

# **6. Child poverty in Scotland: priority groups – lone-parent families**

August 2020

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## Key messages

Reducing child poverty in lone-parent families in Scotland is achievable and desirable. The Scottish Government, local authorities, Health Boards and the UK Government can all contribute to this aim. It will be essential for those providing relevant universal services to ensure that these services reach lone parents and meet their needs, as well as ensure policies and practices do not penalise lone parents.

## Why lone parents are more likely to be in poverty

Lone-parent families are predominately single female adults with dependent children, which means:

- there is just one potential earner in the family
- their hourly earnings are likely to be lower because of the gender pay gap
- the earner is limited in the hours they can work by caring responsibilities.

## Recommendations: reducing poverty in lone-parent families

### Scotland and local level

#### Social security

- **Increase uptake of benefits:** the Scottish Government, local authorities and Health Boards, along with the staff in the reserved and devolved social security systems, should promote the uptake of Best Start Grant, Best Start Food Grants, Discretionary Housing Payments, and (once available) the Scottish Child Payment, [the Child Disability Payment \(CDP\)](#) and [Disability Assistance for Working-Age People \(DAWAP\)](#). The Scottish Government should also work with the DWP to ensure entitlement to Universal Credit, Child Benefit and other reserved benefits are maximised.
- **Improve financial inclusion:** Health Boards should create capacity locally to establish financial inclusion and income maximisation referral pathways in healthcare settings; where they are in place, they should ensure they are reaching and meeting the needs of lone parents.
- **Child support:** The Scottish Government should improve the advice and support available to help lone parents to navigate the child support system.

## **Childcare**

- Along with the welcome expansion of childcare hours in Scotland, the Scottish Government should assess the feasibility of further expansion, to offer universal entitlement of childcare from age 3 to early secondary to ensure consistency for lone parents as their children grow and help them remain in work. This could include:
  - increased provision of high-quality funded out-of-school childcare for children of school age
  - increased choice and flexibility in childcare by supporting more registered childminders to enter the market: this could be informed by a local assessment of the childminding market
  - increased provision of high-quality funded childcare for eligible families with children from the age of 1 year
  - ensuring that local childcare providers are well informed and supported to deal with the Universal Credit approach to childcare costs
  - continued evaluation of childcare expansion to ensure it contributes to reducing child poverty.

## **Education and employment**

- Anchor institutions, such as local authorities and Health Boards, should be supported to provide quality, flexible vacancies,<sup>a</sup> directly as employers and through procurement.
- Maximise use of devolved employability programmes and the new **Parental Employability Support Fund** (PESF) to provide tailored and holistic employment support programmes, such as the **Employability Pipeline for lone parents**.

## **Best practice**

- Employers and public sector institutions should proof policies and practices to ensure they do not unfairly penalise lone parents.

## **UK level**

The UK Government and the Department for Work and Pensions (DWP) should:

- End policies that penalise lone-parent families, such as the two-child limit and the benefits cap.
- Increase the value of benefits and Tax Credits paid to families with low income to reflect living costs.
- End the five-week wait for Universal Credit.
- Abolish sanctions for parents and pregnant women.
- Ensure Universal Credit payments for childcare costs are accurate and paid on time.

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<sup>a</sup> Flexibility in terms of offering hours that suit lone parents and quality in terms of protecting them from poverty.

- Change treatment of student awards under Universal Credit and improve its administration, so that student parents claiming Universal Credit are not worse off financially than under the legacy system.
- Ensure Job Centre Plus Work Coaches have specialist knowledge of lone parents' needs.
- Improve the administration of the Child Maintenance Service, remove charges for parents with low income and improve the service for survivors of domestic abuse.
- Encourage Work Coaches and Jobcentre staff to increase awareness of the Flexible Support Fund to help mitigate some of the problems with paying for upfront childcare costs.
- Work with the Scottish Government to ensure entitlement to Universal Credit, Child Benefit and other reserved benefits are maximised.

## What we know about lone-parent families in Scotland

- Almost four out of 10 children in relative poverty in Scotland live in a lone-parent family.<sup>b</sup> Reducing child poverty for lone-parent families is essential to reducing child poverty in Scotland.
- In 2019, there were an estimated 144,000 lone-parent families with dependent children in Scotland,<sup>c</sup> which is 25% of all families with dependent children. This number has been falling in recent years.
- The vast majority (92%) of lone parents are women and the majority (65%) are in employment.
- Lone-parent families live across Scotland but there are more lone parents in older industrial regions, in the most deprived areas and in urban Scotland.
- Children in lone-parent families in Scotland are more likely to be in poverty and to remain in poverty for longer compared to children in couple families.
- The proportion of children in lone-parent families living in poverty has been increasing in Scotland since 2011–14.
- For two out of three children in lone-parent families in poverty, the parent is not in paid work. However, the percentage of children in working lone-parent families in poverty is high and has been rising since 2010–11.

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<sup>b</sup> Of the 230,000 children in relative poverty in Scotland in 2016–19, 90,000 lived in a lone-parent household.

<sup>c</sup> Source: the Labour Force Survey (LFS), with the 'true' figure between 127,000 and 161,000. In 2016, there were just over 167,000 lone-parent families with dependent children claiming Tax Credits. This difference is likely to reflect differences in how lone parents are counted in administrative data, compared to surveys.

- Lone parents face a number of, often interacting, issues which prevent them gaining good employment, such as:
  - personal circumstances (including caring responsibilities linked to the age of the child, poor health, low educational attainment and lack of access to private transport)
  - the design and delivery of a benefit system that discourages lone parents from investing in education (and boosting their earnings)
  - limited availability of job opportunities that would allow lone parents to meet their caring responsibilities and exit poverty, especially in regions where lone parents are more likely to live
  - limited availability of flexible, affordable childcare that would allow lone parents to manage caring responsibilities with earning and learning, again in those places where lone parents are most likely to live.
- Lone-parent families' income from social security is likely to be reduced by UK welfare reform. On average, lone-parent households in Scotland are expected to be more than £3,500 per annum worse off from these changes by 2021–22.
- Lone parents' budgeting and day-to-day skills are similar to couple households. However, low incomes combined with high and unavoidable costs of living mean they struggle to make ends meet and maintain an adequate standard of living, even if they work full time. As a consequence, they face higher levels of food insecurity and are more likely to report financial difficulties compared to couple families.

# Introduction

Reducing child poverty in Scotland is a key priority for the Scottish Government, local authorities and Health Boards. In Every Child, Every Chance,<sup>1</sup> the Scottish Government identified six priority groups at highest risk of child poverty. These are:

- lone-parent families
- a household where someone is disabled
- larger families (with three or more children)
- minority ethnic families
- families with a child under one year old
- families where the mother is under 25 years old.

This briefing focuses on lone-parent families. It describes:

- the number of lone-parent families with dependent children in Scotland
- trends over time and the geographical distribution of lone-parent families in Scotland
- the scale and trends of child poverty in lone-parent families
- drivers of child poverty in lone-parent families.

It also provides recommendations for actions which could help reduce child poverty in lone-parent families in Scotland.

# Lone-parent families in Scotland

## How many lone-parent families are there in Scotland and where do they live?

There are two main ways to determine the number of lone-parent families<sup>d</sup> with dependent children in Scotland – from the Labour Force Survey (LFS) and from those claiming Tax Credits or Child Benefits. However, these produce slightly different estimates.

In 2019, LFS data showed there were an estimated 144,000 lone-parent families in Scotland, which is 25% of all families with dependent children. Nine out of 10 of them were headed by a lone mother.<sup>e</sup>

In August 2016 (the latest data available from administrative sources), there were 167,100 lone-parent families in Scotland with dependent children receiving Tax Credits or Child Benefits.<sup>f</sup>

Data from both data sources suggest that the number of lone-parent families with dependent children in Scotland increased slightly in the 2000s, but declined in the 2010s (**Figure 1**).

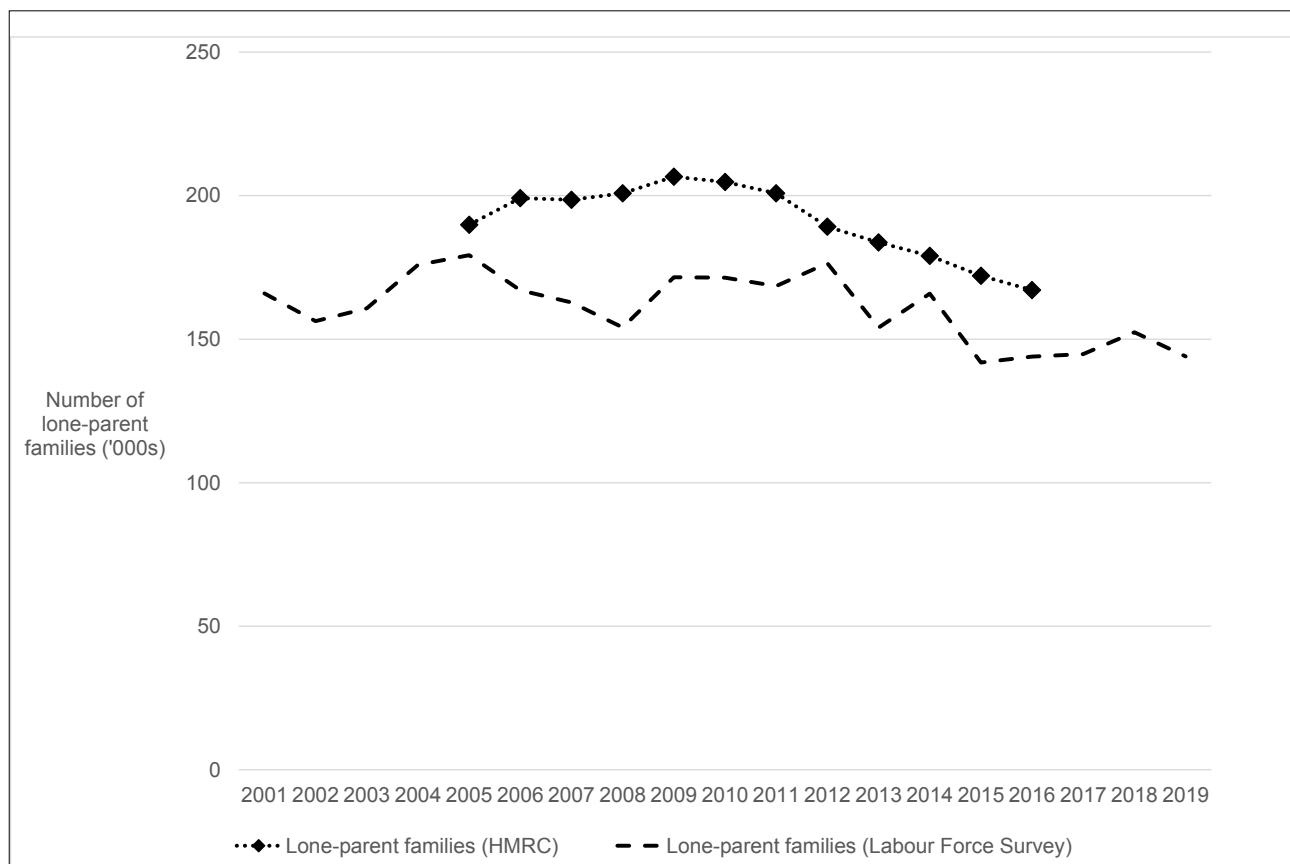
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<sup>d</sup> Lone-parent families and single-parent families are used interchangeably throughout.

<sup>e</sup> ONS Demographic Analysis Unit, Office for National Statistics.

<sup>f</sup> This includes the exclusion of lone parents whose youngest child is aged 19 from the LFS definition; ambiguity over how cohabiting couples or a lone parent whose partner stays over sometimes should be treated in Tax Credit rules; administrative or claimant error and claimant fraud.

**Figure 1: Trends in the number of lone-parent families in Scotland, 2001–2019**



Sources: HM Revenue and Customs (HMRC), LFS.<sup>g</sup>

In 2016,<sup>h</sup> there was a higher proportion of lone parents living in the older industrial regions of Scotland, especially in Dundee City, North Ayrshire, Inverclyde, West Dunbartonshire and Glasgow City (**Table 1**).

Lone-parent families are more likely to live in deprived areas. In the most deprived decile, more than five in 10 (53%) of families claiming Child Benefit were lone-parent families, while in the least deprived decile, this is one in 10. Lone parents are also more likely to live in urban areas compared to rural areas. In 2016, there were 34 lone-parent families claiming Child Tax Credits or Child Benefit in large urban areas for every 100 families eligible for Child Benefit, compared to 17 per 100 in very remote rural areas.<sup>i</sup>

<sup>g</sup> The Census reported 171,821 lone-parent families in Scotland in 2001 and 189,846 in 2011.

<sup>h</sup> Based on the number of lone-parent families claiming Child Tax Credits or Child Benefit.

<sup>i</sup> HMRC small area Tax Credit and Child Benefit statistics, August 2016.

**Table 1: Lone-parent families claiming Child Tax Credits or Child Benefit per 100 families eligible for Child Benefit, 2016**

Council area	Number of lone-parent families*	Number of all families with dependent children	% of lone parents
Aberdeen City	5,200	21,460	24
Aberdeenshire	4,800	29,695	16
Angus	3,000	12,885	23
Argyll and Bute	2,100	8,775	24
City of Edinburgh	11,700	48,855	24
Clackmannanshire	1,900	6,230	30
Dumfries and Galloway	4,000	15,545	26
Dundee City	5,700	16,340	35
East Ayrshire	4,500	14,605	31
East Dunbartonshire	2,400	12,040	20
East Lothian	2,400	12,310	19
East Renfrewshire	1,900	11,030	17
Falkirk	4,900	19,125	26
Fife	11,900	42,625	28
Glasgow City	27,600	66,730	41
Highland	5,600	25,180	22
Inverclyde	3,300	9,125	36
Midlothian	2,900	11,035	26
Moray	2,300	10,265	22
Na h-Eileanan Siar	500	2,615	19
North Ayrshire	5,600	15,935	35
North Lanarkshire	13,400	43,050	31
Orkney Islands	300	2,050	15
Perth and Kinross	3,400	15,800	22
Renfrewshire	6,400	20,770	31
Scottish Borders	2,600	12,135	21
Shetland Islands	400	2,505	16
South Ayrshire	3,400	11,925	29
South Lanarkshire	10,800	38,120	28
Stirling	2,200	9,845	22
West Dunbartonshire	4,200	11,130	38
West Lothian	6,000	23,085	26

Source: HMRC Tax Credit and Child Benefit statistics.

\*Lone-parent families claiming Child Tax Credits or Child Benefit. Figures exclude the < 800 lone-parent households on Universal Credit in August 2016.

# Child poverty in lone-parent families

## Latest estimates

Around four out of 10 (90,000) children in relative poverty<sup>j</sup> in Scotland in 2016–19<sup>k</sup> lived in a lone-parent family. Poverty rates for children living in lone-parent families are high compared to the average for all children (**Figure 2**):

- 39% of children in lone-parent families were in relative poverty<sup>l</sup>
- 34% of children in lone-parent families were living in absolute poverty in the same period
- 27% were in combined low income and material deprivation<sup>m</sup> (60,000 children)
- 31% of children in lone-parent households were persistently poor (that is, they were in poverty for at least three out of the previous four years).<sup>n</sup> This is much higher than those living in persistent poverty for all children (15%).

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<sup>j</sup> Relative poverty is defined as living in a household with income below 60% of median household incomes, adjusted for household composition and after housing costs.

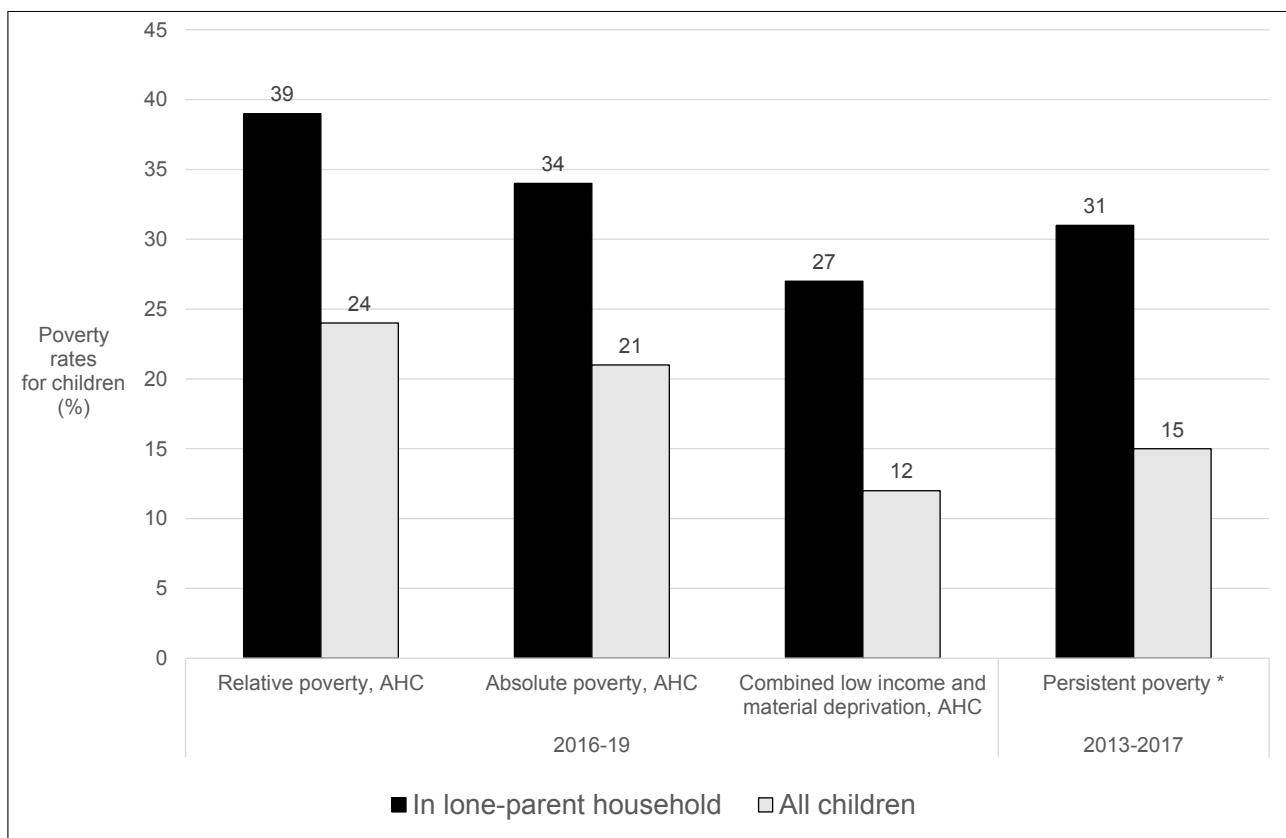
<sup>k</sup> For population subgroups, including the priority groups, poverty statistics in Scotland use three-year averages to estimate the number of children affected and at risk of poverty. Of the 230,000 children in relative poverty in Scotland in 2016–19, 90,000 lived in a lone-parent household.

<sup>l</sup> 2016–19 data, Family Resources Survey.

<sup>m</sup> Children are considered to be in combined low income and material deprivation if they live in a household that has an income less than 70% of UK median income and they do not have and cannot afford to buy certain items, and participate in leisure or social activities seen as necessary by the general population.

<sup>n</sup> 2013–17 data, Understanding Society.

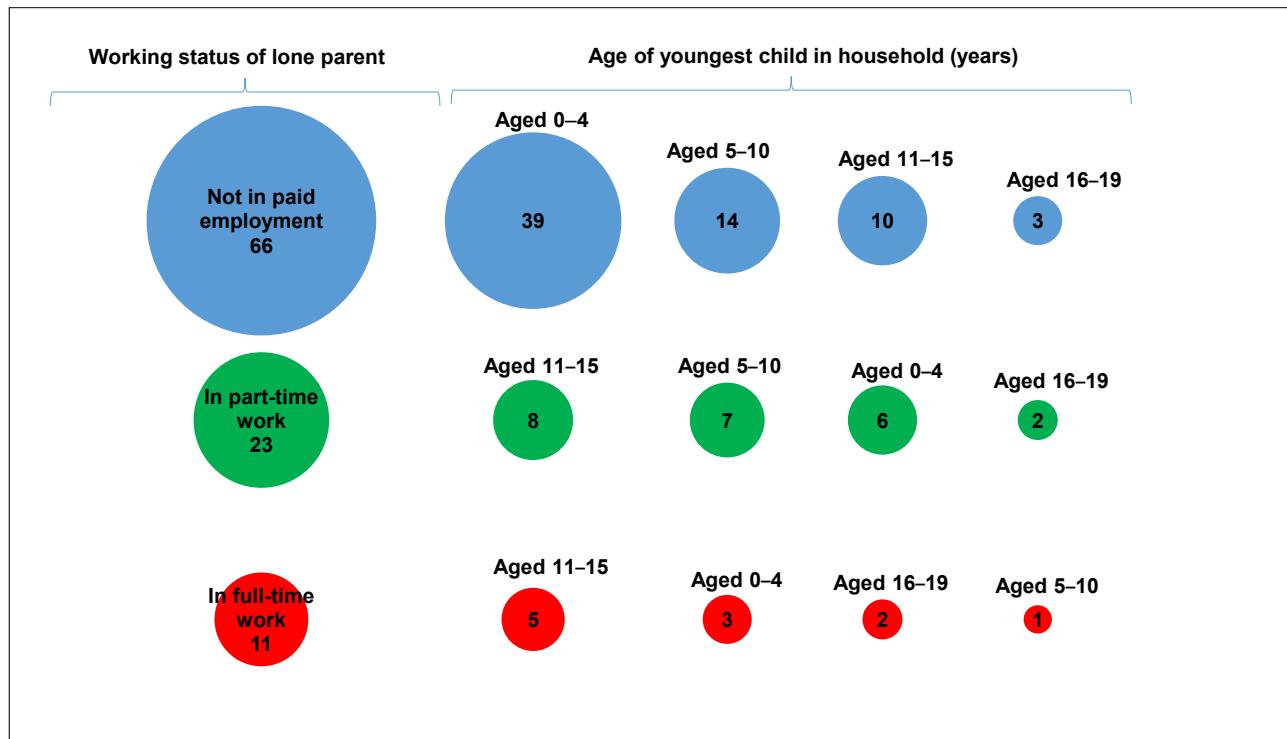
**Figure 2: Poverty rates for children in lone-parent families compared to all children in Scotland**



Looking at the working status and age of the youngest child in families of children in poverty in lone-parent families in more detail:

- Two thirds (66%) live in families where no one was in paid employment, with nearly 40% living in families where the youngest child was 0–4 years old.
- Almost one quarter (24%) live in families where no one is in paid employment and the youngest child is 5–15 years old.
- Almost one quarter (23%) live in families where the parent works part time (**Figure 3**).

**Figure 3: Children in relative poverty living in lone-parent families (after household costs), by age of youngest child in family and parental employment status: Scotland, 2013–18**

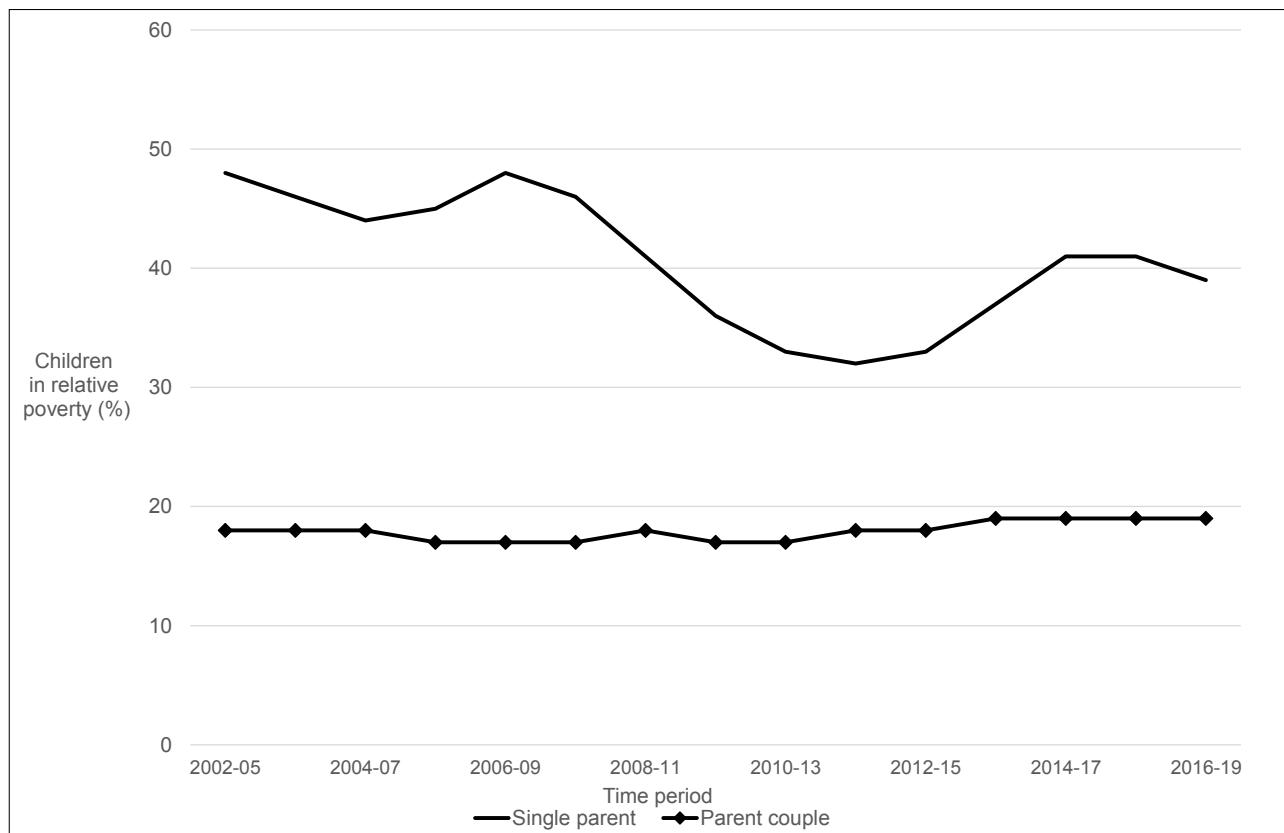


Source: Households Below Average Income data. Percentage by working status (column 1); percentage by age and working status (columns 2–5).

## Trends over time

Poverty rates for children in lone-parent households are twice as high as those in couple families (39% vs 19%). The risk of poverty for children living in lone-parent families has increased since 2011–14. While the risk of poverty has also increased for children living in couple families, the increase has been much more marked in relative and absolute terms for children in lone-parent households (**Figure 4**).

**Figure 4: Percentage of children in relative poverty (AHC, after household costs), by family type: Scotland, 2002–05 to 2016–19**



Source: Scottish Government analysis of Households Below Average Income data.

## Other issues to consider

**4 in 10 children in relative poverty AHC who are in a lone-parent family are also in a household where someone has a disability. Almost 2 in 10 are also in larger families, and one in six has a mother who is under 25 years old.<sup>o</sup>**



**These factors present additional financial pressures for lone-parent families.**

<sup>o</sup> Scottish Government analysis of Households Below Average Income data set, Scotland (2011–18).

Interventions to support lone-parent families should consider additional needs linked to disability. They should also consider whether different approaches are required when providing support to lone-parent families with larger families or where they are headed by younger mothers.

## Summary

Children in lone-parent families in Scotland are more likely to live in poverty, and for longer, than couple families. The proportion of children in lone-parent families living in poverty has been increasing in recent years. Most children in poverty in lone-parent families live with a parent who is not in work, in a family where there are young children, or where adults are also disadvantaged by health problems, lack of private transport or low qualifications. Where children in poverty in lone-parent families also live in a household where someone is disabled, or where there are three or more children, they are likely to be even more disadvantaged: this is important as many do so.

## Causes of child poverty for lone-parent families

In Every Child, Every Chance,<sup>1</sup> the Scottish Government identifies three main drivers of child poverty in Scotland:

- insufficient income from employment
- inadequate income from social security
- high costs of living.

Addressing child poverty for lone-parent families requires action that recognises these factors in a systemic way, providing not just individual-level support to lone-parent families, but making structural-level changes to legislation (e.g. the design of social security and the value of financial support for low-income families), the labour market (e.g. wage levels and flexible employment), and the design and delivery of public services (e.g. childcare).<sup>2,3</sup>

## Income from employment

### Lone parents, employment and poverty

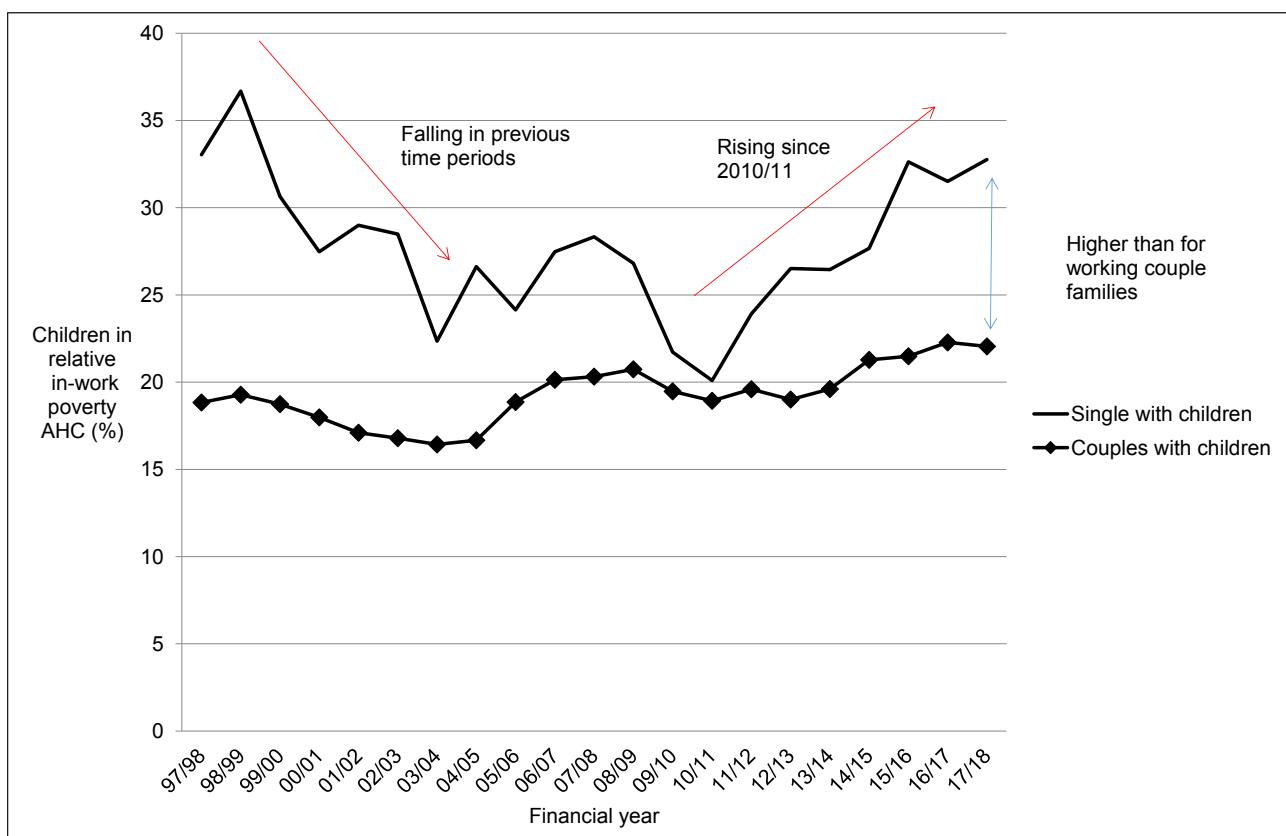
Paid work can contribute to helping lone-parent families and their children escape poverty. Most (65%) lone parents with dependent children in Scotland are in paid employment.<sup>4</sup> However, paid employment is not always an effective route out of poverty, especially for lone-parent

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<sup>1</sup> April to June 2019, Office for National Statistics (ONS), Families and the Labour Market: main reference tables, Scotland, Table 9.

families. In the UK, 33% of children in working lone-parent families were in poverty (after household costs) in 2017–18, which is higher than the 22% observed for children in couple families (**Figure 5**).

**Figure 5: Percentage of children in working households who are in relative poverty (AHC, after household costs), by family type: United Kingdom, 1996–97 to 2017–18**



Source: Households Below Average Income.

Relative poverty is higher for lone-parent families in work than two-parent families in work because:

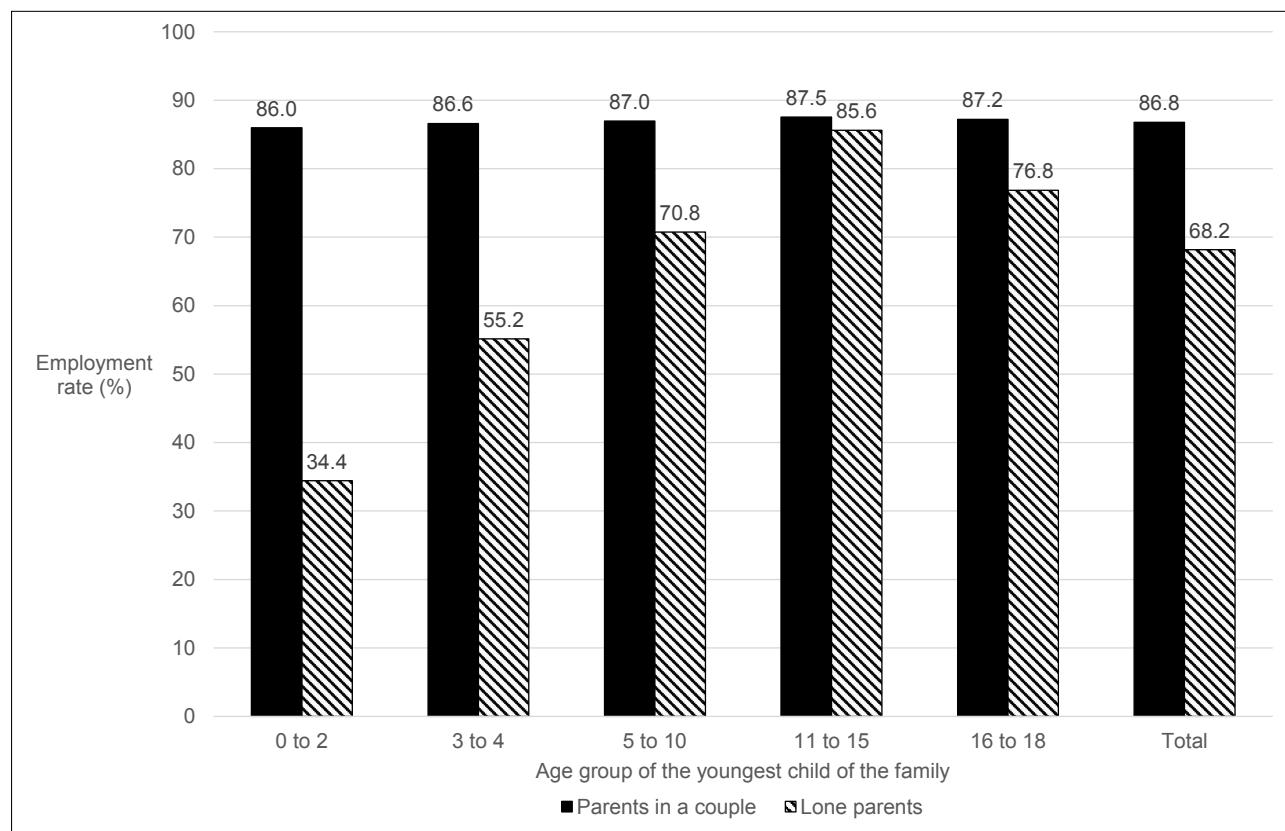
- there is just one potential earner in the family
- the earner is limited in the hours they can work by caring responsibilities
- their hourly earnings are likely to be lower because of the gender pay gap (the vast majority of lone parents are women).

In previous decades, poverty rates for children in working lone-parent families were falling, but the trend has reversed since 2010/11 (**Figure 5**). As discussed later in this briefing, freezes and cuts to in-work support for lone parents are likely to make it harder for families to escape poverty in the future.

## Barriers to employment

For parents with young children, caring responsibilities present more of a barrier to employment for lone parents than for parents in couples. Employment rates for lone parents and parents in a couple are similar where the youngest child is aged 11–15. Lone parents are much less likely to be able to be in paid employment than couple families when their children are younger (**Figure 6**). This suggests balancing caring responsibilities and employment is more challenging for lone-parent families compared to couple families, especially for those with younger children.

**Figure 6: Employment rate of parents living with dependent children by family type and age of the youngest child, January to March 2019, Scotland**



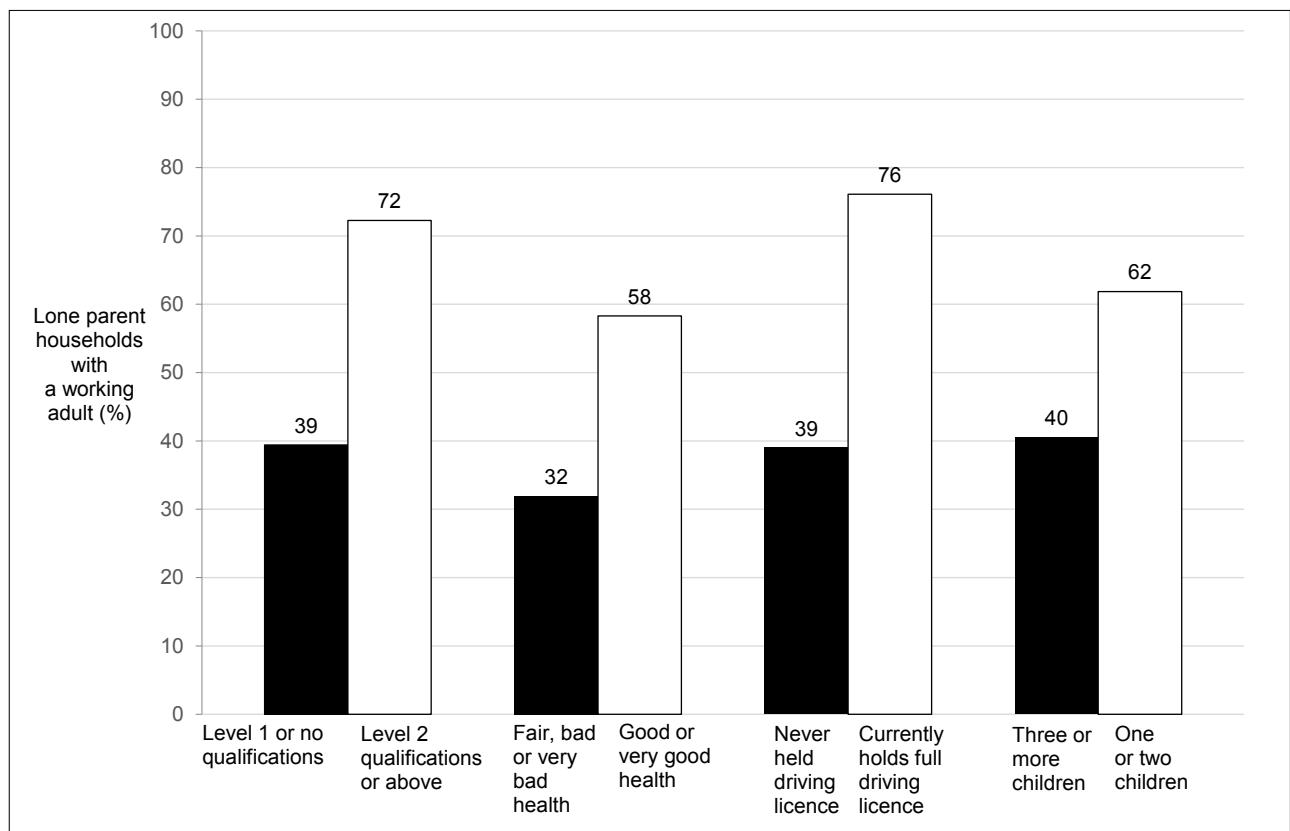
Source: LFS Household datasets, Table R.

In addition, lone parents not in paid employment often face additional barriers to work, over and above their caring responsibilities. In 2017 in Scotland, compared to lone parents in employment, lone parents not in work were:

- more likely to have low or no qualifications (65% vs 31%)
  - less likely to hold a current driving licence (31% vs 68%)
  - less likely to report their health as good or very good (58% vs 80%)
  - more likely to live in a household with three or more children (14% vs 6%).<sup>q</sup>
- (Data not shown)

This is important because lone-parent households with these characteristics are less likely to have a parent in work than lone parent households with better qualifications, good or very good health, a current driving licence or a smaller family (**Figure 7**).

**Figure 7: Percentage of households where the lone-parent is in work in Scotland, by selected characteristics: 2017**



Source: Scottish Household Survey 2017.

<sup>q</sup> Scottish Household Survey 2017.

The reserved social security system, if it is to successfully support lone-parent families to get and stay in work, also needs to recognise the additional and distinct barriers faced by lone parents in finding and keeping work. Evidence suggests this is not currently recognised, and that elements of the current reserved social security system are more likely to move more disadvantaged lone parents further away from the labour market.<sup>4,5</sup> The conditionality (including the threat, as well as the application of benefit sanctions) of the current benefits system can undermine lone parents' mental health,<sup>6,7,8</sup> making it less likely that they will get and keep work, as well as risking trapping lone parents in poverty.

## Flexible, geographically accessible employment opportunities

If work is to contribute to reducing child poverty in lone-parent families, it needs to be able to be balanced with the parent's childcare responsibilities. Low-paid jobs which require antisocial hours of working, or where employers can change shift times with little or no notice, may be inaccessible or unsustainable for lone parents, especially in the absence of wraparound, affordable childcare. Stewart and Bivand found a shortage of quality, flexible,<sup>r</sup> part-time vacancies in the UK, with the demand for these types of jobs, which would especially benefit lone parents, outstripping the supply more than eight to one.<sup>9</sup>

Geographical variation in access to jobs is also likely to affect lone parents. Labour market demand is weaker in some regions of Scotland – notably Ayrshire, Forth Valley and Tayside.<sup>10</sup> Estimating employment rates of lone parents at a local level between Census years is problematic. However, we can look at lone-parent families claiming Working Tax Credits as a proportion of all lone-parent families claiming Child Benefits, by local authorities, as a proxy for local employment rates for lone parents.

In 2016, the proportion of lone-parent families in employment (based on those claiming Tax Credits) was:

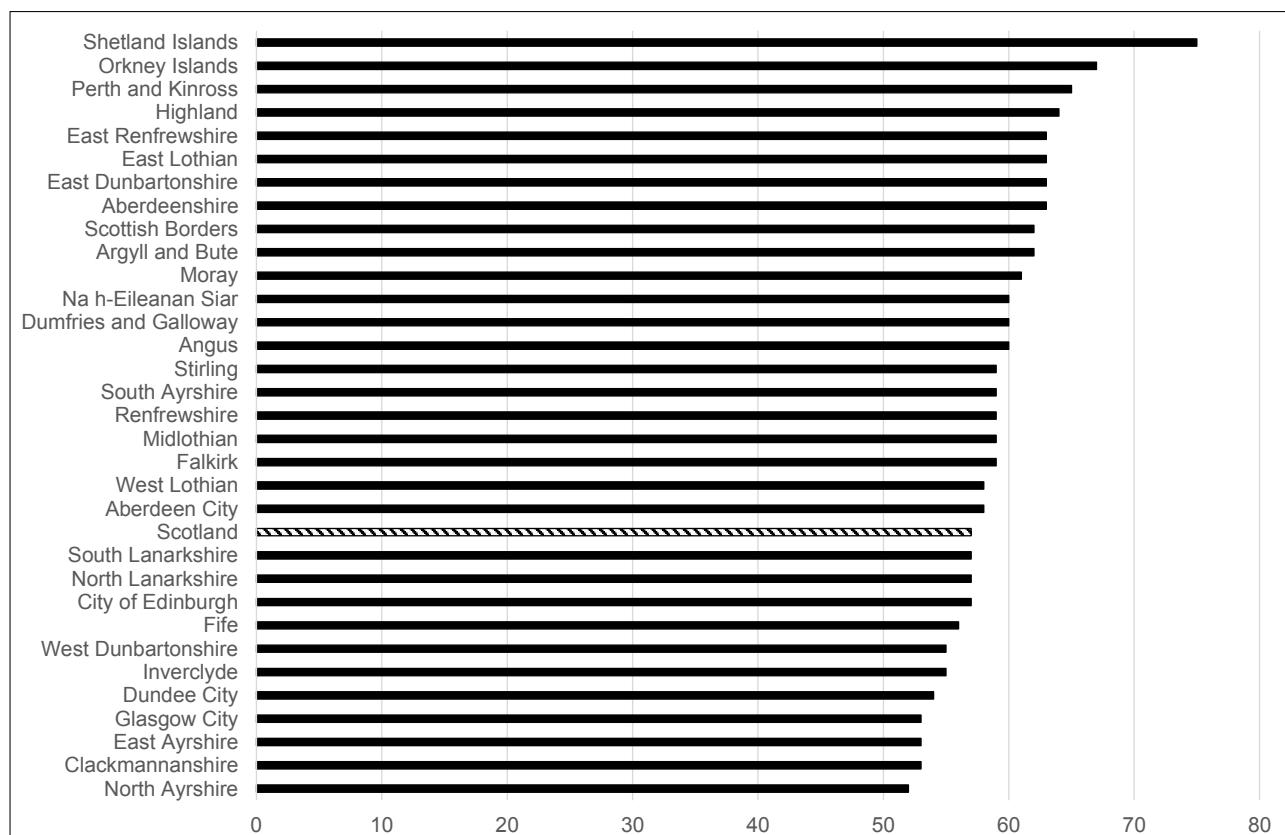
- highest in Highland, Perth and Kinross, Orkney and Shetland
- lowest in North Ayrshire, Clackmannanshire, Glasgow City, East Ayrshire, Dundee City, Inverclyde, West Dunbartonshire and Fife (**Figure 8**).

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<sup>r</sup> Defined as those with an hourly pay rate which would allow parents to reach a Minimum Income Standard and offer at least one of the following characteristics: the possibility of a reduced-hours contract; a different pattern of work such as flexitime or shifts (provided the arrangement is intended to offer choice and a better work-life balance, rather than being restrictive or necessitating unsociable hours); the ability to work from home for some or all of the working week; an openness to discussion about flexibility on either hours or location.

This suggests that lone-parent employment rates may be lower in some older industrial regions of Scotland, driven, in part, by weaker labour market demand, implying a role for inclusive growth. Anchor institutions<sup>s</sup> (such as local authorities, Health Boards and universities) could offer more quality, flexible vacancies. Local and national partners could also work together to encourage and support employers in the private sector to do the same.

**Figure 8: Lone-parent families claiming Working Tax Credits per 100 lone-parent families claiming Child Benefit: Scottish local authorities, 2016**



Source: HMRC. Scottish average (57 per 100) is also shown.

<sup>s</sup> 'Anchor institutions are enterprises such as universities and hospitals that are rooted in their local communities by mission, invested capital, or relationships to customers, employees, and vendors.' [Democracy Collaborative](#).

## Childcare availability and affordability

For parents with low incomes, but especially lone parents, the availability of appropriate, affordable, flexible childcare is a barrier to employment, training and ensuring work helps them escape poverty. The expansion of funded good-quality childcare<sup>t</sup> could help some lone parents in Scotland not in employment move into work or learning, and those in work to increase their hours. The Scottish approach of making childcare provision non-conditional on working may also be mitigating some of the stress associated with poverty, reducing health barriers to employment for lone parents in the long term. A survey of parents in Scotland,<sup>11</sup> with children aged around 2 years old receiving publicly funded childcare, found that:

- almost four out of 10 (38%) lone parents not in employment or training agreed that a lack of affordable, convenient, good-quality childcare was the main reason they were not working
- more than one third (36%) in paid employment or training agreed they would work more hours if they could afford good-quality, reliable, convenient and affordable childcare.

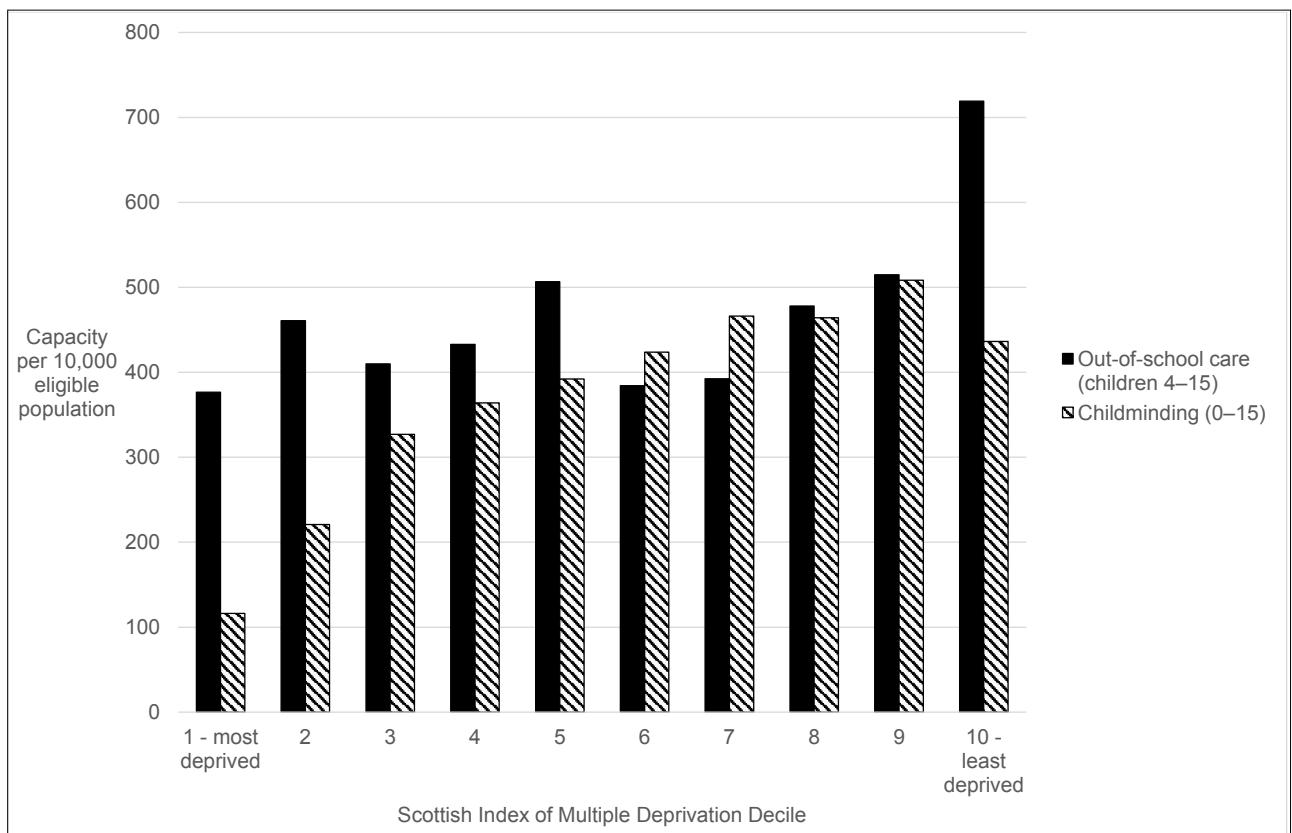
In addition, the most flexible forms of childcare (childminding, childcare at home and out-of-school care) are not provided proportionate to need across Scotland. There is slightly more out-of-school care provision in more affluent areas, while childminding capacity tails off rapidly in the most deprived areas (**Figure 9**). This is likely to disadvantage lone parents who, as highlighted above, are more likely to live in deprived areas and this can prevent them from getting and keeping employment. The expansion in funded early learning and childcare (ELC) hours is likely to mitigate some of these issues; however, parents (especially lone parents) are likely to have to pay for some childcare if working more hours is to be most effective at lifting them out of poverty.

Addressing this gap, particularly childminding, will be challenging as provision is private sector led and is currently led by effective demand from parents who can afford to pay for it. Brewer et al. also suggest providing childcare for parents outside school term time would be especially beneficial for lone parents in and out of employment.<sup>12</sup>

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<sup>t</sup> In August 2019, all 3–4-year-olds and eligible 2-year-old children in Scotland received 600 hours of funded childcare provision. In April 2020, due to the COVID-19 outbreak, the statutory requirement to provide 1,140 hours of publicly funded childcare by August 2020 was revoked. The Scottish Government announced that it is still committed to delivering this, but implementation will be delayed.

**Figure 9: Capacity of childminding and out-of-school services as a rate per 10,000 eligible population: Scotland, 2017**



Source: Care Inspectorate service lists and annual return data.

## Summary

Good employment can help contribute to reducing child poverty in lone-parent families. However, childcare responsibilities (especially for lone parents with very young children), health problems, lack of access to private transport and low or no qualifications are locking many lone parents out of the labour market. There is a need for flexible, affordable childcare and flexible, accessible jobs, proportionate to need, will allow lone parents to balance caring responsibilities and work that lifts them out of poverty. The welcome expansion of funded childcare hours will hopefully address some of these issues but will need to be carefully evaluated for its impact on child poverty. High and rising child poverty among children in working lone-parent families is also a concern. Unless cuts to in-work support for lone parents are reversed, their financial position compared to working couples is likely to deteriorate in absolute and relative terms.

## Income from social security

Lone-parent families have been (and continue to be) disproportionately affected by cuts and freezes to the value of benefits and Tax Credits, including the **benefits cap**, the **two-child limit** and below-inflation increases to benefits before 2016, and the freeze since then. This has had an adverse impact on incomes for lone-parent families.

### Benefits cap

In August 2019, 67% (more than 2,500) of the households affected by the benefits cap in Scotland were lone parents with dependent children.<sup>u</sup> The benefits cap was introduced in April 2013. Initially, around 400 lone-parent families in Scotland were affected by the cap (per month).<sup>v</sup> However, a lower cap was introduced in late 2016, increasing the numbers affected to their present levels.

### Two-child limit policy

As of April 2019, 8,860 households in Scotland reported a third or subsequent child born on or after 6 April 2017 (when the policy came into force). The majority of these (8,540) were affected by the two-child limit policy,<sup>13</sup> and did not receive any additional benefits to contribute to raising the additional child.

Across the UK, 39% of households (61,710 out of 156,540) affected by the two-child limit were lone-parent households.<sup>11</sup> Assuming that the numbers affected in Scotland were similar to the UK, an estimated 3,367 lone-parent households in Scotland were affected by the two-child limit.<sup>w</sup>

## The impact of changes to the benefits system

Portes and Reed<sup>14</sup> estimated that cumulative changes to the tax and benefits system since 2010 will mean that:

- lone-parent families in Scotland are expected to be more than £3,500 per year worse off by 2021–22
- this is higher in absolute terms than the absolute losses seen by couple families (around £2,800 per annum).

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<sup>u</sup> 852 claiming Universal Credit and 1,662 claiming Housing Benefit.

<sup>v</sup> Between August 2013 and December 2016.

<sup>w</sup> 2019 data.

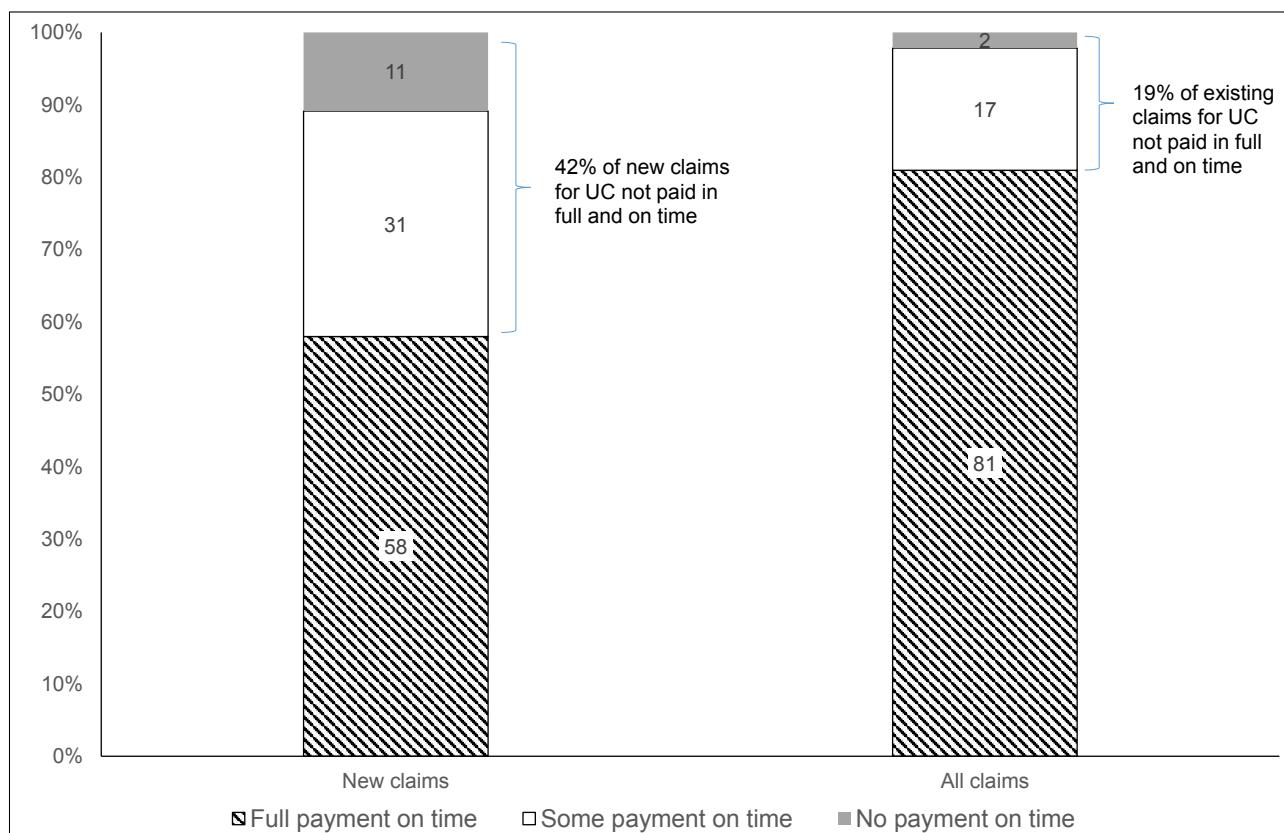
These losses are likely to be amplified where someone in the household has a disability. Expected losses exceed £4,000 per annum for lone-parent households where either a parent or child has a disability. For lone parents where both a parent and child has a disability, or where the household is affected by multiple disabilities, the losses are expected to exceed £7,000 a year.<sup>12</sup>

## Universal Credit

In August 2019, 54,000 lone-parent households in Scotland were claiming Universal Credit: that is, 28% of the total Universal Credit caseload of 192,000.<sup>15</sup> Universal Credit has become much more relevant to lone-parent households over time, as it has gradually replaced out-of-work benefits and Tax Credits. This makes it important to monitor and understand the implications of Universal Credit for child poverty.

There are ongoing problems with the timeliness and accuracy of payments of Universal Credit for lone parents who need help with meeting childcare costs. For lone-parent households eligible for help with childcare costs in Scotland, almost 20% of all claims and more than 40% of new claims did not receive their Universal Credit payment on time in April 2019 (**Figure 10**).

**Figure 10: Accuracy and timeliness of Universal Credit (UC) payments for lone-parent households eligible for help with childcare costs: Scotland, April 2019**



Source: DWP Stat X-plore.

Universal Credit also appears to have created new barriers to entering and remaining in higher education, compared to the legacy system. In higher education (Higher National Certificate (HNC), degrees, etc.) the benefit rules state that students must take out a student loan, and this reduces their benefits. This means they have to take on debt rather than remaining on their full benefits in higher education. Universal Credit also takes more student income into account than Tax Credits did, so students who have moved from Tax Credits to Universal Credit see a reduction in their income. Given the inequality in access to higher education across the population, it will be important that the way in which Universal Credit supports claimants to pursue higher education is not regressive, otherwise it will further increase inequalities in educational attainment across the population.<sup>16</sup>

## **Child maintenance**

In the UK, child maintenance systems can contribute to reducing child poverty for lone-parent families, if the non-resident parent is willing and able to provide this financial support.<sup>17,x</sup> For one in five parents receiving maintenance, their maintenance lifted them out of poverty.<sup>18</sup> The current UK system relies on a mixture of encouraging parents to reach voluntary arrangements on child maintenance, and on a statutory Child Maintenance Service where this is not possible.

The House of Commons Work and Pensions Committee has made a number of recommendations that could improve the Child Maintenance Service:

- Exempt parents on means-tested benefits and those where there is a long history of non-payment from paying fees to arrange for the Child Maintenance Service to set up and collect child maintenance on their behalf.
- Review whether charging fees for both parents using the collect and pay system is discouraging them from using the service.
- Move parents affected by domestic abuse automatically to the collect and pay system without charges.
- Improve collection of arrears from non-resident parents, and adequately enforce payment arrangements.<sup>19</sup>

If implemented, these recommendations could contribute to reducing barriers to accessing child maintenance and increase income from this source in lone-parent families.

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<sup>x</sup> Other countries, including Denmark, Norway, Sweden, Finland and Germany, provide a guaranteed maintenance system, where the state makes up the difference when non-resident parents are unable or unwilling to pay.

## Summary

Lone parents are one of several groups (the other groups are larger families and households where someone has a disability) that are particularly adversely impacted by cuts and freezes to the value of reserved benefits, as well as specific policies such as the benefits cap and the two-child limit. It will be important to monitor developments with Universal Credit, as 54,000 lone-parent households claimed Universal Credit in 2019 and this is likely to increase over time. The five-week wait, benefit sanctions and its poor administration (including for childcare costs and for parents in education) continue to cause problems for lone parents, adding to their challenges in accessing and remaining in employment or education. Fees attached to the Child Maintenance Service, and weaknesses in the processes of collecting support from non-resident parents, may also be creating unnecessary barriers to lone parents accessing income from this source.

## Cost of living

**Compared to couple households with children, lone-parent households with children spend a greater percentage of their budget on household essentials: groceries, housing costs, heating and lighting the home, household goods and services, toiletries and insurance<sup>y</sup> (52% vs 43%).<sup>z,20,21</sup>**

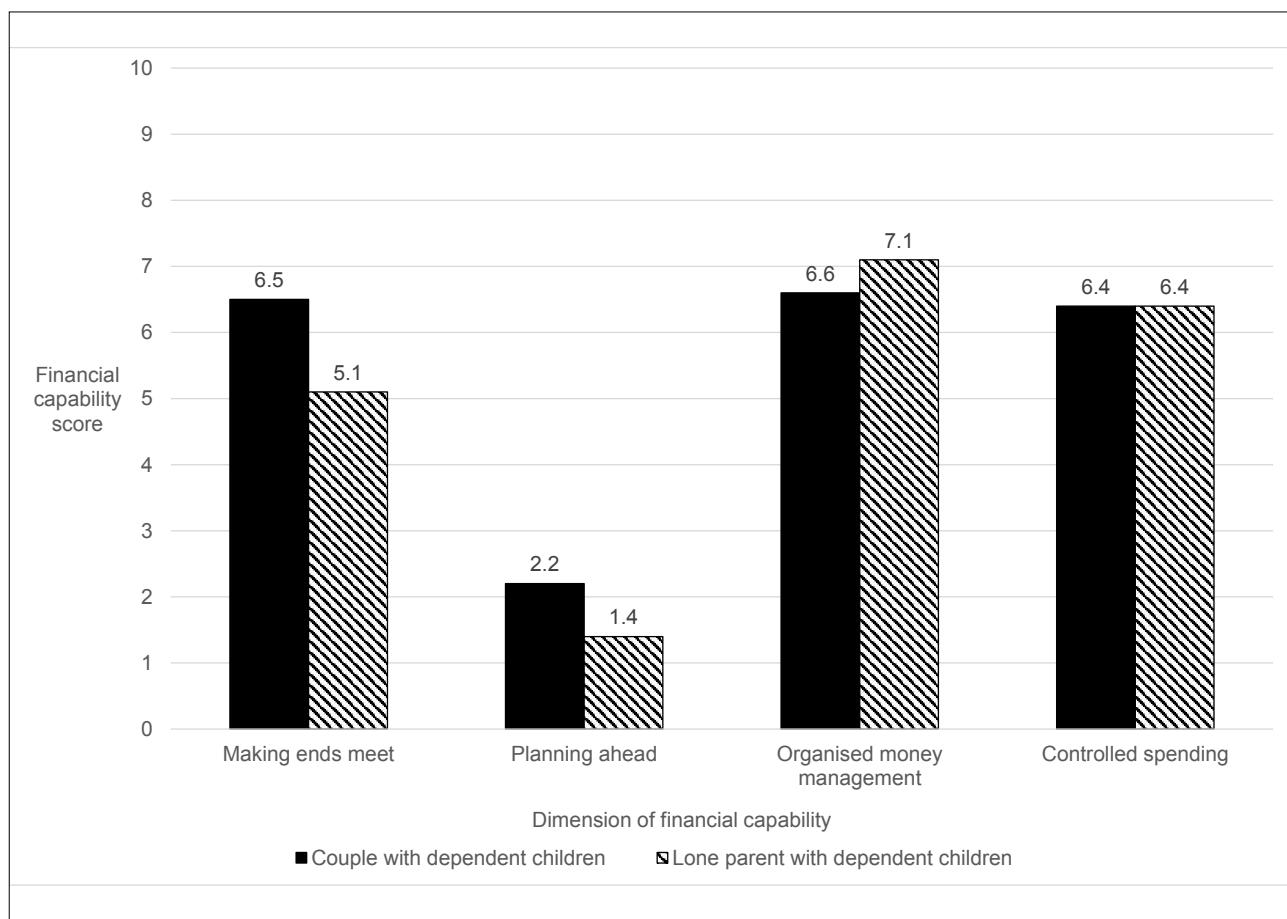


<sup>y</sup> Defined as including: food and non-alcoholic drink; housing, heat and power; household goods and services (e.g. furniture, carpets and textiles, household appliances and household cleaning products); and 'Miscellaneous goods and services' (e.g. toiletries, soap, nappies, insurance).

<sup>z</sup> ONS Living Costs and Food Survey 2017/18. In 2017–18, one-adult households with children in the UK spent £202 per week on these categories out of a total average expenditure of £389 per week, compared to £314 per week of a total average expenditure of £730 per week for two-adult households with children.

Finney and Hayes comment that '[lone parent] households are likely to have high (unavoidable) demands on their incomes ... [but] were especially likely to be keeping an eye on the money they had available.'<sup>22</sup> Lone parents' money management skills and their ability to control spending are similar to couple households, but their ability to make ends meet or plan ahead is lower (Figure 11), reflecting their lower incomes.

**Figure 11: Scoring on selected aspects of financial capability, lone parents and couple households compared: Great Britain, 2010–2012**



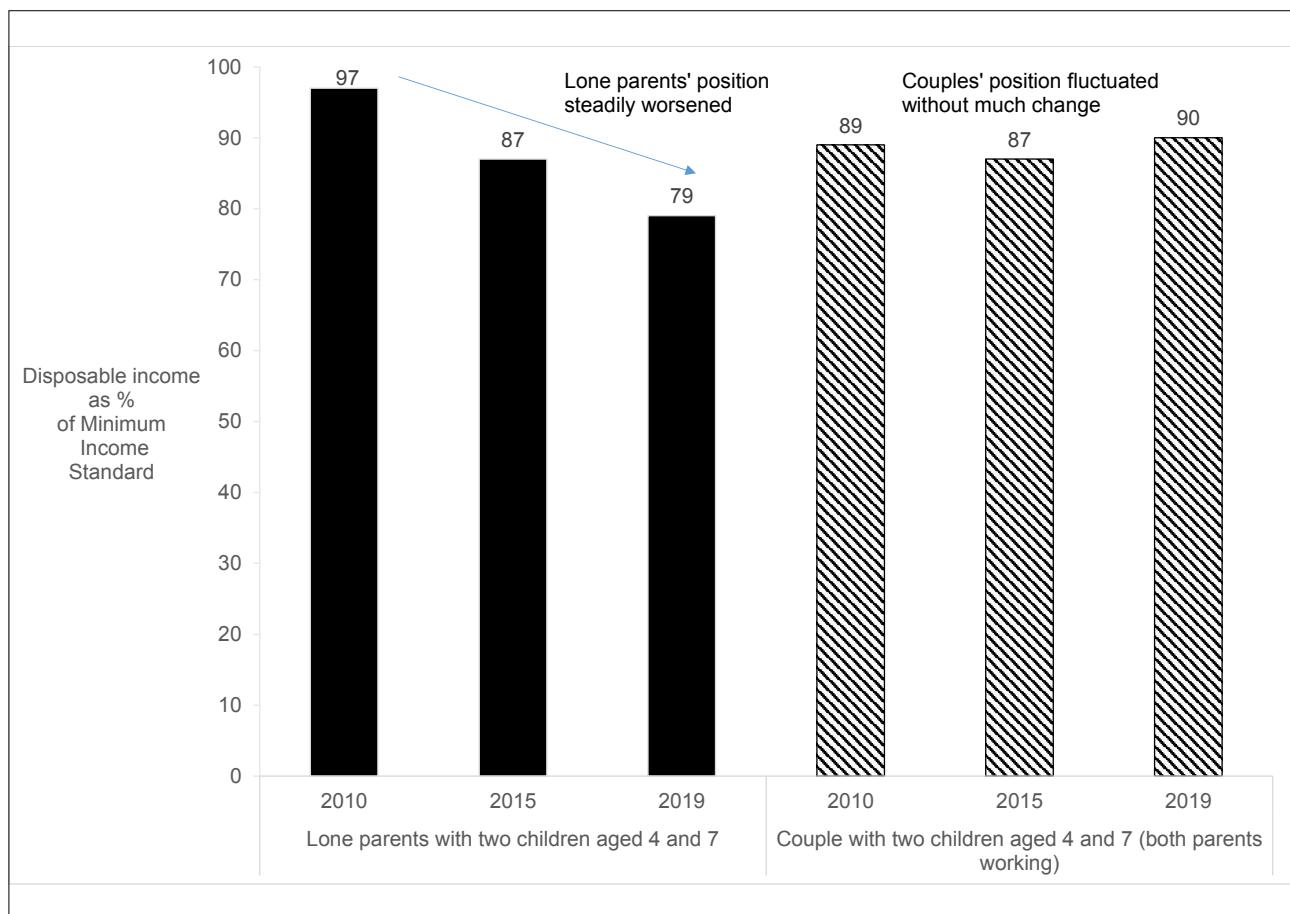
Source: 2010 to 2012 Wealth and Assets Survey.

Between 2010 and 2019, it became harder for lone parents to achieve a socially acceptable minimum standard of living, as agreed by the public (referred to as the Minimum Income Standard). In 2010, claiming all available out-of-work benefits would enable lone parents with two children aged 4 and 7 years old to cover 68% of the Minimum Income Standard. By 2019, this had fallen to 58%.

Working lone parents have also seen their ability to meet the Minimum Income Standard steadily deteriorate over time. In 2010, working full time on the national statutory minimum wage would almost allow a lone parent with two children aged 4 and 7 years old to reach the

Minimum Income Standard. By 2019, lone parents working full time on statutory minimum wage would fall more than 20% below this. Their position has also deteriorated relative to couples in a similar position (Figure 12). Losses are even greater for lone parents with three or more children.

**Figure 12: Disposable income as a percentage of Minimum Income Standard, households working full time on national minimum wage/national living wage 2010 and 2019**



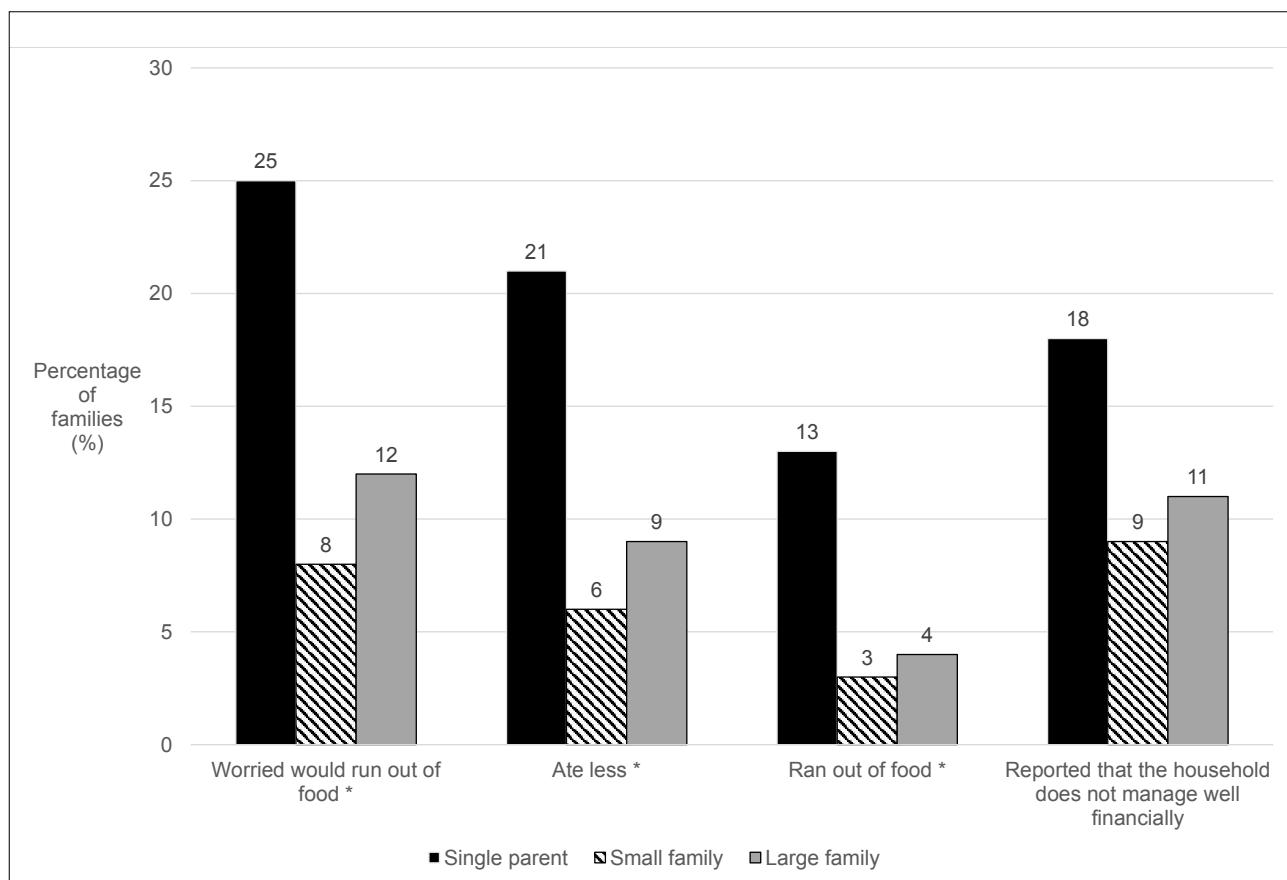
Source: Hirsch, 2019, Table 9<sup>23</sup>

This is partly because of rising costs (of childcare, transport and energy), but mainly because of cuts to in-work financial support that are not compensated for by increases in the national minimum wages. Compared with the system being replaced, working lone parents claiming Universal Credit will continue to see a growing gap between their household incomes and the Minimum Income Standard.<sup>20</sup>

Lone-parent households remain more likely than couple households to report food insecurity (worrying about running out of food, eating less or actually running out of food) and to report they are not managing well financially. In 2017–18, more than one in every eight lone-parent

households in Scotland reported they had run out of food in the last 12 months because of a lack of money or other resources, and in 2018 more than one in six reported the household did not manage well financially (Figure 13).

**Figure 13: Measures of food insecurity and perceived financial difficulties, by family type: Scotland**



Source: Scottish Health Survey 2017/2018 combined data (food insecurity); Scottish Household Survey 2018 (Scottish Household Survey). \* In the last 12 months because of a lack of money or other resources.

## Summary

Compared to couple families, lone parents have less money to spend, and a greater proportion of this spending goes on essentials. Despite money management skills and their ability to control spending being similar to couple families, lone parents find it more difficult than couple families to make ends meet and plan ahead, and to spend on things that would allow them and their children to adequately participate in society. These pressures have been increasing, even for lone-parent families who work full time. Lone parents remain more likely than couple families to experience food insecurity and to report difficulties in managing financially.

# Recommendations

## What can be done?

It will be essential for those providing universal services to ensure that these services are reaching lone parents and meeting their needs, as well as ensuring policies and practices do not penalise lone parents.

There are a number of actions that would help reduce child poverty in lone-parent families or alleviate its impact. There are also specific, and more targeted, interventions which are likely to particularly benefit lone-parent families. These are detailed below.

### The UK Government

#### Income from social security

- Increase the value of benefits and Tax Credits paid to families with low incomes to reflect living costs.
- Abolish the two-child limit, the benefits cap and benefit sanctions for pregnant women and parents.
- End the five-week wait for Universal Credit.
- Improve the administration of Universal Credit to avoid unintended errors in the administration of childcare costs and support for students.
- Improve the administration of the Child Maintenance Service, remove charges for parents with low income and improve the service for survivors of domestic abuse.
- Work with the Scottish Government to ensure entitlement to Universal Credit, Child Benefit and other reserved benefits is maximised.

#### Income from employment

- Remove benefit rules that discourage lone parents from gaining higher-level qualifications.
- Increase the level of Universal Credit paid to student parents so they are not worse off compared to legacy system.<sup>24,25</sup>
- Ensure Work Coaches who are working with lone parents have specialist knowledge of their needs.<sup>26</sup>
- Increase promotion of the (Discretionary) Flexible Support Fund to pay for childcare costs up front.
- Increase the value of in-work benefits paid to families with low income.

## Scottish Government

### Income from social security

- Work with the DWP, local authorities and Health Boards to ensure entitlement to Universal Credit, Child Benefit and other reserved benefits is maximised.
- Improve the advice and support available to help lone parents navigate the child support system.
- Maximise uptake of **Best Start Grants** (including the Best Start Food Grant), Disability Benefits and, once it becomes available, the **Scottish Child Payment**.
- Improve awareness and take-up of **disability benefits**, including the Child Disability Payment (CDP) and **Disability Assistance for Working-Age People (DAWAP)**.
- Highlight the potential impact of **Universal Credit to the childcare sector** and encourage childcare providers to engage with the DWP and local advice providers.

### Income from employment

- Support anchor institutions (such as local authorities and Health Boards) to create more quality, flexible vacancies (flexible in terms of offering hours that suit lone parents; quality in terms of protecting them from poverty), directly and through procurement and economic development.
- Support employers in the private sector to create more quality, flexible vacancies.
- Assess the feasibility of further expansion of universal entitlement of childcare from age 3 to early secondary to ensure consistency for lone parents as their children grow and help them remain in work. This could include:
  - increased provision of high-quality funded out-of-school childcare for children of school age
  - increased choice and flexibility in childcare by supporting more registered childminders to enter the market: this could be informed by a local assessment of the childminding market
  - increased provision of high-quality funded childcare for eligible families with children from the age of 1 year
  - ensuring that local childcare providers are well informed and supported to deal with the Universal Credit approach to childcare costs
  - continued evaluation of childcare expansion to ensure it contributes to reducing child poverty.

## Local authorities and Health Boards

### Income from social security

- Work with the Scottish Government and UK Government to maximise uptake of reserved and devolved benefits.
- Increase awareness and take-up of the Scottish Welfare Fund, including as a source of support to help applicants access food; Discretionary Housing Payments, and the Council Tax Reduction scheme.

- Create capacity locally to establish financial inclusion and income maximisation referral pathways in healthcare settings; where they are in place, ensure they are effective through monitoring and evaluation.

### **Income from employment**

- Anchor institutions (such as local authorities and Health Boards) could create more flexible, quality vacancies that suit lone parents while protecting them from poverty, directly as employers, and through procurement and economic development. They could also work with the Scottish Government to encourage and support employers in the private sector to create more quality, flexible vacancies.
- Make use of the new **Parental Employability Support Fund (PESF)** to ensure more tailored and holistic programmes, such as the **Employability Pipeline for lone parents**, which can be offered to more lone parents.
- Encourage take-up of funded ELC places and ensure equitable, affordable, provision of high-quality, flexible childcare, proportionate to need.

### **Costs of living**

- Increase awareness and take-up of Discretionary Housing Payments and the Council Tax Reduction.
- Ensure local childcare providers are well-informed and supported to deal with Universal Credit's approach to childcare costs.
- Mitigate against the impact of the benefits cap, e.g. following the example of Glasgow's Private Rented Sector (PRS) Tenancy (Benefit Cap) Project.
- Make sure school clothing grants are automatically given to families with low income by linking to payment of their Housing Benefit/Universal Credit.
- Access Scottish Government funding and work with education services and FareShare to ensure that free sanitary products are available to students and those on low incomes.
- Increase awareness and take-up of Education Maintenance Allowance, School Clothing Grant and Free School Meals.
- Increase awareness and take-up of the Warm Home Discount Scheme.
- Provide lunches to children participating in holiday programmes, e.g. following the East Ayrshire Vibrant Communities Summer Holiday programme.
- Increase awareness and take-up of concessionary travel for young people.
- Increase awareness and take-up of family and friends rail cards.

## The UK Government, Scottish Government, local authorities and Health Boards

- Poverty-proof policies and practices to avoid inadvertently penalising lone-parent families. Existing toolkits (e.g. the [Cost of the School Day, Participatory One Parent Proofing: Toolkit](#)) could be developed and deployed more widely for this purpose.
- Move away from emergency food aid towards more sustainable ways of preventing and reducing food insecurity. Emergency food aid should be delivered in a way that promotes dignity.
- Develop solutions to poverty that avoid the need for emergency food aid.

## Data sources used

This briefing uses data from a number of sources. The Office for National Statistics (ONS) has published analysis based on the LFS, providing estimates of the number of lone-parent families by countries within the UK, including Scotland, as well as the English regions.

Take-up of Tax Credits or Child Benefits by lone-parent households is high (96% in 2016/17), suggesting that the true number of lone-parent families in Scotland eligible for Child Benefit in 2016 was around 174,000 (with a range of 170,500–178,000).<sup>aa</sup> This suggests for every 100 families in Scotland eligible for Child Benefit in 2016, 29 were lone parents.

Differences between these figures reflect a number of factors:

- Sampling error in the LFS and the Census.
- Definitions of dependent children: Tax Credits and Child Benefit can be claimed for children aged 0–19 years old. The LFS defines dependent children as aged 0–18 years old.
- Surveys versus administrative data: estimates from surveys are based on a sample of the population. Administrative data have been collected for a (non-statistical) purpose: its biases reflect official rules and definitions (and changes in those rules over time), as well as take-up of benefits, and fluctuating family and household circumstances.
- Brewer and Shaw argued that a big part of the difference between the administrative and survey-based estimates may be explained by differences in the way lone-parent families are counted by Tax Credit and benefit administrators, and the way lone-parent families would be defined in government surveys. This includes different treatment of co-habitation, timing (between changes in circumstances and reporting this to tax/benefit officials), official and claimant error, and claimant fraud.<sup>bb</sup>

The DWP Households Below Average Income survey is the preferred source for estimating levels of income and poverty, including for children in lone-parent families in Scotland. However, it does not track individuals or households over time and so the Understanding Society survey is used to calculate persistent poverty rates.

For richer analysis of the characteristics of lone-parent families, we have used the Scottish Household Survey and the Scottish Health Survey.

## Acknowledgements

Public Health Scotland would like to acknowledge the helpful comments and advice from colleagues at the Scottish Government, Scottish Poverty and Inequality Research Unit (SPIRU), Child Poverty Action Group (CPAG) in Scotland, One Parent Families Scotland and local child poverty leads across Scotland in preparing this briefing. We would also like to thank the ONS Demographic Analysis Unit, Office for National Statistics for additional analysis of families and households data sets by geography.

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<sup>aa</sup> HM Revenue and Customs.

<sup>bb</sup> Brewer M, Shaw J. How many lone parents are receiving tax credits? London: Institute for Fiscal Studies; 2006.

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Published by Public Health Scotland  
1 South Gyle Crescent  
Edinburgh EH12 9EB  
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