicators are most connected to feelings of financial insecurity, the type of housing someone lives in is also strongly connected to these feelings. Renters feel much more insecure than home owners, with nearly one in five people that own with a mortgage reporting that they felt very financially insecure compared to almost one in three (32%) private renters and two in five social renters. This feeling of insecurity shows itself in the day-to-day struggles faced by people who feel very financially insecure:

- Only one in four of such families would be able to pay an unexpected bill of £200 from their monthly income or savings without cutting back on essentials.
- More than four in five (86%) have already cut back on essentials, and one in three have both skipped meals and not heated their home.
- Shockingly, two in five such families with children have been forced to cut back on things their children need (41%).

**Figure 8: Proportion of households saying they feel very financially insecure (score 0–3), by financial indicators**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Blue bars are higher than average. Question wording – On a scale from 0–10 where 0 is very insecure (i.e. you struggle to afford essentials on a day-to-day basis) and 10 is very secure (i.e. you have money to save, invest or spend on non-essentials), how would you rate your household’s financial situation? People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

To compound matters, around two-thirds (68%) of people who said they were already very financially insecure think their situation will be worse in six months. Even in the prevailing conditions, this is much higher than the general population, where half of people expected their situation to get worse over the next six months.

## Impact of the cost of living crisis on families

The price of government failure to tackle the cost of living crisis is not confined to households’ bank balances. It is also putting huge pressure on their physical and mental health, on their family and social lives and on their wellbeing generally. Left unabated this withering of our quality of life will leave scarring across our communities that will take decades to heal.

## Cost of living crisis to mental health crisis

Half of all adults in Scotland reported a negative impact on their mental health due to the cost of living crisis. The proportion is higher in low-income (59%) and very insecure households (82%). Sam from the End Poverty Scotland Group told us:

*‘I notice it really physically that agitation and response to my children, as not great. You’re also trying to shield them from feeling this as though they can’t have things, or that money is potentially an issue. I feel the tightness in my chest, it’s when they start to ask for things, it’s not like I can’t provide for them as I’m doing alright just now but I still get that reaction, I think that’s just from years of not being able to do these things.’*

(Sam, North Ayrshire)

Working-age adults were also more likely, at three in five (61%), to have experienced a negative impact on their mental health. Some priority family types were more likely to have reported that rising costs were causing a negative impact on their mental health. Three in four families with a child where someone has a disability (74%) and more than two in three single-parent families (69%) reported a negative impact on their mental health due to the cost of living crisis. We also saw that four in five families with a baby<sup>7</sup> reported a negative impact on their mental health due to the cost of living crisis.

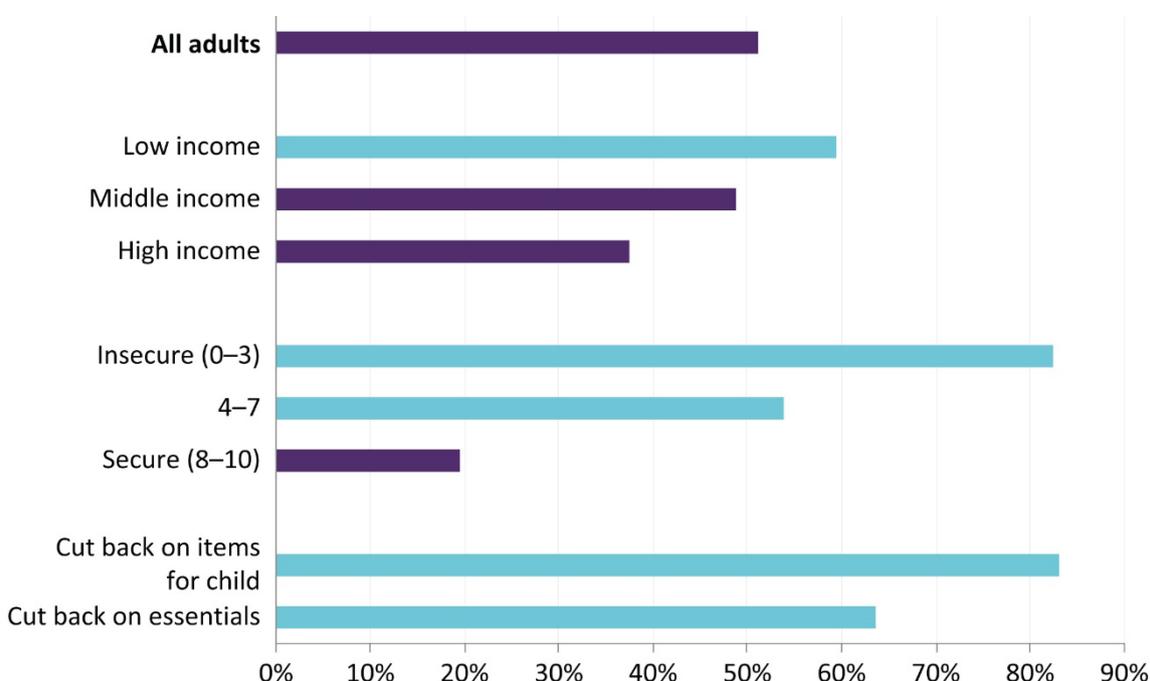
It is wrong that families with a baby cannot enjoy the early years of their child's life due to worry over paying the bills.

All of the End Poverty Scotland Group have caring responsibilities, and not being able to provide for their children in a way that they would have liked to significantly added to people's feeling of insecurity. Parents have also told us how having to cut back on things for their child, from activities to replacing clothes, brings feelings of shame and has a big impact on their mental health. This is reflected in our finding that more than four in five parents who have cut back on things for their child have experienced a negative impact on their mental health. One parent told us about an interaction with her 5 year old:

'[She asked] "Why can't we get more food Mummy?" and I broke down in tears and just left the room because I just couldn't answer her... But to have to explain to like your 5 year old why you can't buy more food is actually horrendous.'

(Alex, Fife)

**Figure 9: Proportion reporting that the rising cost of living has negatively affected their mental health, by financial indicators**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Blue bars are higher than average. Question wording – Thinking about the rising cost of living generally, to what extent, if at all, has this negatively impacted the following? Your mental health. People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

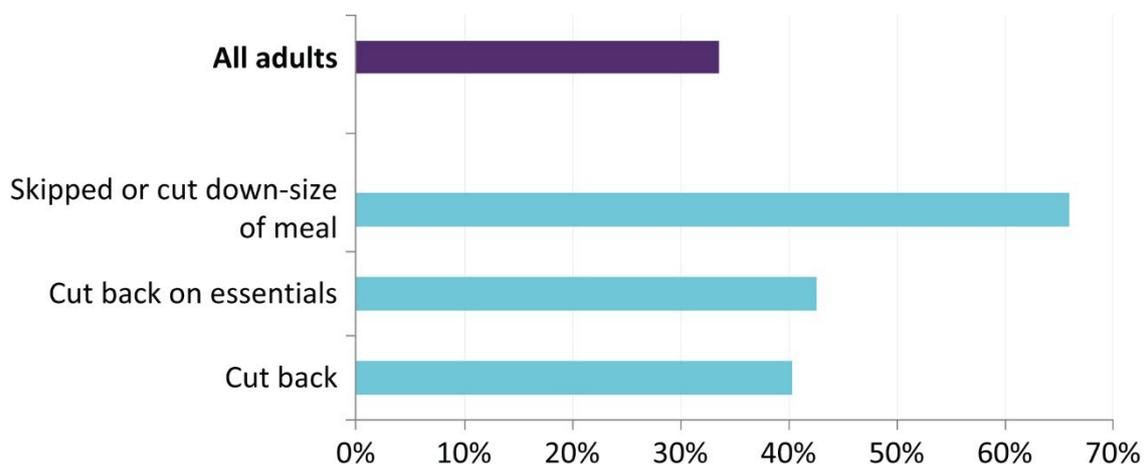
## Cutting back has physical health implications

The cost of living crisis is also affecting people's physical health. One in three (34%) adults reported a negative impact on their physical health. This rises to nearly half (49%) of adults in households with children where someone has a disability or that are led by single parents.

We also see the role that financial security plays in defending people from the physical health implications of the cost of living crisis. Nearly two in three households that feel very insecure (63%) reported that they had experienced a negative impact on their physical health, compared to one in ten households that were financially very secure. In some ways this is hardly surprising, as it reflects years of health inequality studies (see NRS, 2022), but given the lack of government action it bears repeating.

Cutting back also has health implications, with two in five adults in households where they have cut back on the essentials reporting a negative impact on their physical health and two-thirds of people in households where they have skipped or cut down the size of meals. Just like mental health, the cost of living crisis has both short- and long-term impacts that will affect people’s lives for years to come and will cost the government money in healthcare provision to counteract.

**Figure 10: Proportion reporting that the rising cost of living has negatively affected their physical health, by cutting back**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: Question wording – Thinking about the rising cost of living generally, to what extent, if at all, has this negatively impacted the following? Your physical health. People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

## Impact on people’s relationships

As noted above, the cost of living crisis is in some ways replicating the isolation that households faced during the height of the Covid-19 pandemic. But it is also intensifying issues that low-income households always face, that is the inability to fully participate in society and enjoy time with family and friends. A member of the End Poverty Scotland Group who had moved from a remote rural location in order to be less isolated and for job opportunities described the impact of not being able to afford the cost of the local baby group that would allow her to meet other parents in the area:

*‘I was thinking once [my toddler] starts nurse, me and [my baby] can go to baby groups, guess that’s not going to happen as I can’t afford the £2 a week. It just feels like I am going to be more isolated after just undoing the isolation we had in [remote rural Scotland], I feel like the insecurity is just ridiculous.’*

(Alex, Fife)

Supportive networks of friends and family can buffer the impact of poverty but crippling costs force families to cut back on the time they spend outside their home with others. We found that around half of people (52%) have experienced a negative impact on their social life and their personal life (48%) due to the rising cost of living. People with lower incomes, with no savings and who feel very insecure are all more likely to say they have suffered a negative impact on their social and personal lives.<sup>8</sup>

Single parents are also in a particularly isolated position, with three in four reporting a negative impact on their social life and around two in three (68%) reporting a negative impact on their personal life.

## Work life

*‘I would love to work more, but childcare is too expensive. I can’t wait to be able to work more when my kid is in highschool.’*

(Laura, Glasgow)

**'If I was in secure employment then you wouldn't be stressed as much. You would be able to control your finances better. And yeah, take pressure off me.'**

(Drew, Fife)

Work can provide a buffer for families as costs rise, but only if their work is secure, paid sufficiently and they can work enough hours. The quotes above show how good work can make low-income families' lives better when the services around it (such as childcare and transport) can provide sufficient support. These are recurring themes during End Poverty Scotland Group discussions and also recur when we come to solutions.

One in three people who work said that they had experienced a negative impact on their work life. This increases to two in five workers who are self-employed and over half (56%) of people in work who had said that they felt very insecure.

We also see a greater impact of rising costs on younger workers' work lives. Around two in five people aged 18–24 and 25–34 who are in work have reported a negative impact on their work life.

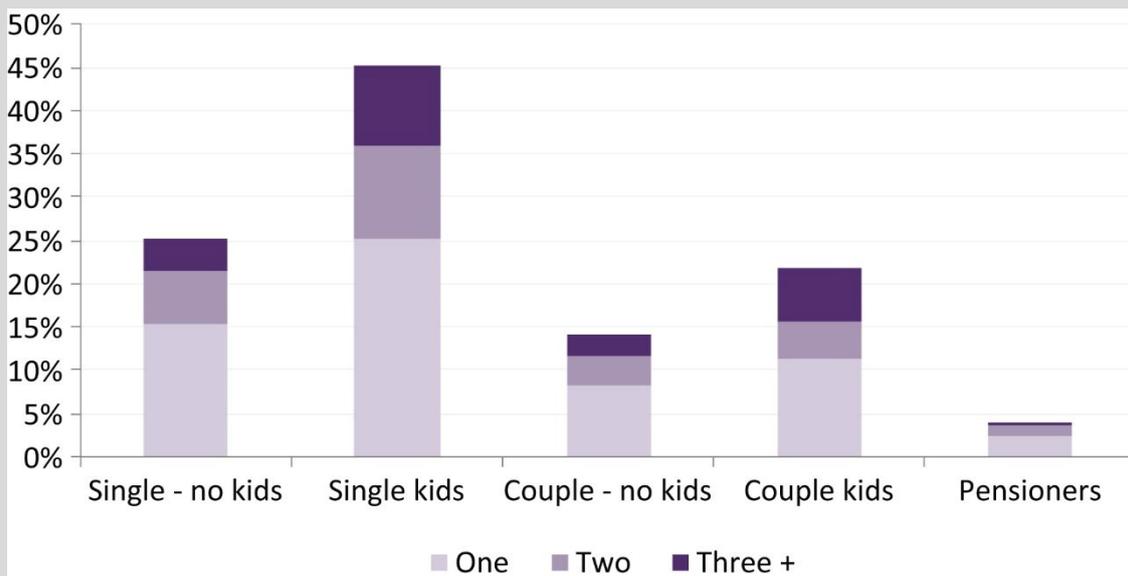
### Box 3: Single-parent families

#### Are single parents really a government priority?

The financial position of single parents is extremely concerning. Significantly more so than even the average position for all low-income households.

- Six in ten single parents were in low-income families.
- They are significantly less likely to have savings than is seen in Scotland overall, with more than double the proportion having no savings (57%) and a further 10% having savings of less than £250.
- 70% have one or more debts and a quarter with debt have more than £2,500 of debt.
- Nearly half (45%) of single-parent families are behind on at least one bill or payment, nearly one in ten (9%) are behind on three or more.

**Figure 11: Proportion with arrears broken down by number of types of arrears, by family type**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Again the struggles experienced by many are even worse for single-parent families:

- Nine in ten single-parent families have cut back on a basic and eight in ten have cut back on an essential.
- The cost of living crisis has already left three in twenty (16%) cold and hungry, as they have not heated their home and have skipped or cut down the size of meals.
- 12% have used a food bank.
- Over one in five (22%) have sought support from an NHS mental health service but a further 6% tried to access this and were unsuccessful.
- In addition to this, 5% tried to get support from social workers or health workers but were unsuccessful.
- Nearly three in five (17%) have used an advice service and over one in ten (12%) have sought a crisis grant from their local council.

#### **Impact on single-parent families**

Again, the feelings of insecurity and impacts on single parents' health are deeply concerning.

- 43% of single-parent families felt very financially insecure.
- Only 24% of single-parent families would pay an unexpected bill of £200 with their own money without cutting back on essentials. Strikingly, three in ten would not be able to find a way to pay the bill, leaving them at risk of arrears or going without.
- Around three-quarters (74%) reported a negative impact on their social life.
- 69% reported a negative impact on their mental health.
- 68% reported a negative impact on their personal life.
- Around half (49%) reported a negative impact on their physical health.
- More than one in three (36%) single parents in work reported a negative impact on their work life.

#### **Box 4: Families with three or more children**

Families with three or more children have had to seek support from services and sell belongings to make ends meet.

Over one in three (35%) large families have had to cut back on things for their child, to cope with rising costs. We know that parents who have had to cut back on things their child needs are more likely to have reported a negative impact of rising costs on their mental health.

As well as cutting back, large families have sought support through services.

- One in ten (11%) have accessed a food bank.
- One in four (24%) have used an advice service.
- 7% have sought support from a social worker or their health visitor.
- More than one in five (22%) received support from an NHS mental health service while a further 8% sought support but were unsuccessful.

Shockingly, as prices rise, over one in five (22%) large families have resorted to selling household belongings to make ends meet.

Many large families are trapped in a precarious financial position with negative impacts on health and relationships.

Large families were already in a precarious financial position and, with rising costs, this is unlikely to improve. Three in ten said that they felt very financially insecure (31%). In summer 2022, many would not be able to take a financial hit such as an unexpected bill:

- Only one in three (34%) would pay with their own money without cutting back on essentials.
- One in four would borrow or seek help from a charity (24%).
- 15% would not be able to find a way to pay the bill.

Parents in large families have also seen negative impacts on their relationships and health due to rising costs:

- 61% reported a negative impact on their mental health.
- 45% reported a negative impact on their physical health.
- 64% reported a negative impact on their social life.
- 59% reported a negative impact on their personal life.

## Are we doing enough to help people?

### Too little, too late?

There was an overwhelming consensus between people in Scotland that organisations and governments were not doing enough to tackle the cost of living crisis when we carried out our research.

Since then, both the UK Government and Scottish Governments have made significant relevant commitments. Principally:

- The new Prime Minister announced a huge government intervention in the energy market to provide an ‘energy price guarantee’ that essentially replaces the Ofgem set energy price cap with a cap on average bills at £2,500. That has since been followed by a ‘mini-budget’ where the Prime Minister and the Chancellor have wilfully ignored the need for additional support for low-income families, while at the same time providing significant tax cuts for the wealthiest in society.
- The Scottish Government confirmed that the Scottish Child Payment will be fully rolled out from 14 November 2022 to all eligible children under 16 and increased to £25 per child per week. Although that will be the point at which it can be applied for, initial payment dates are not yet clear. Crucially though, the Scottish Government has confirmed that payments will be backdated to the date of application, even if payment is later.
- The Scottish Government also announced a temporary freeze on all rents until the end of March 2023 in light of the current crisis. Although the details are, at the time of writing, not fully set out, this will principally help tenants in the private rental market, as social rents tend to be set on an annual basis (that is, they will not change until April 2023 in any event).

While these interventions would not have been in people’s minds when answering our poll, it is worth noting that the targeted package of support for low-income households had already been announced, although not then paid, and is the only additional support that the UK Government plans for low-income households at this time. It also pre-dated the mini-budget in September where the UK Government chose to favour the incomes for the very wealthy over the struggles that low income families face in this crisis.<sup>9</sup>

As a result, it will be informative to see whether these results change when we repeat these questions in the new year.

- 92% think the UK Government are not doing enough.
- 90% think businesses are not doing enough in setting prices.
- 86% think that their local council is not doing enough.
- 85% think the Scottish Government is not doing enough.
- 84% think that employers are not doing enough in terms of setting wages and working conditions.

All that being said, in a time of supposed polarisation of views, people in Scotland are united in their view that governments and organisations are not doing enough to help people.

While the UK Government faces the harshest judgement, it should be of no comfort to the Scottish Government and councils that the vast majority of people also believe they should be doing more at this time. This is strikingly, and painfully, mirrored in the reflections of the End Poverty Scotland Group. At a general level, they do not think governments truly understand the pressures that they face:

'They don't understand what it means for us. They will never go through the stress, the worry, the uncertainty. They won't need to sit and have a conversation with their kids to say sorry we can't do anything this weekend, sorry you can't have your favourite treats. I wouldn't wish that situation on my worst enemy but they will just never ever ever understand.'

(Drew, Fife)

This is reflected in their thoughts on the recently announced 'energy price guarantee':

'I don't think it is a solution, it's not even a quick fix. It's pathetic.'

(Drew, Fife)

'I don't understand how this is fair. The crisis will still affect the people with the least, the most. People were struggling to heat their homes last winter, what on earth is this year going to be like?'

(Alex, Fife)

They also expressed concern at how the energy price guarantee would be paid for:

'There is no way that you can do this, reduce tax and it mean that the public don't lose out. I see it as schools losing out or more services being cut when we have already lost so much. I am scared for what it means for the next few years.'

(Alex, Fife)

One member of our End Poverty Scotland Group summarised their thoughts and the other support available:

'The issue with £400 just the amount that it is or that it won't tackle the root cause and won't allow people to actually use the energy that they want to use [...] It literally feels like a token gesture so they can say they've done something, but they really haven't actually done anything.'

(Alex, Fife)

Many of them told us that they felt abandoned and forgotten by those in power to make a real difference. Many were astonished that even as things had become so bad there was so little help from the UK or Scottish Government.

'I am panicking. I have fear and anxiety about the cost of living being higher and there isn't a solution. When is the government going to do something?'

(Grace, Glasgow)

'I feel like the support is completely unsustainable, how are these random handouts going to help in the long term?'

(Alex, Fife)

'I get the child payment and it helps, but now it almost feels useless.'

(Drew, Fife)

During the Covid-19 pandemic, senior members of the UK Government would clasp podiums in Number 10 along with the Chief Medical Officers to provide updates and give advice on the progress of the pandemic. Nicola Sturgeon, as First Minister of the country, appeared with admirable reliability in the basement of St Andrew's House to keep us abreast of the situation in Scotland.

For our group, those press conferences provided some comfort at a scary time, yet the perceived silence of government in the face of an equally, if not more, acute crisis adds to the general anxiety.

'I felt reassured to see Nicola Sturgeon on TV every day. Seeing her standing on that podium [...] even though the situation might not be great at times, just seeing her on the TV speaking to us every single day, that really reassured me.'

(Laura, Glasgow)

## How employers can help

In contrast to the group's criticism of inadequate support from government, the group highlighted that their employers have been doing a good job at supporting their staff and how much of a difference it made.

Those in the group who were in employment felt that their employers were much more responsive to the crisis and recognised the seriousness of the situation, which led to them being understanding and flexible.

They spoke about specific examples of employers doing what they could to ease the pressures of rising costs.

'My employer has been great, making sure my shifts work for my childcare.'

(Laura, Glasgow)

'We are not having to travel at peak times which is a big help.'

(Grace, Glasgow)

'They seem genuinely concerned and interested in what would help us, it was the same during COVID.'

(Laura, Glasgow)

## Are the services there that people need?

There are also issues around access to, and awareness of, services that could support people during the cost of living crisis.

'I have heard nothing ... nothing has come through my post. I haven't heard about anything to help me.'

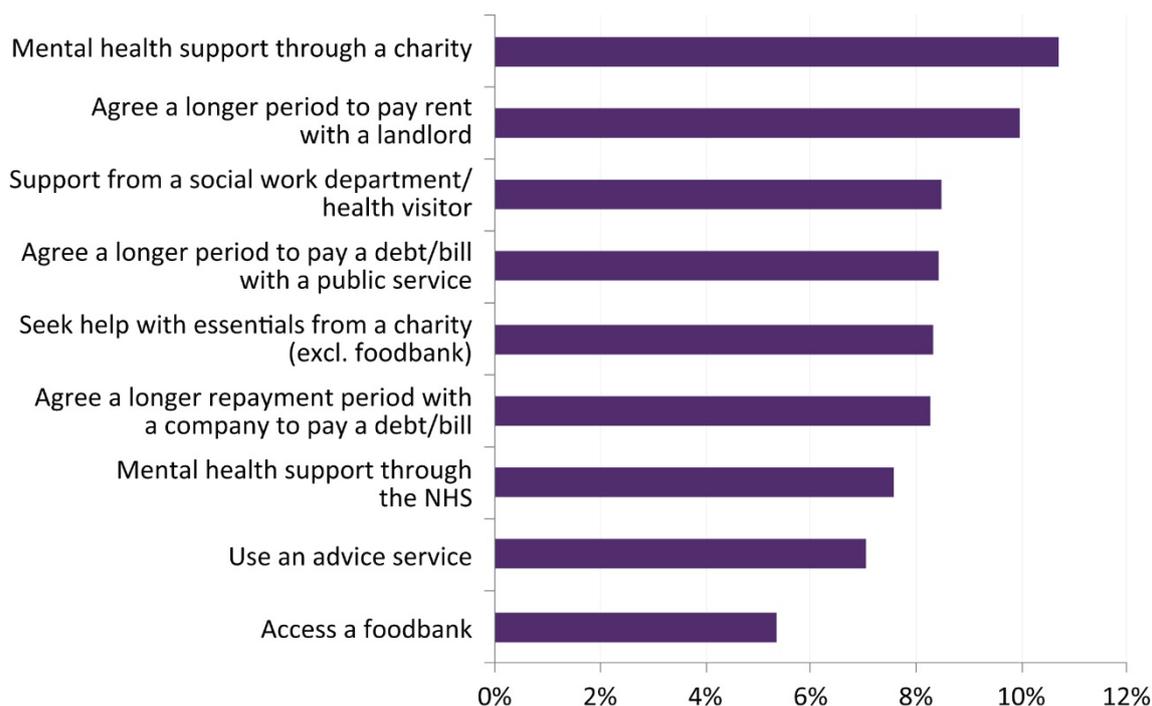
(Alex, Fife)

Across households that cut back, between 2% and 3% of people said that they had tried to access a service but had been unsuccessful<sup>10</sup> (for example, they had been unable to get there, or had been turned away) while just less than one in ten were unaware of the majority of services.

Some groups who had cut back or reduced costs had noticeably higher rates of unsuccessful interactions with services:

- 6% of **minority ethnic households with children** had tried to agree a longer period to pay a debt/bill with a public service and 5% had tried to seek help from a charity (excl. a food bank) but had been unsuccessful.
- 5% of **households with children where someone has a disability** had tried to agree a longer period to pay a debt/bill with a public service, 6% had tried to agree a longer period to pay rent with a landlord and 7% had tried to access mental health support through the NHS but had been unsuccessful.
- 6% of **people with no savings** had tried to agree a longer repayment period with a company to pay a debt/bill but had been unsuccessful.

Many households that could use support due to the cost of living crisis were also not aware of the support that was available. For example, one in ten renters who had cut back or reduced costs did not know they could try to agree a longer period to pay their rent. A shocking sign of the current time, food banks are the most well-known support service. Figure 12: Services and support that people are not aware of



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: This question was asked to people who had reduced or cut back in some way. Question wording – You mentioned that you have reduced your spending on household expenses as a result of the rising cost of living. Which of the following, if any, have you done or planned to do as a result? Response grouping 'No, I wasn't previously aware of this option'.

## Box 5: Low-income households

### Low-income families – a devastating picture of precarity

Low-income households are trapped in a precarious financial position with low monthly incomes and little savings, and a significant proportion have debt and/or arrears.

Warning signs are clear and shocking:

- One-third of low-income households have no savings to fall back on and a further 10% have less than £250 (see Figure 1, page 10).
- Half of low-income families have one or more debts and almost one in three (32%) of those with a debt have more than £2,500 of debt.
- More than one in four (27%) low-income families are behind on at least one bill/payment and 6% are behind on three or more.
- Nearly one in ten are behind on their rent or mortgage, leaving their housing situation vulnerable as costs continue to rise.
- Nine in twenty low-income families in arrears are in arrears to a public service and we know that 87% of people who are in arrears to a public service have cut back on essentials.

### How have low-income families dealt with the cost of living crisis?

Low-income households are also straining to keep their heads above water:

- Over eight in ten (83%) low-income families have cut back on basics and nearly three-quarters (73%) have cut back on essentials.
- Almost one in five (18%) have already gone cold **and** hungry by both not heating their home and skipping a meal or reducing the size of meals.
- 29% have also cut back on things their children need, such as childcare, food and activities.
- With such high numbers of low-income families cutting back on food, it is not surprising that one in ten have had to use a food bank.
- We also see that just over one in ten low-income families have tried to agree a longer period to pay a bill with a public service.

- To increase incomes, nearly one in five (18%) have sold household belongings to increase their income and one in ten have applied for Universal Credit.

#### **Impact on the lives of low-income families**

As would be expected, these factors are reflected in the level of security that low-income families feel. They have also seen a serious impact on their physical and mental health:

- More than one-third (34%) were feeling very financially insecure.
- Less than half of low-income families would be able to pay an unexpected bill of £200 with their monthly income or savings. Three in twenty (17%) would need to borrow or seek charitable support to cover the bill, one in twenty would sell household items and a further three in twenty would not be able to pay.
- Over half (55%) of adults in low-income families have experienced a negative impact on their personal life.
- Three in five adults in low-income families have experienced a negative impact on their social life.
- Around three in five (59%) adults in low-income families have experienced a negative impact on their mental health.
- Two in five (42%) adults in low-income families have experienced a negative impact on their physical health.
- Two in five working adults in low-income families have experienced a negative impact on their work life.

#### **Box 6: Families where someone is disabled**

##### **Families where someone is disabled have little leeway to cover rising costs**

There are roughly 1,040,000 households in Scotland where someone has a disability, and many of these families were already in a difficult financial situation in summer 2022.

- Three in ten households where someone is disabled have no savings.
- A further one in ten (9%) have savings of less than £250.

This leaves little financial leeway in the form of savings as costs rise.

- Nearly one in four families (23%) where someone is disabled are behind on at least one bill or payment and 4% are behind on three or more.
- Focusing on families in arrears where someone is disabled, two in five are behind on a payment to a public service.

Households where someone is disabled have had to cut back and rely on support services to fill the gaps.

- Eight in ten families where someone is disabled have cut back on a basic.
- Seven in ten have cut back on an essential.

Such cuts to things that households need to get by has meant that families where someone is disabled have had to seek support and have tried to increase their incomes where possible.

- One in ten have used an advice service (13%), agreed a longer period to pay a debt or a bill with a public service (10%) and accessed a food bank (9%).
- One in five have used an NHS mental health service (21%), highlighting the impact of rising costs on people's mental health and wellbeing.
- To increase incomes, three in twenty (16%) have sought support through benefits or crisis grants, 14% have asked their employer for more hours and 17% have sold household belongings.

The health of adults living in families where someone is disabled is being risked further due to the cost of living crisis.

- Adults in a household where someone is disabled were more likely to report that rising costs had had a negative impact on their mental health (60%) and on their physical health (42%) than adults living in households where no one is disabled.
- We know that disabled people are likely to face more barriers both in getting into and once in the workplace, than people who are not disabled. At the same time, carers are more likely to be

excluded due to their caring responsibilities. Of adults in work who are part of a family where someone is disabled, 43% have reported a negative impact of rising costs on their work life.

- More than half of people in families where someone is disabled have also reported a negative impact on their relationships with family and friends; 58% reported a negative impact on their social life; and 55% reported a negative impact on their personal life.

## 4 Conclusion and recommendations

The findings of this report mean governments of all levels need to focus their efforts on two equally important priorities:

- First, they must ensure that immediate action is taken to protect people from the unaffordable costs that they face in the coming months.
- Second, they must take action to ensure that the atrocious impacts of this crisis become a thing of the past. For the Scottish Government that means meeting their child poverty targets. For the UK Government that means underlining their commitment to driving down poverty across the UK.

Arguably it has only been since early September that the UK and Scottish Governments have been fully seized by the extent of the crisis facing households. The findings of this report chime with numerous other reports from our colleagues in the third sector (Abrdn FFT, 2022; Citizens Advice Scotland, 2022; JRF and Save the Children, 2022; One Parent Family Scotland, 2022, Trussell Trust, 2022). To be frank, we are not sure how much more evidence governments need to grasp the sheer scale of the challenge facing households.

It would be unfair, however, not to recognise the different positions that the UK and Scottish Governments are in. The UK Government has, (despite their predecessors' protestations that such actions were, at best, unwise and / or often impossible), hugely increased the Government deficit and is using borrowing to fund permanent cuts in revenue via tax cuts for those on higher incomes. Clearly there are enormous economic risks with such an approach, that we are seeing play out in real time, but future UK Government claims to tight fiscal constraints will undoubtedly be met with cynicism. The full budget before the end of the year does, however, give the Chancellor time to regain the trust of low-income households and provide the additional support that they so desperately need.

The Scottish Government, on the other hand, must operate within a fixed budget and are, largely, unable to borrow for day-to-day spending. One quirk of the Fiscal Framework that dictates the Scottish Government's spending power, however, is that if the UK Government cuts taxes and, broadly speaking, Scottish economic performance is around the same as the wider UK, these tax cuts in England, Wales and Northern Ireland will lead to significant additional finance for the Scottish Government.

As a result, even if the Scottish Government does nothing with current tax rates (i.e. people in Scotland pay no more next year than they do this year), they will have additional spending power, unless the wider UK economy outstrips the Scottish economy significantly and/or the UK Government decides on subsequent cuts to public services. This is a crucial opportunity for the Scottish Government to show that it recognises the challenges facing low-income households and to provide them with additional support funded by simply leaving current tax rates where they are. From the perspective of attempting to reduce inequality it will always be difficult to justify tax cuts for wealthier individuals but in the current context, and for a Scottish Government that has great ambitions to reduce both inequality and poverty, it would be inexplicable.

### A cash-first approach to the cost of living crisis

Along with several other influential third sector organisations, we wrote to the First Minister in August to demand further help for families for the coming winter (see JRF, 2022). The demands focus on immediate cash help for those families who need it most. While we welcome the full rollout of the Scottish Child Payment that has since been announced, it does not change the need for immediate support for families to weather these costs. The Scottish Child Payment was designed to drive down poverty, not tackle this crisis.

*'I get the child payment and it helps, but now it almost feels useless.'*  
(Drew, Fife)

Our recommendations to the Scottish Government are:

- A further £260 payment to all of those in receipt of Council Tax Reduction. Given that many of these households will miss out on the Scottish Child Payment (as they do not have children), this is particularly crucial. The previous Low Income Pandemic Payment provides a model for such payments and would benefit around 500,000 low-income households and cost £130 million.
- Double the planned ‘bridging payments’ for families with children in receipt of free school meals from £130 to £260. This would benefit around 150,000 families at a cost of around £39 million.
- On full rollout of the Scottish Child Payment make a further one-off payment of £260 to all recipients in early 2023. This would benefit around 300,000 children and cost £79 million.
- Double the Child Winter Heating Assistance to £428.20, supporting 20,000 disabled children and young people at a cost of £4.3 million.
- A boost of 50%, or £17.75 million, to the Scottish Welfare Fund – along with additional funding to enhance administrative capacity and improved promotion of the Fund – to provide local authorities with greater discretion to support households facing extreme financial duress and who have not been able to get support from elsewhere.

Beyond immediate cash support there are also actions that the public sector can and should take to reduce the pressures on families:

- As we noted in that letter, and as underlined by the findings of this report, it is absolutely crucial that all parts of the public sector take an extremely proactive and forbearing approach in managing debt and arrears. We found that two in five families in arrears have a debt to a public service and 87% of people in debt or arrears to a public service have cut back on essentials. To enforce those debts against people is cruel, unnecessary and counterproductive. It is encouraging to see some councils proactively writing off things like school meal debt, but all tiers of government (including the UK Government) must take a similar approach.
- The Scottish Government’s commitment to freezing rents, halting evictions and boosting cash help for tenants over the winter is welcome, although the position from April is less clear. It is likely to be difficult for the Scottish Government to justify rolling back on those protections at that time. Both tenants and landlords need to be given greater certainty quickly and to be meaningfully involved in how we implement necessary, longer term reforms. We need to find ways to manage the transition in a way that does not drive rents up, supply down or threaten the viability of badly needed new social homes.
- The Scottish Government and local government need to do everything in their power to raise awareness of support that is available to households. Whether that is social security support, crisis grants, services for children, energy efficiency improvements or transport schemes, these have never been more important.

The UK Government must also immediately uprate means tested benefits by the current rate of inflation. Where this is not possible logistically, additional lump-sum payments should be made to those in receipt of social security payments that cannot be uprated.

## The broader solutions to the crisis are the same ones people have always needed

In our discussions with the End Poverty Scotland Group it is clear that many of the things that would help them in this crisis involve the same barriers that they faced on a day-to-day basis before the crisis. This made some of our discussions frustrating for them to take part in. Long-told issues around access to childcare, flexibility of employment and transport availability and cost are all barriers to getting by during this crisis and when prices are not as substantial.

The group were united in their belief that bringing the cost of energy and food down required an intervention on the scale of the furlough scheme to stop people going cold and hungry.

The group were also alarmed and disgusted by the idea of ‘warm banks’, that is, public places where people could go to guarantee warmth, such as libraries or council buildings.

*‘It just all of that stuff reminds me like the poor house stuff and it just is shocking how we’re even talking about these things in this day and age. It’s just as obscene[ ...] I don’t even know how you could manage something where people’s bills would be capped at a certain amount because I don’t see how that’s even possible, but there has to be something put in place to support people.’*

(Sam, North Ayrshire)

As a result, the solutions that were discussed were based on what the group thought would improve their everyday lives and reduce the impact of the cost of living for them and those in their community. They focused far more on what they believed would remove barriers to their ability to increase incomes than what would reduce costs.

It was clear that the group felt that there were foundations of support out there but that for real change to happen support would need to be ramped up and designed in partnership with them.

## Redesigning childcare

Childcare continued to be a source of frustration for the group, a theme that was mirrored in our work with Save the Children earlier this year (JRF and Save the Children, 2022) and in our work with single parents last year (Yaqoob and Shahnaz, 2021). The lack of availability and flexibility is seen as a real block to improving living standards. Part of the frustration was also centred around the repeated call for better childcare and what the group felt were well-understood and straightforward fixes that were not being acted upon either by government or providers.

Members thought that there was a need for more investment to create more places for children and parents should be included in the design. The group felt there was room for the community to create childcare solutions using existing public spaces in collaboration with parents and third sector providers.

*‘There’s no childcare in the area apart from child minders and they’re like scarce now ... during the holiday I can’t even get my daughter into the after school club because it’s fully booked already, they only take 16 children.’*

(Drew, Fife)

## Employers playing their part

Throughout the session with the End Poverty Scotland Group there was a common thread of employer behaviour being really important in reducing the impact of the cost of living crisis. We heard about employers allocating shifts to make sure people would have to pay less for childcare and travel. This made the group think about other ways employers could play an active part in mitigating the cost of living crisis.

Parents in the group spoke about facing hard choices between having to take unpaid leave to look after their children, sending kids to school unwell, or relying on family. Changing employer policy so that parents needing to care for a sick child do not miss out on pay would be an important step.

*‘They need to have something in place for when your child is sick and you’ve got no other carers available. I don’t think it’s right that you should be getting less wages because your child’s sick and needs you at home.’*

(Drew, Fife)

It would be about more than just wages. The mental health impact of having to constantly balance the needs of your child with the need for income can take a real toll.

*‘I’m sitting here feeling guilty, I am feeling croaky and my wee one’s croaky too she’s not quite she she’s not 100% ... It’s just it’s a horrible feeling when you’re kind of torn.’*

(Drew, Fife)

The group also felt that the strain of the cost of living crisis combined with the hangover from Covid-19 meant they were more in need of understanding employers and thought 'wellbeing days' would be a real help. The group thought this type of day would not have to just be used in an emergency, but could also be used in a preventative way.

'They take a wellbeing day every so often, not because there's something wrong, but because they're going to do something proactive to promote their wellbeing. So it's not always about using the time when you're struggling, it's about using the time to promote your own health and wellbeing.'

(Sam, North Ayrshire)

## Transport

The group thought that the free bus travel for young people was a great idea and wanted it to be expanded to support many more groups.

'Parents have maybe been raising their family and maybe when their kids get older and I could go and work now ... folk just getting back into work that have been out of work for a long time. People that have been caring for someone for a long time ... help people get out and their workforce.'

(Laura, Glasgow)

## Longer term action

In this context, it is crucial that the Scottish Government recommit to meeting the child poverty targets set by the Scottish Parliament.

As we noted in *Delivery for Families?* (JRF and Save the Children, 2022) and as resonates in the voice of our End Poverty Scotland Group, the immediate priorities on top of immediate cash support for the Scottish Government must be to:

- Ensure that mental health services are recognised as a vital means of reducing poverty and are designed as such.
- It is not possible to speak to parents who are experiencing poverty and not discuss the subject of childcare. Childcare needs to urgently be more flexible, more accessible and more affordable. Childcare should be a means for children to receive excellent nurture, play and learning. For some, it can be, but it is also acting as part of the poverty trap in Scotland due to cost and a lack of flexibility.
- Immediately move from trialling 'no-wrong door' approaches to public services, such as the Pathfinders identified in Best Start, Bright Futures (Scottish Government, 2022c), and embed this approach in all public services immediately.
- Rollout the Minimum Income Guarantee to parents with babies first and as soon as possible. As noted in this report, families with babies face tremendous pressure as a result of this crisis. Rather than giving babies the best start in life we are piling pressure on their parents at what is a difficult time already where parents cannot (and should not have to) earn additional money.
- Undertake a rapid analysis of the Affordable Housing Supply Programme to assess its poverty-reducing capacity and plan its delivery accordingly – including how the impact of a continued rent freeze would be taken into account.
- Greatly increase the funding available for, and ambition of, the Warm Homes Scotland scheme to provide more efficient heating solutions for those on low incomes.
- Rethink and reinstate funding to support parents into employment. It is deeply concerning to see that one of the major planks of Best Start, Bright Futures (that is, a significantly scaled up employability offer) has been cut in light of other budget pressures. While we understand the Scottish Government's need to find funds to relieve other pressures, not

least public sector pay, it seems to unpick a major platform for their plans to reduce poverty. The rationale that a tight labour market negates the need for employability support, particularly targeted support for priority families, misses the point of what support parents in poverty need. While we have been vocally critical of current provision, it is deeply disappointing that rather than reassess and redouble their efforts, the Scottish Government has waved the white flag.

- Increase the Scottish Child Payment by above inflation in 2023/24 to ensure the interim child poverty targets are met.

The UK Government must, as we have been saying for some time, reverse the fundamental inadequacy of the social security system ensuring that, at an absolute minimum, no-one is left in destitution.

## Conclusion

In 1901 Seebohm Rowntree published the seminal *Poverty – A Study of Town Life* where he presented the findings of his ground-breaking research into the conditions under which people lived in York. In his conclusion he noted that while that publication presented findings rather than solutions:

'[The author ...] desires, nevertheless, to express his belief that however difficult the path of social progress may be, a way of advance will open out before patient and penetrating thought if inspired by a true human sympathy.'

It is an important sentiment for the position many in society face today. The sheer scale of the pressure on households is clearly overwhelming them and may seem overwhelming to those who are tasked with helping them get by. But if governments can embrace the compassion of which Seebohm Rowntree speaks, what seems so difficult today can appear far more possible tomorrow.

# 5 Appendix A: Motivations for this year's approach to poverty in Scotland

As mentioned in the introduction, the annual Scottish Government Poverty and Income Inequality statistics have been deemed unreliable due to the impact of the Covid-19 pandemic on data collection.<sup>11</sup> The Covid-19 pandemic has meant that the types of people that responded to the Family Resources Survey are not quite the same as we would expect. For example, more older, affluent and higher educated people took part in the survey than we would normally expect. In addition to this, around half the number of people who usually respond to the survey in the UK responded in 2020/21. This makes it harder to do analysis in Scotland or for specific groups, as the number of responses for each group is much smaller.

However, we can better understand the current context using some different measures that are calculated from other data. Although they are not the same as our usual poverty measure, they give us an idea of people's economic situation and security (see Appendix C).

On top of these challenges in measuring poverty, the usual income poverty measures only directly account for one household cost: housing. It does not consider how much it costs for other essential items such as heating, food or hygiene products. In the current cost of living crisis, with high and unpredictable inflation, this means that the relative poverty line does not adequately capture the ways in which income after housing costs is being stretched.

The combination of the rapidly changing context due to the cost of living crisis, and the lack of reliable data on incomes has motivated us to collect data to fill some of these gaps. In July 2021, Savanta ComRes surveyed 4,196 people on behalf of JRF. This data was used to form the majority of this year's Poverty in Scotland report alongside the thoughts, ideas and experiences of our lived experience collaborators in the End Poverty Scotland Group (see 'The voice of lived experience', page 7).

## 6 Appendix B: Highlighting the priority families

The Scottish Government has recognised that some families with children are more at risk of poverty than others, highlighting six types of family that they will prioritise: single-parent families, families where someone is disabled, large families, families with a baby, minority ethnic families and families with a young mother (under 25).

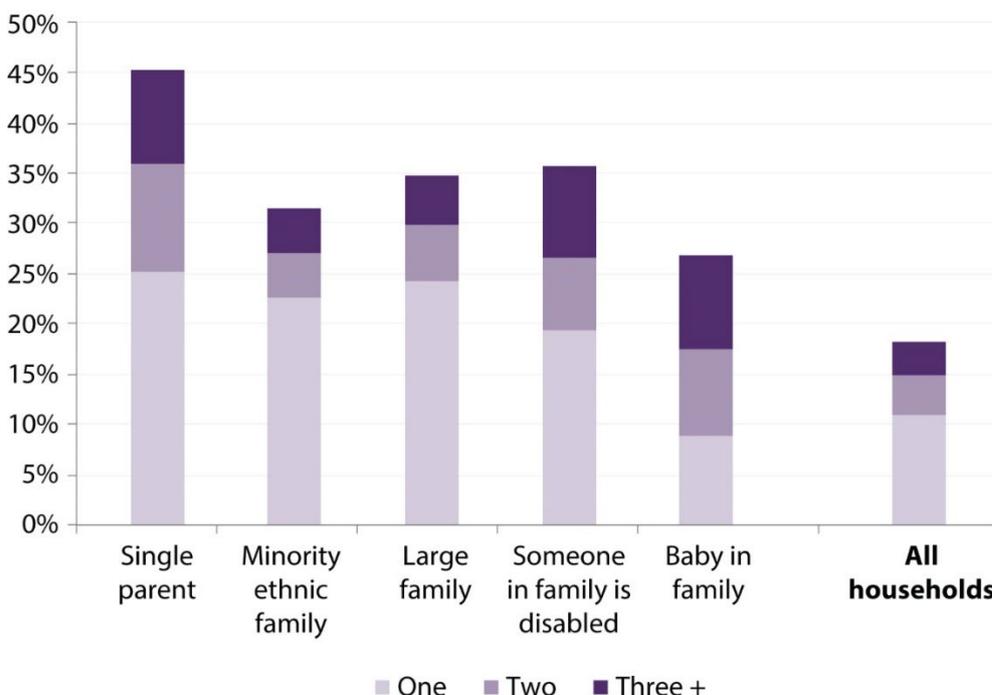
In our 2021 Poverty in Scotland report we focused on how far the priority groups were from meeting the Scottish Government statutory child poverty analysis. As with the rest of this report, we do not have a good source of data to look at poverty for these groups, but we have collected data on the priority families, with the exception of young mothers.

### Limitations of the data

We have not been able to analyse young mothers because we do not collect the age of all adults in the household. For some analysis on the current situation for families with a young mother, please see the Scottish Government's latest report (2022b). In addition to this, our sample of families with a baby is too small, increasing the possible error in any values cited here, so analysis of this group should be read with caution – particularly small differences between this group and others. We also note that the sample of minority ethnic families does not fully reflect the economic circumstances seen in official statistics, with the minority ethnic families in our sample being slightly wealthier than those seen in official statistics.

### Financial security of the priority families

**Figure B1: Proportion with arrears broken down by number of types of arrears, by priority family**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

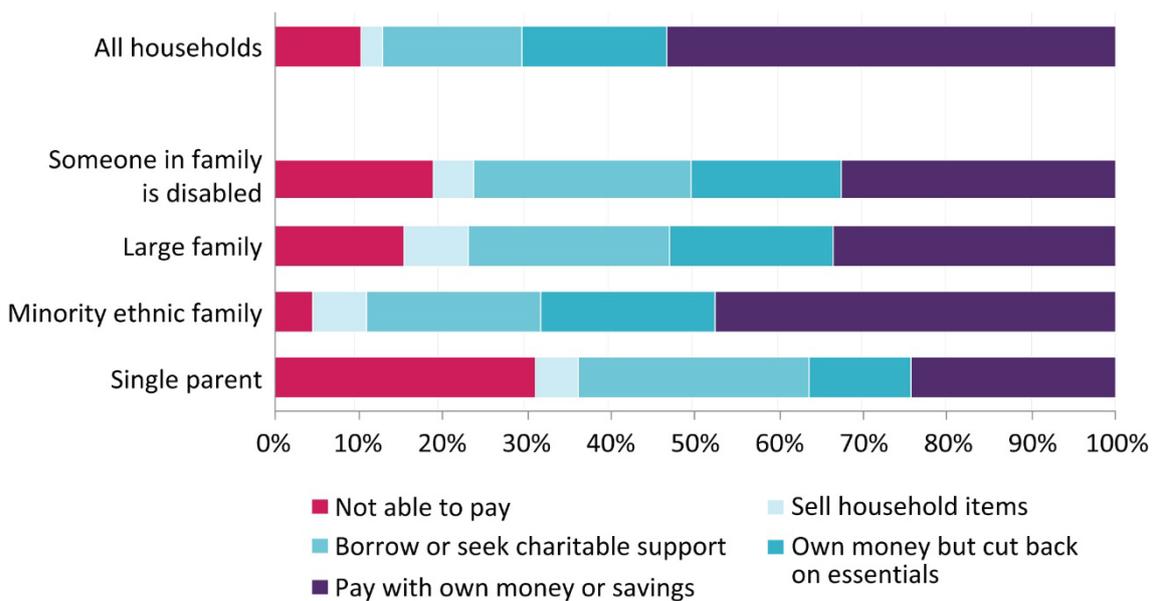
Note: Question wording – Is your household behind on any regular payments (arrears)? People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

- **Living on low incomes** – We would expect around 40% of priority families to be living on low incomes if they had the same likelihood as the population as a whole. Across the priority families we found that around half of families were living on low incomes. This skyrockets to 60% of single-parent families.
- **Low and no savings** – Large families (40%) and single-parent families (57%) are more likely than families with children generally to have no savings.
- **Behind on bills** – Across the priority families, a higher proportion are behind on one or more bills or payment than across Scotland as a whole. Single parents and families where someone is disabled are more than twice as likely to be behind on bills or payments. In addition to this, around one in ten single-parent families (11%), families where someone is disabled (10%) and large families (8%) are behind on their rent or mortgage, putting their home at risk.

Financial security varies across priority groups, although this is partly related to the financial positions of these families, as outlined above.

- **Feeling financially insecure** – Around three in ten large families (31%) and families where someone is disabled (32%) were feeling very financially insecure in summer 2022. Two in five single-parent families were feeling very financially insecure.
- A significant proportion of priority groups would not be able to pay an unexpected bill of £200. This includes a shocking three in ten single-parent families.

**Figure B2: How would people deal with an unexpected bill of £200, by priority group**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: The sample size for families with a baby was too small for analysis and was therefore excluded. Question wording – Thinking about an unexpected essential bill of £200 that your household would have to pay in the next seven days, which of the following would you do? If you think you would do more than one, please select the main thing you would do, that is the one you would get the most money from. People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

## Priority families are stretched to their limits

In last year’s Poverty in Scotland we questioned whether the ‘priority families’ for tackling child poverty really were a priority, given the high rates of poverty that persist among these groups. The findings of our research do little to assuage that concern as priority families continue to struggle to get by, with many going without both basics and essentials.

## Cutting back on basics and essentials

- **Roughly eight in ten priority families have cut back on one or more basics** – This is compared to three in four families generally. But the comparison is even more stark for single-parent families, of which nine in ten have cut back on a basic need.
- **Going without essentials** – The vast majority of single-parent families (eight in ten), have also had to cut back on an essential. Families where someone is disabled are also struggling intensely with three in four such families cutting back on an essential. This underlines the crushing impact that continued poverty coupled with the cost of living crisis is having on single parents and their children.
- **Priority families have had to cut back on items for their children** – In general, one in four families with children have cut back on something for their child due to rising costs. A similar proportion of most priority family groups have cut back on items for their children. The exception is large families, where more than one in three (35%) have cut back on something for the children.

## Children missing out

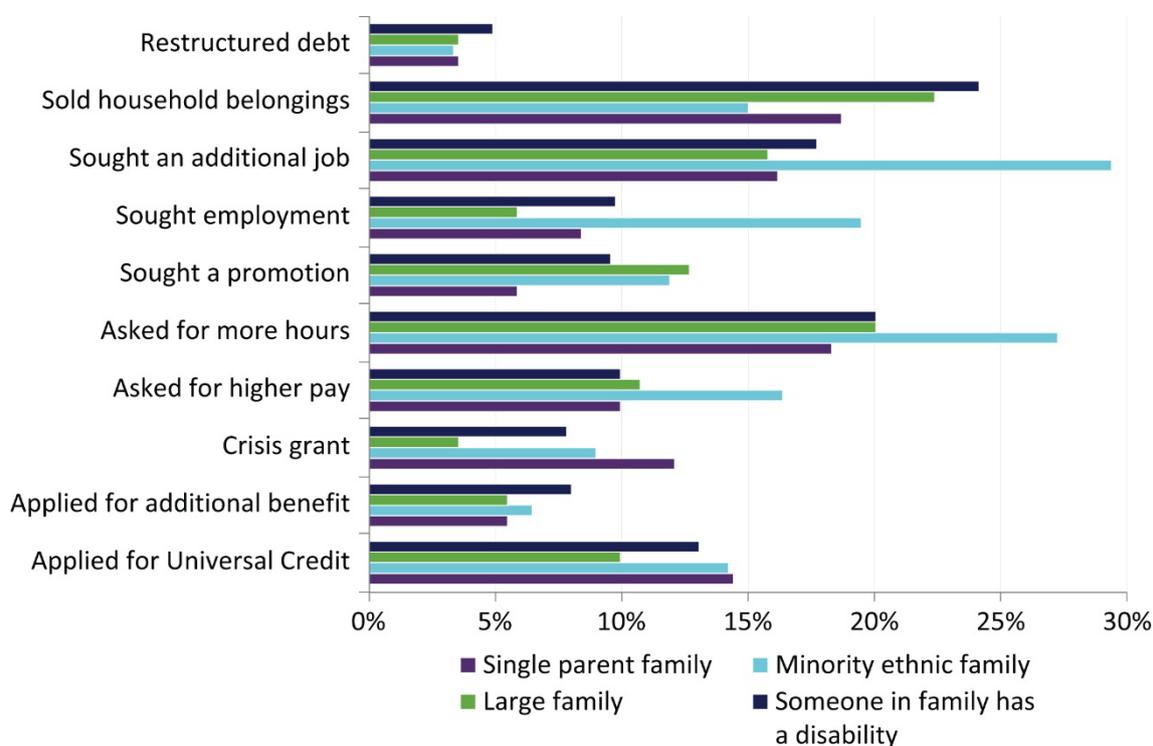
Priority families that have cut back and reduced costs have also sought support from a number of services to try to fill the gap (note, due to sample size we have not looked at families with babies here).

- **Around one in ten priority families have relied on a food bank** – One in ten single-parent families (12%), minority ethnic families (13%), large families (11%) and families where someone is disabled (14%) have accessed a food bank.
- **Seeking advice** – More than three in twenty (17%) single-parent families and families where someone is disabled, and around one in four (24%) large families, have used an advice service.
- **NHS mental health support is the most used service across priority groups** – One in five single-parent families (22%), minority ethnic families (18%) and large families (22%) have accessed these services and around one in four families where someone is disabled (24%).

Priority families have tried to increase their incomes in a variety of ways. However, these are often tied to the differing barriers that the priority groups face in accessing good work and adequate state support.

- **Increasing income through work** – In Scotland, minority ethnic families with children in poverty are more likely than white families to have one or more parent in work. Therefore, it is not surprising that minority ethnic households are much more likely to have tried to increase their income via work than white families. Nearly three in ten minority ethnic families with children have sought an additional job and more than one in four have asked for more hours from their current employer.
- **Increasing income through social security** – In contrast, this is much more challenging for single-parent families who are more likely to be locked out of work due to childcare responsibilities. Single-parent families are more likely to have sought support from the state, with more than one in ten (12%) seeking a crisis grant.
- **Increasing income by selling items** – Significant proportions of large families (22%) and families where someone has a disability (24%) sold household belongings to increase their income.

**Figure B3: Ways that people have tried to increase their income to deal with rising costs, by priority family**



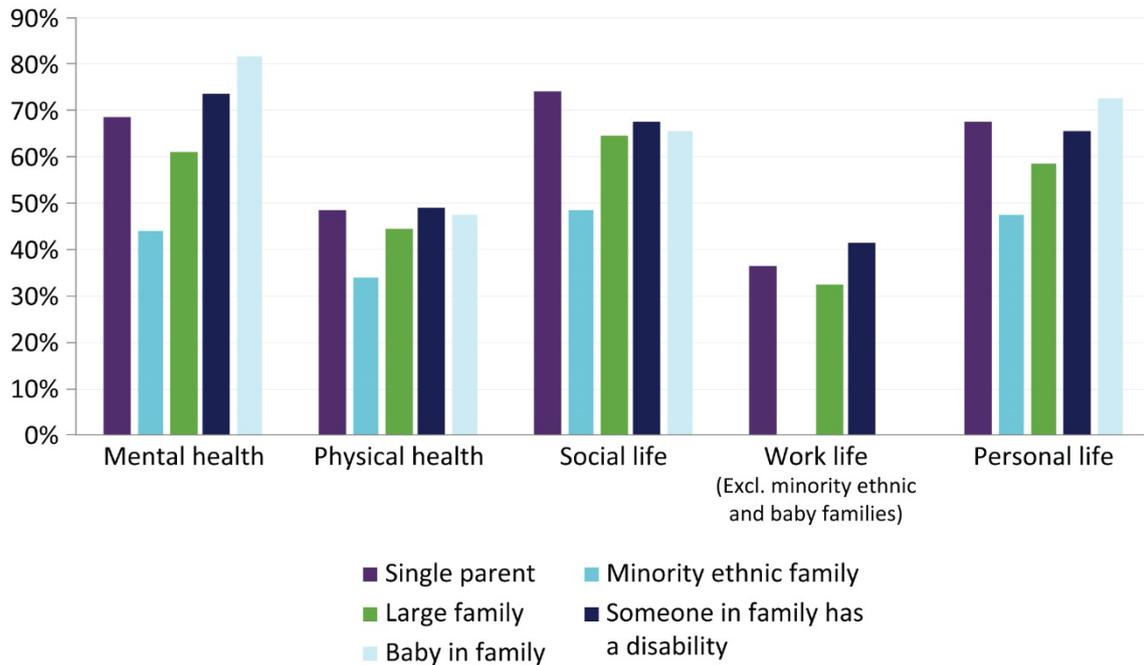
Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: The sample size for families with a baby was too small for analysis and was therefore excluded. Question wording – Which, if any, of the following have you or someone in your household done to increase your income as a result of the rising cost of living? People who responded ‘Don’t know’ or ‘Prefer not to say’ have been excluded from the analysis.

Rising costs are having a big impact on the lives of priority families, with all groups seeing a negative impact on a significant proportion of families across their health, relationships and work life.

We are not sure why a smaller proportion of minority ethnic parents are reporting a negative impact of the cost of living crisis on their life. It could be, as described above, the sample is slightly wealthier and more financially secure than is seen in official statistics, making them less vulnerable to the financial shocks as costs rise. In our sample, minority ethnic households are also less likely to have someone in their household who is disabled, and minority ethnic respondents are less likely to be inactive due to sickness or a disability. Minority ethnic respondents were, however, more likely to be inactive for other reasons (such as caring responsibilities or looking after the home) which may give their family greater scope to increase their income through work. It could also be confounded with other reasons not measured in this survey, such as stronger support networks within communities.

**Figure B4: Proportion reporting that the rising cost of living has negatively affected different aspects of their life, by priority family**



Source: JRF analysis of JRF survey conducted by Savanta ComRes.

Note: The sample size of working minority ethnic families and families with a baby were too small to look at the impact on parents' work lives. Question wording – Thinking about the rising cost of living generally, to what extent, if at all, has this negatively impacted the following? People who responded 'Don't know' or 'Prefer not to say' have been excluded from the analysis.

# 7 Appendix C: The position coming into the crisis

## Child poverty levels and the child poverty targets

As we note in the main report, we do not have robust data for all of the child poverty targets in 2020–21. As we predicted last year, this means the Scottish Government has limited insight into progress towards the statutory targets, which is unfortunate given the proximity of the 2023/24 interim targets.

That being said, last year we raised the alarm that we were not on track to meet those interim targets and as noted in our report with Save the Children earlier this year (JRF and Save the Children, 2022), that risk persists, not just in terms of the projections that the Fraser of Allander Institute provided for us in that report (of relative child poverty resting at 19% in 2023/24) but also the cost of living crisis and predicted recession.

However, the general economic uncertainty undoubtedly makes poverty levels difficult to project. For example, if we do enter recession and the median income falls as a result, it could be that relative poverty would fall. While that may mean that the relative interim child poverty target could be met, it would be through a combination of Scottish Government action, principally the Scottish Child Payment, and the UK becoming poorer overall. This underlines the importance of the other measures that make up the targets – in particular absolute poverty and material deprivation and low income which are more sensitive to inflation and cost pressures beyond housing costs.

The parents involved in our work earlier this year with Save the Children (Birt, 2022), the End Poverty Scotland Group, and the voices of other people living in poverty have highlighted that the experience of poverty is becoming increasingly more acute, regardless of whether poverty levels can be estimated. We must act with urgency in response.

## Local child poverty levels

There are, however, some more up-to-date figures available for child poverty levels for 2020/21. The Department for Work and Pensions creates estimates of relative child poverty before housing costs (BHC) at the local authority level using a combination of Department for Work and Pensions and HMRC administrative data, as well as survey data.

While the survey data will be affected in the same way as outlined in Appendix A, here we see that the child poverty rate has decreased across all but one local authority in Scotland by, on average, three percentage points since 2019/20. A key reason for this was the additional £20 on the standard allowance of Universal Credit and Working Tax Credits that has since been cut by the UK Government.

Glasgow City and North Ayrshire have the highest relative poverty (BHC) rates in Scotland, at 28% and 24%, respectively. This means that almost three in ten children in Glasgow and one in four in North Ayrshire are living in poverty (BHC). The lowest child poverty rates (BHC) are found in East Dunbartonshire and East Renfrewshire, with around one in ten children trapped in poverty.

While these numbers will reliably describe the position at the time they were collected, they do not fully represent where we are now. They reflect a time, at the height of the Covid-19 pandemic, where there was significant government intervention in the economy and household incomes in particular (Matejic, 2022), not least the, now cut, increase in Universal Credit by £20 a week. This highlights an important point though – that government intervention can have a significant impact on poverty levels.

## Persistent poverty

One of the measures that the Scottish Government were able to produce this year was on persistent poverty (Scottish Government, 2022a). Persistent poverty is when someone is trapped in relative poverty (after housing costs) over an extended period of time. Someone is considered to be experiencing persistent poverty if they are trapped in poverty for at least three out of four consecutive years, for example for any three years between 2016 and 2020. The statutory child poverty target is for persistent poverty to be below 8% by 2023/24 and below 5% by 2030/31.

For the period between January 2016 and December 2020, which includes the first ten months of the Covid-19 pandemic, one in ten people in Scotland were trapped in persistent poverty. This has fallen slightly, by two percentage points, since the period 2015–19.

There has been a reduction in the proportion of children trapped in persistent poverty from around three in twenty in 2015–19 to two in twenty in 2016–20. This remains two percentage points from the fast-approaching 2023/24 child poverty target.

Some of this change may be due to the Universal Credit uplift in 2020, which lifted the incomes of low-income households on benefits while middle incomes fell due to job losses and furlough (set at 80% of earnings), reducing where the poverty line lies (Matejic, 2022). However, some of the decrease may be due to families missing in the latest wave, with the 2016–20 figures revised if they re-join (Scottish Government, 2022a).

From this data we also see that while too large a proportion of people are trapped in persistent poverty, there is also a large amount of movement around the poverty line. On average, just over one-third of people in poverty (36%) exited poverty per year in the 2016–20 period. This means the family were at least 10% above the poverty line in that year, having been in poverty in the previous year. While this is positive, it also highlights how many families who may not be classed as 'in poverty' are at risk of slipping into and out of poverty. Due to increasing costs, more and more families who are above the poverty line are likely to be struggling to afford the essentials as disposable income stretches less far.

# 8 Appendix D: Available support services

## Advice services

- [Citizens Advice Scotland](#) – a general advice service with resources online, in person and over the phone.
- [Advice.scot](#) – provides online advice on a number of areas including employment, housing and benefits.
- [Step Change](#) – debt help and advice.

## Benefits and available state support

- [Turn 2 Us Benefits Calculator](#) – see what you are entitled to.
- [Turn 2 Us](#) – advice and support on the benefits system.
- [Scottish Government benefits advice page](#) – homepage for benefits in Scotland.
- [Low Income Cost of Living Payment](#) – information page.
- [Scottish Welfare Fund](#) – information page.
- [Scottish Child Payment](#) – information page.

## Mental and physical health

- If you are struggling with your mental health or are worried about someone else, you can call Samaritans on 116 123 or check [their website](#) for other ways to get in touch.
- You can contact the NHS about your symptoms for physical or mental health on 111. They will be able to direct you to the service that you need.
- Support from Mental Health and Money Advice can be found on [their website](#).
- [Saheliya](#) provides health and wellbeing support for black, minority ethnic, asylum seeker, refugee and migrant women and girls (12+) in the Edinburgh and Glasgow area.

## Housing

- Shelter Scotland's website has [general advice on housing and your housing rights](#) in Scotland as well as providing advice on what to do if you are homeless or at risk of [homelessness](#).

## Other

- Relationship advice from [Relationships Scotland](#) – we know that the cost of living crisis is straining relationships.
- Finding a food bank – [Trussell Trust Foodbank locator](#) or [Independent Food Aid Network locator](#) can help you find a food bank near you.

# Notes

1. There are a number of quotes throughout this report that are from our discussions in the group. While they are direct quotes from members of the group, we have used pseudonyms so that individuals are not able to be identified.
2. See <https://www.jrf.org.uk/press/chancellor-will-leave-low-income-families-out-cold-tax-cutting-agenda-says-joseph-rowntree>
3. See Appendix A for more details.
4. Cutting back on items for children includes reduced spending on food for children, taking children out of nursery or childminder and reduced spending on your child(ren)'s activities and hobbies.
5. We have analysed minority ethnic respondents in a single group due to sample size. We realise this is not the preferred method (see McNeill, 2022; Cebula and Evans, 2021) and, although we did undertake a sample size boost for minority ethnic respondents, no individual ethnic group was close to reaching our threshold of 100 respondents to carry out analysis.
6. See Trussell Trust's (2022) tweet. It is also worth noting that April and May tend to be quieter months for food banks due to lower demand.
7. The sample size for families with a baby is quite small (99 households)-, so small differences between families with a baby and other groups should be interpreted with caution. In this case, the difference between families with a baby and the population average is large.
8. A negative impact on social life was reported by 60% of low-income households, 74% with no savings and 73% who reported feeling very financially insecure. A negative impact on personal life was reported by 55% of low-income households, 72% of households with no savings and 70% who had reported they felt very financially insecure.
9. This was the package of support announced by the former Chancellor, Rishi Sunak, in May which for low-income households totalled £1,200 (through a £150 council tax discount, a £400 universal cut to bills and additional payments through the social security system of £650 (the first half of which has already been paid, but after we carried out our polling)). There will be additional payments to pensioner households and households in receipt of disability benefits.
10. Note, respondents who had cut back or reduced spending were asked, for each service, whether any of the following applied: Yes, I have done this; No, but I tried to do this and couldn't (e.g. I got rejected, wasn't eligible, I couldn't do it near me); No, but I want/plan to do this; No, I wasn't previously aware of this option; No, I don't need to do this.
11. See <https://www.gov.scot/collections/poverty-and-income-inequality-statistics/>

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To speak to us about this research, contact our subject experts.  
See <https://www.jrf.org.uk/about-us/our-experts>

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