

Building the Evidence Base on Tackling Poverty

Paper 1 – A Discussion Paper on the Drivers of Poverty

Scottish Government Communities Analysis Division

June 2017

EXECUTIVE SUMMARY

This analytical working paper maps the potential drivers of poverty for households, and then outlines what the evidence tells us about how important these drivers are, how they influence poverty, and how poverty and its drivers vary across different groups of people.

It is the first in a number of outputs that will be produced over the next year to inform the Child Poverty Bill as it passes through Parliament, as well as to inform the subsequent development of the Child Poverty Delivery Plan and the reporting and monitoring of the targets. Although the focus for the targets in the Bill and for the Delivery Plan is child poverty, this working paper considers poverty more broadly, recognising that children live in families and therefore all of the drivers identified are relevant to child poverty.

While we appreciate that there are significant inequalities in economic markets, cultural norms and institutional structures that play a central role in determining the poverty rates in a society, this working paper takes the current social and economic structure as its starting point, and examines the drivers of poverty for households within this structure. Other work within the Scottish Government, particularly through the Inclusive Growth framework, recognises that an unequal society, in the long run, has more social problems, and is less economically productive and less resilient. This work begins to challenge and measure some of these broader inequalities and direct action. The Child Poverty targets have a 12 year timeframe and hence broad institutional and structural change is unlikely to play a major part in meeting the targets. However, it will be important to ensure that any short and medium term actions taken forward through the Delivery Plan and local plans are suitably aligned with the longer term inclusive growth trajectory.

The review process began with a mapping exercise to identify and organise a range of potential factors that are likely to have an impact on poverty, drawing on earlier stakeholder engagement, evidence reviewing and logic modelling. A rapid review of the research literature was then conducted to examine the evidence on whether the drivers identified do have an impact on poverty, and how. Due to the breadth of topics covered and time constraints, the review was based primarily on existing evidence reviews. We envisage the working paper as the start of a conversation, rather than a finished product. It seeks to bring together in one place a high-level summary of evidence that is helpful in informing a comprehensive approach to tackling child poverty in the Scottish context.

This paper focuses mainly on the most widely used measure of poverty – relative income poverty, after housing costs. But to ensure a comprehensive overview of the drivers of poverty, it also draws on evidence around costs of living which is relevant to other definitions of poverty.

The paper is split into three sections: Section 1 sets out how poverty varies across equality and household characteristics; Section 2 begins by mapping a range of potential factors likely to have an impact on poverty, then outlines, from the literature reviewed, what the evidence tell us about whether and how these drivers

have an impact on poverty; and Section 3 considers how the drivers of poverty differ across different groups.

The evidence presented highlights that a wide range of structural, household and individual-level factors contribute towards causing poverty. A number of factors were identified as being particularly important in driving poverty.

- **Employment** status has a strong and direct impact on poverty outcomes as earnings from paid work are the single largest source of income for most households in Scotland. However, the rising levels of in-work poverty in Scotland highlight that getting households into employment is not a guaranteed route out of poverty. The **quality and intensity of work** – in relation to pay, hours, security and opportunities for progression – is also crucial.
- The **costs of living** have a considerable direct impact on the resources required to reach a reasonable standard of living, and **housing costs** in particular directly contribute to poverty and material deprivation. The poverty premium and consumption taxes can add to the cost of living for low income households.
- The **social security system** is a powerful lever that can be used to address poverty by directly providing or supplementing household income. Cash benefits can have a significant direct impact on poverty, in particular there is strong evidence that topping up the earnings of low income working households through **Tax Credits** has an impact on poverty.
- These direct drivers are influenced by more indirect drivers of poverty that shape children's life chances and future income. Individuals with **higher qualification levels and skills** are much more likely to be in employment, and have better employment prospects and higher earnings. This reduces the risk of poverty for more highly qualified individuals and their children. Childhood experiences and non-cognitive skills are likely to have some impact on poverty primarily through their impact on educational attainment.
- Poverty is also shaped by **broader structures such as the labour and housing markets**. Productivity levels, whether jobs are available in the labour market, and what type of jobs – and how these factors vary in different places – have an impact on people's income through the employment opportunities they have access to. Similarly, the availability of affordable, good quality housing in the places it is needed shapes households' costs and health and wellbeing through the housing they are able to access. Other living costs also vary substantially by region and neighbourhood across the UK. In particular, people in rural areas face higher costs of living and issues related to access to transport, and therefore employment and services.

This paper sets out the evidence on the potential **drivers** of poverty. An examination of all of the potential **consequences** of poverty was **not** in scope. Nevertheless, the evidence reviewed highlights that some of the drivers of poverty identified in the mapping exercise (e.g. low educational attainment and poor health) are also, or even primarily, consequences of poverty. These relationships can

create a cycle of disadvantage where the impact of growing up in poverty plays a part in causing later poverty and limiting social mobility.

The paper draws to a close by considering the Child Poverty Measurement Framework in light of the evidence presented and provides some reflections on the outcomes and indicators it includes. Some gaps in the indicators included under the “Pockets” outcome are highlighted. Additionally, the importance of clarifying the role of factors as causes or consequences of poverty, and, therefore, what impact we would expect action on different drivers to have is underlined.

In conclusion, this review reinforces our understanding of poverty as a multi-faceted phenomenon that cannot be tackled through a focus on one area of policy alone. The factors driving poverty operate at different levels and will need to be taken forward at national, local and community level. The evidence presented underlines that reducing child poverty is a difficult and complex task. A very wide range of policy areas and organisations will need to work together to make the changes needed to significantly reduce child poverty in the long term.

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INTRODUCTION

A fifth of people in Scotland were living in relative poverty in 2015/16. This is approximately 1.05 million people: 650,000 working age adults, 140,000 pensioners and 260,000 children. Around one in four children (26%) were living in poverty. The recently published Child Poverty Bill will make the Scottish Government responsible for meeting ambitious targets to reduce and ultimately end child poverty in Scotland. The government has committed to publishing a three-year child poverty delivery plan by April 2018 that will set out the approach to reducing child poverty.

The Scottish Government has already adopted a multidimensional approach to poverty, in recognition of the fact that the drivers of poverty are wide-ranging. For example, the current Child Poverty Strategy for Scotland 2014-2017 contains a measurement framework that addresses both the wide range of drivers of poverty and the impacts poverty has on the lives of children and their families. The Measurement Framework includes a range of indicators under three themes:

- **Pockets** – maximising household resources
- **Prospects** – improving children’s wellbeing and life chances
- **Places** – provision of well-designed, sustainable places

This analytical working paper is the first in a number of outputs that will be produced over the next year to inform the Child Poverty Bill as it passes through Parliament, as well as to inform the subsequent development of the Child Poverty Delivery Plan and the reporting and monitoring of the targets. It maps the potential drivers of poverty for households, and then outlines what the evidence tells us about how important these drivers are and how they influence poverty. We envisage the paper as the start of a conversation, rather than a finished product, and would welcome feedback on how to strengthen our understanding of the drivers of poverty.

While the focus for the targets in the Bill and for the Delivery Plan is child poverty, in this working paper we consider poverty more broadly. The drivers of poverty generally – such as the labour market, employment, the housing market and the cost of living – are all very much relevant to child poverty; children live in families whose household resources are shaped by whether their parent/s or carer/s are in employment, the characteristics of that employment, the type and costs of housing they live in, the costs of essentials etc. and the broader systems and policies that shape their household’s circumstances and choices. We therefore considered it appropriate to begin this series by mapping the broader drivers of poverty. Later papers in the series may focus more specifically on child poverty.

The report is split into three sections:

Section 1 sets out how poverty varies across equality and household characteristics

Section 2 outlines what we know about the drivers of poverty and how they have an impact on poverty

Section 3 considers how the drivers of poverty differ across different groups.

Definitions of poverty

There is no single, 'best' measure of poverty. It is a complex problem that needs a range of measures telling us about different aspects. For simplicity, we focus mainly on the most widely used measure – relative income povertyⁱ, after housing costs (AHC). However, this measure focuses on the income a household has, without taking into account broader needs and the costs of meeting these. The Joseph Rowntree Foundation (JRF) suggest a definition of poverty that is useful for thinking about the drivers of poverty more widely: “When someone’s resources, mainly material resources, are well below those required to meet their minimum needs, including participating in society.” With this in mind, and to ensure a comprehensive overview of the drivers of poverty, we also draw on evidence using other definitions of poverty, where relevant in the review. For example, the cost of food and fuel does not influence relative income poverty levels, but do influence levels of poverty defined in other ways (such as material deprivation), as well as impacting on the quality of life of people living in relative income poverty.

It is also important to bear in mind that experiences of poverty vary widely.[1] Many people move in and out of poverty during the course of a year or over the lifecourse, while a minority are in poverty for longer periods of time. Levels of poverty also vary, from people who are just under the poverty threshold to those who are in severe poverty or 'destitute', and struggle to acquire the basic necessities of life.

How the review was carried out

We began the review process with a mapping exercise to identify and organise the potential factors that are likely to have an impact on poverty. This drew on earlier stakeholder engagement, evidence reviewing and logic modelling that fed into the current Child Poverty Strategy and Measurement Framework (see Section 2.1).

We then conducted a rapid review of the research literature to examine the evidence on whether the drivers identified do have an impact on poverty, and how. Due to the breadth of topics covered and time constraints, the review was based primarily on existing high level reviews of readily available sources. It is not intended as a comprehensive, systematic review of each topic area, although it draws on a number of high quality reviews. An important starting point was a series of evidence reviews on issues related to poverty in the UK, published in 2014 by JRF as part of their strategy to solve poverty, and a UK Government evidence review of the drivers of child poverty.[2-4] We supplemented these with other high level reviews and key literature for some areas (e.g. health, childhood experiences, skills and qualifications) and relevant Scottish statistics and research where possible to consider the Scottish context. These searches focussed on identifying relevant additional reviews or high level analysis with a UK/Scottish focus, conducted in the last five years and written in English.

ⁱ Each household's income, adjusted for family size, is compared to the median income. The median is the “middle” income: half of people have more than the median, and half have less. Those with less than 60% of median income are classified as poor. This 'poverty threshold' is the agreed international measure, used throughout the European Union. This measure is used for one of the four targets in the Child Poverty Bill.

SECTION 1: WHO IS MOST AFFECTED BY POVERTY?

Household and equality characteristics

We begin the paper by setting out what official income and poverty statistics tell us about which groups are most affected by poverty. Poverty is most commonly measured at the household level; therefore, whether someone with low income will be in (household) poverty or not depends on both household needs and on the level of income available to the household.

Table 1 – Risk of relative income poverty after housing costs, for different groups and household types in Scotland (2015/16)

		% in poverty	
All people		19%	
Gender	Men	18%	
	Women	19%	
Ethnicity*	White – British	18%	
	White – Other	25%	
	Asian or Asian British	32%	
	Mixed, Black, Black British, Chinese and Other	39%	
Age group	Children	26%	
	Working age adults	20%	
	Pensioners (age 65+)	13%	
Disability*	People in a household with a disabled adult	23%	
	People in a household without a disabled adult	17%	
	People in a household with a disabled child	27%	
	People in a household without a disabled child	18%	
Household composition*	Working age couples with dependent children	18%	
	Working age couples without dependent children	11%	
	Single working age adults with dependent children	37%	
	Single working age adults without dependent children	Male	26%
		Female	27%
	Single pensioners	Male	14%
		Female	19%
Pensioner couples	10%		
No of children*	0	16%	
	1	22%	
	2	19%	
	3+	30%	
Urban/rural*	Urban	20%	
	Rural	14%	

*Figures aggregated from 3-years of data from 2013/14 to 2015/16 inclusive.

As Table 1 shows, certain equality groups are at a higher risk of being in poverty. These include people from an ethnic background other than White British, and people living in a household with a disabled person.

Other household types at a heightened risk of being in poverty are families with dependent children (compared to families without children), single working age adults (with or without children), households with three or more children, and lone parent families.

Section 2 outlines the main drivers of poverty, then section 3 goes on to consider how these intersect with the individual and household characteristics described above.

SECTION 2: WHAT ARE THE DRIVERS OF POVERTY?

2.1 Mapping the drivers of poverty

Figure 1 on page 11 presents a diagram summarising the potential drivers of poverty. The diagram was developed out of earlier stakeholder engagement, evidence reviewing and logic modelling that fed into the Child Poverty Strategy for Scotland 2014-2017 and Child Poverty Measurement Framework. The summary diagram is therefore structured around the three key outcomes identified in the Measurement Framework (adapted for poverty more generally) – the “3Ps”:

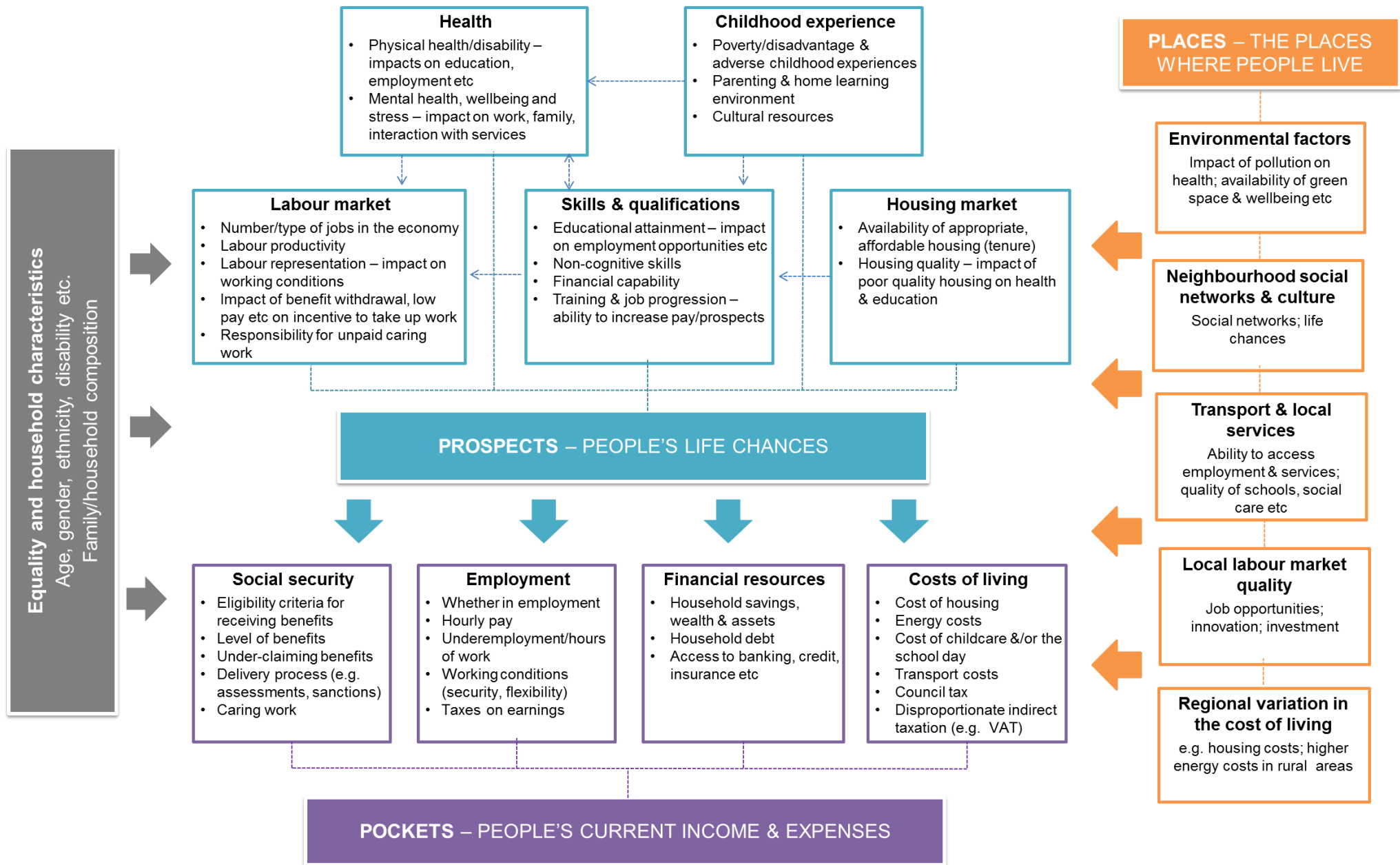
- “Pockets”: People’s current income and expenses
- “Prospects”: People’s life chances
- “Places”: The regions and neighbourhoods people live in.

This mapping was undertaken as a starting point to identify and organise all of the potential factors that are likely to have an impact on poverty.

The drivers of poverty included in Figure 1 are things that lower a person’s resources or increase their needs and the costs of meeting them. Factors in the diagram that impact directly on people’s income and expenses (e.g. employment status and job quality; costs of living) are included under Pockets. The structural factors that shape adults’ employment prospects and housing choices, as well as the intergenerational drivers of poverty that shape children’s life chances (e.g. the structure of the labour market, the housing market, people’s skills and qualifications) are shown under Prospects. The ways that these factors are mediated by where people live (e.g. local labour market quality and regional variation in the costs of living) are captured under Place. The drivers of poverty are also shaped by the different household and protected characteristics identified in Section 1 – this is shown on the left hand side of the diagram.

Poverty arises from wider, structural causes, such as the shape of housing and labour markets, in interaction with individual behaviour and choices. An important point to note is that, for this review, we have taken the current social and economic structure as the starting point, and examine the drivers of poverty for households within this structure. We recognise that the significant inequalities in economic markets and institutional structures, such as employment markets, housing markets, energy markets, social security and tax systems etc. are central in determining the poverty rates in a society. The evidence on the impact of these structures and systems on poverty in Scotland may be considered at a later date but this first review is constrained to the current system. Additionally, the diagram does not attempt to capture the dynamic aspect of poverty, where these drivers interact with an individual’s actions over time causing them to enter or exit poverty. It is important to note that some of the drivers of poverty are also consequences of poverty, creating a cycle of disadvantage where the impact of growing up in poverty plays a part in causing later poverty. Indeed, some factors associated with poverty – for example, poor health – are more likely to be the result of poverty than the cause of it.

Figure 1: Diagram of the potential drivers of poverty



2.2 Assessing the evidence on the drivers of poverty

Having mapped the potential factors that are likely to have an impact on poverty in Diagram 1, the remainder of Section 2 outlines, from the literature reviewed, what the evidence tell us about whether and how these drivers have an impact on poverty.

Pockets – People’s current income and expenses

2.2.1 Employment

Employment status has a strong impact on poverty outcomes as earnings from paid work are the single largest source of income for most households in Scotland. However, the relationship between earnings from paid employment and poverty is not straightforward. This is because employment is an individual characteristic while poverty is most commonly measured at the household level. There are three main, inter-related factors that influence the amount of income a household receives: the hourly rate of pay, the number of hours worked, and income gained and lost through the welfare and tax systems.

Employment status

There is a strong relationship between worklessness and poverty. Workless households have a very high risk of poverty (76% of unemployed working age adults were in relative poverty in 2013/14 - 2015/16).[5] The risk of relative poverty increases as the number of hours a household works decreases, and particularly when households move into unemployment.[6] There is a stronger association between family worklessness and child poverty when using a material deprivationⁱⁱ measure.[6] Employment status is also an important factor in entering and leaving poverty.[7] Employment is not, however, a guaranteed route out of poverty, and in-work poverty has increased in Scotland over the last two decades. The majority of working age adults (64%) and children (70%) in relative poverty were living in working households in 2015/16.[5] In-work poverty rates are highest among families with part-time workers only, self-employed workers only, and couple families with single earners.

Hourly pay and hours of work

A number of characteristics of employment are also associated with higher rates of relative poverty, including low hourly pay and part-time work. Low paid workers face a higher risk of poverty than workers who are not on a low hourly pay.ⁱⁱⁱ Among full-time, full-year employees in the UK, the low-paid are twice as likely to be in relative poverty as all employees.[6] However, poverty among working families is not always the result

ⁱⁱ Combined low income and child material deprivation is an additional way of measuring living standards and refers to the inability of households to afford basic goods and activities that are seen as necessities in society. It is a more direct measure of poverty than income alone, as it captures changes in standard of living. Material deprivation is calculated from a suite of questions about whether people can afford to buy certain items and participate in leisure or social activities. This measure is applied to households with incomes below 70% of UK median income to create the 'material deprivation and low income combined' indicator.

ⁱⁱⁱ Low pay is generally defined as less than 60% of full-time, median hourly pay, excluding overtime.

of low pay. At the UK level, 44% of adults in working poverty in the UK are not paid below the living wage and do not live with anyone who is.[8]

‘Work intensity’ – the number of hours of paid work done by household members – is also important. In nearly half of non-low-paid households in working poverty, one person works and one does not, and a further quarter are in households that only have part time workers (and may have a non-working partner).[8] On average, part-time workers face almost double the relative poverty rate of full-timers. Scotland (like the UK) has one of the highest levels of part-time working in the OECD.[8]

Working conditions

Temporary and insecure employment is also related to relative poverty, because it reduces work duration (the proportion of a year spent in employment).[6] Research has suggested that the experience of being unemployed is not normally one of long-term unemployment or work avoidance, but of fluctuating between low-paid, short-term employment and unemployment – termed the ‘low pay, no pay cycle’.[9] Recent analysis found that 23% of low-paid workers cycle in and out of work repeatedly in a four-year period. This not only increases their risk of poverty but it makes the management of family life and household budgets stressful.[10]

Cycling in and out of work has a strong association with relative poverty: in the UK, households where workers lack year-round work are three times more likely to be in poverty than those in continuous employment. This is partly related to contractual status; having a temporary rather than a permanent contract increases the risk of poverty among employees.[6] Self-employed people in the UK tend to have higher rates of poverty than employed people. However, data on poverty rates for self-employed people are considered less reliable than for employees due to under-reporting of income and a high level of volatility in income.[6]

Taxes on earnings

Taxes on earnings have a direct impact on household income through reducing the income households receive from paid work. They also have an indirect impact on income and work incentives through their interaction with the social security system and other costs of working. Overall, direct taxes in the UK are considered to be progressive^{iv}, and the impact of direct taxes on inequality has remained at a similar level for most of the time since 1977.[11] Rises in the Personal Income Tax Allowance since 2010 worked to take many low earners out of income tax; however, the very lowest-income households – whose incomes were already below the thresholds for paying Income Tax – do not benefit from the higher thresholds. Analysis suggests that raising the threshold to £10,500 is a regressive policy, as approximately three quarters of the cash gains go to those in the top half of the income distribution.[12, 13]

2.2.2 The cost of living

The ‘cost of living’ generally refers to the prices of goods and services considered essential to day-to-day life. The JRF’s ‘Minimum Income Standard’ (MIS) includes the

^{iv} I.e. they take a higher percentage of tax from those with a higher income; while a ‘regressive’ tax takes a lower percentage of tax from those on high incomes than those on low incomes.

following categories of essentials: housing; household goods and services; transport; food and drink; clothing; personal goods and services; social and cultural participation; and childcare. Between the recession in 2008 and 2016, the rate of inflation has grown faster than average earnings, particularly for low-income households.[14, 15] The cost of essentials went up faster than average earnings during the same time period, rising above the rate of inflation.[15, 16] At the same time, the benefits that low-income households rely on have declined in real terms, widening the gap between family incomes and the cost of essentials.[16] Price increases have a particular impact on low income households as they spend a higher proportion of income on essential goods and services.[15]

Housing costs

There is strong evidence that housing costs contribute to relative poverty and material deprivation.[17] Direct housing costs, such as rent and mortgages, and other costs of setting up and running a home take up a large proportion of household budgets, which means that people on low incomes have less income available after paying for housing. Poorer households in Scotland spend a higher proportion of their income on housing. In 2015/16, the lowest income households spent, on average, 48% of their income on housing, more than five times that for middle income households (9%), and 16 times more than the highest income households (3%).[15] In 2015/16, an extra 170,000 people were below the poverty threshold once housing costs were taken into account.[5] Low income households renting privately spend an especially high proportion of their income on housing but have few other options, as home ownership is out of reach for the majority and social housing is targeted at more vulnerable households.[18]

Energy costs

High and rising energy prices can mean that households on lower incomes experience difficulties in paying their bills resulting either in debts to energy companies or households living in under-heated homes. Average fuel prices in Scotland increased by 170% between 2003 and 2015, a much faster rate than median household incomes.[19] In 2015, 31% of households in Scotland were estimated to be in fuel poverty^v. [19] While those living in income poverty in Scotland have a very high risk of experiencing fuel poverty (8 out of 10 do), a large proportion of fuel poor households (52%) are unlikely to be living in relative income poverty.[19] Struggling to afford fuel puts households at risk of experiencing cold and damp housing, or of having to sacrifice other vital expenditure, such as choosing between eating and heating, which impacts on health.

Transport costs

Transport enables people to travel further to find a good deal, as well as access jobs and essential services. People with low incomes do not travel as far or as frequently as those with high incomes, and rely more on walking and buses.[20] Low income households are much less likely to have access to at least one car than high income

^v A household is considered to be in fuel poverty if, in order to maintain a satisfactory heating regime, they would need to spend more than 10% of their household income on all household fuel use.

households.[21] The cost of public transport has increased above general inflation, disproportionately disadvantaging those on the lowest income.[15] Along with affordability other aspects of public transport, such as limited frequency and timetable constraints, can make it difficult for people without access to a car to co-ordinate work, childcare and other activities.[20]

Parents - cost of childcare and/or of the school day

Childcare can be a significant cost for households with children.[22] Average costs for a part-time nursery place for a child under two in Scotland rose by 12.4% between 2011 and 2016, faster than the rate of inflation and wage growth.[23] Affordability has been identified as the main barrier for parents in accessing childcare. In the UK, 73% of mothers who do not work, or who work part-time, do so because they consider childcare services too expensive, compared to a European average of 53%.[24] This impacts on poverty by reducing income from employment.

Other costs arising from children's attendance at school – including the cost of school uniforms, transport costs, eating at school, learning resources, school trips, events and clubs - place pressure on family budgets, and can also lead to unequal access to opportunities, or stigma.[25]

Poverty premium

The 'poverty premium' is a term used to describe a situation in which people in poverty pay more than those with higher incomes for equivalent goods and services, including:

- more expensive utility tariffs due to being on a payment method with higher charges (e.g. Pre-Payment Meters) or being on a suboptimal tariff
- additional charges for transaction method (e.g. not paying by direct debit)
- expensive credit (low income is often associated with poor credit ratings)
- higher insurance (those in poorer areas often face higher insurance premiums).

Not all of these premiums are limited to those in poverty and may not be the consequence of poverty, but in all cases, low income increases their impact.[26]

'Enabling' products have been defined as 'goods and services that improve access in other markets'.[26] These include: a current bank account, which increases credit options and allows payment by direct debit and standing order; and access to the internet, which allows access to lower-cost financial products and services, online banking, access to price comparison sites and online deals. Internet access and digital literacy also increase people's chances of accessing jobs and social welfare systems. The proportion of low-income households without access to the internet has fallen, but they are still less likely to have access than better-off households.[21] Low income households are also less likely to have a bank account.[21] Overall, while there is good evidence that a low-income household is less likely than average to possess almost any product (e.g. internet access), there is less evidence showing subsequent disadvantage.[26]

Council Tax

The current council tax system represents a much higher rate of tax relative to property values for those in lower value homes. However, analysis suggests that the Scottish Government's proposed package of tax reforms, which includes reform of the council tax system, would raise revenue in a more progressive manner, with the tax rise falling harder on higher income households.[27] While council tax itself is based on property values, the system of council tax reductions are based on income and other family circumstances. Large numbers of people – around 500,000 families in Scotland – benefit from Council Tax Reduction but, only around two thirds of those eligible for a reduction received it, with even lower take-up among pensioners and couples with children.[27]

VAT

Consumption taxes, such as VAT, are taxes on spending on goods and services rather than income directly. These sorts of indirect taxes are regressive with respect to income. Consumption taxes have a disproportionate impact on those on low incomes as they do not account for the ability of the consumer to pay, meaning people on low incomes pay a greater proportion of their income as tax.[26] In 2014/15, the poorest households in Scotland spent around 2.5 as much of their income on indirect taxation compared to the most well off households.[15]

2.2.3 Financial assets and borrowing

Savings, assets and wealth

Wealth – including property, investments, savings, private pensions, cars and household goods – is more unevenly spread than income. In 2012/14, the least wealthy half of households in Scotland owned 9% of total wealth, compared to the 43% share owned by the top 10%.[28] Pension and property wealth are the biggest asset holdings, while savings account for only a small share of total wealth. Savings and assets can provide income (e.g. from interest earned, increase in property values), and can also create a buffer that helps to prevent poverty in future by enabling people to cover unexpected costs or changes in income. The median value of all financial assets owned by the least wealthy households in Scotland was £500, less than a tenth of the value owned by the population as a whole (£5,600).[28] Additionally, the least wealthy households are less likely to own a savings account or ISA compared to the whole population.[15]

The evidence shows that holding savings is associated with lower poverty rates, and that having savings of just £1,000 almost halves the probability of problem debt.[29] However, while research on the relationship between assets and living standards has found correlations between wealth and the outcome variable being studied (e.g. poverty, material deprivation), this does not prove a causal relationship.[30]

Debt and credit

There is little evidence to show that problem debt causes poverty, but the consequences of problem debt can adversely affect poor households' living standards and well-being.[31] Poor households are at greater risk of experiencing financial difficulties and problem debt than those that are better off.[4] In 2012/14, the overall

level of borrowing among the least wealthy households in Scotland was similar to that for the population in general, however the type of debt held was different. The least wealthy households were more likely to have arrears on household bills, a current account overdraft and higher mail order debt than the whole population.[15] Access to affordable credit can help people to spread the cost of expensive items. Research from various bodies highlights the difficulties low-income families face in accessing credit, and the associated higher cost of borrowing for these families, together with greater use of payday loans or illegal lending.[4] While not identified explicitly in the literature, this suggests a broad causal relationship between problem debt and low-income poverty – once in debt, low-income families have to spend a higher proportion of their income to service this debt.[4] This can, in turn, lead to a vicious cycle of debt, increasing the likelihood that these families will remain in poverty.

Qualitative research with families moving into work suggests a reason why there is a stronger association between worklessness and poverty when using a material deprivation measure as opposed to a relative income poverty measure. It may be because households who move into work can find their material circumstances improved by, for example, better access to credit and debit agreements, even where they do not experience any significant rise in disposable income.

2.2.4 Social security

Impact on poverty

Social security payments have a direct impact on poverty by providing or supplementing household income. Groups the system is designed to help include those who are out of work or on low incomes, sick and disabled people, families with children and older people, as well as people in certain circumstances, for example, new mothers or bereaved people.

Cash benefits play a large role in reducing income inequality in the UK and, putting aside any indirect behavioural impacts (see below), can have a significant direct impact on poverty. Recent international evidence suggests that means-tested approaches to benefits can have at least as much redistributive effect as universal systems, and that greater targeting based on income can ensure that more of this redistribution is in favour of the poorest groups.[32] Moreover, recent analysis suggests that the potential role of non-means-tested cash payments in tackling child poverty is limited.[32] In 2016, basic out-of-work benefits provided 39% of the minimum income required for a single adult with no children to reach a minimum socially acceptable standard of living in the UK, 61% for a couple with two children and 98% for a pensioner couple.[16]

Most UK benefits are non-contributory and are means-tested. These also include 'wage supplement' type payments such as Working Tax Credits, which provide support to low income households provided they work a certain number of hours. Other benefits such as JobSeeker's Allowance, Employment Support Allowance and Income Support are paid largely to those who are unemployed or who are economically inactive due to being disabled or having childcare responsibilities. Child Tax Credits and Housing Benefit are paid to both out of work and in-work low income

households, with the entitlement dependent on household characteristics and earnings.

The six main means tested benefits referred to above are currently in the process of being rolled into one single payment - Universal Credit (UC), which is one of the largest components of the UK Government's Welfare Reform. Initially UC was expected to have a broadly positive impact on poverty as a result of both more generous entitlement and improved work incentives compared to the legacy system. However, recent changes in UC specifications reduced its generosity and the expected impacts on poverty are less clear.

There is strong evidence from a number of studies that topping up the earnings of low income working households through Tax Credits has a positive impact on poverty.[6] There is a wide range of research evidence documenting the positive impact UK Government social security policies, particularly spending on benefits for low-income families with children, had on relative child poverty between 1999 and 2004.[6, 33, 34] The positive impact of wage supplements on poverty levels is reflected in the international evidence base.[6] Studies also find that wage supplements compare favourably to other policy options, such as increasing minimum wage levels, because they are targeted effectively so more of the benefits go to families in poverty.[6]

Apart from direct impacts, social security payments can have indirect behavioural impacts. Benefit entitlements can influence household decisions around whether to enter employment or increase hours and earnings, which in turn can have an impact on incomes and poverty. As an example, the current design of working tax credits, where there is an incentive for lone parents to work 16 hours, results in a large number of lone parents working exactly that number of hours.[35]

The impact of social security on a particular household will depend on its characteristics, the benefits it is eligible for, whether they claim all of these benefits, the rate benefits are withdrawn at when a person in a household enters employment or increases hours and earnings, and benefit conditionality and sanctions. While work incentives can be measured for different household types, each household will respond differently to incentives. Delays to new claims, late payment or overpayments resulting from complexities in benefits administration can lead to financial crises for families.[36] There are also important interactions between the social security system, the tax system and childcare support. These interactions can help shape work incentives for some households.

Benefits take-up

Although benefits form a large component of income for people who are out of work or on low pay, some people who are entitled to benefits do not claim them. Take up varies across benefits and is the highest for non-means tested benefits such as Winter Fuel Payment and Child Benefit (around 95%). Take up is low for Jobseekers Allowance (JSA) with only 50% of people estimated to be entitled to it claiming; and for Pension Credit (62%) and working Tax Credit (65%). Take up is higher for Child Tax Credits at 86%.[37, 38]

Factors associated with non-take up of benefits include: features of the design and delivery of means-tested benefits, such as the complexity and method of making a claim; the level and accuracy of knowledge about an entitlement and its eligibility rules; the perceived cash value of the benefit net of the transaction costs involved in claiming and maintaining entitlement; perceived stigma, and the interaction of these factors with the attitudes, circumstances and behaviours of potential recipients and those administering the benefits system.[39]

Tax credit statistics suggest that take-up is already high among households who are out of work or on the lowest incomes. It is estimated that around 97% of out of work households take up their Child Tax Credit entitlement. Among those who are entitled to tax credits and earn less than £10,000 the take up is also at 97%, compared to 85% among those earning between £10,000 and £20,000 and 69% among those who earn between £20,000 and £30,000.[37]

If those who are in poverty are more likely to claim their entitlement, with non-take up more prevalent among those who are not in poverty, the impacts of increased take-up on poverty would be limited. The UK Government anticipates that the greater simplicity of Universal Credit will lead to a 'substantial increase in the take-up of currently unclaimed benefits', although there are risks around the shift to digital delivery and impacts of changes to conditionality.[39]

Prospects – People's life chances

This section considers the structural factors that shape adults' employment prospects and housing choices, as well as the intergenerational drivers of poverty that shape children's life chances and future income. Intergenerational mobility varies across the income distribution, and is lower at the top and bottom for many countries including the UK. Low income mobility at the bottom increases the inheritance of poverty across generations.

2.2.5 Labour market

Low paid, low skilled jobs

Scotland (like the rest of the UK) has a large proportion of low-paid, low-skilled jobs compared to other developed countries.[8] Scotland (and the UK) is also below the OECD average in terms of 'productivity'^{vi}. [8] Increasing productivity enables employers to afford to pay higher wages. However, it is also important to ensure that a reasonable proportion of the productivity gains are passed on to workers in the form of higher wages, as studies show that this is not always the case.[40]

International evidence shows that the relationship between rising employment rates within a country and relative poverty reduction is not clear cut. This is because the benefits of this growth may not go to those (households) who are in poverty. Evidence suggests that it is inequality in earnings, rather than employment rates, that is important in explaining international differences in poverty.[40]

^{vi} 'Productivity is a measure of the efficiency of production e.g. the ratio of output to labour input. It is generally considered to be a driver of long-term improvements in average living standards.

Low-paid jobs are shaped by a range of factors, including minimum wages, the influence of trade unions and collective bargaining, ownership, industrial structure and the pace of technological and demographic change. Several studies link the declining importance of collective bargaining and union membership to the growth in the prevalence of low pay.[6]

Low-paid workers are less likely to be offered training by their employer, limiting their opportunities for progression. And many organisations and sectors lack clear career pathways or 'ladders'. [8] Workers who are low paid in one period are much more likely to be low paid later in life, regardless of other factors like skill level or gender. Over a quarter of UK low-paid workers in 2002 remained in persistent low pay over the whole decade to 2012, while just less than half moved out of low pay at some point only to move back into it.[8, 41]

Flexibility and underemployment

The UK has a highly flexible labour market, which has positive attributes, including high levels of employment. But flexibility can also create insecurity and a lack of progression for those at the bottom of the labour market. The UK's flexible labour market also manifests itself in the 'low-pay, no-pay' cycle. Overall, 6.4% of employees are on some form of temporary contract, and over a third (35%) of this group only took temporary work because they couldn't find a permanent position.[42] Those in low-paid work are more likely to experience this insecurity.

Scotland (and the UK) also has high levels of underemployment (people working fewer hours than they would like to) compared to other EU and OECD countries. Underemployment levels vary across Scottish local authority areas, tending to be related to unemployment levels, and therefore reflecting the degree of demand in the labour market.[8]

2.2.6 Housing market

Availability of affordable housing

The average ratio of housing costs to income has been relatively stable over recent years – between 2009/10 and 2014/15 households spent an average of 9-10% of their income on housing. Overall, the proportion of households in the private rental sector in Scotland has increased from 5% in 1999 to 14% in 2015, while the proportion owning their property with a mortgage or loan decreased from 39% to 30% over this time period.[21] Households in the private rental sector spent an average of 24% of their income on housing in 2014/15 compared to 10% for those who own with a mortgage. Those who rent privately also have a higher risk of poverty (34% were in relative poverty in 2013/14 - 2015/16) compared to those who own with a mortgage (9%).

For 2 bedroom properties, the average social rent has been around half the average private rent over the 3 years from 2014/15 to 2015/16. Low rents, such as council and housing association rents, make an important contribution to reducing the number of households in relative poverty after housing costs and in material deprivation among social tenants. Social housing is highly targeted on people with low incomes, and has been shown to be the most 'pro-poor' and redistributive major aspect of the entire

welfare state.[17] It has been suggested that lower housing costs in Scotland have been an important factor in reducing poverty compared with the rest of the UK since 2003/4, due to Scotland having a more rapid growth in home ownership and a slower growth of private renting, as well as lower social and private sector rents.[43]

Poor housing conditions

There is strong evidence that poor housing conditions (such as overcrowding, damp and mould, indoor pollutants and infestation, low temperature) affect some aspects of child development and adult health.[17, 44] Housing which is secure, warm and provides adequate space for learning and study is more likely to contribute to positive educational outcomes. Poor housing, in particular overcrowding and living in a noisy environment, can affect education in terms of tiredness and lowering attention levels. However, although pathways have been suggested through which physical housing conditions may affect income and employment, no studies have been able to establish a link. It is considered more likely that low income leads to poor housing conditions.[4]

2.2.7 Childhood experiences

What happens during childhood has a strong influence on children's prospects for adulthood, especially how likely they are to live in poverty.[36] Differing childhood experiences are both a driver and consequence of poverty. Children who grow up in poverty have a much higher likelihood of having worse experiences than those who grow up in better-off households. However other characteristics of disadvantage, such as low parental education, unemployment and poor neighbourhoods, are also important in explaining these poorer outcomes.[4, 36] There is robust evidence that the home learning environment and high quality formal pre-school education can mitigate the impacts of growing up in poverty.[45]

Childhood experiences are most likely to influence poverty through their impact on the development of cognitive ability and educational attainment, although adverse childhood experiences (ACEs) have been shown to have a broader impact on long term physical and mental health, and the ability to develop social relationships.[4, 46] Home learning environment, parenting styles and parents' aspirations for their children, as well as the child's own expectations, can have an effect on cognitive ability and educational attainment.[4, 45, 47] The Growing up in Scotland study has demonstrated that home learning environment has an impact on the development of cognitive ability, even after taking account of socio-economic background. These factors show a gradient by income and persist inter-generationally, so could be seen as an effect as well as a driver of poverty.[4] Educational inequalities are driven by families' cultural resources as well as economic resources, and books and reading are important to this. There is also robust evidence that high quality formal pre-school education has a positive impact on children's cognitive development and can help to narrow the attainment gaps between children from different family backgrounds that emerge in children's early years.[47]

ACEs, and particularly childhood abuse and neglect are linked to poverty in adulthood. Although, for children who are 'looked after' (taken into care), it is difficult to disentangle the impacts of abuse or neglect from the effects of being looked after.[48] UK studies show that being looked after tends to lead to lower educational

attainment for young people, lower incomes as adults and increase risk of unemployment and mental ill-health.[48]

2.2.8 Skills and qualifications

Educational attainment

Differences in educational attainment are both a driver and a consequence of poverty. There is a clear and persistent gap in attainment between those living in Scotland's least and most deprived areas – this gap starts at a young age and gets wider over time.[49] Differences in educational attainment according to the social origins of children are due partly to income poverty. For instance, a systematic review showed that increases in parental income levels directly lead to increases in educational attainment of children living in poverty, and contributed to a substantial narrowing of the attainment gap.[49] However, parents' educational level and the family's cultural and social capital also play a role. The relationship between poverty and educational attainment can create a cycle where growing up in poverty increases the risk of future poverty. While this relationship is best regarded as largely from poverty to educational attainment, the rest of this section considers the evidence on how educational attainment affects the risk of future poverty.

Educational attainment affects later labour market prospects and so the risk of future poverty. Higher qualification levels and skills are associated with substantially higher: probability of being employed, earnings, and employment prospects for individuals.[4, 49, 50] This reduces the risk of poverty for more highly qualified individuals and their children.[4]

The type and level of qualification, and the structure of the local labour market all impact on the returns that can be expected.[50] UK-level analysis has found that, even when qualification level, gender and age are held constant, the incidence of low pay varies significantly by occupation and industrial sector.[8] Moreover, the UK has one of the highest reported incidences of the under-use of skills in the workplace in Europe.[8]

There is uncertainty around the impact of a general improvement in educational attainment on the distribution of earnings in the economy.[4, 50] Empirically, the incidence of low pay has not diminished in recent decades despite substantial increases in the number of people with qualifications at all levels. The extent of the gap in skills between the least qualified and the average would be expected to have the most important influence on relative poverty.[4]

As well as the relationship skills have with employment, those with higher educational attainment may be able to better understand and navigate the social security system. Digital literacy has also been shown to be important for accessing jobs and social welfare systems through online application systems.[15] Those with higher educational attainment may also be better able to manage their finances and so avoid problem debt (see 'Financial capability' below).[50] [51]

Non-cognitive skills

There is a link between young people's non-cognitive skills (such as motivation, self-control and inter-personal/social skills) and their adult labour market outcomes, even when controlling for a range of other factors, including cognitive ability.[4] The influence of non-cognitive skills on outcomes appears to be mediated mainly through their influence on educational achievement, although there is some evidence that they also have an independent impact on employability and possibly earnings.[4]

Financial capability

Financially capable consumers are able to effectively manage their finances; plan ahead; efficiently select financial products and understand these products; know where, and how, to seek financial advice; and have the motivation to efficiently manage finances. The groups most likely to have low financial capability are: younger people; those on low incomes; those with children; those with poor levels of education, literacy and numeracy.[51] However, analysis shows many people are bad at managing money, regardless of their income. For a small number of households in or at risk of poverty, financial capability is a significant challenge.[51] The major difference for households in poverty is that any bad decisions can have significantly harmful impacts, as they lack a financial buffer.[31, 51]

Training and job progression

Training has a demonstrable impact on earnings and employment, and by extension can help to reduce poverty.[50] When in work, people with low qualifications remain disadvantaged. Not only do they have lower earning potential, they are less likely to receive training from their employer compared to employees that already have some qualifications.[8, 50] This enhances the risk of getting stuck in low-paid work.[41]

2.2.9 Health

There is a clear social gradient in health, with progressively better health the higher the socioeconomic position of people and communities.[52-56] There is extensive evidence showing that children who grow up in low-income households have poorer mental and physical health than those who grow up in better-off families.[52, 54, 56] Overall, a very large body of evidence demonstrates that the vast majority (although not all) of the concentration of ill-health in groups with lower socioeconomic position is explained by previous socioeconomic position, rather than ill-health causing a change in socioeconomic position.[52-56] This highlights that that health should principally be regarded as a consequence rather than a driver of poverty; however, ill health has been shown to have a minor impact on poverty risk, and we focus on this aspect of the relationship below.

People in poor health are significantly less likely to be in employment than people in good health. Ill health can impact on poverty by limiting engagement in the labour market, either through problems of not being able to find and access appropriate work, or finding that health problems stop work altogether.[4] Research has also found that adults with ill health who are in employment typically work less and earn less than those without physical or mental health issues.[4]

For mental health, there is evidence that the relationship with poverty operates in both directions: poverty (through stress) is a significant risk factor in a wide range of psychological illnesses; there is also some evidence of a 'drift effect', whereby the onset of some mental illnesses is followed by downwards mobility.[57] The interaction between poverty and mental illness differs depending on the type of disorder.[57] Evidence suggests that a significant determining factor in why those with mental health problems are at greater risk of poverty is due to their inability to work or to engage with the labour market successfully.[4] There is also an association between problem drug and alcohol use and poverty, although causation is unclear.[4, 57] Substance use can have an effect on income through the difficulties substance users have gaining and maintaining employment; however, problem substance use affects a relatively small number of people, including among those that are in poverty.[4] Again the evidence highlights that, overall, mental illness and substance use have a far more important role as a consequence than a cause of poverty.

Children living with parents in ill health are likely to also experience poverty and potentially have worse outcomes in the future.[4] There is limited evidence on how parents' ill health affects their children's future outcomes. However, some research outlines how children who play the role of carer for their disabled parents are likely to have worse educational attainment and worse employment outcomes in the future.[4]

Place – The regions and neighbourhoods people live in

Many of the things that add to a person's quality of life and enhance their earning potential – such as jobs, better schools and public services, safe streets, green spaces, leisure and entertainment – are most accessible only in particular locations. Place, therefore, can be seen as mediating the impact that many of the factors outlined under Pockets and Prospects have on the risk and experience of poverty.

Clear data are available, via the Scottish Index of Multiple Deprivation (SIMD), that strongly and comprehensively illustrate the spatial concentration of poverty and other factors detrimental to wellbeing: poor health, limited education standards, crime and low quality housing. The suggested inter-locking drivers of area deprivation fall into three categories:

- A weak economic base – barriers to work for individuals, poor skills or connectivity or factors discouraging business investment;
- Poor housing and local environments, and unstable communities, characterised by concentrations of poor vulnerable residents, high levels of disorder and antisocial behaviour, and poor physical connectivity with labour markets; and
- Poor performing public services and delivery of support to deprived areas.

Certain places, for example Glasgow, have been shown to be more vulnerable to these issues due to historical experiences of large-scale urban change and deindustrialisation, and the national and local policy responses to these (e.g. development of new towns).[58]

The extent to which where you live influences your income levels is, however, difficult to separate from other factors. There is little consensus that neighbourhood has

causal effects on poverty, whether in the present day or on future risk of poverty.[4] Quantitative analysis of large data sets has tended to conclude that 'neighbourhood effects' are marginal when compared to the importance of individual and family characteristics in explaining economic and social outcomes.[4, 59] However, this research is likely to have underplayed neighbourhood effects due to methodological limitations in capturing the complexity of neighbourhoods, especially their social and cultural impacts.[59] A growing body of evidence points to some neighbourhood effects which might explain a small part of variations in income and employment between areas.[59]

A wide range of evidence looks at the effect neighbourhood has on children's future life chances and their risk of poverty in the future. However, little definitive evidence has been found that growing up in poor or disadvantaged areas has a significant impact on a child's actual future outcomes.[4]

People living in urban areas have a higher risk of poverty than people living in rural areas. However, the evidence also suggests that poverty may be experienced differently between people living in rural and urban parts of Scotland, with issues around access to employment and services, affordable housing and higher costs in rural areas.[60]

2.2.10 Local labour market quality

It is suggested that neighbourhood has an impact on employment through employment opportunities available in the local labour market, meaning that those who live in deprived neighbourhoods may find it more difficult to find work and therefore have low incomes.[4] There is some evidence that this is the case. The strength of the UK's labour markets and productivity of local economies vary considerably. Different regions and labour markets offer different employment and income opportunities to people with the same individual characteristics. There is substantial evidence demonstrating that the supply of employment, the quality of jobs, competition for work and employment rates vary by region and neighbourhood.[17] However, ability to find employment is not determined solely by employment opportunities in an individual's neighbourhood; some deprived areas are situated in close proximity to areas of relatively high employment demand.

There is some evidence that place matters particularly to those who are disadvantaged in the labour market, as they tend to have a more 'localised' orientation than the population as a whole.[4, 59] Qualitative research found that young jobseekers living in a deprived neighbourhood isolated from strong labour markets can limit their job search horizons.[59] Travel-to-work patterns show that disadvantaged people are less mobile and more reliant on public transport.[20] Lower qualified and unemployed people tend to have least locational flexibility in seeking jobs. While relocation may be an alternative to commuting, it involves financial and other costs, including higher housing costs in areas with good job opportunities, and potentially limiting access to support networks that enable people to work, especially for childcare.[61]

Lack of access to employment can also be an issue in rural areas. Poor public transport networks mean that people may not have good access to opportunities for

employment, particularly if they rely on bus networks (see 2.12 – Transport below).[60] However, people in large urban areas have lower employment rates than those in rural areas. People in remote rural areas are also most likely to rate their job quality as high.[62]

2.2.11 Regional variation in the costs of living

Along with income from wages, housing costs and other living costs also vary substantially by region and neighbourhood across the Scotland. In particular, people in rural areas face higher costs of living.[15, 60, 63, 64] The Highlands and Island Enterprise found that, typically, the minimum cost of living in remote rural Scotland ranged between 10% and 35% more than the equivalent in urban Britain in 2016.[63] The cost of living in a rural town was found to be consistently more expensive in remote Scotland than in England, by up to 20% in 2016.[63] Key contributory factors include the higher costs of travel for work and shopping, and higher household fuel costs.[64] A fall in the price of some fuels between 2013 and 2016 would have helped reduce the energy cost premium to some extent, however.[63]

Housing costs make up a substantial part of household budgets, and are one of the elements that vary most substantially by region and neighbourhood. Access to suitable, affordable housing is an issue in many rural areas.[60] Home energy costs are often higher due to a range of factors including dependence on alternative fuel and a more limited choice of suppliers.[60] The proportion of dwellings found to have lower energy efficiency, and which increase the risk of fuel poverty, is also higher in rural compared to urban areas.[19] Broadband speeds and coverage have been found to be insufficient in rural Scotland compared to the rest of the country.[64]

In terms of food costs, access to large supermarkets in deprived areas of Scotland may be more difficult for low-income people, who therefore usually shop from convenience stores, where food costs are higher. Childcare costs vary by region, with under-fives childcare being most expensive in the Highlands and Islands and North East Scotland, and Eastern Scotland.[23] There are also substantial childcare price variations within regions and within individual local authorities themselves.[23] Across the UK, under-fives childcare is found to be more expensive in prosperous areas. For transport costs, those in rural areas face higher fuel costs for personal car use, and pay a higher bus fare premium.[15]

2.2.12 Transport and local services

Access (or lack thereof) to employment and education opportunities and to essential services and facilities required to fulfil basic needs (such as a post office, primary school, supermarket and GP surgery) are considered the main routes through which transport contributes to poverty and social disadvantage.

Geography has a significant impact on access to services and transport options. There is good evidence that access to services is worse in more rural or remote locations, particularly for people without access to a car.[62] Also, the more remote the area, the worse the frequency and coverage of bus services. Car ownership may push low income families into poverty due to maintenance costs and higher fuel prices. Accessing formal childcare in remote small settlements can also be more

challenging than in urban or rural areas.[64] Urban areas of deprivation can also be poorly served by public transport and can lack sufficient services within walking distance to meet people's needs.[20]

Access to transport can impact on employment opportunities. Jobseekers from deprived backgrounds can find attending job interviews difficult if they do not have access to a car and are reliant on public transport. The cost and availability of public transport for commuting from home to work can be disincentives to work. These are exacerbated by the growth in part-time employment and employment during anti-social hours, with public transport not always responding to the changing needs of the workforce. The requirement to have a car in some low-paid jobs can also be a barrier, with high up-front and running costs.[20] There is evidence that those on low incomes, living in deprived neighbourhoods, are more adversely affected by the impacts of transport than those living in more affluent neighbourhoods.[20]

2.2.13 Neighbourhood social networks and culture

It is also suggested that neighbourhood could have an impact on employment through those in more deprived neighbourhoods having social networks that are less likely to support job seeking, or these neighbourhoods having poor reputations among employers.[4] The evidence for this type of neighbourhood effect is mixed: quantitative evidence tends not to find an effect, while qualitative evidence sometimes does.[4, 59] There is no proven 'contagion' effect of living with other people experiencing poverty.[36, 59] There is also no demonstrable evidence of a culture of worklessness, or the existence of an underclass of people in poverty with different social norms.[4, 36, 59]

Evidence does suggest that social networks, particularly having connections between people from diverse groups ('bridging capital'), are important for 'getting-on' – accessing good quality jobs and influencing services. But also that a reliance on strong social networks within more homogeneous groups ('bonding capital') by people in low-skilled work, declining industries and young people could keep them in these industries and act as a barrier to accessing better paid, higher skilled employment.[59]

It is suggested that poverty in rural areas may be more isolating in its impact, due to the greater visibility of individuals within rural communities and a rural ideal of self-reliance. Poor adults in remote rural areas have been found to have particular problems with low levels of support.[62]

2.2.14 Environmental factors

People living in the most deprived neighbourhoods are more exposed to environmental conditions that negatively affect health – including those relating to transport patterns, access to green space, pollution effects, housing quality, community participation, and social isolation.[65, 66] In the least deprived areas of the UK, over 70% of the population experience no unfavourable environmental conditions, and less than 5% experience two or more. In the most deprived areas, around 30% experience no unfavourable conditions, and 45% experience two or more.[65, 66]

Additionally, social isolation and inability to access services can be intensified by the physical environment. For example, a lack of safe street crossings and poor quality of public spaces can stop many vulnerable people from leaving the home to meet their neighbours or use local shops and other services.[65]

2.3 Evidence summaries

To draw together the evidence on the various drivers of poverty, the summary tables on pages 28 to 30 set out, for each of the drivers included in the diagram, broad assessments of:

- **Certainty:** how well do we understand the relationship i.e. how certain can we be that there is a causal relationship between that driver and poverty, based on the strength of the available evidence?
- **Strength:** how big is the effect, i.e. how strong an impact does the driver have on poverty?

The tables provide summaries of the evidence presented in the previous section. The 'high', 'medium' and 'low' assessments of strength and certainty are included to provide a broad indication, from the evidence considered, of which drivers are likely to be more and less important to tackling poverty. They are not intended as a precise appraisal of each of the relationships; this would require a more systematic and comprehensive review. It should also be noted that it is more challenging to evidence an impact on poverty where the relationship between the proposed causal factor and poverty is indirect (for example, social and structural factors related to 'place'). Because such factors are further back in the complex causal chain, and act via a number of intermediary factors, it is difficult to separate out the impact of different factors in analysis.

Table 2 – Pockets: ‘Certainty’ and ‘strength’ assessments of the relationship between Pockets drivers and poverty

Driver	Certainty (how strong is the evidence?)	Strength (how big is the effect?)
Pockets		
Employment	High: There is a huge body of government and academic research and statistics describing the relationships between employment and income poverty.	High: The evidence shows a strong relationship between a range of characteristics of work and income poverty, including: worklessness, low pay, part time work and intermittent work.
Costs of living	Medium: There is a clear theoretical mechanism for how the cost of living influences the resources that are required to meet a reasonable standard of living. There is strong evidence that housing costs create relative poverty. There is a range of evidence on the affordability of fuel, transport and childcare costs, and the disproportionate impact on low-income households.	High: The evidence suggests a strong relationship between housing costs and poverty. It is unclear how strong the relationship is for other costs, but it is reasonable to conclude that, overall, the costs of living have a considerable impact on the resources required to reach a reasonable standard of living.
Financial assets and borrowing	Low: There is difficulty establishing causal relationships between most of these factors and poverty, although likely mechanisms are specified for some. The evidence shows that holding assets are associated with lower poverty rates. The difficulties low income households have in accessing credit and the higher costs of borrowing they face suggests a broad mechanism for how a cycle of problem debt may emerge, trapping households in poverty.	Low: The evidence considered does not suggest that this set of factors have a strong relationship to poverty. There is limited evidence that problem debt or consumer credit use directly cause poverty. However, lack of savings and problem debt are likely to have an impact on poverty entrance and exit. Problem debt is likely to be a consequence of poverty and can exacerbate the experience of poverty.
Social security	High: While not a direct cause of poverty, there is good evidence that the social security system is a powerful lever that can be used to address it by directly supplementing household income. The evidence also shows that benefit design can influence incentives and behaviours, and have an impact on incomes and poverty. It should be noted that not all social security payments are targeted on low income households.	Medium: Preliminary review of evidence suggests that the introduction of tax credits had a notable impact on poverty, in particular for households with children. However, the issues involved are complex and it is difficult to separate the effects of social security policies from changes in the economy and labour market. While a poorly designed benefit system can create barriers for entering employment, increases in social security should reduce poverty, as long as they are sufficiently targeted on low income households.

Table 3 – Prospects: ‘Certainty’ and ‘strength’ assessments of the relationship between Prospects drivers and poverty

Driver	Certainty (how strong is the evidence?)	Strength (how big is the effect?)
Prospects		
Labour market	Medium: There is evidence that some aspects of the labour market, such as productivity levels, flexibility, bargaining power and minimum wages, are associated with poverty.	High: Productivity levels, bargaining power, whether jobs are available in the labour market, and what type of jobs, are likely to have a substantial impact on people’s income.
Housing market	Low: There are clear theoretical mechanisms for how the housing market shapes people’s housing choices and costs, but little evidence about the impact on poverty. There is strong evidence that poor housing conditions affect some aspects of child development and adult health; however no studies have established a link to income and employment.	Medium: The evidence suggests housing costs impact substantially on poverty; therefore the housing market is likely to impact on the income available to households. The availability of affordable, good quality housing will shape households’ housing costs and the health impacts of housing.
Skills and qualifications	High: There is strong evidence that poverty is a major cause of inequalities in educational attainment. There is also a large body of evidence on the impact of educational attainment on employment prospects and earnings. There is some uncertainty around the wider relationship between attainment and distribution of earnings in the labour market.	High (impact of qualifications on poverty): Higher qualification levels and skills are associated with a substantially higher probability of being employed, higher earnings, and better employment prospects for individuals. This reduces the risk of poverty for more highly qualified individuals and their children.
Health	High: There is a well-established causal relationship between poverty and ill health. The large body of research on this relationship is clear that inequalities in health should primarily be regarded as a consequence of poverty and inequality. There is some evidence that ill-health can have an impact on poverty risk, but very little of the causal pathway operates in this direction.	Low (impact of ill-health on poverty): ill-health has a small impact on poverty through ability to work. Research has found that adults with ill health who are in employment typically work less and earn less than those without physical or mental health issues.
Childhood experiences	Medium: A large body of research gives a broad consensus that this group of factors – experience of disadvantage, parenting, home learning environment, cultural resources – are important, but there is some disagreement over relative strength and causality.	Medium: This group of factors explain a sizeable proportion of the income-related educational attainment gap, which has a strong impact on employment opportunities and wage potential.

Table 4 – Places: ‘Certainty’ and ‘strength’ assessments of the relationship between Places drivers and poverty

Driver	Certainty (how strong is the evidence?)	Strength (how big is the effect?)
Places		
Local labour market quality	Medium: There is substantial evidence that the supply of employment, the quality of jobs, competition for work and employment rates vary by region and neighbourhood. Employment status is strongly related to poverty.	Medium: Different regions and labour markets offer markedly different employment and income opportunities to people with the same individual characteristics.
Regional variation in the costs of living	Low: There is some evidence on the regional variation of income and costs. There is a sound rationale for how this variation affects regional experiences of poverty but little empirical evidence.	Medium: Income from wages, housing costs and other living costs have been found to vary substantially by region and neighbourhood across the UK.
Transport and local services	Low: There is evidence that access to services is worse in more rural or remote locations. It is unclear whether access to services is worse in more deprived areas compared to less deprived areas. There is evidence that transport can be a barrier to accessing employment, education and other services.	Low: Affordable, accessible transport is important in accessing employment/education opportunities and services. The evidence suggests lack of access to services reinforces rather than drives poverty.
Neighbourhood social networks and culture	Low: The evidence for the role of ‘neighbourhood effects’ in employment outcomes is mixed. The evidence on the impact of social networks is mixed, although there is some evidence to suggest they are important for ‘getting-on’.	Low: There is some evidence that points to some neighbourhood effects which might explain a small part of variations in income and employment between areas. The impact of social networks seems to be mixed.
Environmental factors	Medium: There is evidence that various negative environmental exposures have an impact on health. There is good evidence that health is associated with poverty, but should primarily be regarded as a consequence of poverty and inequality.	Low: Whilst exposure to negative environmental conditions is important for health outcomes, the link to poverty is not strong.

SECTION 3: HOW ARE THE DRIVERS OF POVERTY MEDIATED BY EQUALITY AND HOUSEHOLD CHARACTERISTICS?

3.1 Household structure

As poverty is measured at the household level, household structure is important in mediating the impact of work and pay on poverty. Multi-earner households with one or more members in low-paid employment may avoid poverty, whereas a single earner in a reasonably paid job might experience in-work poverty if he or she has one or more non-working dependants. Low-paid young people may avoid poverty if they live with their parents and pool household incomes.

The high rates of poverty for single working-age adults are primarily driven by not being in employment (either unemployment, or not actively seeking employment). For couples with children, mothers are less likely to be in work and much less likely to be in full-time work than women without children, or men. The combination of low work intensity and low pay for many parents results in poverty that is difficult to move out of until children do not need childcare (typically secondary school age). Lone parents face additional barriers to the labour market, such as lack of affordable and flexible childcare pushing them into part time work, which is more likely to be low paid than full time employment.[67] There is evidence of higher rates of worklessness in larger families potentially due to greater caring responsibilities. Household needs are also increased.[4]

It is difficult to conclusively demonstrate a causal link between particular family structures and poverty: some groups may have a greater risk of being in poverty not because of their family status per se but because they are more likely to have other characteristics, such as low educational attainment, which raise the risk of poverty. Family breakdown is associated with a loss of income for women and children and significantly higher rates of worklessness for lone parent families. This is mostly due to the impact of fewer workers remaining in the household.[4]

3.2 Gender

While the overall poverty rates for men and women in Scotland have been similar over the last 10 years, there are differences when looked at by household type. Lone parent families, of which over 90% are women, have a high risk of poverty. Poverty rates for single female pensioners are higher than for single male pensioners. As poverty is measured at the household level, gender inequalities in experiences of poverty within the household are not visible in these types of analysis. Gender inequalities do not map directly on to poverty, but they do affect poverty risks. These stem from the organisation of family relations and responsibilities; labour market engagement and rewards; and the structure of the welfare state.[67] The gendered division of caring responsibilities plays a particularly important role in all of these areas.[67]

Part-time work is dominated by women due to their continuing role in providing the majority of informal care.[6, 67] Women's employment rates are dramatically reduced after having a child, and never again equal those of men even once

children have grown up. Women are more likely to be employed part-time, and a lack of flexibility at work can result in under-employment of those with caring responsibilities (primarily women).[67]

The 'gender pay gap' has an impact on women's incomes: overall, women working full time get lower rewards for their skills and capacities than do full-time male workers.[68] In 2016, the difference between full-time female and male hourly median earnings (excluding overtime) in Scotland was 6%.[69] Women are more likely to be lower paid and in lower status jobs even with equivalent qualifications.[67] It is argued that low pay is partly a reflection of the under-valuation of women's work, in particular caring work.[6, 67] Differences in working patterns between men and women and gender discrimination also contribute to the gender pay gap.[67, 68]

3.3 Ethnicity

Differences in educational qualifications across different ethnic groups do not explain the greater risk of poverty for those in the Asian/Asian British and Mixed/Black/Black British ethnic groups: in 2014/15 pupils whose ethnicity is recorded as Asian (Chinese/Indian/Pakistani) or African/Black/Caribbean had higher educational attainment in general than those recorded as White (Scottish/Non-Scottish) .[70, 71] Participation in the labour market varies significantly by ethnicity in Scotland.[70, 72] People from minority ethnic communities with good qualifications face greater barriers to finding work which matches their qualifications, compared with the majority white population.[70] Clustering in low-paid work is a significant factor in explaining greater in-work poverty among some minority ethnic groups.[70]

Different ethnic groups also have different patterns of family formation, unpaid caring and use of care services.[67] The proportion of people who are economically inactive because they were looking after home or family varies by ethnicity in Scotland.[72] Lack of affordable, flexible childcare is a key barrier to work for low-income families across all ethnicities. Lack of knowledge and information about childcare or support for carers is an important factor in low take-up among some minority ethnic groups, and there is also a lack of inclusive services (both childcare and other care services) that take into account cultural and religious differences.[70]

3.4. Age

Unemployment rates for young people (aged 16-24) in Scotland are consistently higher than those for other age groups and young people bore the main impact of the most recent recession.[73] Young people in work also tend to have poorer-quality jobs and are much more likely to be on temporary contracts or to earn low wages than older workers. Minimum wage and benefit levels are also lower for young people. There has been a shift in the pattern of earnings across generations: those born in the 1980s in the UK are the first post-war cohort to start their working lives earning no more than the previous generation.[74] Additionally, younger households are overrepresented in the least wealthy households.[28] Much of this change in patterns of wealth is driven by a reduction in home ownership among

young people (though pension wealth is also lower than for previous generations).[74]

The risk of child poverty where a mother is aged less than 25 is double that for older mothers (44% compared to 22% for mothers aged 25 and over in 2013/14 - 2015/16). Younger mothers have had less time to gain progression in their employment, and are also more likely to have younger children, which impacts on their ability to take up employment opportunities.

While overall pensioner poverty has decreased substantially over the last two decades, and median pensioner income has now overtaken median income in the rest of the population, pensioners are not a homogeneous group. In particular, pensioners are more likely to face additional costs related to disability (see below).[75]

3.5 Disability

Disabled people can face greater barriers to employment than their non-disabled counterparts. They are less likely to be working and more likely to be low paid.[76] The level of employment amongst people with a disability in Scotland is relatively low compared to the best in the OECD.[76] Research suggests that most disabled people want to work, and the right sort of job is good for people's health and well-being.[76]

Disabled people can also face higher costs of living.[76] Additional costs include 'special' costs as a result of impairment, such as for a wheelchair or a stair lift, and 'enhanced' costs where costs tend to be higher for disabled people, such as laundry costs or transport.[76] On several methods of calculation, the additional costs for disabled people increase poverty rates. This is because some disability benefits are designed to meet some of the additional costs of disability, but are still counted as income for the purposes of calculating poverty statistics.[76] Disabled people in Scotland have been found to face disproportionate loss of income due to the welfare reforms introduced since 2010.[77]

DISCUSSION

What does the evidence tell us about the drivers of poverty?

This working paper has set out the potential drivers of poverty for households in Scotland, based on previous stakeholder engagement, logic modelling and evidence reviewing (Figure 1). It then considered the evidence on each of these drivers, and summarised the relative importance of different groups of factors (Tables 2-4). It also considered how poverty and the drivers of poverty vary across different groups. A number of drivers emerge from the analysis as being particularly important in determining whether or not a household is in poverty.

- **Employment** status has a strong and direct impact on poverty outcomes as earnings from paid work are the single largest source of income for most households in Scotland. However, the rising levels of in-work poverty in Scotland highlight that getting households into employment is not in itself a guaranteed route out of poverty. The **quality and intensity of work** – in relation to pay, hours, security and opportunities for progression – is also crucial.
- The **costs of living** have a considerable direct impact on the resources required to reach a reasonable standard of living, and **housing costs** in particular directly contribute to poverty and material deprivation. The poverty premium and consumption taxes can add to the cost of living for low income households.
- The **social security system** is a powerful lever that can be used to address poverty by directly providing or supplementing household income. Cash benefits can have a significant direct impact on poverty, in particular there is strong evidence that topping up the earnings of low income working households through **Tax Credits** has an impact on poverty.
- These direct drivers of poverty are influenced by more indirect drivers that shape children's life chances and future income. Individuals with **higher qualification levels and skills** are much more likely to be in employment, and have better employment prospects and higher earnings. This reduces the risk of poverty for more highly qualified individuals and their children. Childhood experiences are also likely to have some impact on future poverty, primarily through their impact on educational attainment.
- Whether or not a household is in poverty is also shaped by **broader structures such as the labour and housing markets**. Productivity levels, whether jobs are available in the labour market and what type of jobs – and how these factors vary in different places – have an impact on people's income through the employment opportunities they have access to. Similarly, the availability of affordable, good quality housing in the places it is needed shapes households' resources and health and wellbeing through the housing they are able to access. Other living costs also vary substantially by region and neighbourhood across the UK. In particular, people in rural areas face higher costs of living and issues related to access to transport, and therefore accessing employment and services.

Some of the drivers of poverty identified in the mapping are also, or even primarily, consequences of poverty. For example, differences in educational attainment between those living in Scotland's least and most deprived areas are due in part to income poverty, and the majority of the social gradient in health is explained by socio-economic position. Indeed, the consensus is that poverty has a far greater impact on health than health does on poverty. These relationships can create a cycle of disadvantage, where the impact of growing up in poverty plays a part in causing later poverty.

Implications for the Child Poverty Measurement Framework

The review began by drawing together what we knew about the drivers of poverty from the work undertaken to develop the Child Poverty Measurement Framework. Having weighed up the evidence on how important these drivers are and how they influence poverty, we now return to the Measurement Framework and provide some reflections on the outcomes and indicators it includes. The Measurement Framework indicators and accompanying logic models are provided in Appendix A for reference.

Firstly, the review has highlighted some important areas that are currently underrepresented among the outcomes and/or indicators in the Measurement Framework. Under the broad 'Pockets' outcome – "maximising financial resources of families on low incomes" – there are a lack of indicators capturing some areas that have been identified as being important drivers of poverty, particularly social security (Intermediate Outcome 1) and the cost of living (Intermediate Outcome 2). Debt and savings (Intermediate Outcome 3) is also a gap, although the evidence suggests that the 'financial assets and borrowing' group of factors, while having a role to play, are less important than the other Pockets areas.

Many of these gaps were also highlighted by stakeholders during the recent consultation on child poverty.[78] Several responses called for a greater emphasis on income and the 'Pockets' indicators. In particular, suggestions for new indicators focussed on the social security driver, for example: uptake of benefits, the adequacy of benefits, benefit sanctions, and the number of families affected by the benefits cap. Indicators relating to parental employment (e.g. in-work poverty and zero hours contracts), the costs of living (e.g. the poverty premium) and debt were also suggested.[78] Of course, the Measurement Framework was and is constrained by the data that is available. We know there are challenges for developing indicators to represent some of these areas.

On the other hand, there are a relatively high number of indicators included under health ('Prospects' Intermediate outcome 5: "improving levels of physical and mental health"). The review has underlined that health is an important consequence of poverty, but plays only a minor role in driving poverty through the impact of ill health and disability on the ability to work. This leads to the next issue highlighted by the review: the importance of clarifying the role of factors as causes or consequences of poverty, and, therefore, what impact we would expect action on different drivers to have.

Currently the framework measures a range of different types of outcomes. These include:

- Outcomes relating to **immediate drivers** of child poverty, which would be expected to decrease poverty in the short term. For example, employment (“parents are in good quality, sustained employment”) and costs of living (“reduced household spend”).
- Outcomes relating to **structures that shape these immediate drivers** of poverty. For example the labour market (“good quality employment is available”) and the housing market (“high quality, sustainable housing”).
- Outcomes relating to **drivers of future poverty**, which would be expected to reduce the risk of future poverty for those who are currently children and young people. For example, childhood experiences (“experience social inclusion”) and skills and qualifications (“improving relative levels of educational attainment”).
- Outcomes relating to the **consequences of poverty**, which would be expected to mitigate the harms experienced by people who are living in poverty, but not to reduce the actual number of people in poverty. For example, child health (“improving levels of physical and mental health”).

Furthermore, some of the drivers of poverty discussed play a dual role, as both causes and consequences of child poverty. A good example is skills and qualifications: there is strong evidence that children who grow up in poverty have generally lower levels of educational attainment than their more affluent peers. Educational attainment in turn affects later labour market prospects, and so the risk of future poverty in adulthood.

Finally, whether or not the drivers identified will influence poverty also depends on the way that poverty is defined and measured. For example, only actions that increase the incomes of households in poverty (while not increasing median incomes), or reduce their housing costs, will reduce relative income poverty as defined in the Child Poverty Bill. The material deprivation measure will also be influenced by reducing the costs of living more broadly. Improving educational attainment of children from low income households will not reduce poverty in the short term, but would be expected to have a positive impact on their risk of poverty in the future. While action to improve physical and mental health and increase social inclusion will not impact on these measures, it nevertheless plays an important role in mitigating the impacts of poverty on the lives of children now and improving their future life chances. The Measurement Framework would be strengthened through a clearer narrative of how indicators included relate to the different types of outcomes outlined above, and whether improvements in these outcomes are expected to reduce poverty in the short or long term, or to mitigate the impact of poverty on children living in poverty now.

As underlined in the Introduction, this review is the first step in a series of analytical outputs that will further develop thinking about tackling child poverty. We recognise that it is a work in progress, and that there are important gaps – for example, a consideration of the broader structures and policies in a society that cause it to

have higher or lower levels of poverty (i.e. ownership of capital, wealth distribution, economic and industrial policy). The Scottish Government is taking forward thinking in some of these areas – as part of the Inclusive Growth agenda, for example. The review findings will be used to further develop thinking around tackling child poverty and, along with a range of other evidence, will be drawn on during the development and monitoring of the Child Poverty Delivery Plan. The findings will also feed into the review of the Child Poverty Measurement Framework that will take place alongside development of the Child Poverty Delivery Plan. We would welcome feedback on how to strengthen our understanding of the drivers of poverty, on key evidence that is missing, or on areas that are missing or under-developed^{vii}.

Conclusion

This review has provided evidence that a wide range of structural, household and individual-level factors plays a role in determining whether or not a household is in poverty. It reinforces our understanding of poverty as a multi-faceted phenomenon that cannot be tackled through a focus on one area of policy alone, but requires a cross-government approach. The factors driving poverty also operate at different levels and will need to be taken forward at national, local and community level. The evidence presented underlines that reducing child poverty is a difficult and complex task requiring a multidimensional approach. A very wide range of policy areas and organisations (public, private and third sector) will need to work together to make changes needed to significantly reduce child poverty in the long term.

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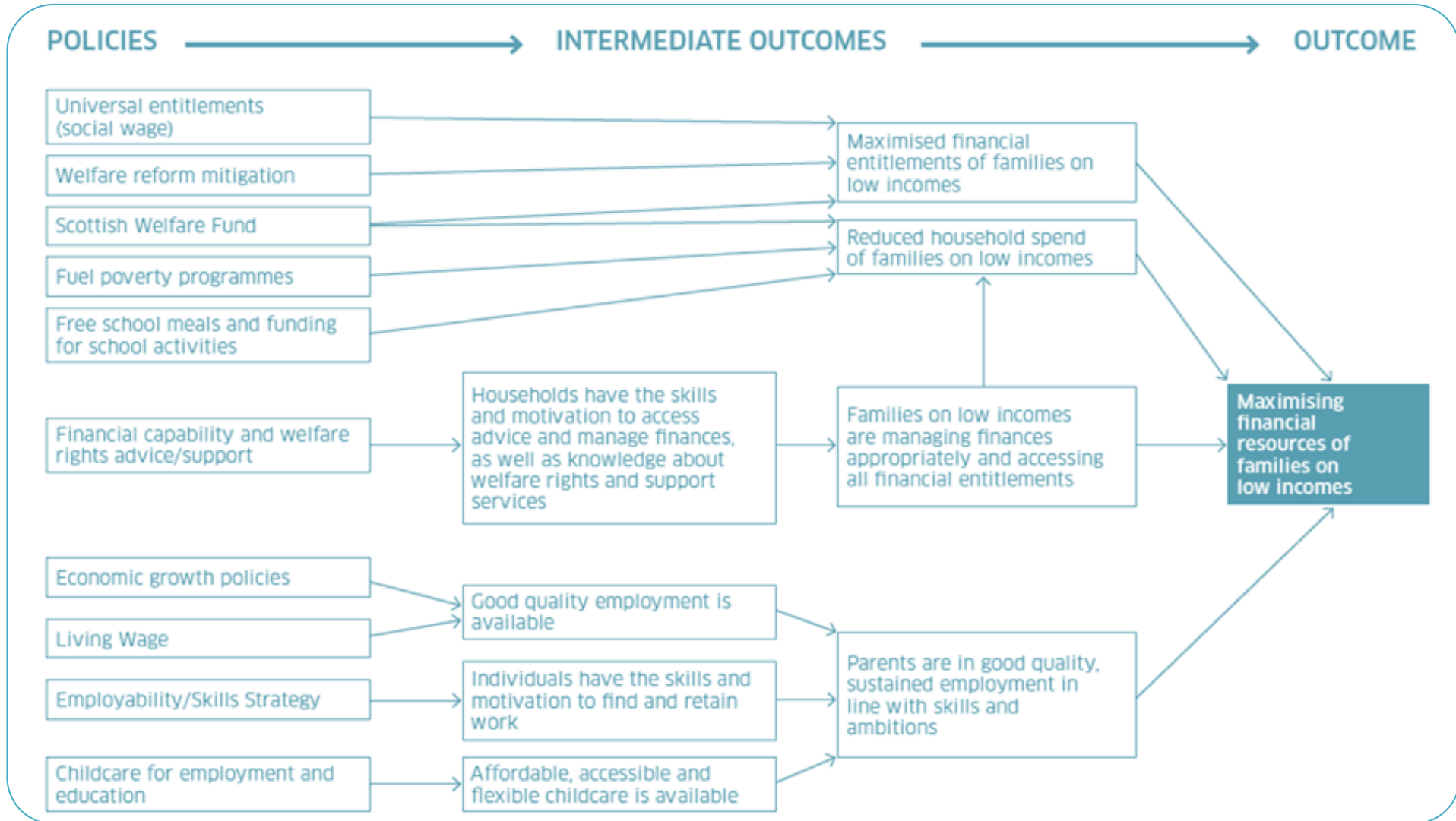
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APPENDIX A: Child Poverty Measurement Framework logic models and indicators

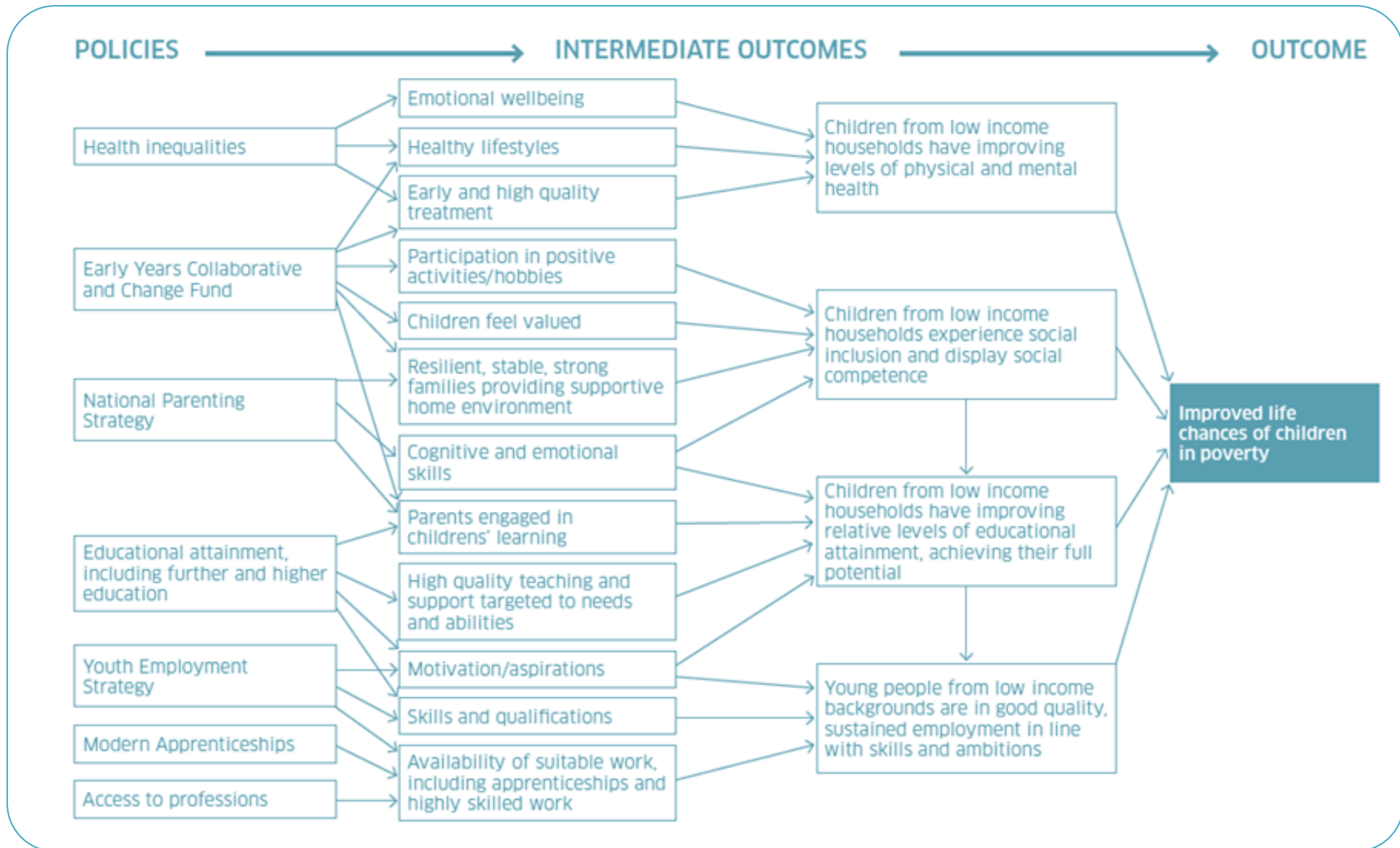
Logic model for 'Pockets' outcome



Indicators for 'Pockets' outcome

Intermediate outcome	Indicator/s
1: Maximised financial entitlements of families on low incomes	1.1: Percentage of working people earning less than the Living Wage
2: Reduced household spend of families on low incomes	2.1: Average private nursery costs in real terms
3: Families on low incomes are managing finances appropriately and accessing all financial entitlements	3.1: Percentage of poorest households (with children) that are not managing well financially 3.2: Percentage of poorest households (with children) where someone has a bank account
4: Parents are in good quality, sustained employment in line with skills and ambitions	4.1: Employment rate of adults with dependent children 4.2: Underemployment rate of adults with dependent children 4.3: Earnings that go to the top 10% of earners, divided by the earnings of the bottom 10% 4.4: Percentage of adults with dependent children with low or no qualifications

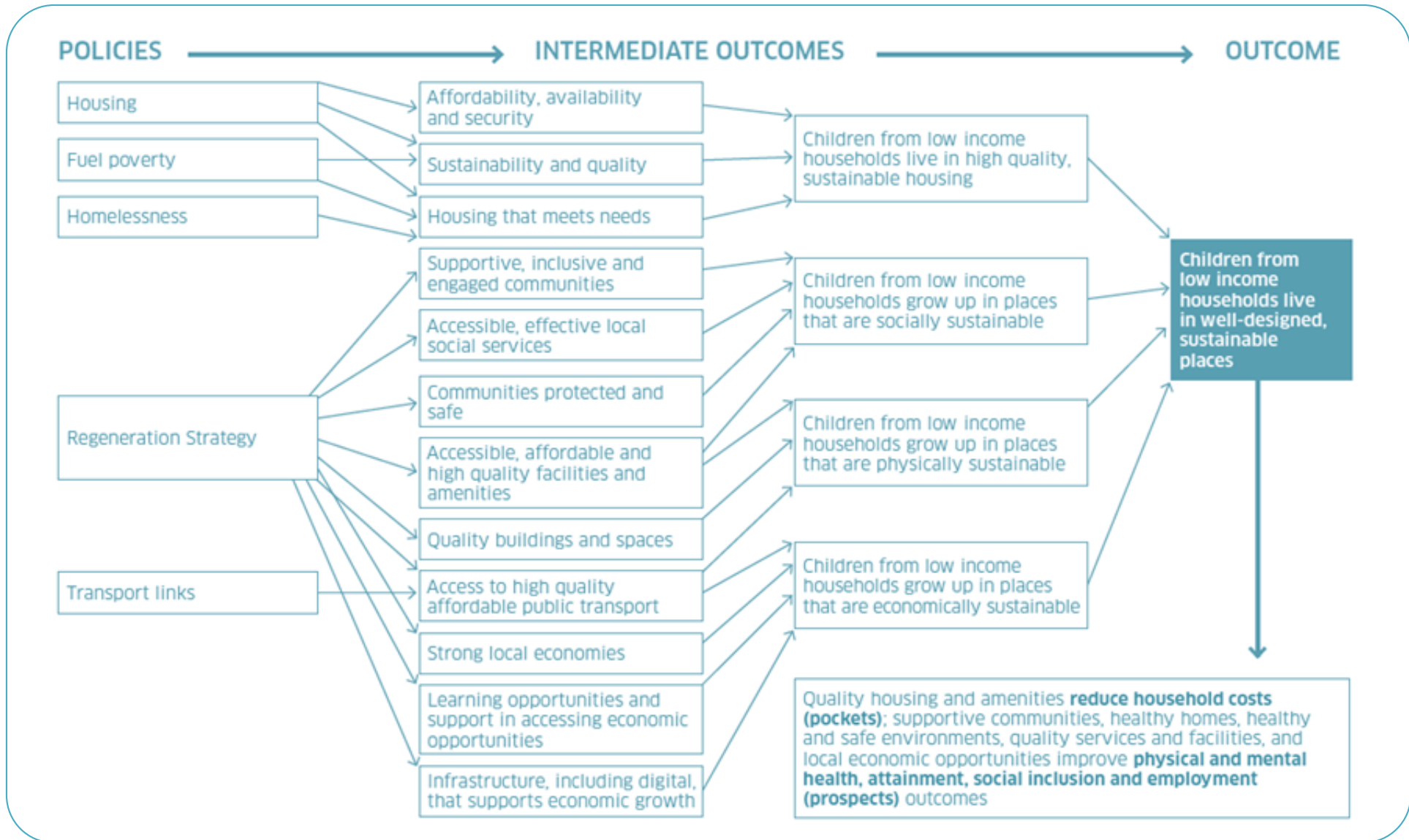
Logic model for 'Prospects' outcome



Indicators for 'Prospects' outcome

Intermediate outcome	Indicator/s
5: Children from low income households have improving levels of physical and mental health	5.1: Percentage of children from the poorest households with good or very good health 5.2: Percentage of children from the most deprived areas with below average mental wellbeing scores 5.3: Percentage of children from the poorest households eating five portions of fruit and veg per day 5.4: Percentage of children from the poorest households spending 4 or more hours at a screen per day 5.5: Percentage of 15 year olds from the most deprived areas smoking at least one cigarette a week
6: Children from low income households experience social inclusion and display social competence	6.1: Percentage of children from the poorest households who played sport in the last week 6.2: Percentage of children from the poorest households that find it easy to talk to mother or stepmother 6.3: Percentage of children from the poorest households who agree pupils in class accept them
7: Children from low income households have improving relative levels of educational attainment, achieving their full potential	7.1: Percentage of P7 pupils from the most deprived areas performing well in numeracy 7.2: Percentage of P7 pupils from the most deprived areas performing well in reading 7.3: Percentage of P7 pupils from the most deprived areas performing well in writing 7.4: Mean Strengths and Difficulties score for children from the poorest households 7.5: Percentage of the poorest parent households that are satisfied with local schools
8: Children from low income backgrounds are in good quality, sustained employment in line with skills and ambitions	8.1: Percentage of school leavers from the most deprived areas who are in positive destinations 8.2: Percentage of 15 year olds from the poorest households who expect to be in positive destinations 8.3: Modern Apprenticeship starts 8.4: Modern Apprenticeship completion rate

Logic model for 'Places' outcome



Indicators for 'Places' outcome

Intermediate outcome	Indicator/s
9: Children from low income households live in high quality, sustainable housing	9.1: Average percentage of income spent on housing 9.2: Percentage of households in the most deprived areas satisfied with condition of home
10: Children from low income households grow up in places that are socially sustainable	10.1: Percentage of adults in the most deprived areas who feel they can influence decisions 10.2: Percentage of children from the most deprived areas who agree that people in their area talk to each other on the street 10.3: Percentage of adults in the most deprived areas who have been the victim of crime in the past year 10.4: Percentage of adults in the most deprived areas who say drug misuse is common in their neighbourhood
11: Children from low income households grow up in places that are physically sustainable	11.1: Percentage of adults in the most deprived areas saying their neighbourhood is a good place to live 11.2: Percentage of households in the most deprived areas satisfied with quality of local public transport 11.3: Percentage of adults in the most deprived areas who are within a 5-minute walk of green space
12: Children from low income households grow up in places that are economically sustainable	12.1: Gap in the employment rate between the most deprived areas and the rest of Scotland 12.2: Gap in percentage of adults with low or no qualifications between the most deprived areas and the rest of Scotland 12.3: Gap in personal internet use between the most deprived areas and the rest of Scotland