Poverty and Cost-of-Living Crisis SCPO Briefing

**Prepared October 2023**

In October 2023, 22 Faith Leaders from a range of faith groups in Scotland made the following statement to mark Challenge Poverty Week:

“We share a dream of a society where no-one is marginalised or disadvantaged because of their struggle against poverty. Our experiences of religious practice and belief give us hope that when people of good intent work together, it is possible to change the world for the better… This Challenge Poverty Week, please remember that poverty is not inevitable. We share a vision of a Scotland free from poverty and where everyone can flourish. We invite you to add your voice, actions and your prayers to work collectively to achieve this.”

This statement comes at a time of increased poverty across Scotland exacerbated by the cost-of-living crisis. The causes and impacts of poverty are complex, and this briefing aims to highlight some of the impacts of poverty on people in Scotland, to explore the reasons for the cost of living crisis, and to identify some of the plans and proposals of both Government and civil society to tackle poverty. There are also ideas for what we as individuals and as congregations can do to respond to the Faith Leaders’ call for action.

**How is poverty affecting the people of Scotland currently?**

The Financial Conduct Authority (FCA) reported in its most recent Financial Lives Survey that 1.1 million people in Scotland (24%) are heavily burdened by domestic bills or credit commitments. This is 3% higher than the UK average[[1]](#footnote-1). Christians Against Poverty (CAP) identify in 2023 that approximately 50% of the households they work with have an unsustainable budget[[2]](#footnote-2), meaning that after working through a debt solution, there is not enough income, either via paid work or social security, to cover basic essentials. Households are being pushed to either go without or begin to accrue debts again.

CAP’s experience is borne out by the Joseph Rowntree Foundation’s research published in May 2023[[3]](#footnote-3) into poverty in Scotland, which reports that seven in 10 people in Scotland said they had cut back on one or more essential (for example food, heating or skipping meals) over the last six months, with the figure rising to eight in 10 for single parent families, low income households of all kinds and large families.

The Trussell Trust, a food-bank provider, reported an annual increase of 30% in the number of food parcels distributed over 2022-23. They calculate that one in six people in Scotland face hunger due to lack of money, and that disabled people, families with young children and working age adults living alone, as well as care experienced people, face a higher risk of this. [[4]](#footnote-4)

With poverty figures this high, it is likely that people in all our communities are affected, but this is not always obvious. CAP has found that the stigma of poverty can prevent people from coming forward and asking for help.

How is Rural Scotland particularly affected?

In general, the cost of living in rural areas tends to be higher than in urban areas. The driving factors for these higher costs include more expensive goods and services, transport costs, as rural households often need to own a car, and increased domestic fuel costs[[5]](#footnote-5), due to the need to heat for longer in colder months. Rural homes are more likely to be detached with more outside walls than much urban housing, and this makes them harder to heat.

For those living in the rural Highlands and Islands, studies estimate that it costs anywhere between 10% – 40% more to achieve the same standard of living as other parts of the UK[[6]](#footnote-6). A report by the Centre for Progressive Policy [[7]](#footnote-7) (July 2023) identifies the Western Isles, the Highlands and Argyll and Bute council areas as facing the highest fuel poverty levels in Scotland.

The Scottish Government estimates that 65% of remote rural dwellings are not connected to the gas grid, and are they are likely to use heating oil and liquid gas as fuel sources. The price of these fuels is not regulated by the energy price cap, meaning there is no protection from high prices and increased volatility when buying fuel, often in bulk, to heat homes[[8]](#footnote-8). The average price of 1,000 litres of heating oil rose by nearly £500 in just six months between November 2021 and May 2022 [[9]](#footnote-9) Price volatility continues in 2023 and even a minimum delivery costs hundreds of pounds. The UK government made a £400 payment to each household with a mains fuel supply in 2022 to help through the worst of the winter heating costs, but this did not apply to those in off-grid homes. They were offered an Alternative Fuels Payment worth £200 some months later.

**Inflation Injustice: why are the poor more affected?**

The least-well off in our communities are consistently facing higher bills for food and for energy. This is because those on lower incomes spend a higher proportion of their income on essentials like food, travel bills and energy bills (with many paying higher rates on prepayment meters) and so inflation for the poorest is at a higher level than for those with higher incomes. In June 2022 it was reported[[10]](#footnote-10) that whilst inflation had hit 9% for the average population as a whole, the poorest were experiencing inflation rates closer to 11%. It was estimated by the Joint Public Issues Team (JPIT) that this figure could actually be closer to 14.5% when taking into account increased volatility in ‘budget range’ food prices.

What is the UK Government doing to help?

The UK Government introduced a number of measures in 2022 which were broadly welcomed by campaigners, although many are worried that this additional spending will not be enough. In his 2022 Spring Statement, then-Chancellor Rishi Sunak announced a package of measures targeted at relieving the strain of the cost of living which included raising National Insurance thresholds, an additional £150 Council Tax rebate for properties in bands A-D, and fuel duty and tax cuts. In addition to the £400 subsidy for fuel bills made to households through their energy supplier and the Alternative Fuel Payment of £200 in 2022, more support for low income households, pensioners, and those with disabilities[[11]](#footnote-11), was announced in May 2022. For 2023-24, lump sum payments are announced for pension households, those on disability benefits, and households receiving means-tested benefits.

The announcements of lump sum payments are generally welcomed by many charities and civil society groups, although many have noted that these payments undermine the architecture of Universal Credit, which bases payments on individual factors like household size and hours in paid work. While one-off payments are welcomed, they do not address the need for benefits to keep up with inflation*.*

What is the Scottish Government Doing to Help?

The Scottish Government’s Programme for Government published in September 2023 commits them to tackling poverty as a priority and to spending nearly £3 billion on this in 2023-24.

Plans include the continuation of a means-tested Scottish Child Payment of £25 per week for eligible children, an uprating of Scottish benefits, and expansion of free school meals. Free bus travel for under 22s will continue, and peak fares have been removed on trains for a trial period. Increases in funding have been promised for food groups, the Scottish Welfare Fund and the Fuel Insecurity Fund, and emergency legislation to protect tenants from eviction during the crisis will continue. From April 2024, the Scottish Government has promised to improve the lowest rates of pay in the social care sector, where 80% of workers are women, as a means of tackling child poverty and responding to calls for fair pay for social care as well as tackling major recruitment shortages in the social care sector. For more details on the Faith Leaders’ call for Fair Pay for Social Care please see the [Scottish Faith Leaders’ Declaration.](https://www.crossreach.org.uk/scottish-faith-leaders-declaration)

The Minimum Income Guarantee:

The concept of the Minimum Income Guarantee (MIG), as described by the Poverty Alliance, is a focused anti-poverty measure which would tackle inequality and ensure everyone in Scotland could secure a minimum acceptable standard of living, ensuring that everyone has enough money for housing, food, and essentials, enabling people to live a decent, dignified, healthy and financially secure life[[12]](#footnote-12)

This concept strikes a chord with the Christian belief that God wants each one of us to flourish and live life to the full.

In 2022 the Scottish Government set up a Minimum Income Guarantee Steering Group to make “robust, evidence-based recommendations for the implementation of a Minimum Income Guarantee”. The group consists of a cross-party Strategy Group and an Expert Group drawn from academia, trade unions, poverty and equality organisations, including the Poverty Alliance. An interim report published by the Expert Group in March 2023 is available [here.](https://www.gov.scot/publications/minimum-income-guarantee-expert-group-interim-report/#:~:text=Scottish%20Government%20Interim%20Report%20provides%20an%20outline%20of,of%20direction%20and%20early%20thinking%20towards%20potential%20actions.)

What are Civil Society Organisations saying?

While these initiatives are welcomed, and it is encouraging that the Government are engaging across political parties and with civil society on the concept of MIG, there is a call for faster far-reaching action to address the causes of poverty. The Poverty Alliance, a network with a diverse membership of civil society organisations in Scotland including the Church of Scotland, is calling for the following changes in addition to working on the MIG.

* more recognition, support and sustainable funding for the third sector, enabling community based and volunteer-led organisations to fulfill their potential to support people in their communities.
* More provision of social homes and more homelessness prevention measures, as well as mechanisms to help vulnerable people to make their homes more energy efficient.
* Improving public transport and extending concessionary or free fairs to people particularly vulnerable to poverty, including all those on disability and low-income benefits, and asylum seekers etc.

[Let’s End Poverty,](https://letsendpoverty.co.uk/) is a UK-wide movement for individuals and groups including congregations and those with lived experience of poverty, aimed at generating more public conversation and putting more pressure on our political leaders to act now to end poverty. Their Founding Assemblies will take place in nine cities across the UK – including Glasgow - on 14 October 2023

What can Churches do locally?

* Support Challenge Poverty Week in October, run annually by the [Poverty Alliance.](https://www.povertyalliance.org/)
* Support the [Campaign for Fair Pay in Social Care](https://www.crossreach.org.uk/scottish-faith-leaders-declaration) which takes a faith-based perspective to the current crisis in social care and the need for fairness. Run by CrossReach and Justice and Peace Scotland, the campaign aims to gather signatures on their declaration and plans dialogue with Scottish Government Ministers. Faith leaders and those responsible for care activities in their congregations are encouraged to sign the online declaration.
* Christians Against Poverty are keen to partner with churches in their communities to tackle poverty through action and prayer. [The CAP website](https://capuk.org/get-involved/how-your-church-can-be-involved) has some suggestions on how to get involved.
* Consider joining Let’s End Poverty to add your voice to a UK-wide movement.
* Meet with your MP/MSPs: MPs and MSPs are often keen to engage with congregations as they know that churches are at the heart of their communities and can see the consequences of political decisions that impact on everyday life. Consider talking to them about your experiences of poverty in your community, or about the contents of this briefing paper. [The Scottish Churches Parliamentary Office](https://www.churchofscotland.org.uk/connect/scottish-churches-parliamentary-office/meet-your-msps-meet-your-mps) offers more information on contacting your representatives in the parliaments.
1. [Financial Lives 2022 survey - Key findings from the May 2022 survey: Executive summary | FCA](https://www.fca.org.uk/publications/financial-lives/financial-lives-survey-2022-key-findings) [↑](#footnote-ref-1)
2. [Policy and research | CAP UK](https://capuk.org/about-us/policy-and-research) [↑](#footnote-ref-2)
3. <https://www.jrf.org.uk/blog/10-cold-hard-facts-low-income-scottish-families-grow-weary-after-another-winter-cost-living> [↑](#footnote-ref-3)
4. <https://www.povertyalliance.org/policy-briefing-5-a-scotland-where-no-one-goes-hungry/> [↑](#footnote-ref-4)
5. [Financial Hardship and Social Exclusion in Rural Britain – A Review of Existing Evidence](https://www.rurallives.co.uk/uploads/1/2/7/3/127324359/rural_lives_literature_review_jan_2020.pdf)  Atterton, J., Shucksmith, M., Glass, J., and Chapman, P. 2020 [↑](#footnote-ref-5)
6. [A Minimum Income Standard for Remote Rural Scotland](https://www.locarla.com/pdf/A%2Bminimum%2Bincome%2Bstandard%2Bfor%2BRemote%2BRural%2BScotland%2B-%2BA%2BPolicy%2Bupdate%2B2016.pdf) HIE, 2016 [↑](#footnote-ref-6)
7. https://www.progressive-policy.net/publications/the-cost-of-living-crisis-in-scotland-wales-and-northern-ireland [↑](#footnote-ref-7)
8. [Off-grid homes out of pocket after Rishi’s £400 handout](https://www.telegraph.co.uk/money/consumer-affairs/off-grid-homes-pocket-rishis-400-handout/) The Telegraph, 2022 [↑](#footnote-ref-8)
9. https://www.progressive-policy.net/publications/the-cost-of-living-crisis-in-scotland-wales-and-northern-ireland [↑](#footnote-ref-9)
10. [Cost of Living](https://jpit.uk/wp-content/uploads/2022/07/202206-Cost-of-Living-Crisis-Briefing.pdf) JPIT Briefing, 2022 [↑](#footnote-ref-10)
11. [Energy Bills Support Scheme](https://www.gov.uk/government/news/energy-bills-support-scheme-explainer) UK Government, 2022 [↑](#footnote-ref-11)
12. https://www.povertyalliance.org/policy-briefing-3-a-scotland-where-we-all-have-enough-to-live-a-decent-and-dignified-life/ [↑](#footnote-ref-12)