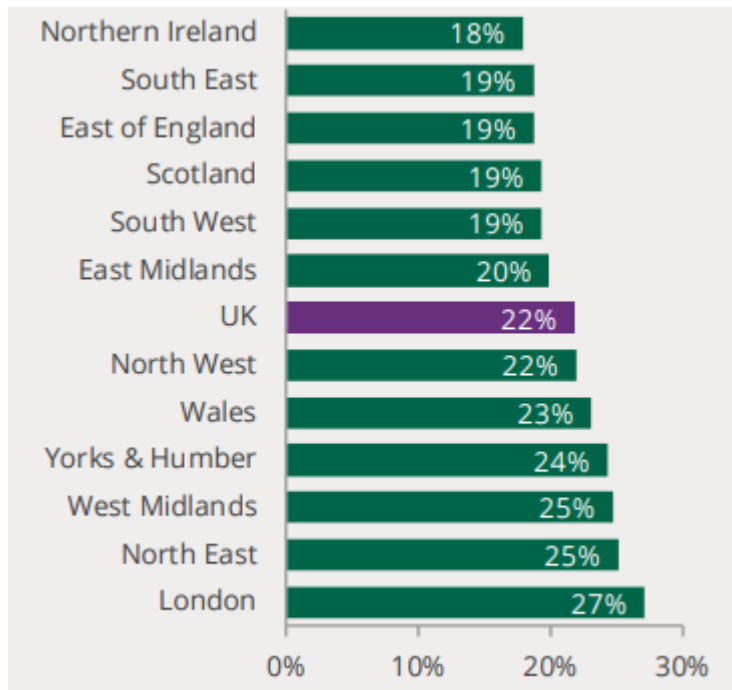


Poverty: How does it differ across Britain?

London has the highest rate of poverty in the whole of the UK at 27% after housing costs have been deducted. Around 56,000 London households are in temporary accommodation, an increase of 30% compared to five years ago. ¹



The chart shows that the North East and the West Midlands have the next highest levels of poverty after London. Northern Ireland has the lowest level of poverty at 18% followed by the South East, East England, South West and Scotland at 19%. The rate for the UK as a whole is 22%. London also has the highest level of child poverty at 38% followed by the North East and the West Midlands at 37% and 35% respectively. The lowest child poverty rates are in the South East, Northern Ireland and Scotland all at 24%. Scotland's figure of 24% equates to 240,000 children. ²

One of the factors in the lower rates of poverty in Scotland and Northern Ireland is the low cost of housing. For example in Scotland 59% of renters are in the low-cost social rented sector, compared with 45% of renters in the rest of the UK. Likewise the higher rates in London are because of the higher cost of housing in that area where over half of Londoners live in rented accommodation. The lower rates in the south of England, the South East and South West are mainly due to above average proportions of working-age adults in employment, with those in work more likely to be in higher-paid managerial and professional jobs. ³

According to the Resolution Foundation “*welfare policy has an important part to play in whether the UK has rising – or falling – levels of poverty*”. ⁴ A number of elements of the benefits system they argue are actually contributing to increased poverty – the two-child limit, the benefit cap, and the five-week wait for a first payment. A further element of welfare policy exacerbates poverty by deducting money from claimants for various reasons such as payment advances, council tax arrears, energy or rent arrears. ⁵ Payments can be cut by up to 25%. Around 44% of those receiving universal credit have money automatically deducted, with an average of £78 a month withheld from their payments. And unlike in the private

sector, checks don't have to be carried out to determine whether people can afford these deductions.

In order to reduce the financial impact of some of these elements of welfare policy the Scottish and Northern Ireland governments have introduced counter measures.⁶ For example Northern Ireland has been making Welfare Supplementary Payments to those most in need since 2016. The Scottish government has been mitigating the effects of the bedroom tax since 2013 through what are called Discretionary Housing Payments.⁷ People living in council houses or homes they rent from housing associations have their housing benefit reduced by 14% if they have one spare bedroom or 25% if they have two or more. Between March and November 2020 as the numbers on universal credit rose due to the pandemic, the number of people affected by the bedroom tax in the UK increased by 40%.⁸ The Scottish government is also taking steps to lessen the effects of the benefit cap which currently restricts the amount of benefits a household can receive to £20,000 a year. The cap was introduced by the UK government in 2013 and set at the average wage level of £26,000. Three years later it was reduced to £20,000 outside London - average wages are now £34,000.

In the light of these additional measures being taken by the devolved administrations in Scotland and Northern Ireland the Joseph Rowntree Foundation has stated: *"It is noteworthy, that Scotland and Northern Ireland are the two countries with the lowest poverty rates in the United Kingdom"* at 18% for Northern Ireland and 19% for Scotland compared with 22% for England and 23% for Wales.⁹

In Scotland the Child Poverty Act was introduced in 2017. This requires the Scottish Government to reduce the proportion of children living in relative poverty to under 18% by 2023-24 and under 10% by 2030-31.¹⁰ In April 2022 the Scottish Child Payment was increased from £10 to £20 per week. The Scottish child payment is a means tested weekly payment parents can get for every child under 6 years of age. It was first introduced in February 2021 and is due to be extended to all children under the age of 16 by the end of this year. At that point it will be increased to £25 per week.

Without the Scottish Child Payment, the authors of a recent report estimate that child poverty would reach 27% in Scotland by 2030/31. *"The Payment, therefore, is in aggregate, offsetting what would be much greater increases in child poverty if it were absent"*.¹¹ The Scottish government estimates that by 2023/24 over 60,000 fewer children will live in relative poverty compared to when the Act was passed in 2017. This will take the level of poverty among children to 17% as opposed to the present 24%.¹²

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